

the HAILEY
comment

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First Quarter 2008



From The President's Desk



As president of W.L. Hailey I know that there are many challenges facing our company, our industry and our country. Economic conditions in North America have become more difficult but I am optimistic that we will outperform most of our competitors during this period of relative economic weakness. I know that here at Hailey we have significant strengths that we can use. Our people, team work, our long history of experience and our focus on bidding quality work all create a positive momentum that propel us forward into a future that looks bright. As we focus on work acquisition and on executional excellence I look forward to leading us as a strong company where our priority is ensuring long-term sustainable growth with increased profitability.

I am grateful for the leaders who came before me, for their contributions to the strength of our company and look forward to making my own mark as leader of W.L. Hailey. We look forward to another great year in 2008.

WLH Safety Team Member



Jim Trosper grew up in a Kentucky coal camp and worked for 22 years in the coal mines in Harlan County, KY. Jim and his wife of 37 years, Otella, still live in Kentucky, where their daughter and her family live next door. His son, James Jr., lives in Logan County, West Virginia with his family. He has 3 grandchildren, Kirsten, Matthew, Jacob and one on the way. Jim is a U.S. Army veteran. He holds Certificates of Completion from GA TECH in Construction Safety and Health and Industrial Safety. He is a graduate of the National Mine

Health and Safety Academy in Beckley, WV. He worked as a federal coal mine inspector for several years. He also holds certificates as KY underground mine instructor, surface mine instructor as well as mine foreman and district mine inspector. The Tennessee House of Representatives passed a resolution in 1999 honoring Jim for his part in ensuring the safety of construction workers and the public on the Demonbreen Project in Nashville.

Jim is the Regional Safety Manager for Hailey's Pipe Division in Tennessee. He began working for WLH in 1996 on the Sequoyah Hills Project in Knoxville, TN for John Evans. Projects Jim has worked on include Demonbreun Phase II, Church Street, Rolling Mill Hill and Overall Creek Interceptor jobs in Nashville, TN and the Hailey/Rast Tunnel Project in Bessemer, AL.

W.L. Hailey & Company Inc. Board of Directors

Donald Ackerman has been named President and Chief Executive Officer and elected as chairman of the board of W.L. Hailey & Company Inc. Don has more than 20 years industry experience and joined Hailey in 1998. Andrew Swank (pictured) has also been elected to the Board of Directors of W.L. Hailey. Andrew is Vice President of Pre-Construction and is the Chief Estimator of W.L. Hailey having joined the firm in 1991. Other board members include W. Alex Steele of W. Alexander Steele Investments, L. Edward Wilson principal of Cordova Ventures and President of L. Edward Wilson & Associates and George David Waller, former President and Chairman of Hailey.



W.L. HAILEY
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DON ACKERMAN
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JEFF HOWARD
Vice President / Chief Financial Officer

ANDREW SWANK
Vice President / Pre-Construction

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Contractors/Heavy Construction

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Front cover picture:
Nashville, TN Overall Creek



Contracts Awarded

Lake Lanier Intake Pipe Cumming, GA Project Manager: Ryan Guttridge	\$4,382,140
Yahoola Creek Reservoir WTP Dahlonega, GA Project Manager: Ryan Guttridge	\$2,980,630
Clement Landport Nashville, TN Project Manager: Joe Rast	\$200,000
First Creek Mini Basin, Phase 2 Knoxville, TN Project Manager: David Ward	\$1,413,162
Blount Ave Trunkline Sewer Rehab Knoxville, TN Project Manager: David Ward	\$1,684,666
Wild Turkey Distillery WWTP Lawrenceburg, KY Project Manager: Randy Pridemore	\$1,559,000
Metro Nashville Water Lines Nashville, TN Project Manager: Joe Rast	\$586,556

Overall Creek Interceptor, Nashville TN



W.L. Hailey is currently finishing up the second phase of the Overall Creek Interceptor project in West Nashville and is gearing up to start a third phase. The project was designed by Smith Seckman Reid, and is being built for Harpeth Valley Utilities District.

When completed, the 48-inch gravity sewer will connect an existing sewer line on Hicks Road in Bellevue to the Harpeth Valley treatment facility on River Road 3.5 miles away. In total, the project has over 21,000 linear feet of large diameter fiberglass pipe, three 102-inch diameter mechanically bored tunnels, and 2 hand mined tunnels.

Some of the challenges our crews faced during construction were working near homes and business, working in and around the creek, and tunneling through poor ground conditions, around tight curves, and under Interstate 40. WLH would like to congratulate everyone who has worked hard to meet these challenges and know that this success will continue into the upcoming third and final phase.

The project is being built by our Tennessee Pipe Division under the supervision of Operations Manager John Evans, General Superintendent Tony Southerland, Tunnel Superintendent Rick Ryon, and Project Engineer Joe Rast. HVUD is being represented by Project Manager Bobby Worthington along with SSR's Project Engineer Frank Smith and Inspector Alfred Kent.

Shelbyville Bio-solids Building, Shelbyville TN

An upgrade to the existing Waste Water Treatment Plant is being constructed for Shelbyville Power, Water and Sewerage System in Shelbyville, Tennessee. W.L. Hailey is constructing a new 5,800 SF one story building with two new presses and shaftless screw conveyors.

The two new rotary coil presses and a polymer feed system supplied by Fournier Industries from Quebec, Canada are being installed. The Fournier equipment utilizes a Canadian developed sludge dewatering technology that uses mechanical compression to extract liquid at a slow speed in a nearly odorless process. Hailey installed the first U.S. application of Fournier rotary presses in 2001 at another treatment plant in Tennessee. Two new Vogelsang sludge pumps are also being installed. In the next month the building will be completed and the instrumentation and electrical work will wind up. Weather permitting, site work, backfill and paving will also be done.



Foreman John Guinn has done a great job leading this project. His crew's hard work has kept this project moving during the winter months. The availability of David Wharton and Roy Biggs for a few weeks also made an impact on getting more work done.

W.L. Hailey would like to thank the engineer, Joe Wauford of J.R. Wauford and Co. and Terry Hall the engineer's onsite observer for their help on the project. WLH's project team includes Project Manager Mark Williams and Superintendent Eddie Proctor.

Shiptown Wastewater Pump Station, Shiptown TN

W.L. Hailey is building a 2,100 gpm duplex/triplex sanitary sewer pumping station for the Knoxville Utilities Board in Shiptown, TN just north of Knoxville, TN. The Shiptown Pumping Station project includes two submersible Flygt pumps, sewage grinders, a chemical feed system with storage tank, and backup electrical generator. This station will be monitored by SCADA electronic system.

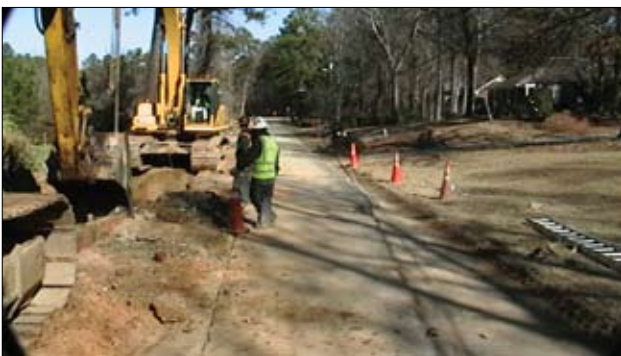
The original location of the pump station had to be abandoned when almost completed because of an underground cavern that was discovered. After further site investigation the pump station was relocated on site. The original excavation was backfilled and excavation started on a new location that was very close to the road. H-piles, lagging, rock anchors and shotcreting were installed to support the roadway while excavating for the new pump station site.

Concrete work is proceeding now after a long period of drilling, blasting and excavating and should be completed within the next month. Two new submersible pumps will be installed and provisions made for one future pump. Slide bar mounted in-channel grinders, chemical odor control and storage tank, flow meter, SCADA system and ductile iron piping are also being installed.

A big thanks goes to Jeff Hooeyman of KUB, Dewayne Knalls and Chris Brown of Gresham Smith and Partners for their help on this project. WLH's project team consists of Project Manager Mark Williams, Superintendent Eddie Proctor and Foreman Sammy Robertson. The entire crew including Adam Proctor, Pedro Bailon, Joe Biggs and Fidel Solis-Lopez continue their hard work to finish this challenging project.



Rae's Creek Sanitary Sewer Improvements Augusta, GA



In the fifth and final phase of nearly a decade's worth of sewer improvements that the city of Augusta has undergone to upgrade their aging sewer system, W.L. Hailey is replacing the Rae's Creek Sanitary Sewer. The installation consists of approximately 1,700 linear feet of 24-inch PVC, 6,500 linear feet of 30-inch PVC sanitary sewer and 800 linear feet of ductile iron sanitary sewer.

The bottom 2,000 linear feet of the line requires some trench removal of an active 12-inch gravity line. This will require twenty-four hour bypass pumping to keep the system in service. Due to the minimal cover of this section, the pipeline will be counterweighted with 4x3 concrete blocks every ten feet to prevent pipe floatation. Approximately 4,000

linear feet of the 30-inch line will require ten to eighteen foot cuts in an active roadway, paralleling the existing sewer line.

This six month project utilizes two hydraulic excavators in conjunction with trench boxes to install the 30-inch and 24-inch gravity main, thirty-nine manholes, two jack and bores, and three concrete encased creek crossings. Substantial completion is scheduled for the end of May 2008.

The project owner, Augusta Utilities Department, is represented by Wes Byne, CH2MHill Project Manager Jim Rush, and Augusta Utilities Inspector Everett Jennings. The project was designed by ZEL Engineers of Augusta. W.L. Hailey Superintendent Mike Rast and Project Engineer Trent Roszell manage the project, which is being installed by Pipe Foremen Larry Todd and Dale McClure's crews.

Employee News

THE SOUTHERLAND'S



James and Lela



Tony and Cheryl



Richard and Sonja



Michael and Marsha

At W.L. Hailey we take pride in our employees and being a family. We have many long term employees who represent several generations working at Hailey. In 1960 James Southerland came to work starting a 48 year legacy of hard working Southerland's at Hailey. James comes from a large family of 5 boys and one girl so after working for a few years at Hailey he recruited his Dad, Forest and brothers, Willie and Jesse to come work on a job in their home town of Danville, Kentucky.

Forest and Jesse only worked a couple of years, but Willie stayed on for 32 years as foreman and his sons Mickey and Daniel also worked for Hailey. James worked for Hailey in many capacities mostly as a pipe layer and explosives handler, working 300,000 man hours without an accident. He still lends his experience to Hailey on certain projects. Married to his wife Lela for 46 years, they currently live in LaVergne, Tennessee. Their sons make the third generation of Southerland's at Hailey.

James's oldest son Tony is a Superintendent currently working on the Overall Creek project in Nashville, TN. Tony's brother Richard, also a Superintendent, works for the pipe division on the First Creek Mini Basin in Knoxville and Michael the youngest of the family is an A-Trac driller also working on Overall Creek. Tony has now worked 25 years for Hailey, Richard 23 years and Michael 15 years.

Congratulations to The Campbell's and The Burkett's!



Derek and Sally Campbell are the proud parents of Addalynn Marie Ettis Campbell, born February 29, 2008. Derek is a WLH Project Engineer currently working in Nashville, TN.



WLH retiree Ken Burkett and his wife Alice celebrated their 50th Wedding Anniversary April 5th, 2008. We wish them many more happy years.

Tom Battan Retires

Thomas Battan retired as President and CEO for W.L. Hailey & Company, Inc. in January. Tom joined the company as Controller in 1981. He advanced to Treasurer in 1982, and was elected Executive Vice President of Operations in 1999 before becoming President and CEO in 2006. A graduate of George Peabody College with an MBA from the University of Tennessee, Tom's accounting and business experience was an invaluable asset to WLH for the last 27 years. We at WLH wish Tom the very best for the future.



Rio Vista Drive Emergency Storm Drain Repair, Nashville TN

In January 2008, W.L. Hailey received a call from the Metro Nashville Public Works Department concerning a road that was starting to collapse in Madison, TN. Within 24 hours a crew had started excavating the roadway to uncover the cause of the collapse. Located approximately 50 feet off the bank of the Cumberland River the existing culvert under the roadway, consisting of twin 80-inch corrugated metal pipe and a single 36-inch reinforced concrete pipe (RCP) had failed.

W.L. Hailey personnel worked with representatives of the Metro Nashville Public Works Department and their engineering firm, Collier Engineering, to design a permanent solution. It was decided that double barrel 84-inch RCP culverts, headwalls and a substantial rip-rap armor plating of the intake and outfall area was needed. Our crews excavated around several existing utilities, including a double high pressure gas main. The excavation quickly grew to an area of approximately 75 feet long, 40 feet wide and 30 feet deep. The pipe, which weighed 22,000 lbs per piece, was set in place using a 175 ton crane.

The project was constructed under the direction of John Evans, WL Hailey Operations Manager. The project team included Superintendent Tim Brewster, Field Engineer Phillip Taylor, Foreman Terry Woods and crew members Glenn Petty and Greg Lampas. The project was built, start to finish, in thirty working days.

BEFORE



AFTER



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