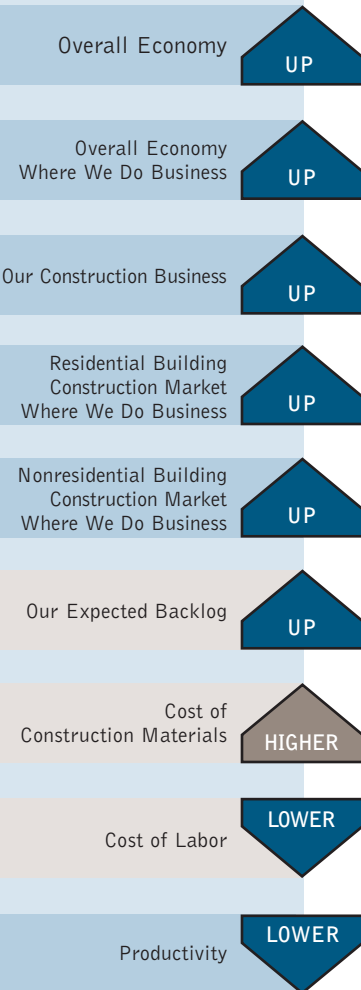


CURRENT CIRT INDEX SUMMARY



CIRT SENTIMENT INDEX THIRD QUARTER 2009 EXECUTIVE SUMMARY

The CIRT Sentiment Index is essentially unchanged from the second quarter reading of 50.6, which leads us to think that we may be seeing the bottom of this long recession. However, there isn't much in this quarter's response from our panelists to indicate that recessionary conditions, for nonresidential contractors at least, are going to end soon. Most see the short-term outlook as being slightly less worse than last quarter, and we will take that as a good sign, even if only a small one. A more important and telling sign is seen in this quarter's results for the one-year and three-year outlooks for construction markets. Panelists have reigned in their longer-term outlook for most markets, which seems to signal that they are expecting a protracted recovery.

One reason for this change in outlook is that the government stimulus funds have so far been little help for nonresidential construction. However, panelists for the CIRT Sentiment Index represent a greater percentage of large, nationally-focused construction and design firms than does the average participant in the FMI Nonresidential Construction Index and CIRT members appear to be capturing a greater share of projects supported with ARRA funding (American Recovery and Reinvestment Act).

The hope for a quick recovery has faded, and contractors are now slugging it out in the trenches trying to keep their backlogs full, while facing increasing competition. Nonetheless, this recession will end, and when it does, there is a growing sense that there will be many changes in the industry. For instance, panelists expect much more work will come from the public sector than from private owners including significant growth in Public Private Partnerships for project funding. We asked about a number of areas that might change and have presented those responses at the end of this report.



EXHIBIT 1

CIRT Sentiment Index
Scores Since Inception: Q1, 2009 to Q3, 2009

(Scores above 50 indicate expansion, below 50 indicate contraction)

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 pwarner@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.*

CIRT Sentiment Index Third Quarter 2009 Highlights

- **Overall Economy:** Panelists sense that the overall economy is improving significantly from last quarter with this component moving from 41.0 to 45.3. Note, this component is still in recession territory, but moving in the right direction.
- **Overall Economy Where Panelists Do Business:** Looking closer at home markets, panelists are slightly less glum about the outlook than last quarter, with a component index score of 43.6 compared with 40.5 last quarter.
- **Panelists' Construction Business:** Panelists' backlog for the CIRT Sentiment Index have remained fairly steady at a median of 12 months. Backlogs are expected to improve slightly next quarter, and panelists construction business has improved from 38.5 last quarter to 42.6 in the third quarter.
- **Residential Construction Business:** The component Index for residential construction made a significant jump from 28.1 last quarter to 43.4 this quarter. This is one of the strongest signals in this report that we are looking at the beginning of a turnaround for construction. However, we don't expect this component to make a similar improvement next quarter.
- **Cost of Materials:** Panelists report that material costs have stabilized and even edged up a bit since last quarter. This could be an early sign of emerging from the recession, and that manufacturers may need to start adding to inventory again soon.
- **Cost of Labor:** Like material costs, labor costs appear to be stabilizing and even showing some early signs of rising as the index changed slightly from 60 last quarter to 54.5 this quarter.
- **Productivity:** Productivity increases remain in the positive range as contractors struggle to be more efficient in the face of greater competition and lower profit margins. The component index for productivity is down slightly to 60.4 compared with 66.4 last quarter.
- **Delays and Cancellations:** Delays and cancellations continue to plague nonresidential construction and are currently unchanged from last quarter with delays running at 15% or three times a normal rate, and cancellations occurring at five times normal.
- **Effects of the American Recovery and Reinvestment Act (ARRA):** Sixty percent of panelists are seeing work added to their backlogs from the ARRA funds. This figure represents a significant improvement over last quarter's response of only 38% seeing work coming in from ARRA projects. While most see little change (43%) or that ARRA projects are only replacing what would have been lost in the private sector (30%), it appears that larger, national firms are well positioned to capture a significant share of those funds in the future.

Sixty percent of panelists are seeing work added to their backlogs from the ARRA funds. This figure represents a significant improvement over last quarter's response of only 38% seeing work coming in from ARRA projects.

PROJECT CANCELLATIONS AND DELAYS CONTINUE

Delays and cancellations remain the same as for last quarter with delays at 15% or three times what panelists consider a normal rate of 5%. Likewise, cancellations are estimated to be currently 10% of annual project backlog, which is five times a normal rate of 2%.

Project delays and cancellations are hugely inefficient in an economy trying to do more with less, and no one wants to waste time and money demobilizing and putting projects on mothballs. Continuing high rates of delays and cancellations are a sign that the market may be slow to recover as new projects will not be started without fully secured funding and a high degree of certainty of success and completion. The amount of construction lost due to delays and cancellations is more than the total ARRA funding targeted to increase nonresidential construction. For instance, if cancellations affect 10% of an estimated \$511 billion (the amount of construction put in place in 2008), that would mean a loss of \$51.1 billion due to cancellations. FMI estimates that the ARRA will add \$24 billion in construction in 2009 and \$41.9 billion in 2010 for all construction types. In 2009 only \$3.8 billion of the ARRA funds will be used for buildings in 2009, which, in theory, would only replace 7.4% of the work lost to cancellations.

EXHIBIT 2 CIRT Sentiment Index, Q 3, 2009

	Q1, 2009	Q2, 2009	Q3, 2009
Percentage of project delays due to owner financing problems.	15%	15%	15%
Percentage of project cancellations due to owner financing problems.	5%	10%	10%
Estimated normal rate of project delays as a percentage of annual projects.	5%	5%	5%
Estimated normal rate of cancellations as a percentage of annual projects.	1%	2%	2%

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA):

“The bulk of the stimulus package has not hit the street yet. We believe that September and October will be very active months in this calendar year for the stimulus package.”

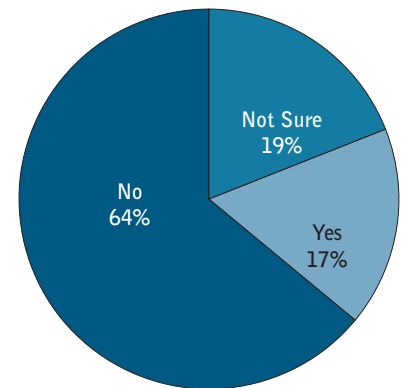
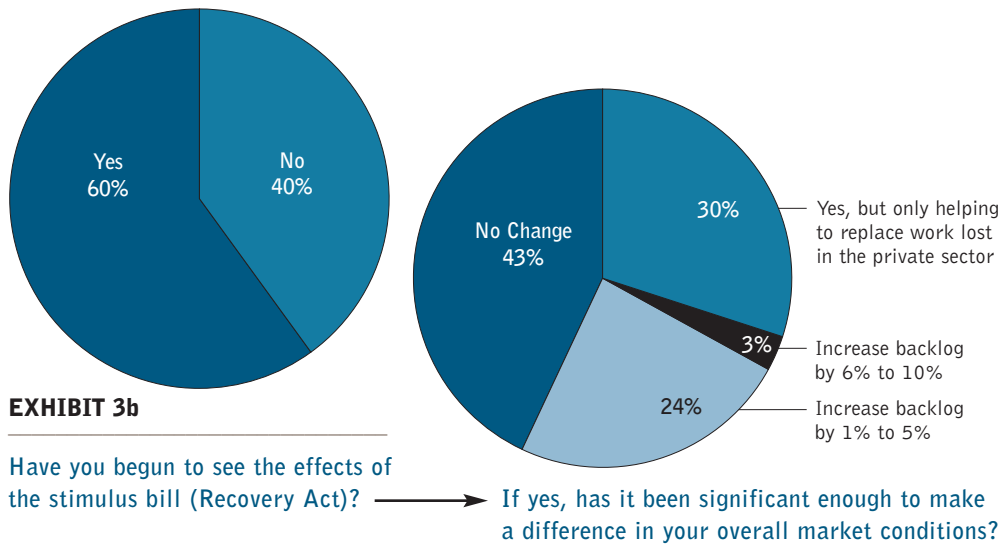
We asked again this quarter if the American Recovery and Reinvestment Act (ARRA) was helping to improve backlogs and nonresidential construction in general. The response for the CIRT Sentiment Index panelists was more optimistic than that of the broader nonresidential construction firms. While many commented that they have seen few projects for nonresidential construction, especially those more accustomed to working with private owners, the larger percentage of heavy civil contractors appeared to make this response more positive.

While some think or hope that it is still too early to see the effects of stimulus funding, most are frustrated, see little help for their markets or think the plan was poorly thought out in the first place. Those

who work in public construction markets where more projects are getting ARRA funds also note that there are many new players entering the markets, thus significantly raising competition and lowering pricing. The impression of panelists is that most of the ARRA funds for construction are going to highway work. Although many commented on difficulties and problems with the program, the added regulatory requirements have not kept panelists from bidding the work. How much ARRA funding will ultimately help nonresidential construction markets recover from the recession is yet unknown, but it is clear that nonresidential contractors should not count on stimulus projects to fill their backlogs in the near future.

EXHIBIT 3a CIRT Sentiment Index Comparison

	Q2, 2009		Q3, 2009	
	Yes	No	Yes	No
Have you begun to see the effects of the stimulus bill (Recovery Act)? (Y/N)	38%	62%	60%	40%



Selected Comments on the Effects of the American Recovery and Reinvestment Act (ARRA)

The ARRA Has Been No Help So Far

- Currently no significant impact.
- In Connecticut, few, if any, will be put to work in 2009.
- Largely not being used for its originally announced purpose. States are using stimulus funds to address their own budgetary shortfalls.
- The bulk of the stimulus package has not hit the street yet. We believe that September and October will be very active months in this calendar year for the stimulus package.
- The stimulus bill has had a negligible impact.
- The effect is like a bright Hawaiian shirt—it gets attention, but does you no good.
- The major effects are at least six months off.
- This is very hard to see unless you directly contract with the Federal Government. We should see more projects coming to market in 12 months.
- Very little money reaching the market.
- We do not expect much impact on our business sectors.

The ARRA Has Helped a Little

- We have seen a few projects, but nothing on the scale expected.
- First round went mostly to small projects and repair work that had been cancelled or deferred. This could potentially lead to larger projects coming to market that had been deferred through the reallocation of local agency funding.
- It has helped a couple of projects get the final piece of financing.
- In many of the states where we operate, stimulus funding has offset a part of the budgets for projects. Overall expenditures are less than in the past, yielding fewer opportunities.
- In the public sector, it will be postponed by one to two years what otherwise would have been a steep decline in dollar volume of projects (which will still occur), so it did not result in an overall increase in spending on infrastructure.
- Mostly allowing public sector clients to make procurement decisions generally and occasionally with respect to specific contracts.
- No effect in the water and wastewater sectors, but strong growth in the federal sector.
- Projects already on the books require earlier completion in order to be “shovel ready.” We have received some program-management work to assist state with getting funds to projects.
- The stimulus bill has only recently started to trickle into our order book. It is currently less than 5% of our new orders. Even as more funds are released and more projects bid, we project that it will only help to keep current jobs and not add jobs.
- The trickling of federal stimulus funds into our markets has been so slow that it has had little or no effect on our business.
- Visible only in the federal client sector, and that is very slow.
- Won't help us very much. Retrofits for “green” construction in office buildings will be an opportunity.

The ARRA Has a Negative Effect on Construction

- It is worthless and not well thought out.
- As a matter of fact, due to the federal government's over selling/hyping the pace at which they would put stimulus dollars into the market place, dozens of new competitors have entered some of our markets under the belief that work would be more plentiful. The snails' pace flow of stimulus funds and the staggeringly slow project procurement process of many federal agencies has resulted in these firms simply jumping into what was already a very competitive market and into an existing short list of opportunities, and the result is they have undermined the profitability for those of us who have been committed to these markets for decades.

Other Effects of the ARRA on Construction Markets

- The direct aid to states' portion of the stimulus package has allowed many states to balance their budget and keep state level projects moving. We expect this to end soon and think that state and local projects will be severely reduced. Infrastructure stimulus funding has been pretty slim so far in infrastructure markets.

"As a matter of fact, due to the federal government's over selling/hyping the pace at which they would put stimulus dollars into the market place, dozens of new competitors have entered some of our markets under the belief that work would be more plentiful."

Looking Ahead, Some Trends for After the Recovery

Despite concerns to the contrary, we do expect this current recession to end. While we await this happy event, we thought it might be a good time to consider what the construction markets might expect on the other side. What we discovered in our panelists' responses was that it might not be business as usual, that is, the recovery will not just be a mirror image of markets before the downturn.

To get an idea of what changes might occur, we asked about changes in some selected trends, most of which have already been changing the business of construction. These questions were not meant to cover all possible trends, for instance, we didn't include all construction delivery methods, notably CM-at-risk was not on our list.

Overall, the results point out that nonresidential contractors should plan on making some significant changes to how they find and contract projects in the future. For instance, the trend toward greener construction will accelerate as we find our way out of the recession. This acceleration may in part be due to the requirements for public projects as, for instance, 43% of panelists expect more public construction projects, at the same time, 44% expect fewer privately funded projects. Infrastructure and Public Private Partnerships (PPP) are also expected to make up more of the backlog for construction in the future as 78% expect more or much more use of PPPs after the recession ends. Delivery method trends are more of a mixed bag, but 66% expect more use of design-build and 54% expect more Integrated Project Delivery (IPD). IPD is one of the latest trends and needs better definition as to what it entails and other issues related to true integration of project delivery. However, new technologies like BIM and a trend to more complex projects will increase the demand for such collaborative building approaches. We will continue to monitor these trends in future research, but the results listed below clearly indicate that the construction industry should begin to prepare for post-recession changes.

EXHIBIT 5

For each of the following, compared to the period before the recession, what major changes in construction market trends do you expect to see when the economy recovers?

	Much Less	Less	About the Same	More	Much More
Public construction projects	2%	17%	30%	43%	9%
Public Private Partnerships (PPP)	4%	6%	13%	74%	4%
Private construction	4%	44%	31%	15%	6%
Infrastructure projects	0%	7%	20%	59%	13%
Green construction	0%	13%	23%	49%	15%
More complex projects	2%	13%	44%	37%	4%
Smaller/simpler projects	2%	30%	41%	28%	0%
Population growth in major metropolitan areas	0%	13%	52%	35%	0%
Design-build delivery methods	0%	4%	21%	66%	9%
Hard-bid delivery methods	3%	33%	50%	13%	3%
Integrated Project Delivery (IPD)	0%	3%	36%	54%	8%

Dangerously Low

Very Low / Significant Drop

Low

Positive Growth Indicator

Very Positive Growth Indicator

EXHIBIT 6 CIRT Sentiment Index Components Detail by Market Sector

Business Outlook – 3 Months	Overall Quarter 2, 2009				Overall Quarter 3, 2009			
	Improving over last quarter	Remains the same as last quarter	Worse than last quarter	CIRT Index Q2, 2009	Improving over last quarter	Remains the same as last quarter	Worse than last quarter	CIRT Index Q3, 2009
Commercial	0.0%	33.3%	66.7%	16.7	3.8%	38.5%	57.7%	23.1
Education	8.0%	80.0%	12.0%	48.0	9.4%	68.8%	21.9%	43.8
Healthcare	6.7%	60.0%	33.3%	36.7	0.0%	82.8%	17.2%	41.4
Lodging	0.0%	47.8%	52.2%	23.9	11.1%	61.1%	27.8%	41.7
Manufacturing	4.3%	43.5%	52.2%	26.1	8.3%	12.5%	79.2%	14.6
Office	4.5%	27.3%	68.2%	18.2	4.3%	39.1%	56.5%	23.9
Industrial/Petro Chemical	0.0%	47.6%	52.4%	23.8	10.7%	35.7%	53.6%	28.6
Transportation Related	20.0%	20.0%	60.0%	30.0	0.0%	87.5%	12.5%	43.8
Public Works/Heavy Civil	14.3%	81.0%	4.8%	54.8	29.7%	62.2%	8.1%	60.8
Other	18.5%	70.4%	11.1%	53.7	25.0%	62.5%	12.5%	56.3

Business Outlook – 1 Year

Commercial	9.1%	77.3%	13.6%	47.7	19.2%	46.2%	34.6%	42.3
Education	45.0%	45.0%	10.0%	67.5	21.9%	59.4%	18.8%	51.6
Healthcare	42.1%	52.6%	5.3%	68.4	41.4%	41.4%	17.2%	62.1
Lodging	18.2%	63.6%	18.2%	50.0	41.2%	47.1%	11.8%	64.7
Manufacturing	0.0%	80.0%	20.0%	40.0	17.4%	43.5%	39.1%	39.1
Office	19.0%	66.7%	14.3%	52.4	8.7%	60.9%	30.4%	39.1
Industrial/Petro Chemical	25.0%	56.3%	18.8%	53.1	21.4%	53.6%	25.0%	48.2
Transportation Related	50.0%	50.0%	0.0%	75.0	62.5%	37.5%	0.0%	81.3
Public Works/Heavy Civil	68.4%	31.6%	0.0%	84.2	61.1%	27.8%	11.1%	75.0
Other	57.9%	31.6%	10.5%	73.7	58.1%	25.8%	16.1%	71.0

Business Outlook – 3 Years

Commercial	93.3%	6.7%	0.0%	96.7	76.0%	12.0%	12.0%	82.0
Education	87.5%	8.3%	4.2%	91.7	71.0%	16.1%	12.9%	79.0
Healthcare	90.9%	9.1%	0.0%	95.5	69.0%	20.7%	10.3%	79.3
Lodging	71.4%	23.8%	4.8%	83.3	70.6%	17.6%	11.8%	79.4
Manufacturing	73.9%	21.7%	4.3%	84.8	47.8%	30.4%	21.7%	63.0
Office	86.4%	13.6%	0.0%	93.2	30.4%	60.9%	8.7%	60.9
Industrial/Petro Chemical	87.5%	12.5%	0.0%	93.8	50.0%	42.9%	7.1%	71.4
Transportation Related	100.0%	0.0%	0.0%	100.0	75.0%	25.0%	0.0%	87.5
Public Works/Heavy Civil	73.7%	21.1%	5.3%	84.2	63.9%	19.4%	16.7%	73.6
Other	77.8%	18.5%	3.7%	87.0	74.2%	16.1%	9.7%	82.3

CIRT Index Scores

> 50 indicates growth (better)
< 50 indicates slowing (worse)

* A note on the use of the diffusion index: Do not interpret diffusion index values in the same manner as averages, because a simple increase or decrease in a diffusion index does not necessarily imply an improving or declining result. For example, if a diffusion index moves from 31 last quarter to 35 this quarter, it does not imply the market has improved. A reading above 50 indicates improving or expansion, 50 indicates remaining the same and below 50 indicates worse or contracting. Therefore, if a reading goes from 31 to 35, then the result still implies a decline from the previous quarter because 35 is below 50, but the decline is not as great as the previous decline because 35 is above 31. As another example, if the diffusion index changes from 31 to 65, it implies improvement over the previous quarter, not because 65 is above 31, but because 65 is above 50.

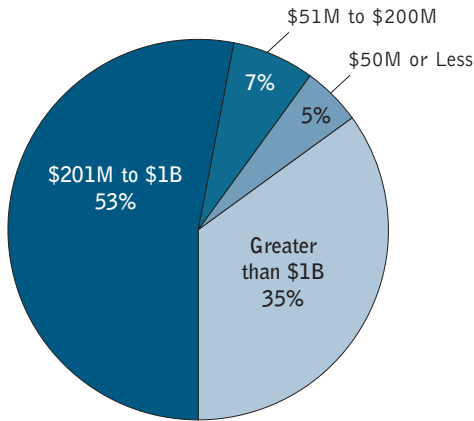


EXHIBIT 7

Size of the Organization in Annual Revenue

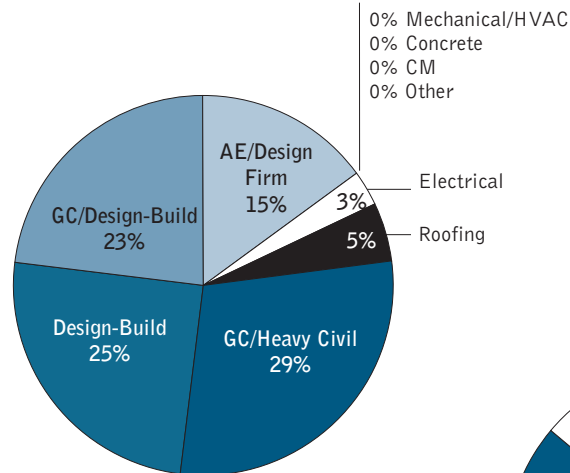


EXHIBIT 8

Type of Contracting Business

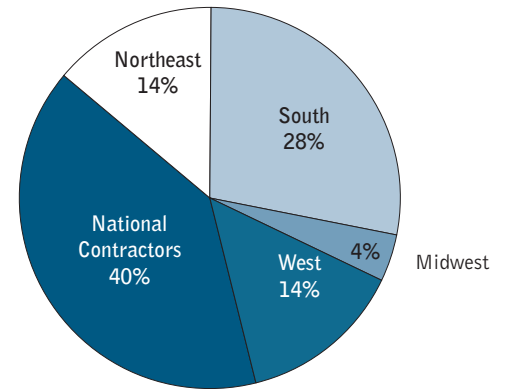


EXHIBIT 9

Primary Region in Which Panelists Work

Sector	Overall Q1, 2009			Overall Q2, 2009			Overall Q3, 2009		
	3 Months	1 Year	3 Years	3 Months	1 Year	3 Years	3 Months	1 Year	3 Years
Commercial	4.4	30.9	88.6	16.7	47.7	96.7	23.1	42.3	82.0
Education	32.5	62.5	85.5	48.0	67.5	91.7	43.8	51.6	79.0
Healthcare	40.8	61.8	83.3	36.7	68.4	95.5	41.4	62.1	79.3
Lodging	4.5	13.6	66.7	23.9	50.0	83.3	41.7	64.7	79.4
Manufacturing	17.1	38.2	77.9	26.1	40.0	84.8	14.6	39.1	63.0
Office	13.2	24.2	65.2	18.2	52.4	93.2	23.9	39.1	60.9
Industrial/Petro Chemical	32.8	44.8	77.6	23.8	53.1	93.8	28.6	48.2	71.4
Transportation Related	48.8	84.1	89.7	30.0	75.0	100.0	43.8	81.3	87.5
Public Works/Heavy Civil	47.8	80.9	86.7	54.8	84.2	84.2	60.8	75.0	73.6
Other	38.9	50.0	66.7	53.7	73.7	87.0	56.3	71.0	82.3

Dangerously Low

Very Low / Significant Drop

Low

Positive Growth Indicator

Very Positive Growth Indicator

EXHIBIT 11 CIRT Sentiment Index Results: Q2, 2009 and Q3, 2009

	CIRT Sentiment Index Quarter 2, 2009				CIRT Sentiment Index Quarter 3, 2009			
	Improving over last quarter	Staying the same as last quarter	Worse compared to last quarter	CIRT components Q2, 2009	Improving over last quarter	Staying the same as last quarter	Worse compared to last quarter	CIRT components Q3, 2009
Overall Economy	13.1%	55.7%	31.1%	41.0	17.0%	56.6%	26.4%	45.3
Overall Economy Where Panelists Do Business	11.1%	58.7%	30.2%	40.5	14.5%	58.2%	27.3%	43.6
Panelists' Construction Business	11.5%	54.1%	34.4%	38.5	14.8%	55.6%	29.6%	42.6
Residential Building Construction Market Where Panelists Do Business	0.0%	56.3%	43.8%	28.1	13.2%	60.5%	26.3%	43.4
Nonresidential Building Construction Market Where Panelists Do Business	11.3%	45.2%	43.5%	33.9	7.3%	54.5%	38.2%	34.5
Backlog in Months	High	Median	Low		High	Median	Low	
Approximate Current Signed Backlog	36	12	2		40	12	4	
	Grow faster than last quarter	Stay about same as last quarter	Shrink compared to last quarter		Grow faster than last quarter	Stay about same as last quarter	Shrink compared with last quarter	
Expected Change in Backlog	21%	44%	35%	42.9	22%	50%	28%	47.2
	Higher than last quarter	Same as last quarter	Lower than last quarter		Higher than last quarter	Same as last quarter	Lower than last quarter	
Cost of Construction Materials	3%	35%	62%	79.2	6%	61%	33%	63.9
Cost of Labor	3%	73%	23%	60.0	9%	73%	18%	54.5
	Improving over last quarter	Same as last quarter	Declining compared to last quarter		Improving over last quarter	Same as last quarter	Declining compared with last quarter	
Productivity	34%	64%	2%	66.4	23%	75%	2%	60.4

CIRT Index Scores

- > 50 indicates growth (better)
- < 50 indicates slowing (worse)

* A note on the use of the diffusion index: Do not interpret diffusion index values in the same manner as averages, because a simple increase or decrease in a diffusion index does not necessarily imply an improving or declining result. For example, if a diffusion index moves from 31 last quarter to 35 this quarter, it does not imply the market has improved. A reading above 50 indicates improving or expansion, 50 indicates remaining the same and below 50 indicates worse or contracting. Therefore, if a reading goes from 31 to 35, then the result still implies a decline from the previous quarter because 35 is below 50, but the decline is not as great as the previous decline because 35 is above 31. As another example, if the diffusion index changes from 31 to 65, it implies improvement over the previous quarter, not because 65 is above 31, but because 65 is above 50.

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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