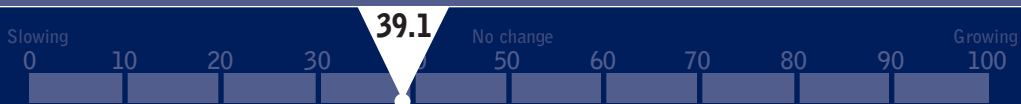


CIRT SENTIMENT INDEX REPORT FIRST QUARTER 2009

CURRENT CIRT INDEX SUMMARY



CURRENT CIRT SENTIMENT READING Q1-2009



ABOUT THE CONSTRUCTION INDUSTRY ROUND TABLE (CIRT)

The Construction Industry Round Table (CIRT) is exclusively composed of approximately 100 CEOs from the leading architectural, engineering and construction firms doing business in the United States.

CIRT is the only organization that is uniquely situated as a single voice representing the richly diverse and dynamic design/construction community. First organized in 1987 as the Construction Industry President's Forum, the Forum has since been incorporated as a not-for-profit association with the mission "to be a leading force for positive change in the design/construction industry while helping members improve the overall performance of their individual companies."

The Round Table strives to create one voice to meet the interest and needs of the design/construction community. CIRT supports its members by actively representing the industry on public policy issues, by improving the image and presence of its leading members, and by providing a forum for enhancing and developing strong management approaches through networking and peer interaction.

The Round Table's member CEOs serve as prime sources of information, news and background on the design/construction industry and its activities. If you are interested in obtaining more information about the Construction Industry Round Table, please call 202-466-6777; or contact us by email at cirt@cirt.org.

CIRT SENTIMENT INDEX

The CIRT Sentiment Index is a quarterly survey of members of the Construction Industry Round Table conducted quarterly by FMI Research, Raleigh, N.C. For press contact or questions about the CIRT Sentiment Index, contact Mark Casso at mcasso@cirt.org and/or Phil Warner, research consultant with FMI Corporation at pwarnier@fminet.com or call 919-785-9357.

CONFIDENTIALITY

*All individual responses to this survey will be confidential and shared outside of FMI only in the aggregate.
All names of individuals responding to this survey will remain confidential to FMI.*



SUMMARY OF FIRST QUARTER 2009 CIRT SENTIMENT INDEX

The overall sentiment of the inaugural CIRT Sentiment Index indicates that large A/E/C firms are expecting a continued slowdown for at least the next year, which just about corresponds with a median backlog of 12 months for the 64 panelists participating for the first quarter of 2009. It may turn out that this is a good time to start a new market index. There is more room to go up than down. Moreover, while panelists expect little or no market growth over the next year, they are optimistic about business three years out. If the economic stimulus program gets things going sooner than later, many of our panelists' firms could see business improve by year-end. Among the more hopeful notes in the results of our first CIRT Sentiment Index survey are that the cost of construction materials are significantly lower, labor costs are stable and productivity is up. Employment levels for some will be significantly lower, but quite a few panelists are reporting their firms will be hiring this year in anticipation of a market rebound sometime down the line. Nonetheless, an Index score of 39.1 indicates there will be many challenges ahead for the members of this panel and the construction industry as a whole.

RESULTS OF FIRST QUARTER 2009 CIRT SENTIMENT INDEX

- **Overall Economy:** Seventy-eight percent of panelists reported the overall economy was worse than last quarter. No one said it had improved.
- **Overall Economy Where Panelists Do Business:** Seventy-three percent of panelists said the economy where they do business was worse than last quarter, and 74 percent said the nonresidential construction sector was worse than last quarter. Considering that 44 percent of the panelists for the CIRT Sentiment Index serve markets on a national level and are among the largest contractors in the country (or the world in some cases), we would expect that their markets would often be reflected in what is going on in the overall economy.
- **The Residential Construction Market:** Eighty-three percent of panelists report that the residential building construction market where they do business is worse than last quarter, reflecting the continued slowdown in that key sector.
- **Panelists' Construction Business:** Panelists are more positive about their own businesses than they are about the health of the economy at large. Forty-eight percent of panelists reported their own markets as being worse than last quarter. Forty-one percent expect their backlogs to shrink compared with last quarter. Current backlogs now stand at a median of 12 months for all responses with a high of 48 months and a low of three months.
- **Cost of Materials:** Construction materials costs continue to decrease according to 73 percent of panelists.
- **Cost of Labor:** Labor costs remain steady as only 11 percent report labor costs as higher than last quarter.

- **Delays and Cancellations:** Eighty-nine percent of panelists report experiencing delays and cancellations due to owners having difficulty funding projects. Project delays are currently reported to affect 15 percent of projects compared to what panelists consider a normal rate of 5 percent. As much as 5 percent of projects are being cancelled compared to what is considered a normal rate of cancellations of just 1 percent.
- **Employment Plans for 2009:** Many of the larger A/E/C firms whose executives serve as panelists for the CIRT Sentiment Index report plans to cut or have already cut employment by as much as 10 percent to 20 percent of full-time direct employees. Nonetheless, among the larger firms, there are more firms that have plans to hire, depending on backlogs and strategic needs, than FMI has found in its survey of nonresidential contractors, the NRCI.

DELAYS AND CANCELLATIONS CUT INTO BACKLOGS

Panelists from the CIRT membership reporting this quarter currently enjoy a median backlog of 12 months with some reporting backlogs as high as 48 months; however, 41 percent expect backlogs will shrink in coming months, and rising reports of delays and cancellations only make this situation more urgent. Panelists currently report that, on average, 15 percent of their projects are affected by delays compared to a normal rate of project delay of only 5 percent. Cancellations are running at 5 percent of projects compared with a normal one percent cancellation rate. Considering the size of backlog and average revenue of CIRT panelists, the loss of revenue could range well over a billion dollars for the group this year alone.

While delays and cancellations are likely to continue to affect business in the near term, there are markets showing less weakness over the next three months and panelists expect them to improve over the next year. Those markets include healthcare, transportation and public works/heavy civil construction markets. Firms that can successfully ride out the current economic storm could enjoy significant growth in all major markets according to the panelists' three-year business outlook.

SELECTED COMMENTS: HOW WILL OWNER FINANCING AND CREDIT AVAILABILITY ISSUES AFFECT YOUR BUSINESS AND BACKLOG OVER THE NEXT YEAR?

- Our backlog is strong, but new work is scarce and very competitive.
- Our backlog will remain flat due to failure of owners to get their projects started.
- It creates serious uncertainty, which adds risk. If the financing markets just stabilize, owners will begin to have a clear basis for decision-making.
- It depends on the stimulus package. If it does not go through, then you will see a massive downsizing in construction. If it passes, you will see record backlogs.
- Given that most of our work is public, it will depend on the stimulus package. If a good bill is passed, we are expecting robust funding for the next two to three years.
- Healthcare, our largest market, is facing cancellations or delays for the first time, yet it remains a strong healthy sector when compared to other general construction sectors. Education is also slowing due to budget constraints.
- Highway, water/wastewater plants and distribution systems need additional funding. More potential for Public Private Partnerships. The private sector will have a difficult time financing projects until credit is more available.
- Inability to sell bonds in the market will stop public works projects even where voters have already authorized additional debt financing. We are seeing this in California right now. Even good, needed P3 projects are not happening right now due to lack of bond financing.

- On the commercial business side, it will be very difficult, and we expect that portion of our business will shrink in 2009 and 2010.
- Our problems stem from owners not wanting to internally fund projects due to the economy and ROI. Eventually, these projects will be built, increasing our backlog.
- Projects dependent on future bond sales will be delayed or cancelled. Private work will not recover in 2009 with no financing and major defaults on commercial real estate. Tax revenues will decrease further in 2009. The stimulus package will help our market in infrastructure/public work in the second half of 2009. P3 market will slow due to banks' cautiousness.
- There is a direct link between owner financing/access to credit and our business. Lack of financing directly affects our business, and architects are an "early indicator" of the health of the building market.
- We will continue to experience declining material volumes in aggregates, ready mix and asphalt from the commercial and residential sector. Subject to the stimulus package, we may experience slight increases in the transportation sector.

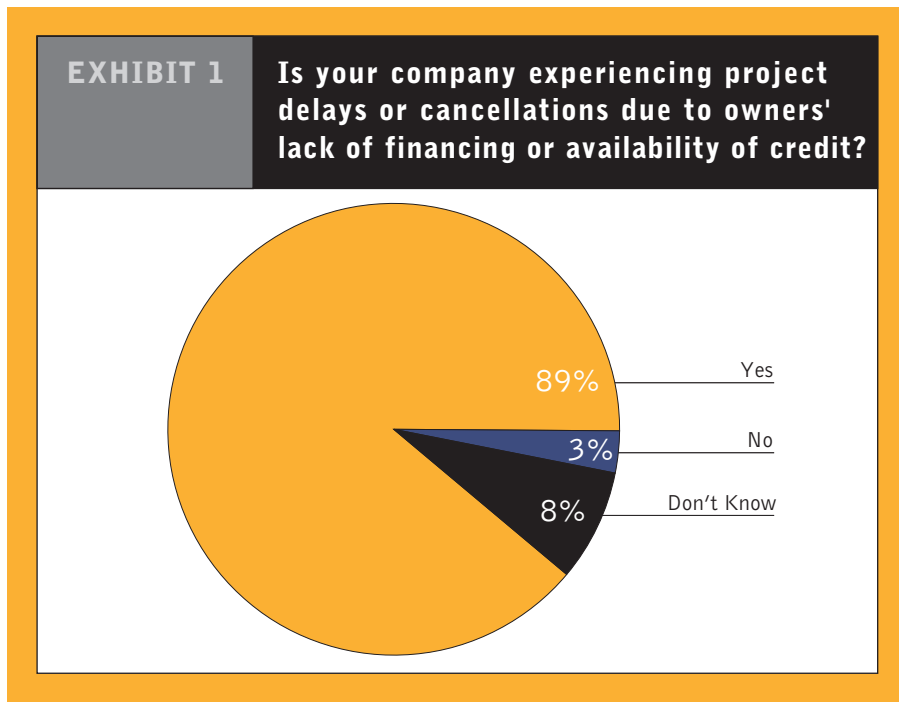


EXHIBIT 2 Nonresidential Construction Index Report **Q1, 2009**

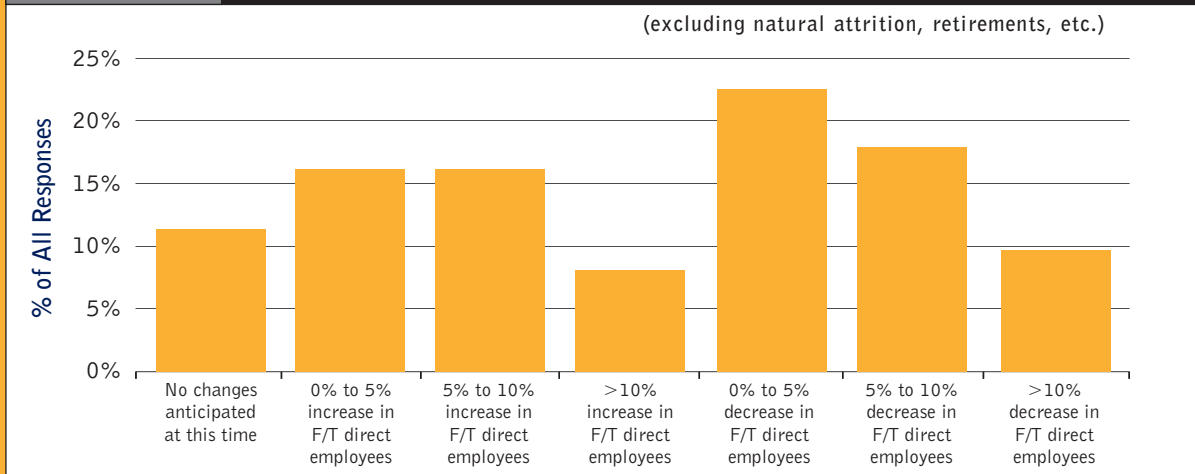
If you are experiencing project delays , what percentage of your projects would you estimate are affected?	15%
If you are experiencing cancellations due to owner financing problems, what percentage of your projects would you estimate are affected?	5%
What would you consider a normal rate of project delays as a percentage of annual projects?	5%
What would you consider a normal rate of cancellations as a percentage of annual projects?	1%

EMPLOYMENT OUTLOOK MIXED

Although nearly 50 percent of the 64 panelists participating in the survey reported they have already cut back or plan to decrease the number of full-time direct employees in the coming year, 40 percent reported plans for increasing employees in 2009. Several factors could lead to increasing employment including taking advantage of an improved hiring environment, plans to enter new markets and expectations that the stimulus bill will increase work in the public sector including schools, healthcare and infrastructure. Due to the size of their firms, scope of services and experience working in public markets, the panelists represented in the CIRT membership expect to be able to weather current economic turmoil. Most have sufficient backlogs to hold them over until business starts to pick up again and a competitive chance to participate in construction plans resulting from a government stimulus program. That is the hope, anyway, and it is clear that the majority are trimming the fat to prepare for a prolonged slowdown and an uncertain future.

COMMENTS ON EMPLOYMENT PLANS FOR 2009:

- All non-project-related hiring is stopped.
- As a subcontractor, our direct labor fluctuates directly with workload.
- Could be a big hiring year, but likely will show slight decline.
- Decreased 10 percent in last quarter of 2008. Have already decreased 5 percent in first quarter of 2009. Hopefully no more than 5 percent additional cutbacks.
- Depending on the financial situation and how it affects projects, the reduction in FTEs could be 20 percent or greater.
- Expect to maintain staff.
- Hiring for some key positions but decreasing 15 percent overall.
- Increasing staff and trying to improve the overall quality of our employees in light of layoffs in the building sector.
- Our craft force has been down by 20 percent to 25 percent for the last nine months. I would see that continuing for the next nine months. We may be cutting some management support positions or not filling some new ones in the next nine months.
- Since our 2009 backlog is secured, we will look towards hiring top talent that otherwise would not be available in better economic times. Those that are average or have under-performed either need to improve performance or they will be replaced. We will look at opportunities through acquisition of companies or groups of high-performance teams.
- The increase is due to more program management projects. Without this, we would have a reduction of approximately 9 percent.
- We are hiring key executive positions as well as sales to take advantage of some emerging market sectors that will be strong into the future. In one market, we are downsizing due to cancellations and very limited opportunities within that market. Other markets are stable with some growth.
- We are not hiring professional staff unless a good candidate becomes available. We are reducing field forces in some areas and hiring in others. Again, if good people show up, we are upgrading both professional and field staff.
- We have a few markets growing significantly; we are trying to redeploy resources in our shrinking markets to our growth areas.
- We see a small increase in staff driven by backlog projects in program management and environmental engineering that are starting over the next three months.
- We shall continue strategic hiring and our normal college recruiting, but we expect that our hires will be more talented than in the last few years due to decreased competition for hires.

EXHIBIT 3**What changes do you foresee in the number of full-time direct employees in your organization for 2009?**

PRESS STIMULUS BUTTON TO CONTINUE

For both the inaugural *CIRT Sentiment Index* and the sixth quarterly results of the *FMI Nonresidential Construction Index*, it is clear that panelists are pinning much of their expectations for improvement in construction markets on the just-passed economic stimulus bill. The larger construction industry firms represented in the *CIRT Sentiment Index* are only slightly more optimistic about business conditions over the next year than the executives of nonresidential construction firms participating in the *NRCI* that represent a broader range of companies by size and slightly narrower in market scope than *CIRT* members. Nonetheless, both indexes are signaling a continued slowdown for the construction industry that will last throughout 2009 and likely into 2010 before any significant turnaround.

Although business in the construction industry is not often thought of as a leading economic indicator, it is certain that whenever the next upturn in the economy occurs, the construction industry will be needed to participate in that growth. A healthy construction industry is required to build the foundations for growth in all sectors of the economy, and, at this time, the country must begin to do more about its crumbling infrastructure and start to build solutions for more sustainable growth in the future. As some of the selected comments from panelists show, we still have a strong construction industry ready to go when projects are ready to go, but that could change if the economy cannot find the button that says, “forward.”

COMMENTS FROM PANELISTS FOR THE FIRST QUARTER 2009:

- Two-thousand-nine will be a tough year for most companies. I hope that 2010 stabilizes our economy and by 2011, things start going forward again.
- Contractors or designers who are dependent upon the credit markets for debt will have a very difficult time if their credit facilities are not long term now. The stimulus package from D.C. is very important for our industry.
- Given the global economic environment, even in the face of a reasonably good backlog, there is still a significant level of uncertainty.
- If President Obama was planning to stimulate the economy by investing in the fashion industry or in the pharmaceutical industry, we'd be in real trouble. Fortunately, for us it looks like it will be in infrastructure. Strong support from the U.S. Chamber of Commerce and strong voter support for many infrastructure tax and bond measures should help as well.
- Liquidity remains a top priority. We will focus on project billings and require all jobs to maintain an overbilling status. Non-critical spending has been cut. We predict things to become worse the first half of 2009, then improve as projects are let as a result of the stimulus package. Patience and prudence will be paramount, as many contractors will bid aggressively to improve their backlog once the projects are advertised due to the stimulus package. We will also look for opportunities to improve our management and supervision along with acquisition opportunities. The housing market will not improve in 2009. Building and commercial construction will see the biggest declines in 2009.
- Opportunities for companies that are run well will improve. We are looking at expanding and growing during these poor economic times.
- Overhead reductions are taking place wherever possible, except in marketing. All capital expenditures are delayed until next year.
- The construction industry needs to play a fundamentally important role in helping retool the economy for the environment ahead, and public policy should support this strongly.
- While this appears to be a negative climate, it is a much-needed adjustment in the market as our industry has developed much inefficiency during the last five years. There will be tremendous opportunity for those who can create true value going forward.

EXHIBIT 4**CIRT Sentiment Index
Results: Q1, 2009**

	CIRT Sentiment Index Quarter 1, 2009			
	Improving over last quarter	Staying the same as last quarter	Worse compared with last quarter	CIRT components Q1, 2009
Overall Economy	0.0%	22.2%	77.8%	11.1
Overall Economy Where Panelists Do Business	0.0%	26.6%	73.4%	13.3
Panelists' Construction Business	6.3%	46.0%	47.6%	29.4
Residential Building Construction Market Where Panelists Do Business	0.0%	17.4%	82.6%	8.7
Nonresidential Building Construction Market Where Panelists Do Business	0.0%	25.8%	74.2%	12.9
Backlog in Months	High	Median	Low	
Approximate Current Signed Backlog	48.0	12.0	3.0	
	Grow faster than last quarter	Stay about same as last quarter	Shrink compared with last quarter	
Expected Change in Backlog	11%	48%	41%	35.2
	Higher than last quarter	Same as last quarter	Lower than last quarter	
Cost of Construction Materials	0%	27%	73%	86.4
Cost of Labor	11%	76%	13%	50.8
	Improving over last quarter	Same as last quarter	Declining compared with last quarter	
Productivity	33%	63%	3%	65.1

EXHIBIT 5**CIRT Sentiment Index Components—
Business Outlook Summary by Market Sector**

Sector	Overall Q1, 2009		
	3 Months	1 Year	3 Years
Commercial	4.4	30.9	88.6
Education	32.5	62.5	85.5
Healthcare	40.8	61.8	83.3
Lodging	4.5	13.6	66.7
Manufacturing	17.1	38.2	77.9
Office	13.2	24.2	65.2
Industrial/Petro Chemical	32.8	44.8	77.6
Transportation Related	48.8	84.1	89.7
Public Works/Heavy Civil	47.8	80.9	86.7
Other	38.9	50.0	66.7

EXHIBIT 6**CIRT Sentiment Index Components
Detailed Results by Market Sector**

	Overall Quarter 1, 2009			CIRT Index Q1, 2009
	Improving over last quarter	Remains the same as last quarter	Worse than last quarter	
Business Outlook – 3 Months				
Commercial	0.0%	8.8%	91.2%	4.4
Education	5.0%	55.0%	40.0%	32.5
Healthcare	13.2%	55.3%	31.6%	40.8
Lodging	0.0%	9.1%	90.9%	4.5
Manufacturing	2.9%	28.6%	68.6%	17.1
Office	0.0%	26.5%	73.5%	13.2
Industrial/Petro Chemical	0.0%	65.5%	34.5%	32.8
Transportation Related	27.5%	42.5%	30.0%	48.8
Public Works/Heavy Civil	28.3%	39.1%	32.6%	47.8
Other	11.1%	55.6%	33.3%	38.9
Business Outlook – 1 Year				
Commercial	14.7%	32.4%	52.9%	30.9
Education	42.5%	40.0%	17.5%	62.5
Healthcare	36.8%	50.0%	13.2%	61.8
Lodging	0.0%	27.3%	72.7%	13.6
Manufacturing	11.8%	52.9%	35.3%	38.2
Office	6.1%	36.4%	57.6%	24.2
Industrial/Petro Chemical	20.7%	48.3%	31.0%	44.8
Transportation Related	73.2%	22.0%	4.9%	84.1
Public Works/Heavy Civil	68.1%	25.5%	6.4%	80.9
Other	22.2%	55.6%	22.2%	50.0
Business Outlook – 3 Years				
Commercial	82.9%	11.4%	5.7%	88.6
Education	71.1%	28.9%	0.0%	85.5
Healthcare	69.4%	27.8%	2.8%	83.3
Lodging	48.5%	36.4%	15.2%	66.7
Manufacturing	61.8%	32.4%	5.9%	77.9
Office	36.4%	57.6%	6.1%	65.2
Industrial/Petro Chemical	62.1%	31.0%	6.9%	77.6
Transportation Related	82.1%	15.4%	2.6%	89.7
Public Works/Heavy Civil	75.6%	22.2%	2.2%	86.7
Other	44.4%	44.4%	11.1%	66.7

EXHIBIT 7 Size of Organization in Annual Revenue

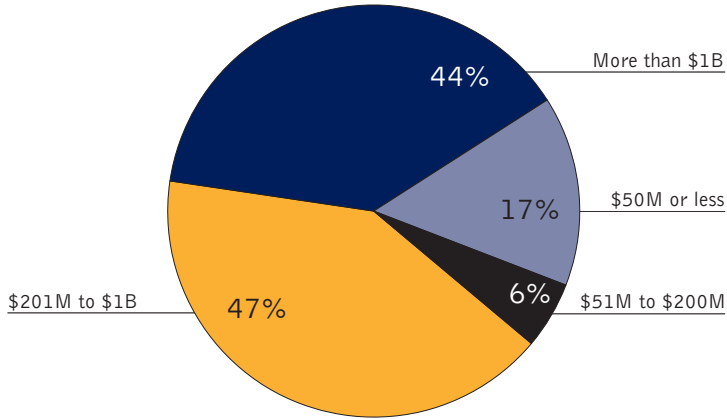


EXHIBIT 8 Type of Contracting Business

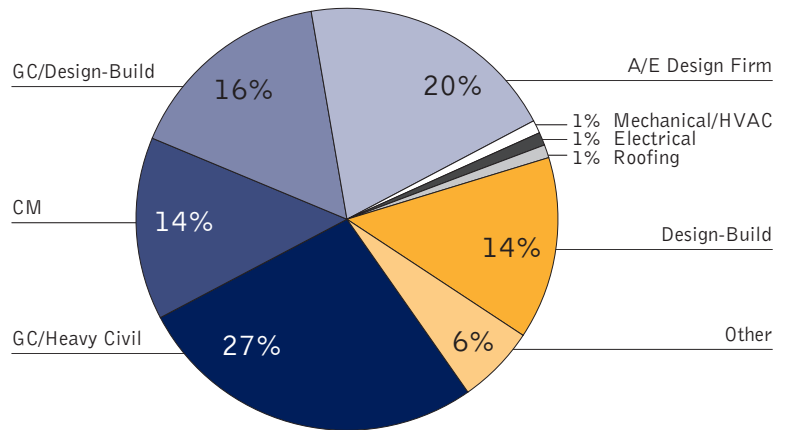
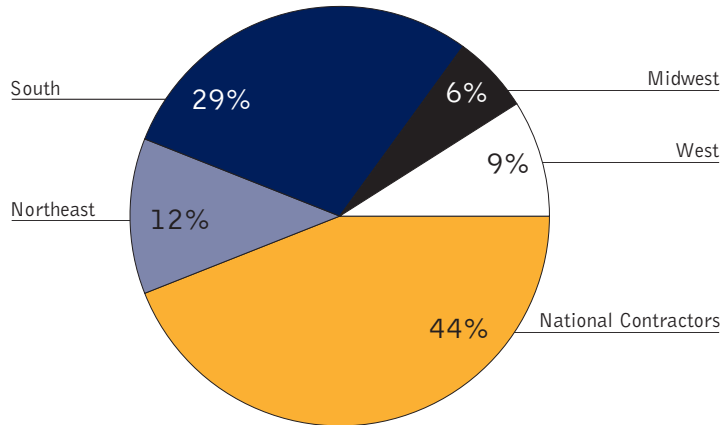


EXHIBIT 9 Primary Region in Which Panelists Work



ABOUT FMI

Founded in 1953 by Dr. Emol A. Fails, FMI provides management consulting and investment banking for the worldwide construction industry.

FMI delivers innovative, customized solutions to builders; trade contractors; construction materials producers; manufacturers and suppliers of building materials and construction equipment; facility owners, managers and developers; engineers, architects; surety companies and industry trade associations.

FMI's management consulting practice provides strategy development, leadership and organizational development, marketing and related research, business development and project delivery improvement. FMI's investment banking practice provides merger and acquisition advisory services, capital placement and financial advisory services.

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