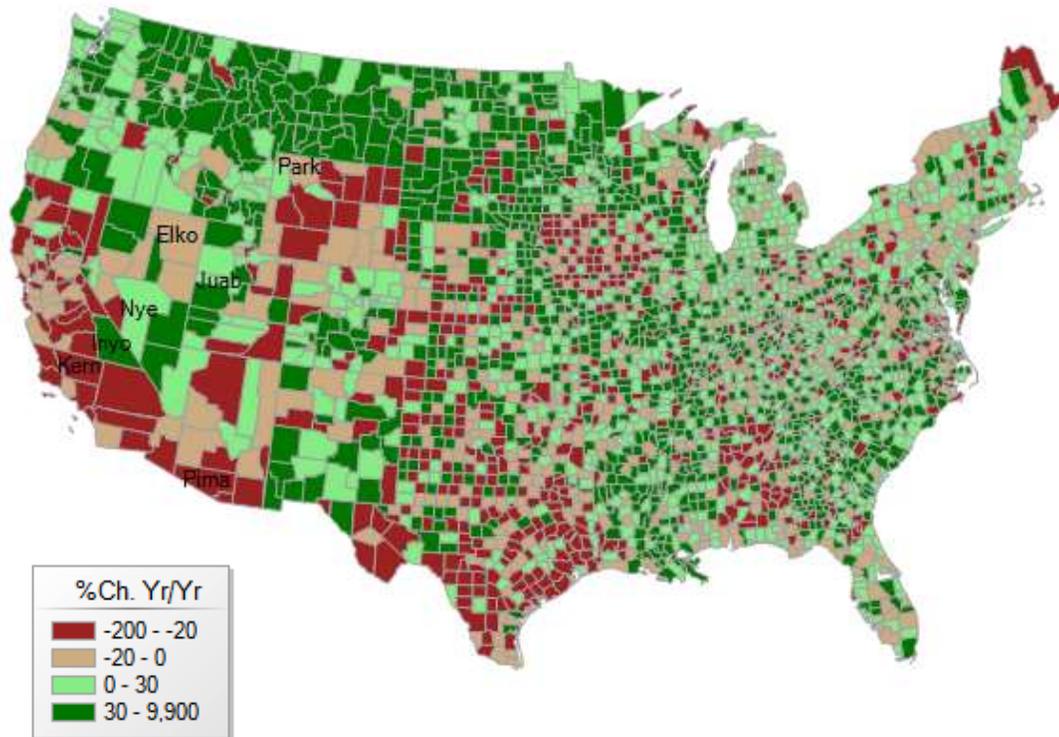


2010 UNITED STATES %Ch. Yr/Yr :Aggregates



Source: David Chereb Group, Inc.

The 2010 forecast for U.S. aggregates consumption shows modest gains (see Aug. Pit and Quarry for chart). The distribution of these changes is shown in the county map above. Gains are strongest in alternative energy development areas such as Montana and the Dakotas and where special projects drive demand. The recovery in residential and public works also helps many counties but as the map shows some areas will still be reeling from the effects of the 2008-09 recession.

There are special cases, such as California and Arizona, where on going state budget problems will hold back aggregates gains for most of 2010. Likewise other states, such as Tennessee, will experience a near term boost from the continuing re-location of manufacturing from the North Central U.S. to the South (in this case for a \$1+ Billion new solar cell plant (polysilicon) plant in Montgomery Co.).

We believe the administration is doing everything it can to get stimulus money to local areas well before the 2010 Congressional election. This along with the economic recovery will be enough to boost aggregates demand in most counties. Beyond 2010 the outlook depends to a great deal on what happens in Congress this fall. If extraordinary budget deficits are not brought under control soon, long term interest rates will have to rise to continue to attract foreign purchases of U.S. Treasuries. That would not be helpful to aggregates demand in 2011 and beyond.

David Chereb, Ph.D.
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