

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

material processing equipment. The principal purchasers of these products are pipeline and utility contractors.

All Others - This category consists of the Company's other business units, including the parent company, Astec Industries, Inc., that do not meet the requirements for separate disclosure as an operating segment. Revenues in this category are derived primarily from operating leases owned by the Company's finance subsidiary.

The Company evaluates performance and allocates resources based on profit or loss from operations before federal income taxes and corporate overhead. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

Intersegment sales and transfers are valued at prices comparable to those for unrelated parties. For management purposes, the Company does not allocate federal income taxes or corporate overhead (including interest expense) to its business units.

Segment information for 2002

	Asphalt Group	Aggregate and Mining Group	Mobile Asphalt Paving Group	Underground Group	All Others	Total
Revenues from external customers	\$165,950,960	\$199,360,534	\$ 71,905,997	\$ 39,454,630	\$ 3,917,672	\$480,589,793
Intersegment revenues	17,908,632	29,819,117	795,998	1,572,296	3,388,390	53,484,433
Interest expense	16,429	583,347	189,293	306,987	9,378,294	10,474,350
Depreciation and amortization	4,469,916	4,437,663	1,935,349	1,684,267	2,684,386	15,211,581
Segment profit (loss)	3,126,983	7,907,885	4,151,862	(8,460,263)	(11,645,534)	(4,919,067)
Segment assets	158,047,527	203,445,864	75,542,665	73,399,055	266,039,667	776,474,778
Capital expenditures	2,410,339	1,887,448	1,225,450	13,153,489	597,206	19,273,932

Segment information for 2001

	Asphalt Group	Aggregate and Mining Group	Mobile Asphalt Paving Group	Underground Group	All Others	Total
Revenues from external customers	\$142,673,987	\$182,868,140	\$ 78,487,989	\$ 48,655,104	\$ 3,153,944	\$455,839,164
Intersegment revenues	18,021,023	12,722,446	3,092,286	59,179	3,174,416	37,069,350
Interest expense		463,397	314,616	255,264	8,333,777	9,367,054
Depreciation and amortization	4,986,576	5,492,486	2,174,634	2,228,693	2,163,183	17,045,572
Segment profit (loss)	5,021,537	7,460,549	9,020,534	(4,837,408)	(14,080,215)	2,584,997
Segment assets	157,947,201	200,699,113	66,712,447	57,501,404	245,183,271	728,043,436
Capital expenditures	3,103,740	3,025,609	1,106,839	453,438	367,796	8,057,422

Segment information for 2000

	Asphalt Group	Aggregate and Mining Group	Mobile Asphalt Paving Group	Underground Group	All Others	Total
Revenues from external customers	\$187,823,335	\$190,931,429	\$ 63,268,136	\$ 75,748,060	\$ 2,916,891	\$520,687,851
Intersegment revenues	13,427,266	21,024,808	120,618	504,963	3,051,983	38,129,638
Interest expense	4,742	769,003	175,634	340,583	7,362,377	8,652,339
Depreciation and amortization	4,774,154	5,078,301	1,629,792	2,082,141	1,815,315	15,379,703
Segment profit (loss)	17,996,985	18,367,234	8,343,809	6,835,885	(25,515,926)	26,027,987
Segment assets	167,042,229	202,701,018	58,826,228	59,934,607	262,897,237	751,401,319
Capital expenditures	8,562,340	6,819,029	1,602,651	3,336,470	470,534	20,791,024