

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: ☐ a multiemployer plan; ☒ a single-employer plan; ☐ a multiple-employer plan; or ☐ a DFE (specify) ____
B	This return/report is: ☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information
1a	Name of plan HILLS MATERIALS COMPANY 401(K)
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 10/01/1998
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) HILLS MATERIALS COMPANY PO BOX 2320 3975 STURGIS ROAD RAPID CITY, SD 57709
2b	Employer Identification Number (EIN) 52-2121776
2c	Sponsor's telephone number 605-394-3300
2d	Business code (see instructions) 237310

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/04/2010	CHERYL DEICHERT
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/04/2010	CHERYL DEICHERT
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") HILLS MATERIALS COMPANY PO BOX 2320 3975 STURGIS ROAD RAPID CITY, SD 57709	3b Administrator's EIN 52-2121776 3c Administrator's telephone number 605-394-3300
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	218
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	193
b Retired or separated participants receiving benefits.....	6b	
c Other retired or separated participants entitled to future benefits.....	6c	14
d Subtotal. Add lines 6a , 6b , and 6c	6d	207
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	
f Total. Add lines 6d and 6e	6f	207
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	206
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	8
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2G 2J 2K 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan HILLS MATERIALS COMPANY 401(K)	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 HILLS MATERIALS COMPANY	D Employer Identification Number (EIN) 52-2121776	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FRINGE BENEFITS DESIGN, INC

41-1276678

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 16 19 25 26 27 37 38 49	TPA, RK, RIA	14135	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan HILLS MATERIALS COMPANY 401(K)	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 HILLS MATERIALS COMPANY	D Employer Identification Number (EIN) 52-2121776	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	460082	434362
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	14472	100
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	11105	20721
(9) Value of interest in common/collective trusts.....	1c(9)	1035507	1124345
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	7507429	10051776
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	9028595	11631304

Liabilities

g Benefit claims payable	1g	338	2268
h Operating payables	1h		0
i Acquisition indebtedness	1i		
j Other liabilities	1j	9900	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	10238	2268

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	9018357	11629036
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	436650	
(B) Participants	2a(1)(B)	544694	
(C) Others (including rollovers)	2a(1)(C)	6157	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		987501

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	2	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	838	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		840

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		37991
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		2450829
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		3477161

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	850078	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		850078
f Corrective distributions (see instructions)	2f		2268
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	14136	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		14136
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		866482

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		2610679
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CASEY PETERSON & ASSOCIATES, LTD.

(2) EIN: 46-0403496

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		15000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>HILLS MATERIALS COMPANY 401(K)</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>HILLS MATERIALS COMPANY</u>	D Employer Identification Number (EIN) <u>52-2121776</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>20-0937408</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

HILLS MATERIALS COMPANY 401(k) PLAN

INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

DECEMBER 31, 2009 AND 2008



CASEY PETERSON & ASSOCIATES, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

RAPID CITY, SOUTH DAKOTA

**Hills Materials Company 401(k) Plan
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December 31, 2009 and 2008**

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Independent Auditors' Report

To the Management of
Hills Materials Company 401(k) Plan
Rapid City, South Dakota

We were engaged to audit the financial statements of Hills Materials Company 401(k) Plan as of December 31, 2009 and 2008 and for the year ended December 31, 2009, and the supplemental schedule as of December 31, 2009, as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 12, which was certified by TD AMERITRADE Trust Company as of and for the years ended December 31, 2009 and 2008, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2009 and 2008, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Casey Peterson & Associates, Ltd.

Rapid City, South Dakota
August 13, 2010

FINANCIAL STATEMENTS

Hills Materials Company 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Investments at Fair Value:		
Cash	\$ 100	\$ 14,472
Participant Directed Investments	10,051,776	7,507,429
Fully Benefit-responsive Investment Contracts	1,133,131	991,523
Investments at Estimated Fair Value:		
Participant Loans	<u>20,721</u>	<u>11,105</u>
Total Investments	11,205,728	8,524,529
Receivables:		
Employer's Contributions	<u>434,362</u>	<u>460,082</u>
Total Assets	11,640,090	8,984,611
LIABILITIES		
Excess Contributions Payable	<u>2,268</u>	<u>338</u>
NET ASSETS REFLECTING INVESTMENTS AT FAIR VALUE	11,637,822	8,984,273
Adjustment From Fair Value to Contract Value for		
Fully Benefit-Responsive Investment Contracts	<u>(8,786)</u>	<u>43,984</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 11,629,036</u>	<u>\$ 9,028,257</u>

The accompanying notes are an integral part of this statement.

Hills Materials Company 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2009

ADDITIONS

Additions to Net Assets Attributed to

Investment Income:

Net Appreciation in Fair Value of Investments	\$ 2,268,784
Interest and Dividends	<u>220,875</u>

Total Investment Additions	<u>2,489,659</u>
----------------------------	------------------

Contributions:

Participants'	534,794
Employer's	439,094
Rollover	<u>3,714</u>

Total Contributions	<u>977,602</u>
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Total Additions	3,467,261
-----------------	-----------

DEDUCTIONS

Deductions from Net Assets Attributed to:

Trustee Fees	14,136
Excess Contributions Refund	2,268
Benefits Paid to Participants	<u>850,078</u>

Net Increase in Assets Available for Benefits	2,600,779
---	-----------

NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>9,028,257</u>
--	------------------

NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	<u><u>\$ 11,629,036</u></u>
--	-----------------------------

The accompanying notes are an integral part of this statement.

Hills Materials Company 401(k) Plan

Notes to the Financial Statements

December 31, 2009 and 2008

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Hills Materials Company ("Company") 401(k) Plan ("Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all employees who have one year of service, work 1,000 hours during the year, and have reached the age of twenty. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

For the years ended December 31, 2009 and 2008, participants could contribute up to 40 percent of pretax annual compensation, as defined by the Plan. However, participant deferrals in any taxable year may not exceed a dollar limit, which is set by law. The limits for the years ended December 31, 2009 and 2008 were \$16,500 and \$15,500. The Company had a discretionary match of 25% of the first 5% of each eligible employee's contribution to the 401(k) Plan for the years ended December 31, 2009 and 2008. For each of the years ended December 31, 2009 and 2008 the Company contributed a profit sharing match equal to 4.91% and 5.17%, respectively, of each employee's eligible compensation.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of the Company's contributions and Plan earnings. Each participant's account is also charged with an allocation of administrative expenses. Allocations for the Company's contributions are based on the participant's contributions. Allocations for the Plan earnings and administrative expenses are based on account balances. Forfeited balances of terminated participants' nonvested accounts are "allocated" or divided among participants eligible to share for a plan year. However, the forfeited amounts may be used to reduce the Company contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after six years of credited service.

Forfeited Accounts

At December 31, 2009 and 2008, forfeited nonvested accounts totaled \$7,840 and \$10,808, respectively. The Plan allocates participant forfeitures as if the forfeitures were additional nonelective contributions. If a participant forfeits from his regular matching contributions account, the Plan allocates the forfeited amount as a matching contribution.

Administrative Expenses

The Plan Sponsor incurs the administrative expenses pertaining to the Plan, such as fees to the Investment Advisor. Administrative expenses paid by Hills Materials Company for the years ended December 31, 2009 and 2008, were \$6,103 and \$6,507, respectively.

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant may elect to receive a lump-sum distribution equal to the value of the participant's vested interest in his or her account, annual installments over a specified period of time, or a combination of both. Benefits are recorded when paid. As of December 31, 2009 and 2008, there were \$182,332 and \$0 amounts due to participants but not yet paid.

Hills Materials Company 401(k) Plan

Notes to the Financial Statements

December 31, 2009 and 2008

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their account balance, whichever is less. The participants may only have one loan outstanding at a time. The loans are secured by the balance in the participant's account or other security and bear interest at rates that are determined by the Advisory Committee based upon quotes obtained by a financial institution. Principal and interest is paid ratably through monthly payroll deductions.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual basis of accounting in conformity with generally accepted accounting principles.

Effective January 1, 2009, the Plan adopted FASB Statement No. 168 (FAS 168), the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, and FASB Accounting Standards Codification Accounting Standards Update (ASU) No. 2009-1, Generally Accepted Accounting Principles amendments based on Statement of Financial Accounting Standards No. 168 – The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles.

Effective December 31, 2009, the Plan adopted ASU 2009-12, Fair Value Measurements and Disclosures (ASU 820) – Investment in Certain Entities That Calculate Net Asset per Share (or its Equivalent). This amendment to ASC 820 allows entities to use the new asset value of certain investments when determining fair value, provided certain criteria are met. Adoption of the guidance had no impact on the Plan's financial statements.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis. Fully benefit-responsive investment contracts are reported as Stable Fund within the notes to the financial statements.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Participant notes are valued at the principal balance of the note, which approximates fair value. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Hills Materials Company 401(k) Plan

Notes to the Financial Statements

December 31, 2009 and 2008

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payment of Benefits

Benefits are recorded when paid.

NOTE 3 - TAX STATUS

The Plan has not obtained a determination letter, in which the Internal Revenue Service states that the Plan is in compliance with applicable requirements of the Internal Revenue Code. However, the plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Plan management is aware that during 2009 an insignificant operational error occurred. In order to avoid jeopardizing the Plan's tax status, Plan management has taken action to self correct this error. Therefore, no provisions for income taxes have been included in the Plan's financial statements.

NOTE 4 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their employer contributions.

NOTE 5 - FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Hills Materials Company 401(k) Plan

Notes to the Financial Statements

December 31, 2009 and 2008

NOTE 5 - FAIR VALUE MEASUREMENT (CONTINUED)

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Plan at year end.

Stable Fund: Valued on a daily basis, the value is based on the shares owned on that day and the net asset value (NAV) for that day. The NAV for the Stable Fund is based on contract value. The contract's fair market value equals the fluctuating value of the various assets in a separate account backing the contract. See Note 8.

Participant Loans: Valued at amortized cost, which approximates fair value.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial statements could result in a different fair value measurement at the reporting date.

The following sets forth by level, within the fair value hierarchy, the Plan's assets at fair value.

Assets at Fair Value as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Cash	\$ 100	\$ -	\$ -	\$ 100
Mutual Funds				
Large Growth	1,503,966	-	-	1,503,966
Balanced-Moderate	1,174,385	-	-	1,174,385
Large Value	1,141,562	-	-	1,141,562
Conservative Balanced	810,096	-	-	810,096
World Stock	770,328	-	-	770,328
Growth & Income-Value	749,361	-	-	749,361
Mid Value	667,458	-	-	667,458
Intermediate Corporate	596,058	-	-	596,058
Mid Growth	458,346	-	-	458,346
Small Growth	420,952	-	-	420,952
Foreign Large Blend	406,960	-	-	406,960
Small Value	311,553	-	-	311,553
Foreign Large Value	291,575	-	-	291,575
Foreign Large Growth	286,040	-	-	286,040
S&P 500 Index	222,251	-	-	222,251
Foreign Small-Mid Value	124,448	-	-	124,448
Foreign Small-Mid Growth	116,437	-	-	116,437
Stable Fund	-	1,133,131	-	1,133,131
Participant Loans	-	-	20,721	20,721
	<u>\$ 10,051,876</u>	<u>\$ 1,133,131</u>	<u>\$ 20,721</u>	<u>\$ 11,205,728</u>

Hills Materials Company 401(k) Plan
Notes to the Financial Statements
December 31, 2009 and 2008

NOTE 5 - FAIR VALUE MEASUREMENT (CONTINUED)

Assets at Fair Value as of December 31, 2008:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 14,472	\$ -	\$ -	\$ 14,472
Mutual Funds	7,507,429		-	7,507,429
Stable Fund	-	991,523	-	991,523
Participant Loans	<u>-</u>	<u>-</u>	<u>11,105</u>	<u>11,105</u>
	<u>\$ 7,521,901</u>	<u>\$ 991,523</u>	<u>\$ 11,105</u>	<u>\$ 8,524,529</u>

The effect of Level 3 inputs on net assets for the year ended December 31, 2009 and 2008 was as follows:

	<u>Participant Notes</u>
Beginning Balance, January 1, 2008	\$ 13,446
Purchases, Sales, Issuance, and Settlements (Net)	<u>(2,341)</u>
Ending Balance, December 31, 2008	11,105
Purchases, Sales, Issuance, and Settlements (Net)	<u>9,616</u>
Ending Balance, December 31, 2009	<u>\$ 20,721</u>

NOTE 6 - EXCESS CONTRIBUTIONS PAYABLE

Excess contributions payable are amounts due to certain active participants. These amounts are required to be returned to participants to satisfy the relevant nondiscrimination provisions of the Plan. Excess contributions payable, as shown on the Statement of Net Assets Available for Benefits, as of December 31, 2009 and 2008 were \$2,268 and \$338, respectively. Excess contributions for the year ended December 31, 2009 and 2008 were refunded in March of 2010 and 2009, respectively.

Hills Materials Company 401(k) Plan
Notes to the Financial Statements
December 31, 2009 and 2008

NOTE 7 - ASSETS HELD FOR INVESTMENT PURPOSES

The following represents the Plan's investments held by the bank-administered trust fund. Investments that represent 5% or more of the Plan's net assets are separately identified.

	2009	2008
Growth Fund of America	\$ 1,503,966	\$ 1,092,462
American Balanced Fund	1,174,385	904,917
Davis New York Venture Fund Inc.	1,141,562	833,796
MetLife Stable Value Fund (at contract value)	1,124,345	1,035,507
Franklin Income Fund	810,096	614,163
American New Perspective Fund	770,328	567,321
American Fundamental Investors Fund	749,361	556,989
Pioneer Mid-Cap Value Fund	667,458	502,069
JP Morgan Core Bond Fund	596,058	465,019

During the year ended December 31, 2009 and 2008, all appreciation in the fair value of investments, as reported in the Statement of Changes in Net Assets Available for Benefits, was related to the Plan's investment in mutual funds.

NOTE 8 - INVESTMENT WITH INSURANCE COMPANY

The Plan is invested in a managed guaranteed interest contract (Met Managed GIC) which is provided under a group annuity contract issued by MetLife. Fringe Benefits Design, Inc. is the service agent for such contract. In a Met Managed GIC, the assets are invested in a MetLife separate account. The separate account selected to fund this contract is 75% invested in aggregate bond index fund and 25% invested in medium grade fund. MetLife will guarantee principal and accrued interest, based on credited interest rates, for participant-initiated withdrawals as long as the contract remains active. Interest is credited to the contract at interest rates that reflect the performance of the underlying portfolio. The rate resets quarterly and the minimum credited rate is 0 percent. MetLife will reset the rate by amortizing the difference between the market value of the portfolio and the guaranteed value over the weighted average duration of the Fund's investments. Participants will receive the principal and accrued earnings credited to their accounts on withdrawal for allowed events. These events include transfers to other Plan investment options, and payments because of retirement, termination of employment, disability, death and in-service withdrawals as permitted by the Plan.

The contract is included in the financial statements at contract value as reported to the Plan by MetLife. As described in Note 2, because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan by MetLife, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. The average yield based on actual earnings for both the years ended December 31, 2009 and 2008 was 3 percent. The average yield based on interest rate credited to participants for the years ended December 31, 2009 and 2008 was 3.45 and 4.07 percent, respectively.

Hills Materials Company 401(k) Plan

Notes to the Financial Statements

December 31, 2009 and 2008

NOTE 8 - INVESTMENT WITH INSURANCE COMPANY (CONTINUED)

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other Plan Sponsor events that cause significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that any events which would limit the Plan's ability to transact at contract value with participants are probable of occurring.

NOTE 9 - RELATED PARTY TRANSACTIONS

Certain Plan investments are managed by TD Ameritrade Company. TD Ameritrade Company is also the investment trustee, as defined by the Plan, and, therefore, these transactions qualify as party-in-interest transactions.

NOTE 10 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of contributions received or receivable from employees per financial statements at December 31, 2009 to Form 5500:

Contributions Received or Receivable from Employees per Financial Statements	\$ 534,794
2008 Deferral Contributions Received by Plan in 2009	<u>9,900</u>
Contributions Received or Receivable from Employees per 5500	<u>\$ 544,694</u>

NOTE 11 - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

Hills Materials Company 401(k) Plan
Notes to the Financial Statements
December 31, 2009 and 2008

NOTE 12 - INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

The following information, included in the accompanying financial statements and the supplemental schedule, was obtained from data that has been prepared and certified as complete and accurate by the trustee.

	2009	2008
Growth Fund of America	\$ 1,503,966	\$ 1,092,462
American Balanced Fund	1,174,385	904,917
Davis New York Venture Fund Inc.	1,141,562	833,796
MetLife Stable Value Fund (at contract value)	1,124,345	1,035,507
Franklin Income Fund	810,096	614,163
American New Perspective Fund	770,328	567,321
American Fundamental Investors Fund	749,361	556,989
Pioneer Mid-Cap Value Fund	667,458	502,069
JP Morgan Core Bond Fund	596,058	465,019
Columbia Acorn Fund	458,346	335,154
Van Kampen Small-Cap Growth Fund Class A	420,952	339,245
American Funds EuroPacific Growth	406,960	280,835
Van Kampen Small Cap Value Fund	311,553	235,096
JP Morgan International Fund	291,575	219,209
Oppenheimer International Growth Fund	286,040	211,003
JP Morgan Equity Index Fund	222,251	-
Putnam Int'l Capital Opportunities	124,447	90,823
Columbia Acorn International Fund	116,437	82,928
TD Bank USA Fund	100	14,472
Vanguard Index Trust - 500 Portfolio	-	176,400
	<u>\$ 11,176,220</u>	<u>\$ 8,557,408</u>
Investment Income (Loss)	<u>\$ 2,489,659</u>	<u>\$ (3,935,185)</u>

There were no reportable transactions for the years ending December 31, 2009 and 2008.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent to December 31, 2009, the management of the Company elected to merge the Hills Materials Company 401(k) Plan into its parent company's employee benefit 401(k) plan. As a result, the Plan's assets were frozen to allow a "Blackout Period". Subsequent to December 31, 2009, the Plan's assets have been fully transferred to the trustee holding the assets of the Parent Company's benefit plan.

Subsequent events have been evaluated through August 13, 2010, which is the date the financial statements were to be issued.

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SUPPLEMENTAL SCHEDULE

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Hills Materials Company 401(k) Plan
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
December 31, 2009

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investments Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
	TD Bank USA, N.A.	Institutional Money Market Deposit Account	\$ -	\$ 100
	TD Ameritrade Trust Co.	MetLife Stable Value Fund (at contract value)	-	1,124,345
		Mutual Funds:		
	TD Ameritrade Trust Co.	Growth Fund of America	-	1,503,966
	TD Ameritrade Trust Co.	American Balanced Fund	-	1,174,385
	TD Ameritrade Trust Co.	Davis New York Venture Fund Inc.	-	1,141,562
	TD Ameritrade Trust Co.	Franklin Income Fund	-	810,096
	TD Ameritrade Trust Co.	American New Perspective Fund	-	770,328
	TD Ameritrade Trust Co.	American Fundamental Investors Fund	-	749,361
	TD Ameritrade Trust Co.	Pioneer Mid-Cap Value Fund	-	667,458
	TD Ameritrade Trust Co.	JP Morgan Core Bond Fund	-	596,058
	TD Ameritrade Trust Co.	Columbia Acorn Fund	-	458,346
	TD Ameritrade Trust Co.	Van Kampen Small-Cap Growth Fund Class A	-	420,952
	TD Ameritrade Trust Co.	American EuroPacific Growth	-	406,960
	TD Ameritrade Trust Co.	Van Kampen Small-Cap Value Fund	-	311,553
	TD Ameritrade Trust Co.	JP Morgan International Fund	-	291,575
	TD Ameritrade Trust Co.	Oppenheimer International Growth Fund	-	286,040
	TD Ameritrade Trust Co.	JP Morgan Equity Index A	-	222,251
	TD Ameritrade Trust Co.	Putnam International Capital Opportunities	-	124,448
	TD Ameritrade Trust Co.	Columbia Acorn International Fund	-	116,437
*	Participant Loans	5.00% - 10.25%	-	20,721
			<u>\$ -</u>	<u>\$ 11,196,942</u>

* Denotes a Party-In-Interest

See independent auditors' report

