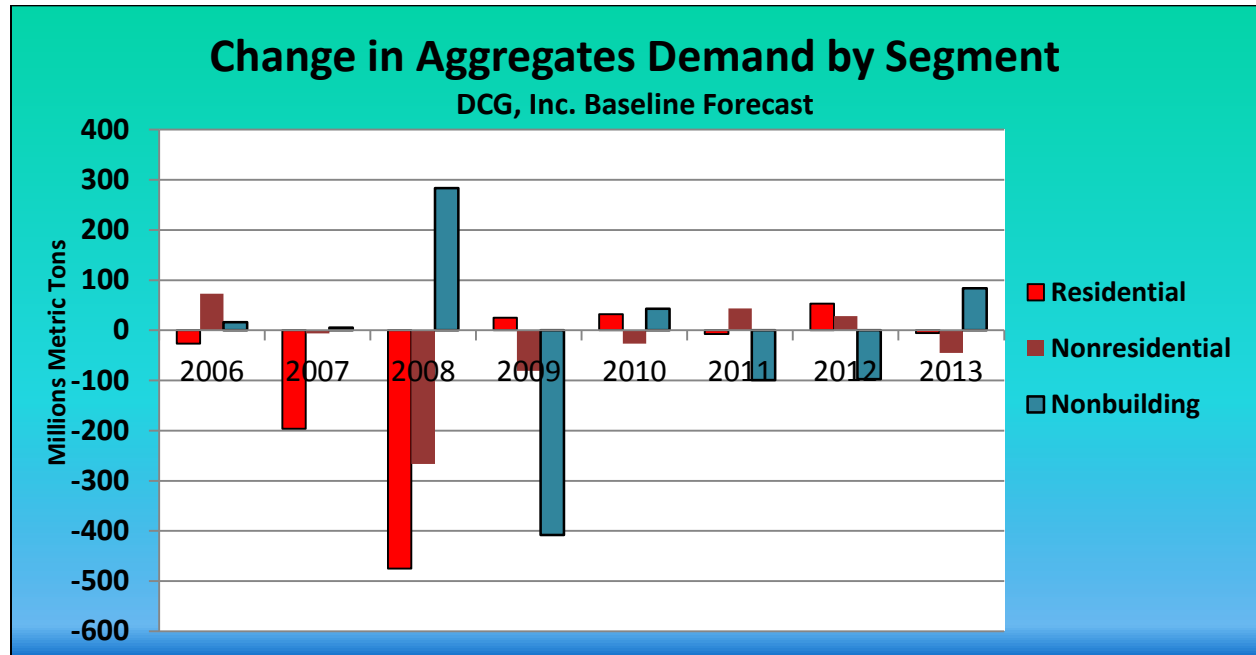


DCG, Inc. Aggregates Forecast by Segment

Compared to the past few years the near term forecasted changes in aggregates demand are small. In 2008-09 over 400 million tons per year of demand collapsed. For the next few years the annual changes are likely to be less than 50 million tons.

As the chart shows the sources of the decline in demand change dramatically from year to year. In 2007-08 residential accounted for most of the declines. In 2009 nonbuilding was the major cause of the decline in aggregates demand. For the 2011-13 period all the changes are small, some up, some down.



	2006	2007	2008	2009	2010	2011	2012	2013
Total, Billions Mtons	3.06	2.86	2.40	1.94	1.99	1.92	1.91	1.94
Yr/Yr Ch.	62,262	-196,666	-457,775	-463,492	48,874	-63,626	-15,958	32,883
%Ch.		-6%	-16%	-19%	3%	-3%	-1%	2%

During the next two years total demand will be between 1.9 and 2.0 billion metric tons. Residential demand will increase in 2012 for two reasons; one, current building levels are so low that basic demographic demand from population growth will create new demand, and second, mortgage rates and home prices are so low that the buying vs. renting decision now favors buying. Nonresidential demand will also begin to recover in 2012 as even the small employment gains during the last two years are enough, along with low financing costs, to create some new demand.

The weak link during the next 18 months is nonbuilding. The Federal stimulus money is almost gone and states are still struggling to balance their budgets. Any new money is probably 18-24 months away from reaching the bidding stage, resulting in lower public works for now.

The total impact of these segment changes is flat aggregates demand through 2012 and small increases in 2013.

Sept., 2011. David Chereb, Ph.D.