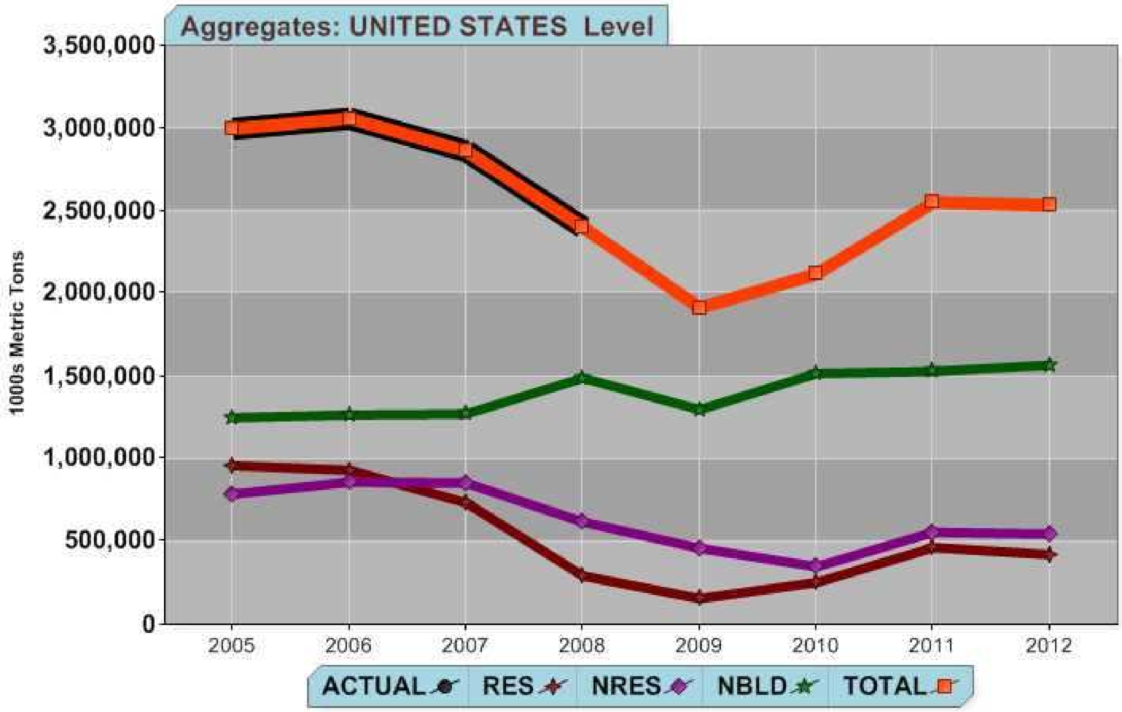
DCG, Inc. Aggregates Forecast



The above chart shows the DCG, Inc. aggregates forecast for the U.S. by major construction segment through 2012. As can be seen in the chart almost the entire decline in aggregates demand during the last three years is due to nonresidential and residential weakness. Nonbuilding, even though demand dropped in 2009, has remained fairly resilient since 2005.

Most of the weakness is behind us with the exception of nonresidential which will remain weak throughout 2010 as poor job growth and high vacancy rates keep demand low. Even though the housing rebound is going to be much weaker than historical recoveries, the bottom is so low that even modest home sales gains will lead to double digit increases in homebuilding for 2010 and 2011. Nonbuilding demand will increase in 2010 but not as much as advertised since many local areas do not have the matching funds and some funds will be going to projects with very long construction cycles (i.e. high speed trains).

Why doesn't aggregates demand continue to grow in 2012? DCG, Inc. thinks the stimulus impact of Federal Government spending will be wearing off by then without creating much new private demand. In addition, before 2012 interest rates will rise substantially to either entice bond buyers to acquire more government debt or inflation expectations will be much higher; either one leads to higher interest rates and less private construction.

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