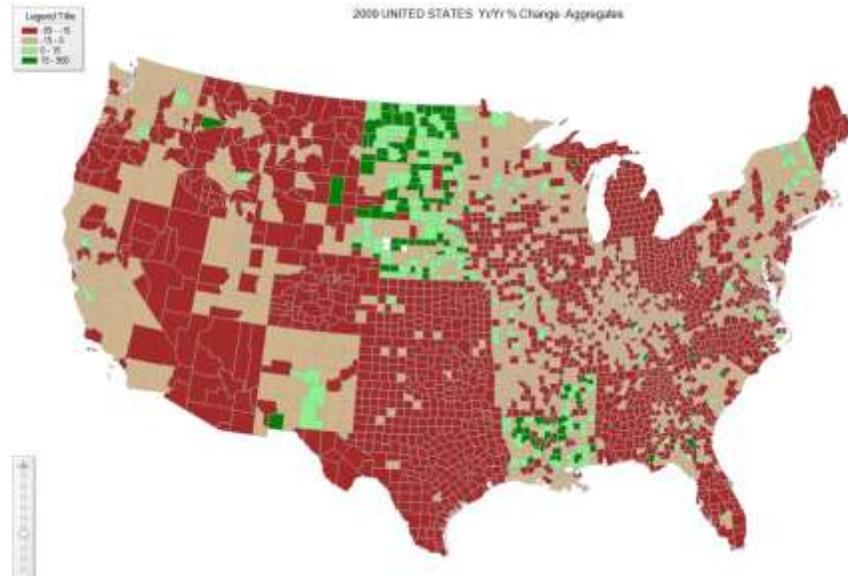


## DCG Aggregates Forecast

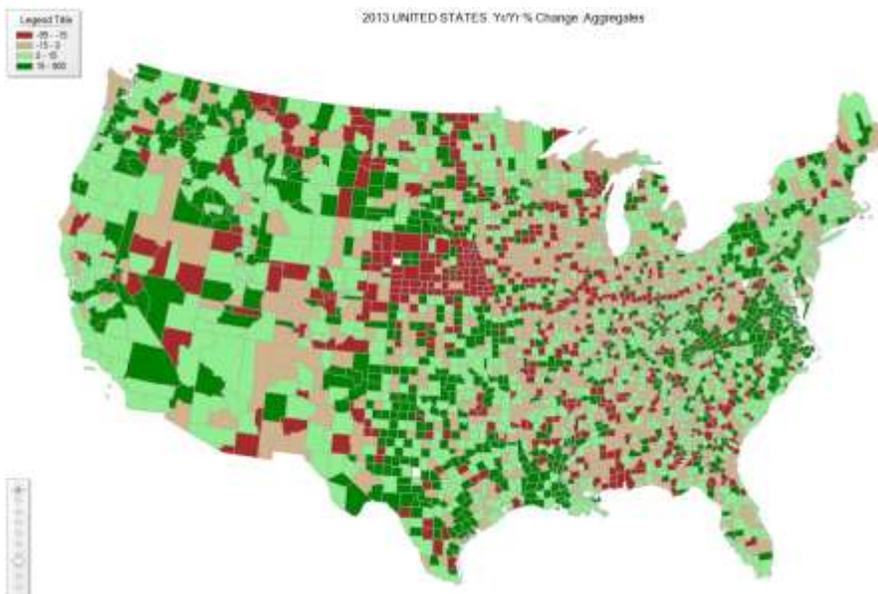
The images show the DCG, Inc. estimates for the percent change in aggregates consumption for 2009 and 2013 by county (USGS releases estimates at the state level). What a difference. In 2009 only a few counties increased aggregates consumption; mainly due to energy activity. By 2013 the vast majority of counties will experience higher aggregates demand (green vs. red colors).

### 2009 Aggregates Consumption by County, Yr/Yr %Ch.



The widespread improvement comes mainly from the private segments, residential and nonresidential. The early signs of a housing rebound are now apparent after five years of falling demand. There is enough pent-up demand due to low building levels, along with low mortgage rates and low home prices, to provide a sustained upward trend in aggregates consumption for housing. Additionally, nonresidential activity is doing better as vacancy rates decline and slow job growth adds slightly to higher space demands.

### 2013 Aggregates Consumption by County, Yr/Yr %Ch.



The recent political agreement on the Federal highway bill will put a floor under nonbuilding demand but will not be enough to boost consumption in the near term. Our outlook shows nonbuilding demand flat until 2014 as state and local governments continue to dig out of their fiscal problems.

**DCG, Inc. U.S. Aggregates Forecast (millions metric tons)**

| <b>Date</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>TOT</b>  | 2.86        | 2.40        | 1.94        | 1.99        | 1.98        | 1.93        | 1.97        |
| <b>RES</b>  | 0.73        | 0.25        | 0.28        | 0.31        | 0.34        | 0.35        | 0.34        |
| <b>NRES</b> | 0.85        | 0.58        | 0.50        | 0.48        | 0.54        | 0.52        | 0.53        |
| <b>NBLD</b> | 1.28        | 1.57        | 1.16        | 1.20        | 1.10        | 1.06        | 1.10        |

Over all it means modestly higher aggregates demand in 2013 before accelerating in 2014 as the economy finally picks up speed. All of this is predicated on Congress implementing reasonable pro-growth policies sometime in the next 12 months.

August 2, 2012: David Chereb, Ph.D.