

Results For the Quarter Ending December 31, 2011

Although contractors reported continued challenges and the amount of work is still contracting, market conditions showed marginal improvements at the end of 2011, according to the latest ARTBA Quarterly Market Conditions Survey. Contractors still reported performing less construction work on transportation construction projects in fourth quarter 2011 than during the same quarter a year ago, but the net rising index is less negative than it has been for the past few years. The general outlook has also improved—sixty four percent of respondents expect the either sluggish growth or normal growth over the next twelve months, which is the most optimistic outlook since the first quarter of 2008.

The net rising indices for construction work performed, employment and backlogs indicate the overall market remains poor and many contractors are still struggling. Almost half are operating below 75 percent of capacity. Participants reported continued upward pressure on wage and salary levels and on materials costs. Net rising indices for capital spending and profit margins rebounded slightly.

The comments from survey participants highlight some of the struggles contractors are facing. Many respondents reported a lack of work. Others said the competition is very stiff, with work being priced extremely low. One respondent reported, “We see an increase in bid opportunities for 2012, but we also see an increase in competition from out of state contractors.” Another explained that natural disasters, rather than an economic recovery, fueled their work in late 2011. “The only thing that assisted us and other regional companies was all the infrastructure damage due to flooding and hurricanes. Without that the year would have been much worse.”

Respondents continue to emphasize that the lack of a multi-year highway spending bill has severely damaged the industry. Contractors remain extremely concerned about the reauthorization of the federal surface transportation program, remarking that firms desperately need a long-term federal highway bill in order to survive — “We need both federal and state long term funding programs in place. No one can plan or run a business without this.”

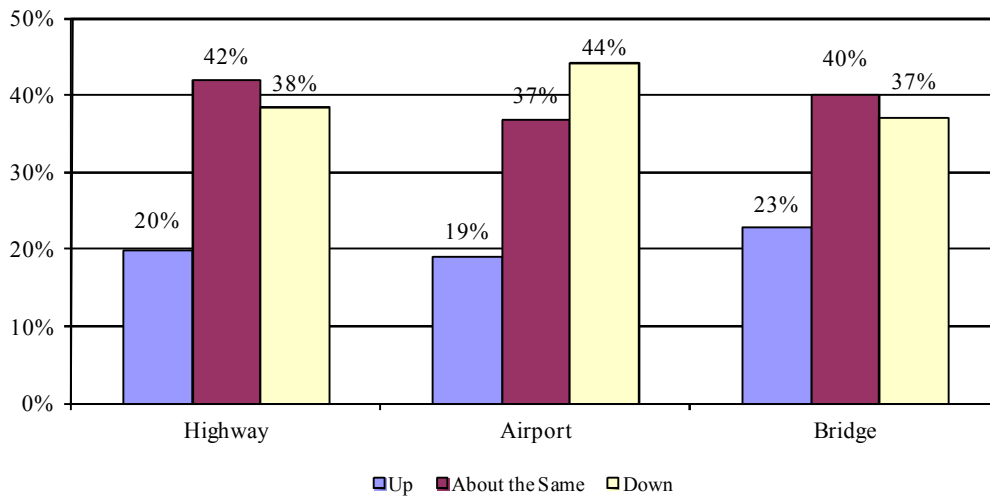
I. Construction work performed

Compared to the fourth quarter of 2010, the amount of construction work performed on transportation projects by my company during the fourth quarter of 2011 was –

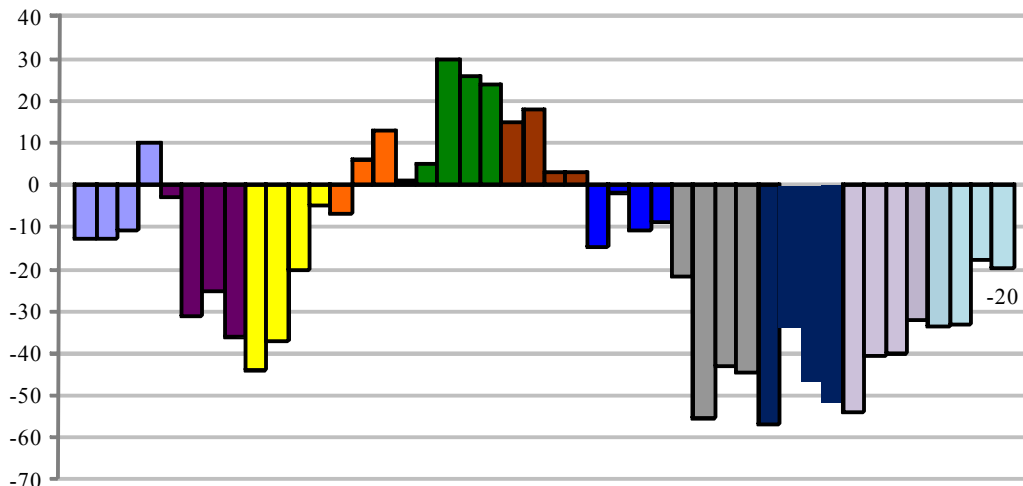
Up 21% About the same 39% Down 40%

During the fourth quarter of 2011, the net rising index for construction work performed by transportation construction contractors was -20, as more contractors reported performing less construction work on transportation construction projects between October and December 2011 than during the same quarter a year ago. The net rising value was negative across all markets.

Quarterly Construction Work Performed



Construction Work Performed Net Rising Index
1Q 2011 to 4Q 2011



2. Employment

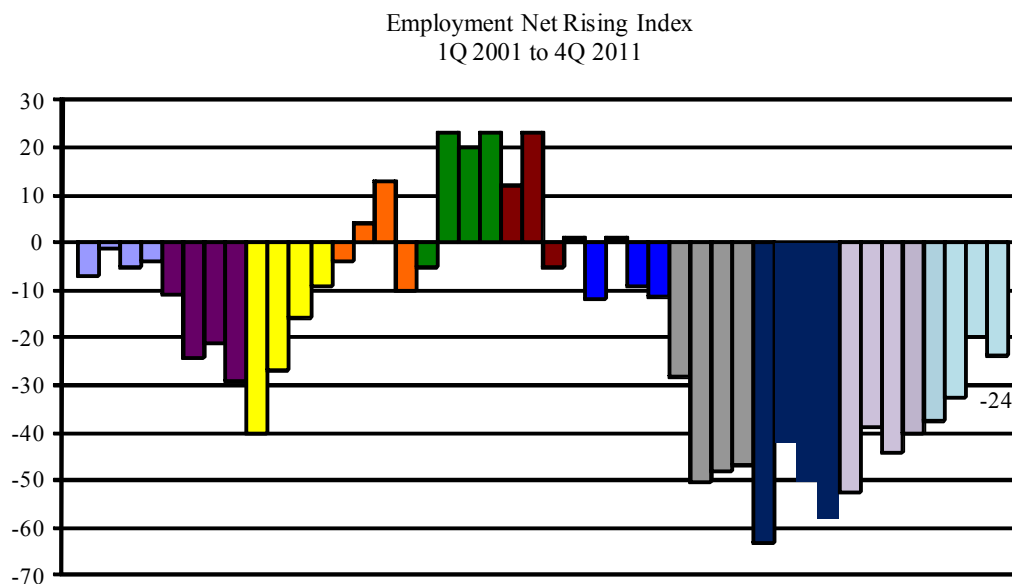
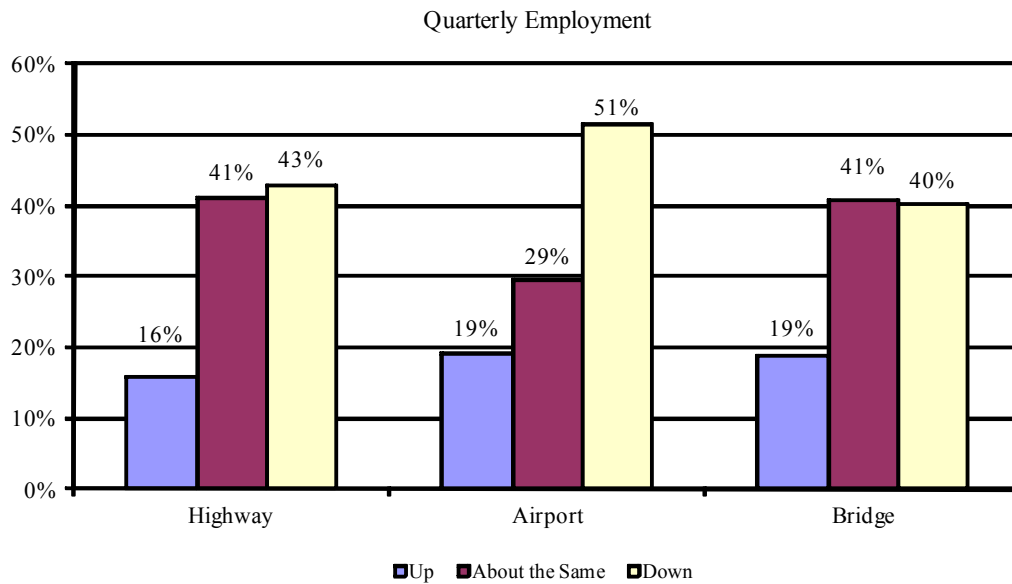
Compared to the fourth quarter of 2010, the total number of people employed by my company during the fourth quarter of 2011 was –

Up 18%

About the same 40%

Down 42%

The net rising index for employment during the fourth quarter of 2011 was -24. This means transportation construction contractors employed fewer people between October and December 2011 than in the same time period last year. The net rising indices were negative across all markets.



3. Backlog

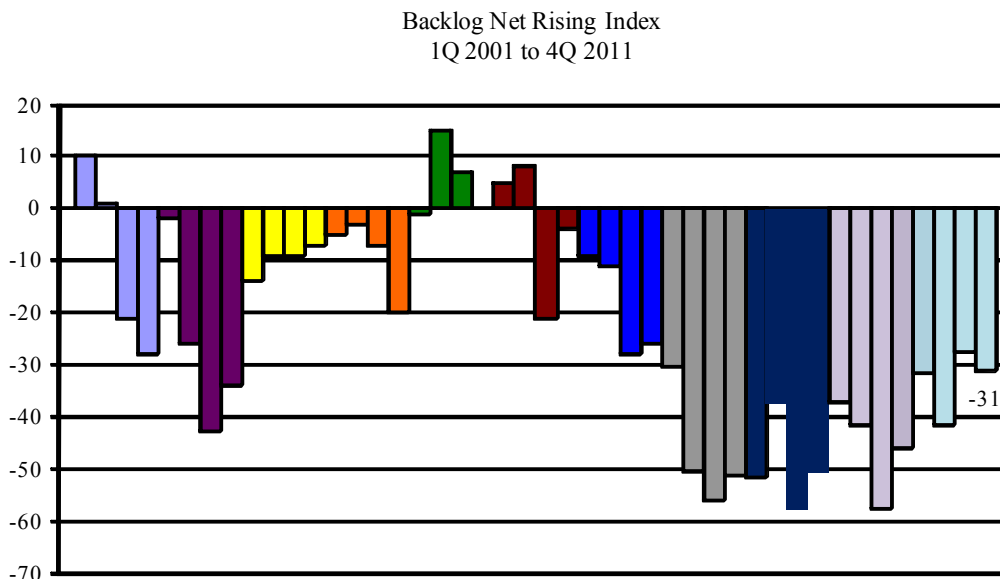
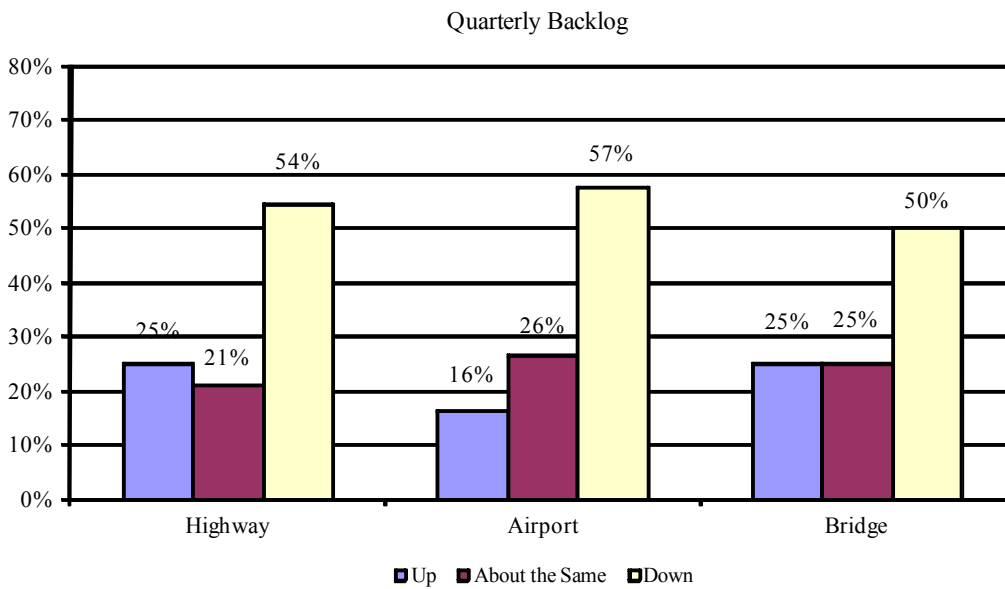
Compared to the end of December 2010, my company's backlog of construction work on transportation projects at the end of December 2011 was –

Up 24%

About the same 22%

Down 55%

The net rising index for backlogs was -31, indicating that more respondents reported lower project backlogs at the end of December 2011, compared to the same time last year. The net rising index for highway backlogs was -29. The net rising index was -41 for airports and -25 for the bridge market.



4. Capital Spending

Compared to the fourth quarter of 2010, capital spending by my company during the fourth quarter of 2011, excluding inflation, was –

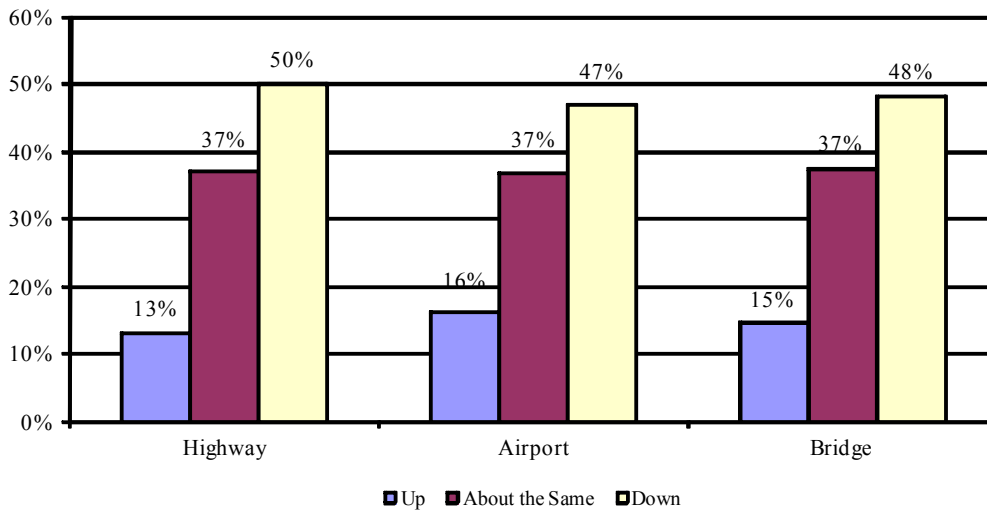
Up 14%

About the same 36%

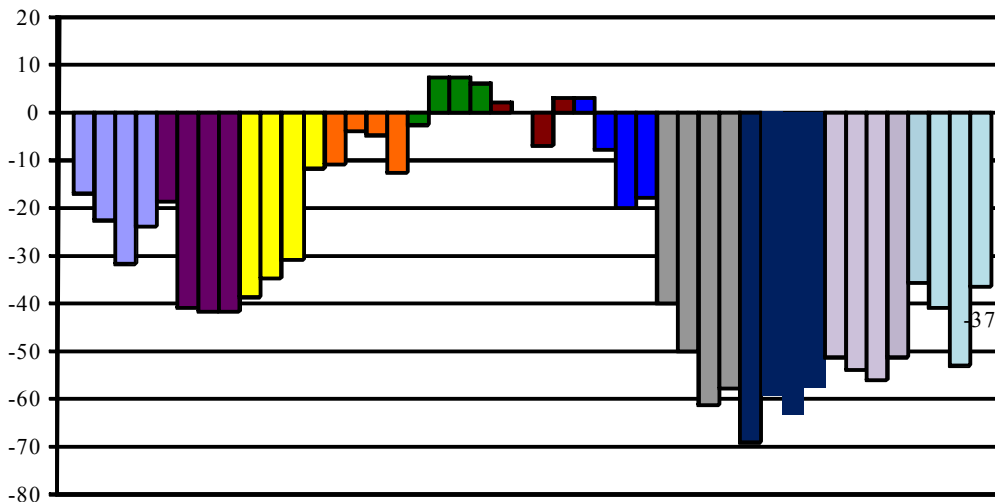
Down 50%

The net rising index for capital spending in the fourth quarter 2011 was -37, indicating more contractors decreased capital spending compared to those that increased spending, when compared to the same time period last year. The net rising index was -37 in the highway market, -34 in the bridge market and -31 in the airport sector.

Quarterly Capital Spending



Capital Spending Net Rising Index
1Q 2001 to 4Q 2011

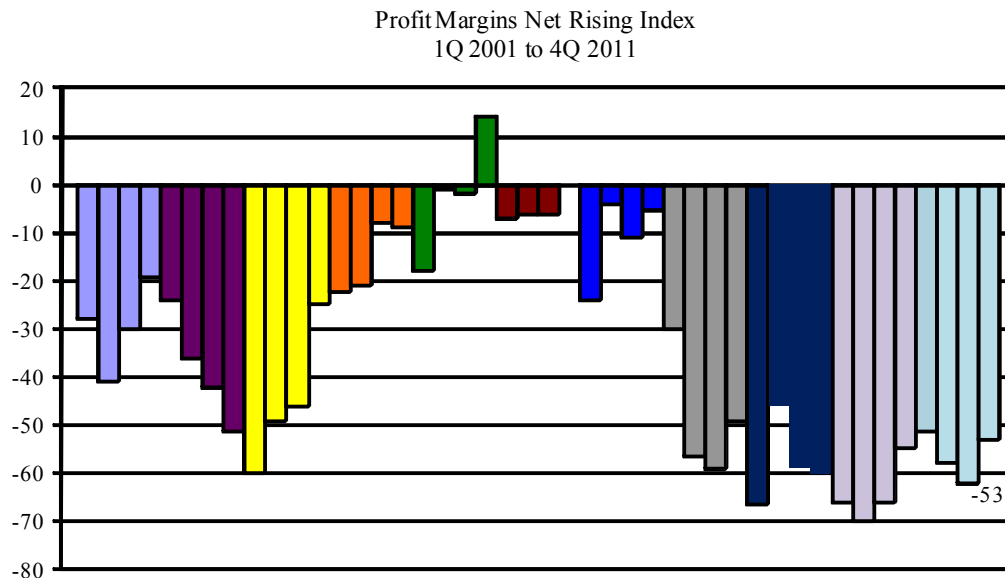
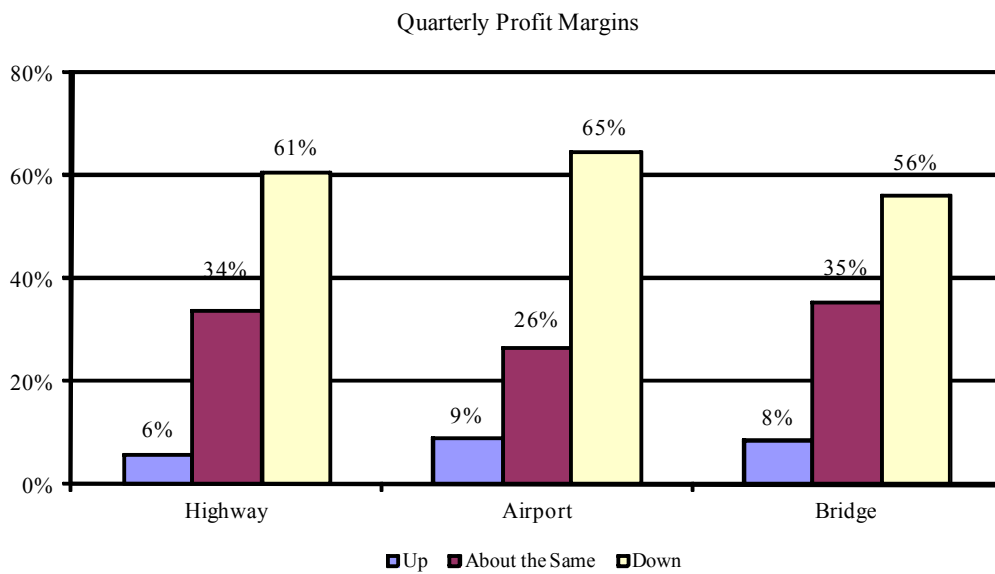


5. Profit Margins

Compared to the third quarter of 2010, my company's profit margin on transportation projects during the third quarter of 2011 was –

Up 8% About the same 32% Down 61%

During the fourth quarter of 2011, the net rising index for profit margins was -53. This means more construction contractors experienced lower profit margins between October and December 2011 compared to the same time period in 2010 as those that reported higher profit margins. The net rising index was -55 in the highway market, -48 in the bridge market and -56 in the airport sector.



6. Wages and Salaries (Recent trend, not compared to year ago)

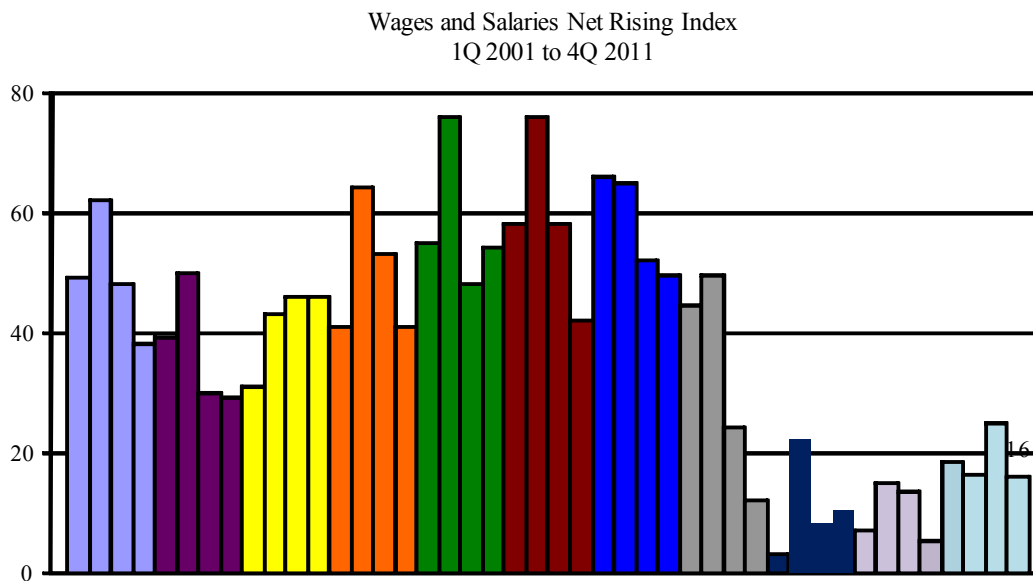
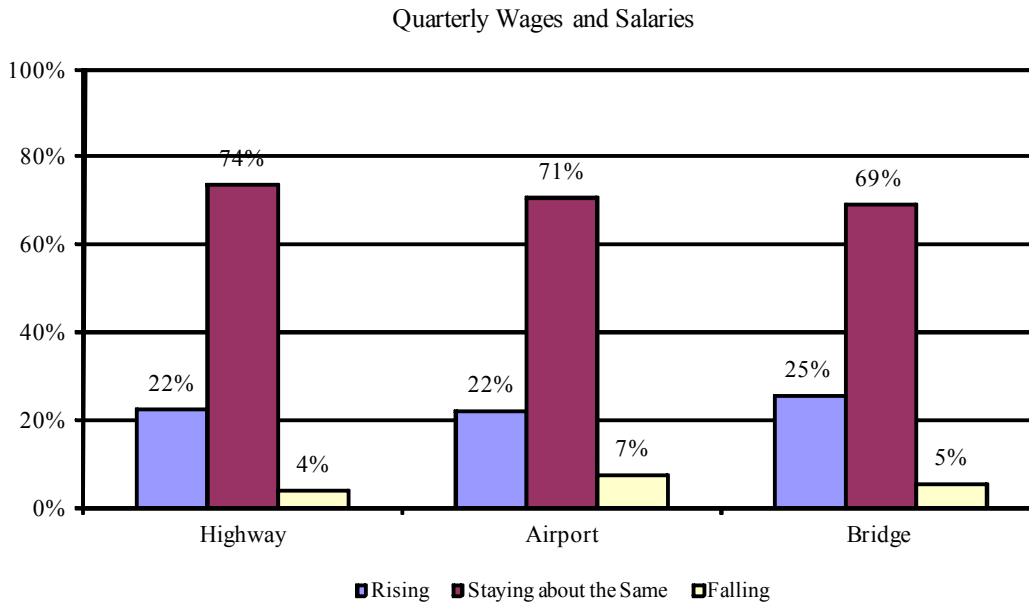
During the past three months, the wage rates and salaries my company pays its employees have been –

Rising 21%

Staying about the same 73%

Falling 5%

The net rising index for wages and salaries during fourth quarter 2011 was 16, indicating continued upward pressure on wage and salary levels. The net rising index was positive across all markets.

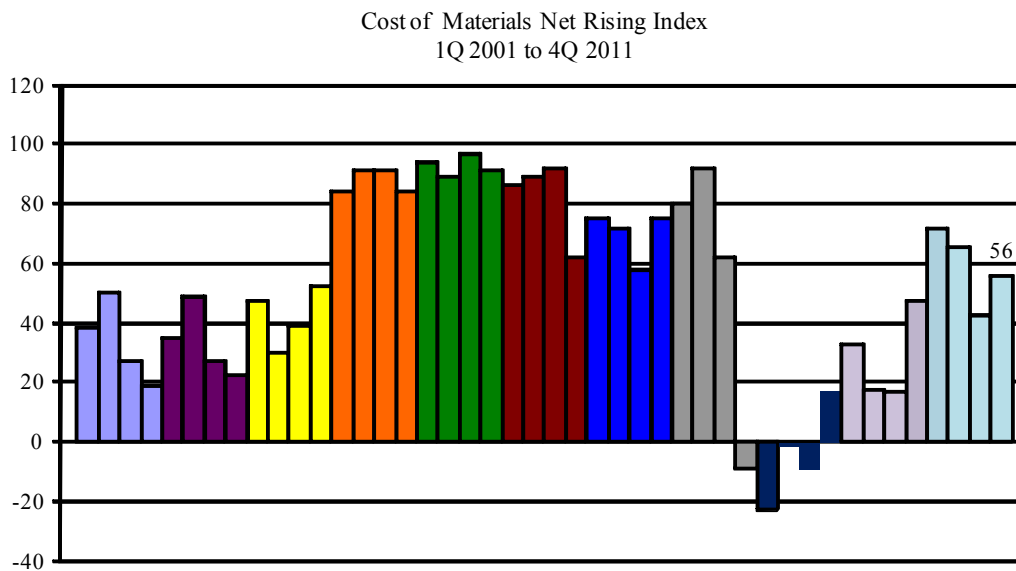
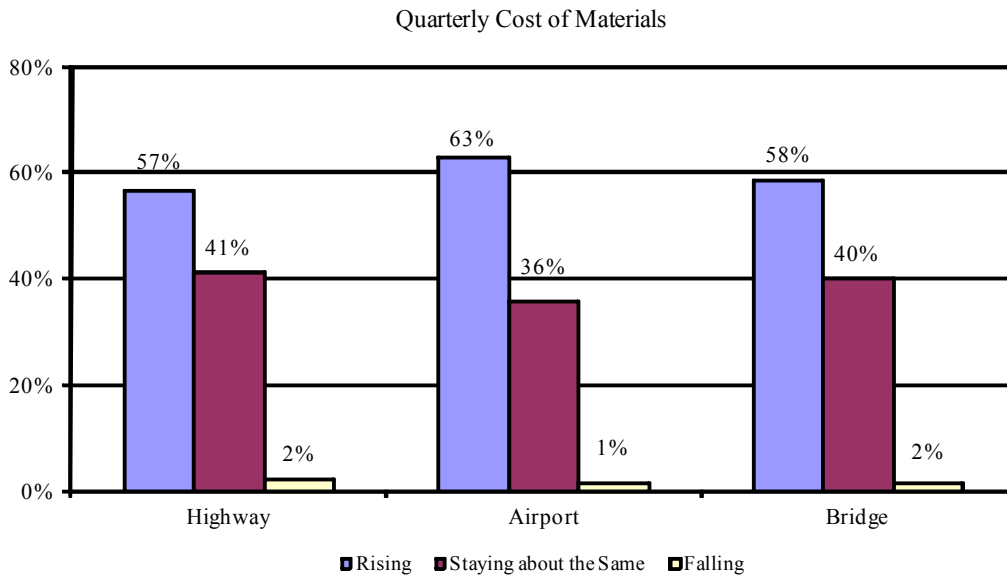


7. Cost of Materials (Recent trend, not compared to year ago)

During the past three months, the cost of materials used in construction of transportation projects by my company has been –

Rising 58% Staying about the same 40% Falling 2%

The net rising index value for the cost of materials during fourth quarter 2011 was 56, indicating that contractors paid more for materials in the months between October and December 2011 compared to the months before. This was seen across all major market segments.



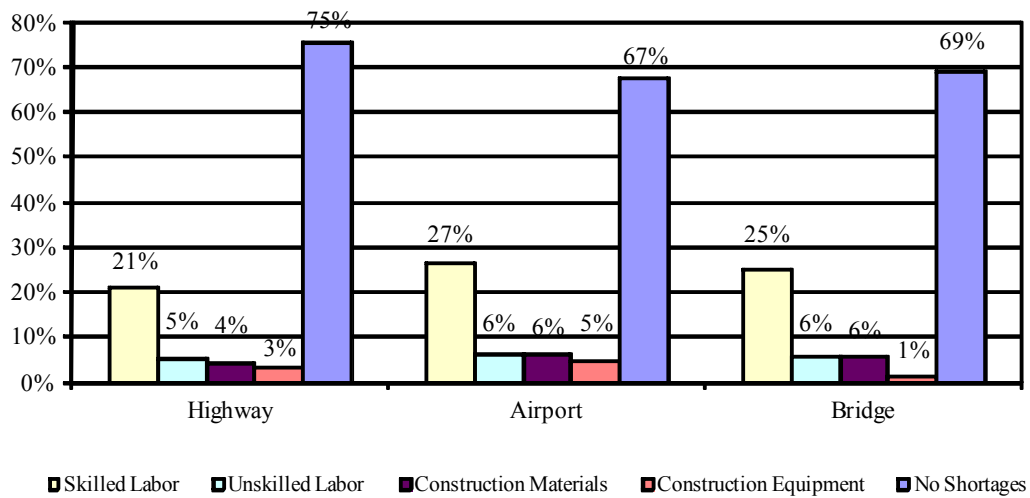
8. Shortages (For this question, check all that apply)

During the last three months, my company has experienced shortages in the following areas –

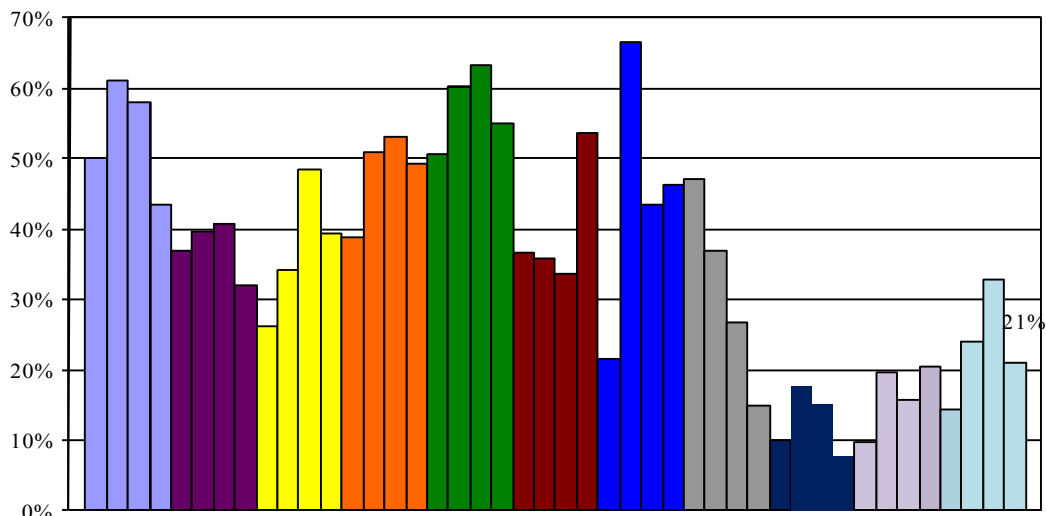
- 21% Skilled labor
- 5% Unskilled labor
- 5% Construction materials
- 3% Construction equipment
- 74% No shortages have been experienced
- 3% Don't know

During the fourth quarter of 2011, 21 percent of survey respondents experienced skilled labor shortages, down from 33 percent in third quarter 2011. A total of five percent experienced unskilled labor shortages. Construction material shortages were experienced by five percent of the contractors surveyed.

Shortages 4Q 2011

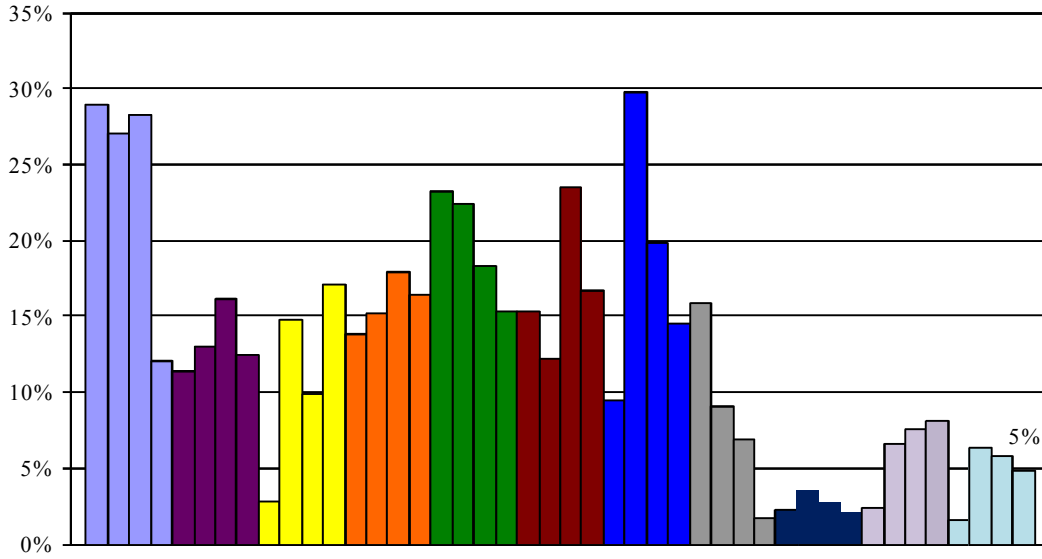


Reported Shortages - Skilled Labor
1Q 2001 to 4Q 2011

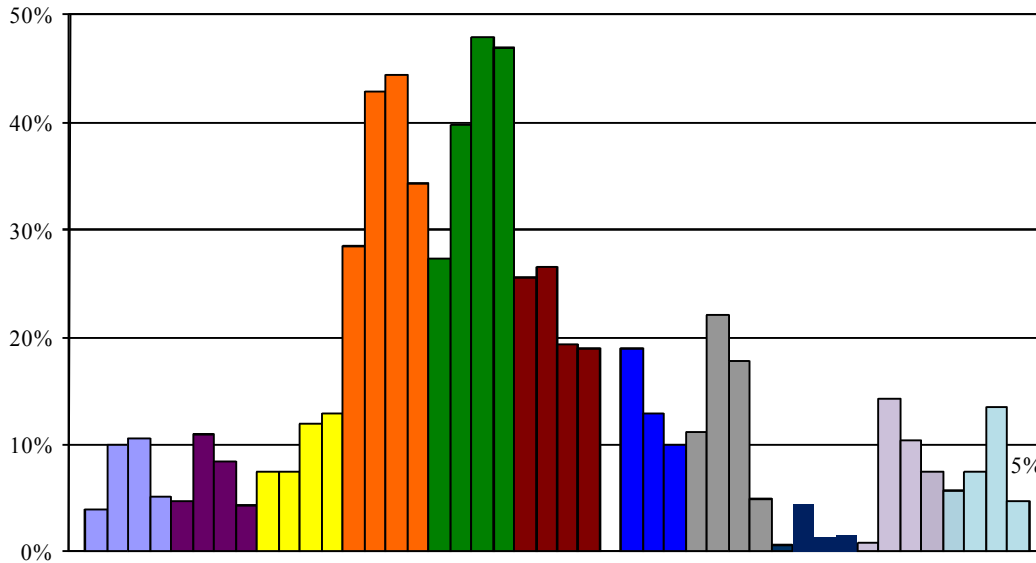


ARTBA Industry Conditions Survey, Fourth Quarter of 2011

Reported Shortages - Unskilled Labor
1Q 2001 to 4Q 2011

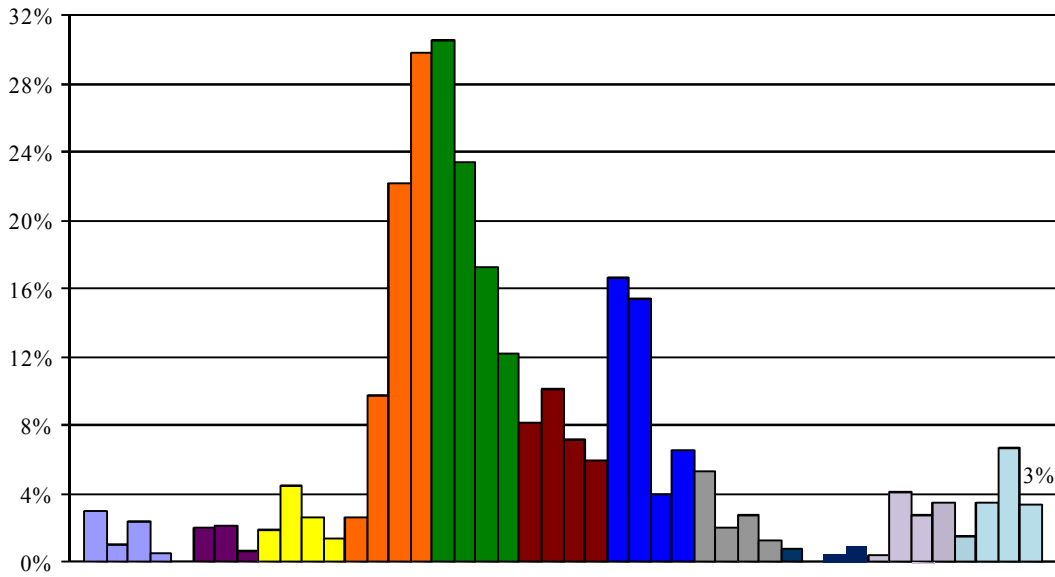


Reported Shortages - Construction Materials
1Q 2001 to 4Q 2011

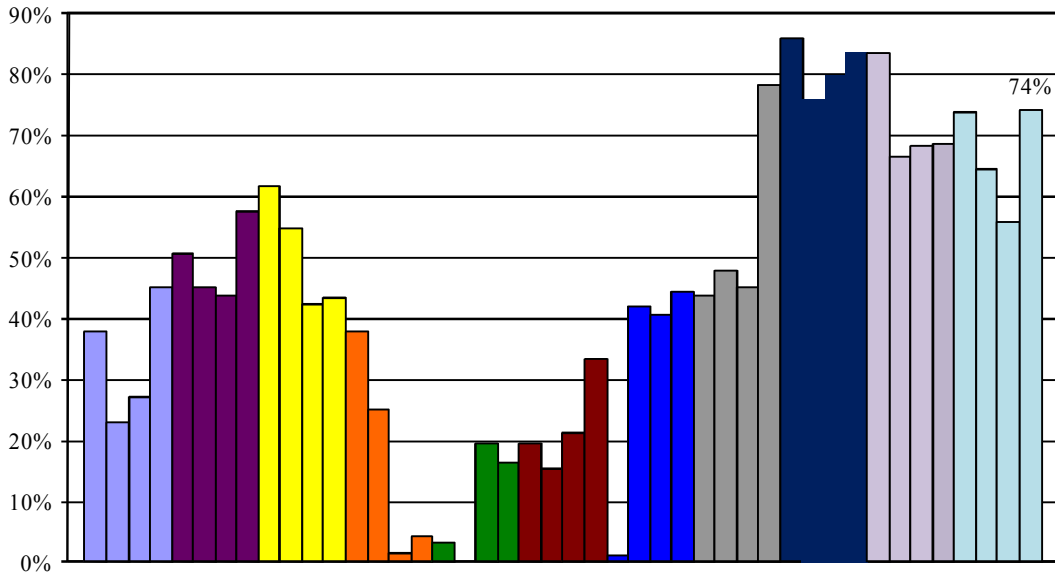


ARTBA Industry Conditions Survey, Fourth Quarter of 2011

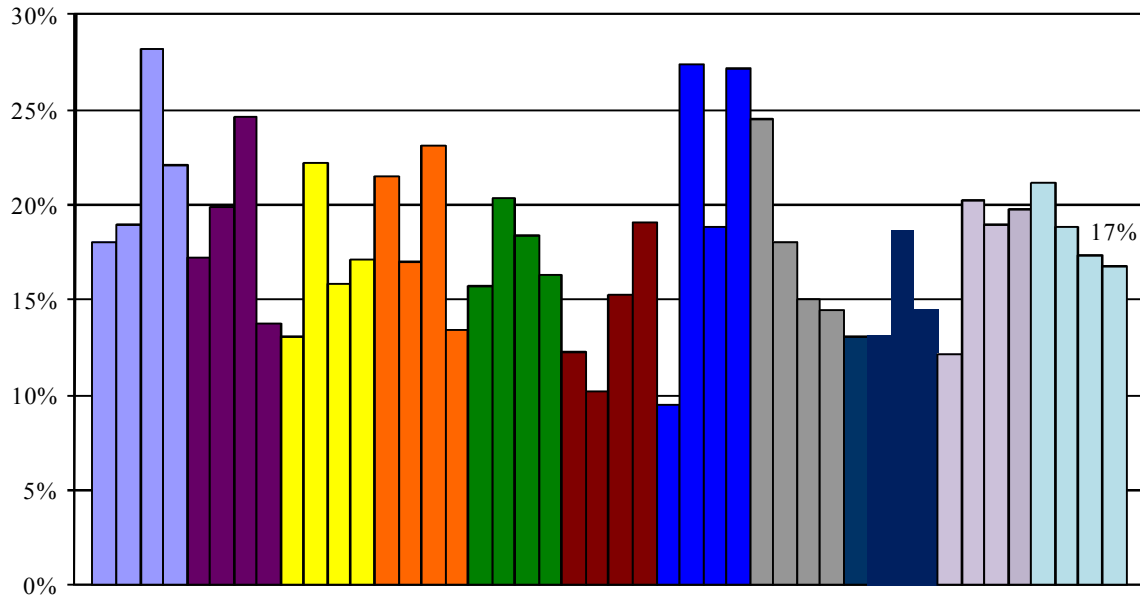
Reported Shortages - Construction Equipment
1Q 2001 to 4Q 2011



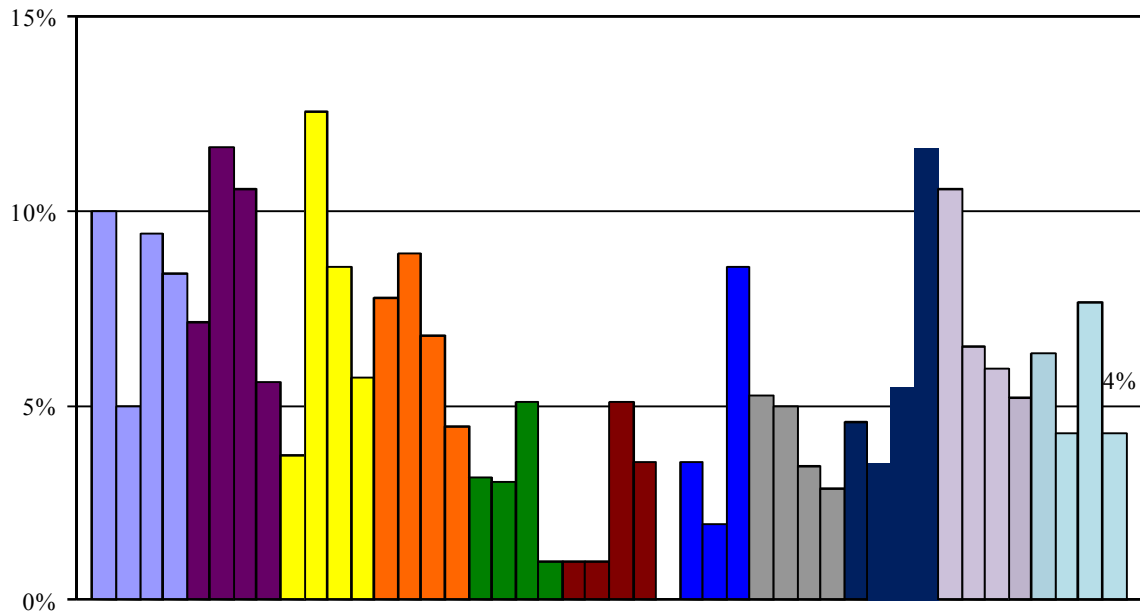
Reported Shortages - No Shortages
1Q 2001 to 4Q 2011



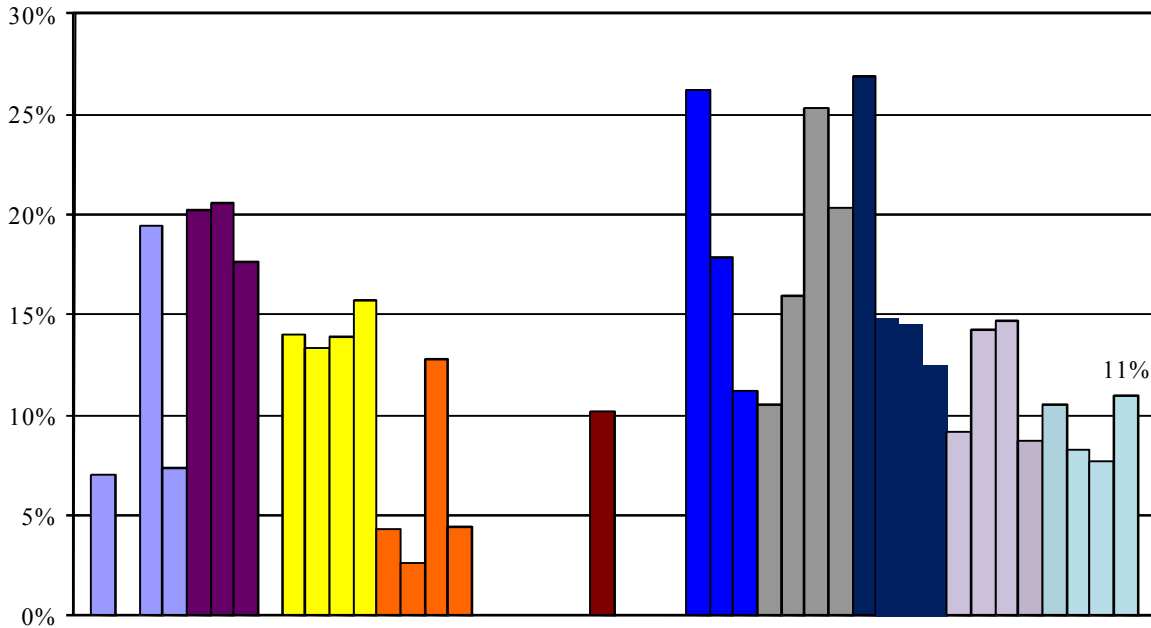
Reported Project Delays - Permits
1Q 2001 to 4Q 2011



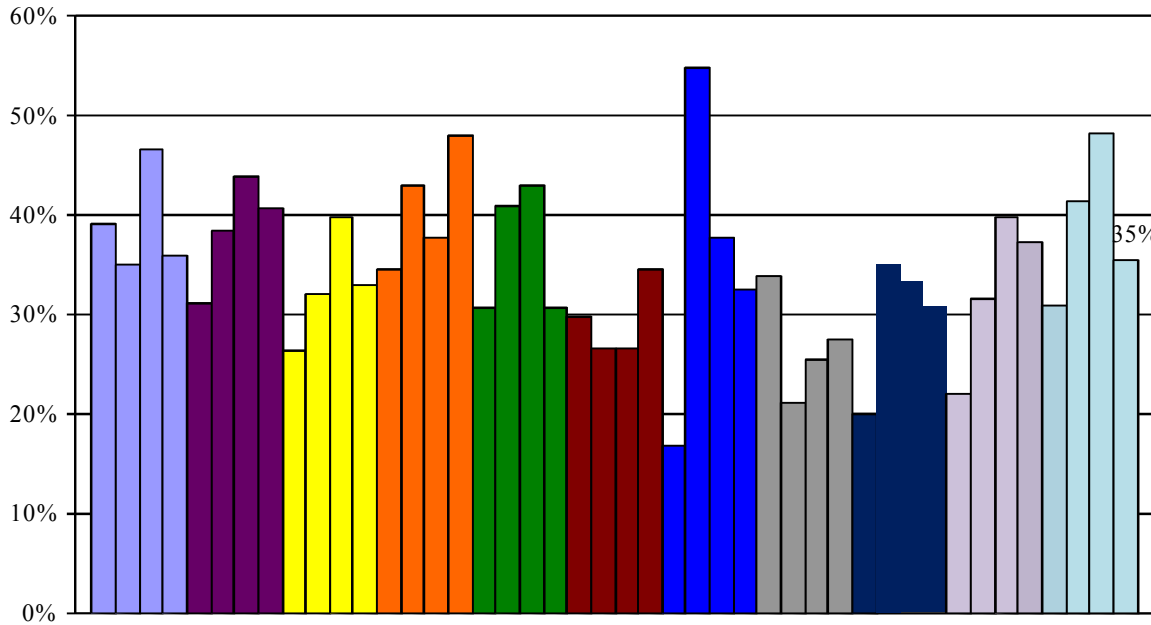
Reported Project Delays - Lawsuits
1Q 2001 to 4Q 2011



Reported Project Delays - Other Issue
1Q 2001 to 4Q 2011



Reported Project Delays - Designer/Owner Problems
1Q 2001 to 4Q 2011

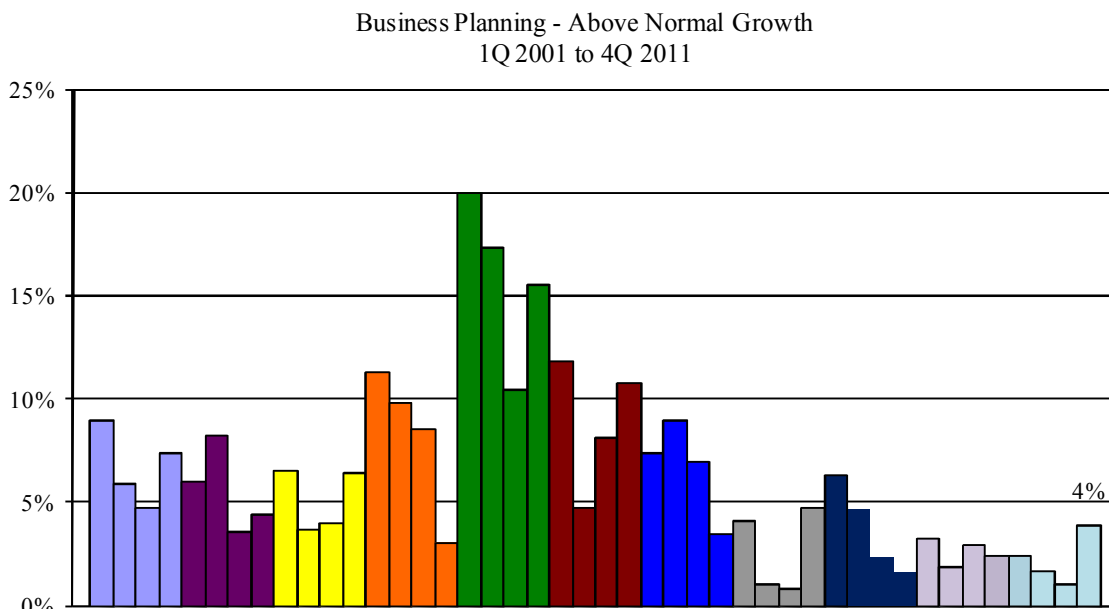
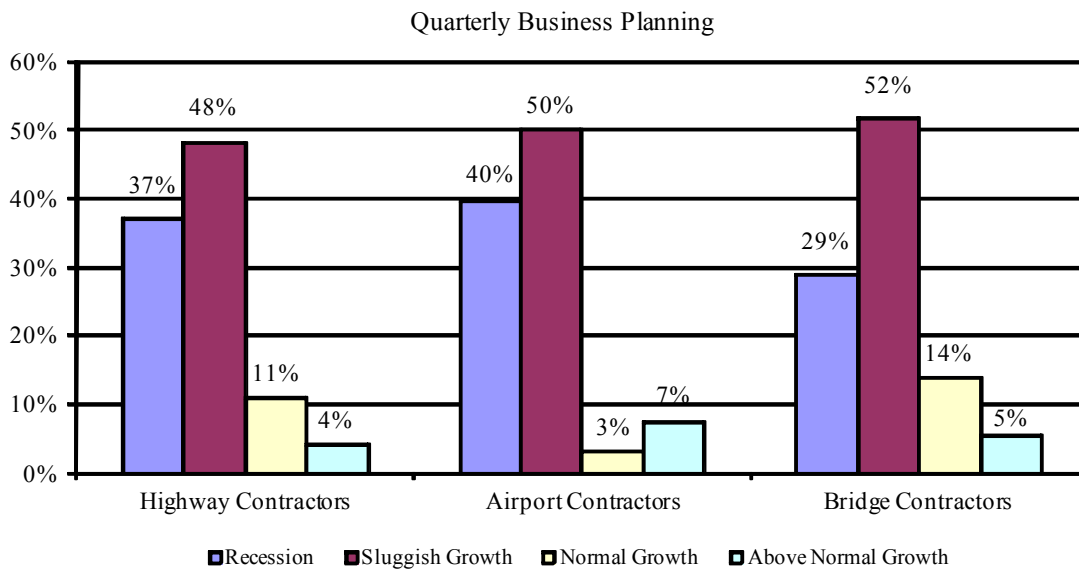


10. Business Planning

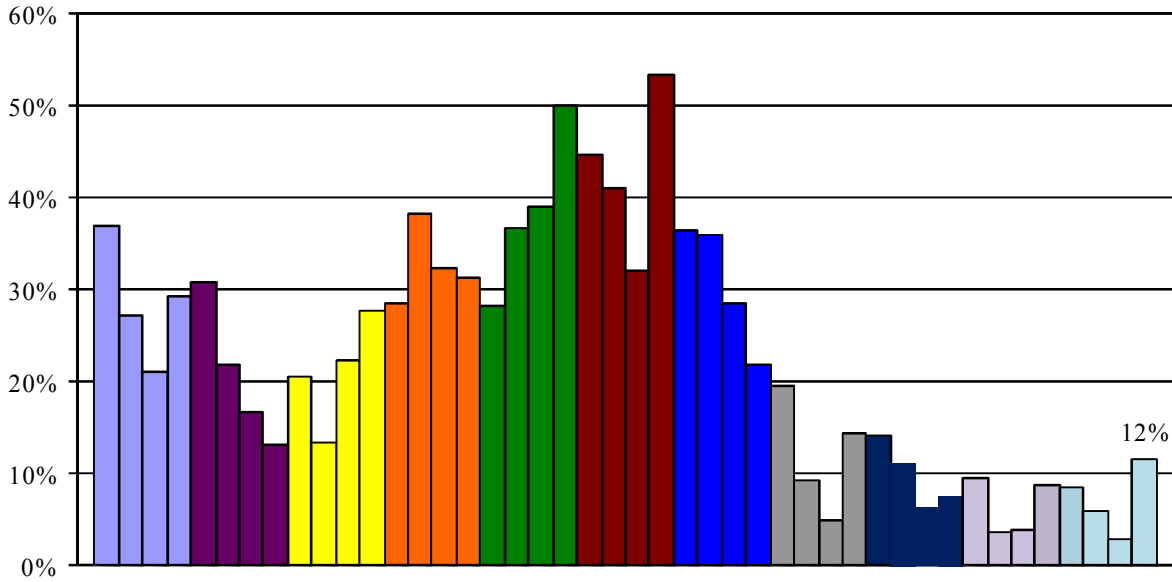
Which of the following scenarios best describes the outlook underlying your firm’s business planning for the next 12 months?

- 36% Recession
- 48% Sluggish Growth
- 12% Normal Growth
- 4% Above Normal Growth

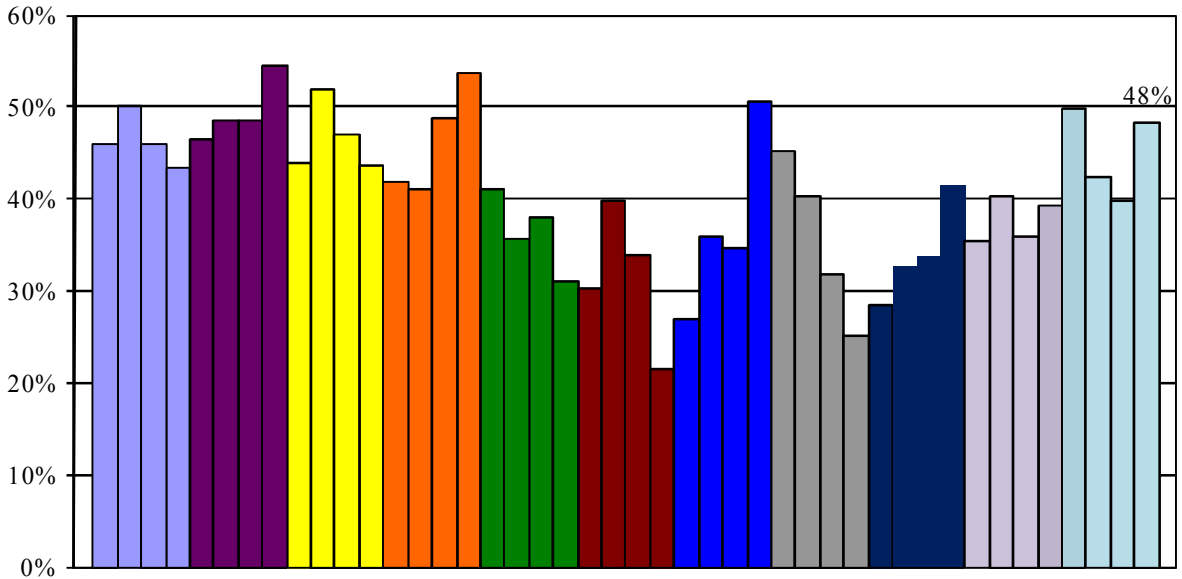
The market outlook remains pessimistic—84 percent of survey respondents are expecting recession or sluggish growth in the next 12 months, compared to 96 percent last quarter. A total of 16 percent are expecting normal or above normal growth.



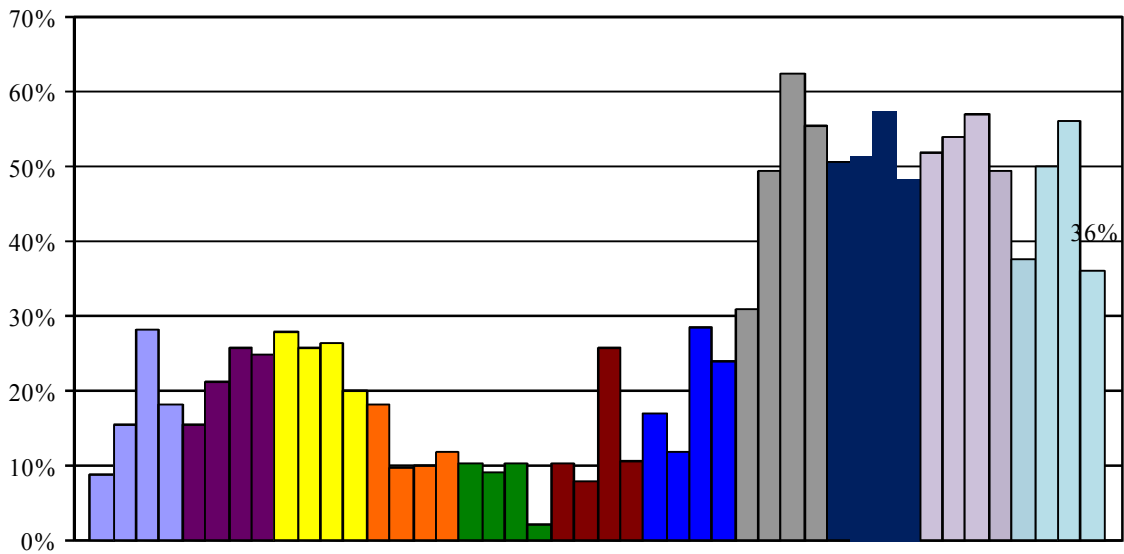
Business Planning - Normal Growth
1Q 2001 to 4Q 2011



Business Planning - Sluggish Growth
1Q 2001 to 4Q 2011



Business Planning - Recession
1Q 2001 to 4Q 2011



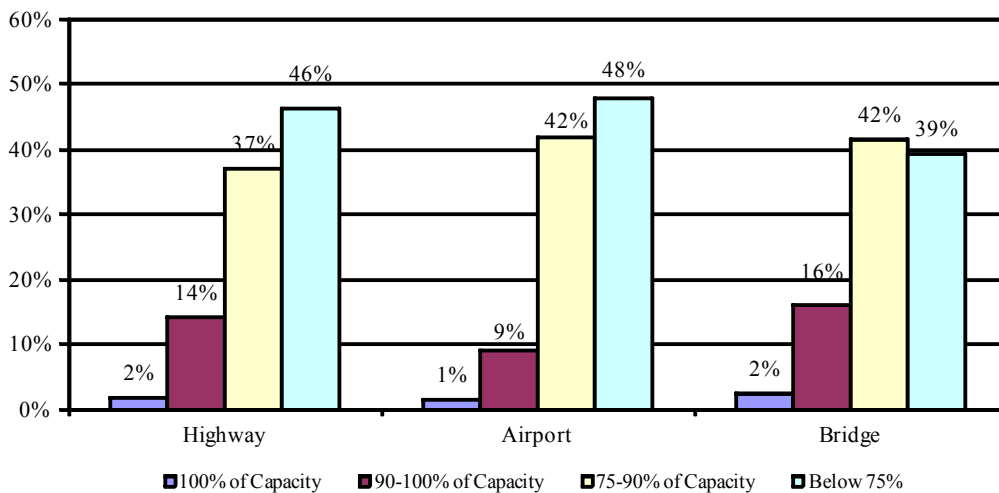
II. Capacity

Which of the following best describes your firm's current capacity situation?

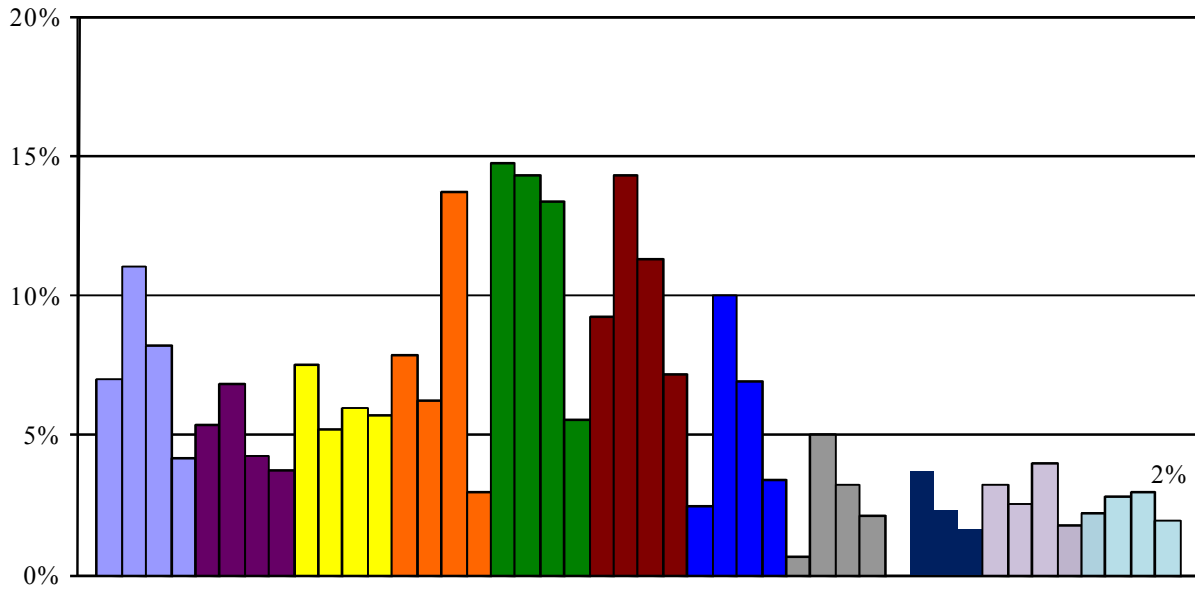
- 2% Working at 100 percent of capacity - could not increase current level of construction work without significant business expansion or merger
- 15% Working at 90 – 100 percent of capacity – company has small amount of capacity to increase construction work above current level
- 35% Working at 75 – 90 percent of capacity – company has significant capacity to increase construction work above current level
- 47% Working at less than 75 percent of capacity – company is currently working well below capacity

During fourth quarter 2011, two percent of contractors reported working at 100 percent capacity. Fifteen percent of contractors reported working at 90 percent capacity or more, while 35 percent are working at 75 to 90 percent capacity and 47 percent report working at less than 75 percent capacity.

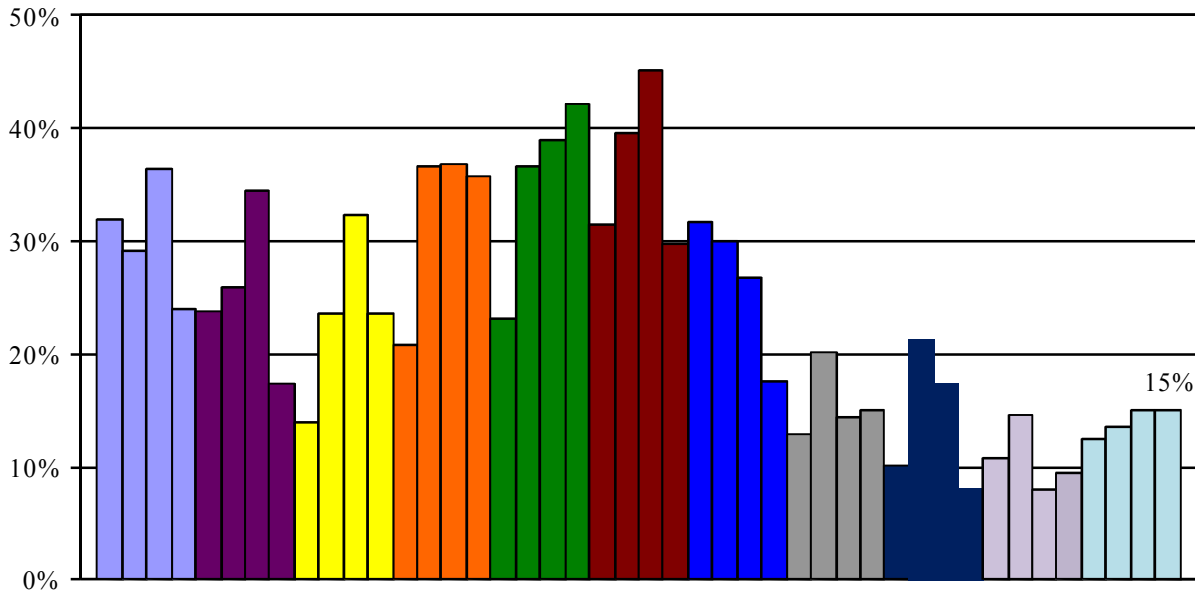
Quarterly Capacity



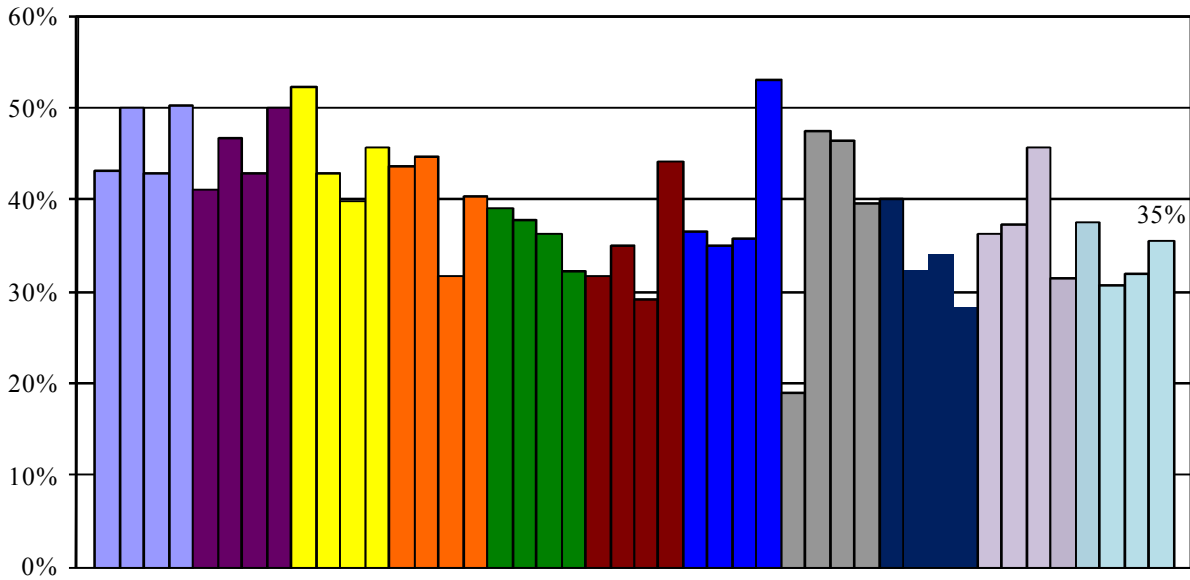
Companies at Capacity - 100% of Capacity
1Q 2001 to 4Q 2011



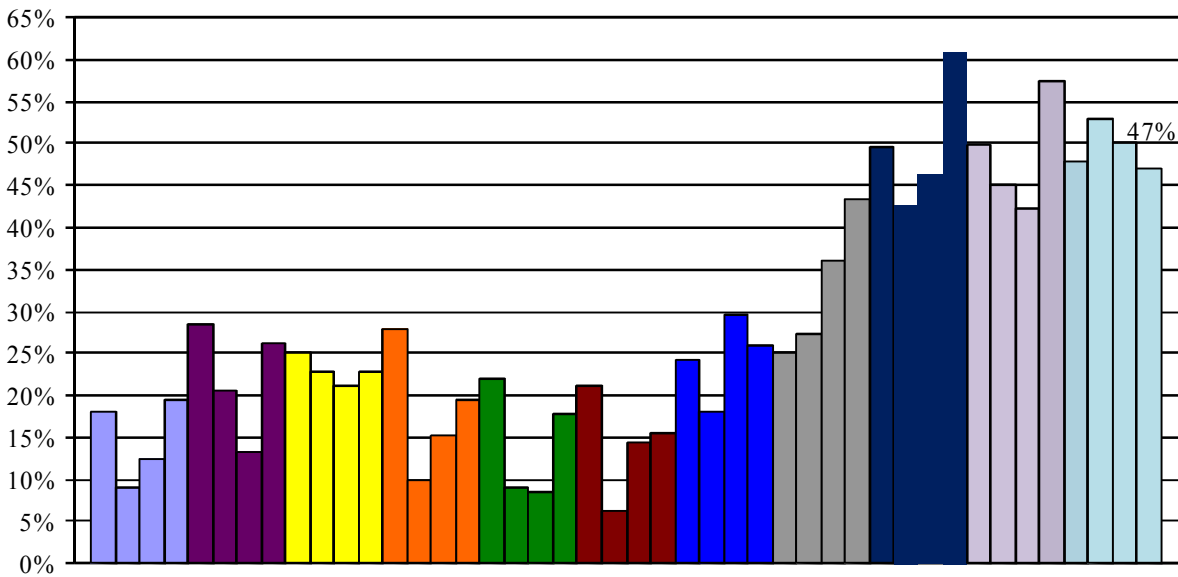
Companies at Capacity - 90 to 100% of Capacity
1Q 2001 to 4Q 2011



Companies at Capacity - 75 to 90% of Capacity
1Q 2001 to 4Q 2011



Companies at Capacity - Below 75 % of Capacity
1Q 2001 to 4Q 2011



12. Equipment Purchase Outlook

Compared to the past 12 months, the amount my company currently plans to spend to purchase construction equipment during the next 12 months will be –

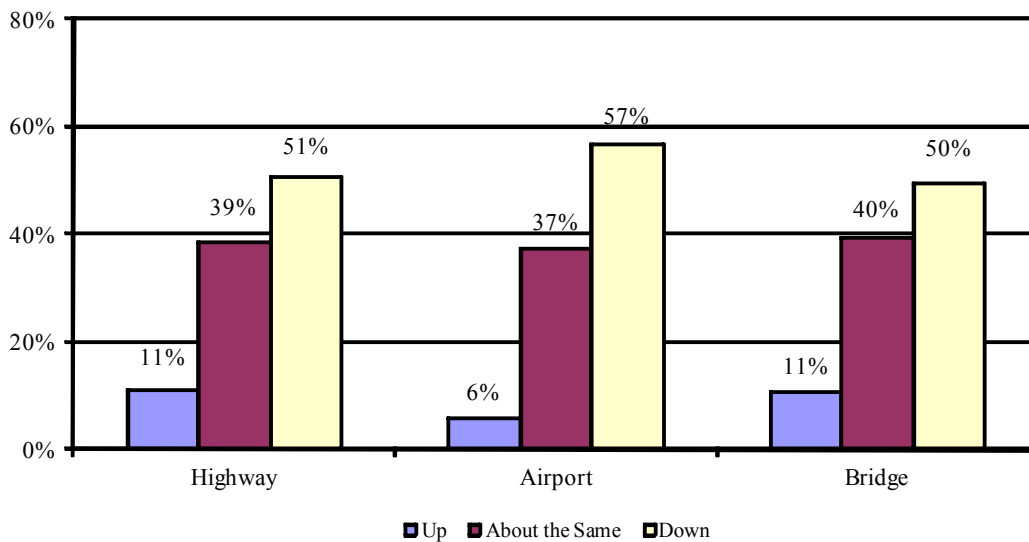
Up 11%

About the same 37%

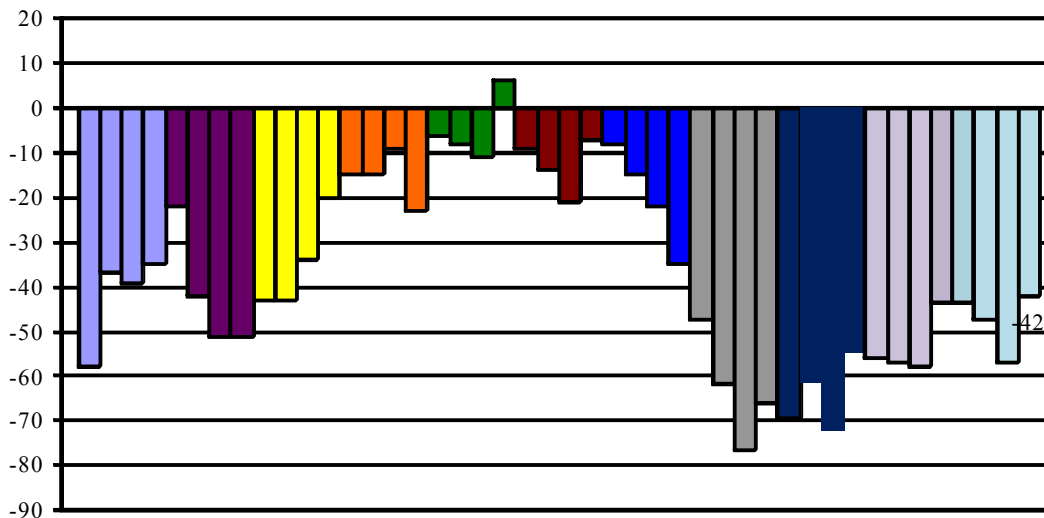
Down 53%

The net rising index for equipment purchase was -42, indicating that transportation construction contractors plan to spend less on equipment during the next 12 months compared to the last 12 months. The net rising index was negative across all markets.

Quarterly Equipment Purchase Outlook



Equipment Purchase Outlook Net Rising Index
1Q 2001 to 4Q 2011



13. Equipment Leasing Outlook

Compared to the past 12 months, the amount my company currently plans to spend to lease construction equipment during the next 12 months will be –

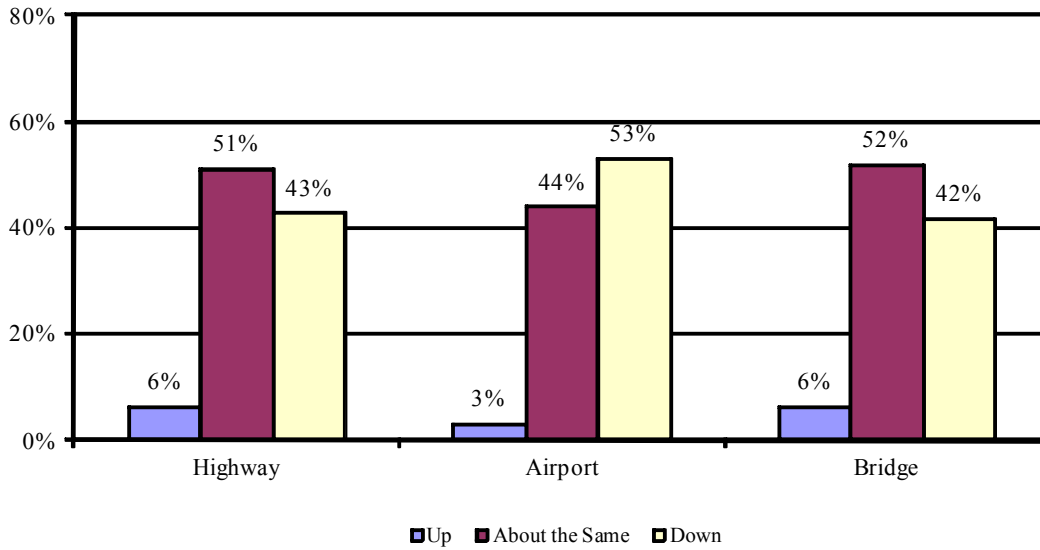
Up 6%

About the same 50%

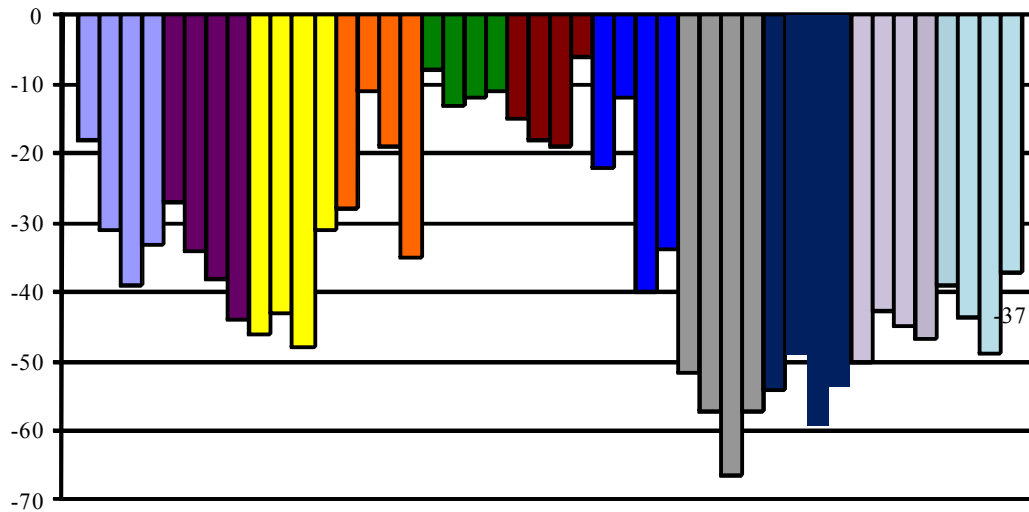
Down 44%

The net rising index for equipment leasing during the next 12 months was -37, indicating that more transportation construction contractors will decrease the amount of equipment they lease in the next year compared to the last 12 months.

Quarterly Equipment Leasing Outlook



Equipment Leasing Outlook Net Rising Index
1Q 2001 to 4Q 2011



Technical Information

This survey uses a “net rising index” to report the results. The net rising index is the difference between the percentage of responses that indicate a certain variable is “rising” or “up” and responses that are “falling” or “down.” The index serves as a measure of the general direction of the industry. If the net rising index is negative, the industry is contracting. If the index is positive, there is expansion. For example, the net rising index for profit margins is -28 . This means that more transportation construction contractors indicated that their profit margins are down (38 percent of responses were “down”), as opposed to those who reported an increase in profits (10 percent of responses were “up”). The difference between the two is the figure for the net rising index, -28 . The net rising index portrayed in the graph may differ slightly from the total due to rounding.

The survey also presents detailed information on three of the major market segments in transportation construction-- highways, airports and bridges. The percentages and the net rising index for these segments do not always add up to the total that is given. This occurs for two reasons. One reason is that the survey also gathered material on railway construction and waterway and port construction. This information is included in the totals, but is not broken out. Also, some contractors work in several markets and their answers are included in the results for each sector as well as the general total. For instance, if a contractor works in both highways and airports and indicates his construction work performed for the last quarter was “up,” that answer will be included in the highway results and the airport results, as well as the general total.