FMI
Sixty Years

Fourth Quarter 2013

Nonresidential Construction Index Report

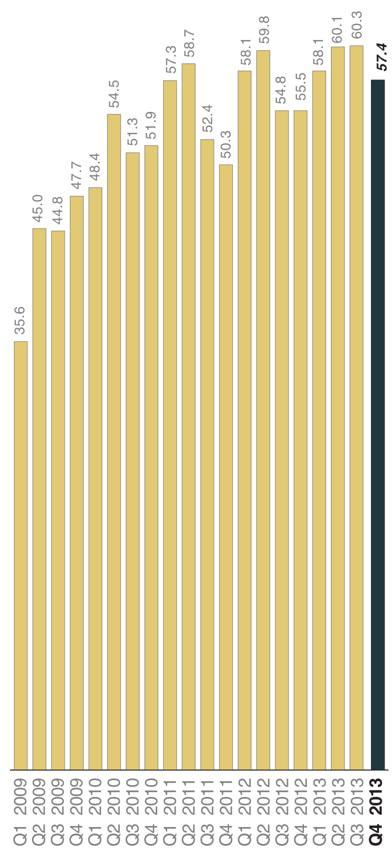
Current NRCI Summary

Overall Economy	DOWN
Overall Economy Where We Do Business	DOWN
Our Construction Business	DOWN
Nonresidential Building Construction Market Where We Do Business	DOWN
Our Expected Backlog	DOWN
Cost of Construction Materials	LOWER
Cost of Labor	LOWER
Productivity	LOWER

NRCI Fourth Quarter 2013 Executive Summary

After hitting its highest marks in the last two quarters, the NRCI dropped 2.9 points in the fourth quarter to 57.4, or 1.9 points ahead of the fourth quarter of 2012. So what does it all mean, we must ask. We could say the Index is taking a breather after five quarters of improvement. That's the kind of explanation we often hear when the stock market falls unexpectedly after a long, positive run. Investors are just taking a break. We don't buy that explanation. More likely, the slight drop in the NRCI this quarter is due to owners continuing to act with an abundance of caution along with the banks that help finance their projects. Why be so cautious when many of the major indicators continue to be positive? It might just be because we live in a time of political infighting and uncertainty as to the direction of the country when it concerns economic decisions—and many social policy decisions. Ideology trumps common sense, and that causes a political mess, which in turn keeps the money under the mattress.

Business does not work on a political schedule, or at least it doesn't work well when politicians spend more time stumping for their next election than they do working on the real problems of the nation. Government doesn't work like a business, but it should work more like a business. Those observations are at the core of what we learned when we asked panelists about the government shutdown and the budget ceiling crisis this quarter. Although we received responses to these questions that might be from both sides of the aisle, the majority agreed that we must increase the debt ceiling and pay the bills we, as a nation, committed to, just as businesses must do. The government shutdown (or partial shutdown) was more of a political ploy than a necessary action. It cost more to play political football with the national debt than it would to keep the government running. Standard and Poors estimates $24 billion was lost in business revenue as well as lost jobs, not considering the lost productivity in a notoriously unproductive political workforce. So, if it was all about balancing a budget, the shutdown just caused more waste of the people's money. One panelist noted that he didn't even think we should have bothered to ask about the debt ceiling approval. It was something that had to be done, and that's the end of it. On the other hand, panelists continue to be miffed that there is not more reasonable discussion about where to make cuts and where to spend to get the budget balanced and the economy back to more productive work.



CURRENT NRCI READING Q4-2013

57.4

PREVIOUS READING: 60.3

FMI Nonresidential Construction Index (NRCI)
Scores From: Q1 2009 to Q4 2013

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

EXHIBIT 1

Executive Summary continued ...

Productivity is something the government should work harder at improving to get the best deal for the public investment, and so should contractors, according to our Current Issues questions about productivity improvement. The productivity component of the NRCI has been working its way down since the overall Index started indicating growth in nonresidential building construction. Some panelists responded that they are always working to be more productive, not just responding to tighter markets and margins. However, as expected, most are discovering productivity as a new mantra to try to regain margins and do more with less. Less means less wasted time as well as an expectation of fewer skilled workers in the market as business improves. And, even though many panelists appear to be making headway on productivity improvement, there is a long way to go. Ultimately, productivity is one of the keys to growth and improving profit margins in the "new normal" economy, where everything is subject to rapid change. More focus on collaboration and productivity will be a refreshing change for both government and businesses.

So how do we explain the 3.9-point drop in the NRCI this quarter? The Index is taking a few steps back after five quarters of improvement. Or maybe it is just taking a few steps back in order to get a running start to cross the hurdles in the economy next year.

NRCI Fourth Quarter 2013 Highlights

Overall Economy:

After working its way up to a high of 72 last quarter, the NRCI component for the overall economy fell 11.3 points in the fourth quarter to 60.7. This component remains in positive territory, and it is nearly seven points higher than the fourth quarter of 2012.

Overall Economy Where Panelists Do Business:

Panelists' sentiments for the economy where they do business fell in line with the overall economy from 73.4 last quarter to 61.5 for the fourth quarter. This indicates that the perception that the economy is slowing again is not just a regional phenomenon.

Panelists' Construction Business:

The NRCI component for panelists' construction business continues to register growth at 70.3 this quarter, essentially the same as last quarter. It appears that panelists' business is benefiting from relative strength in the markets compared with last year, and more owners are going ahead with projects that have been sitting on the boards for some time.

Nonresidential Building Construction Market Where Panelists Do Business:

Overall nonresidential building construction continues to improve, but growth is still unsteady as this component slipped 7.5 points to 64.1 this quarter. That is still a solid improvement over Q4 2012 when the score was just 53.8.

Expected Change in Backlog:

At nine months, the median backlog for panelists has changed little for six quarters. Still, with the economy on unsteady legs, panelist dropped their expectations by 3.7 points to 60.2 this quarter.

Cost of Construction Materials and Labor:

Material and labor costs continued to rise this quarter but at a slightly slower pace than last quarter. Still, when these costs rise, it causes the overall NRCI to go lower.

Productivity:

As business improves, productivity continues to slide. Now at 48.6, the productivity component is at its lowest point since we began to track it in the second quarter of 2008 when the NRCI was below 50. (See more below.)

Productivity Trends:

Noting the slippage in productivity improvement since the beginning of the recession, this quarter we asked what panelists were doing in the companies to improve productivity. Fifty percent said they have not seen improvements in field productivity. Fifty-three percent have seen the use of new technologies help to improve productivity. Technologies like BIM and improved field communications have had the greatest impact. Combining both new technologies and improved processes has had the most beneficial impact on productivity.

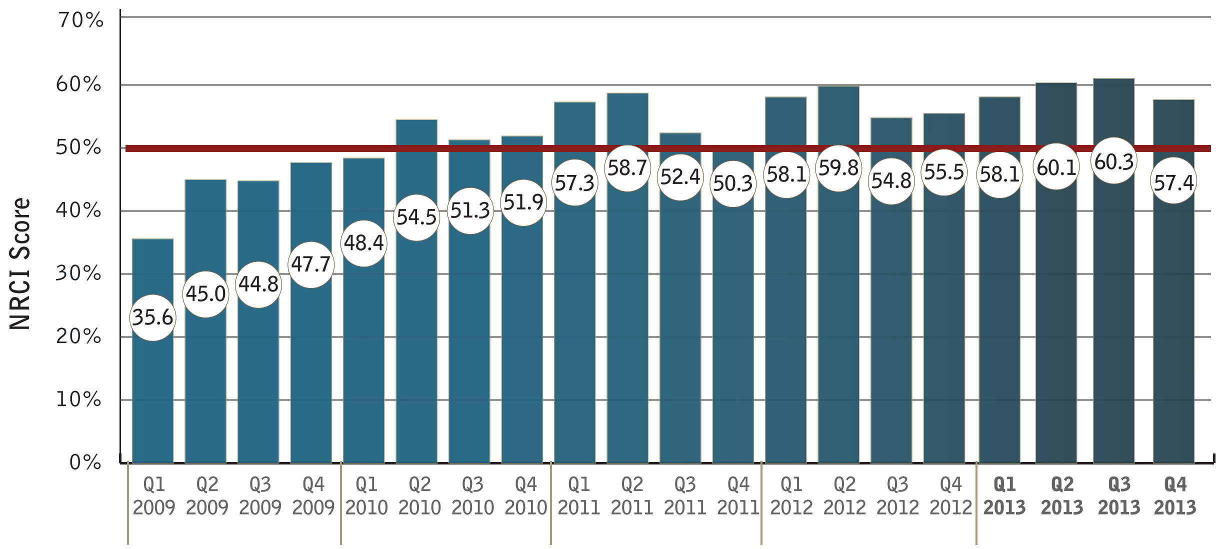
Government Shutdown and Debt Ceiling Issues:

Nearly 50% of panelists said that; if the government shutdown went beyond the end of October, it would have little impact on their business next year. However, the remaining 50% said it would have a potential impact of up to 20% loss of volume. Even if the loss of volume is as low as 5%, with nonresidential markets struggling to maintain a modicum of growth, that is potentially a relatively big hit to market confidence.

Thanks to all of the panelists who help make the NRCI a useful gauge of nonresidential construction activity. We value your opinions and appreciate your taking the time to share your experience.

EXHIBIT 2

FMI Nonresidential Construction Index (NRCI) Scores | **Q1 2009 to Q4 2013**
(Scores higher than 50 indicate expansion, below 50 indicate contraction.)



FOURTH QUARTER 2013 **57.4**

PREVIOUS READING: 60.3

Current Issues

Productivity: Progress With Room to Improve:

With the NRCI component index for productivity heading lower, we asked several questions this quarter to get an idea of what panelist companies are doing to improve productivity. For instance, what is working best in the way of technology and process changes especially in the last few years of the recession and into the current recovery? Several commented something along the lines of one respondent:

> *[We] have always been focused on improvement here, before and after the recession and into the future. We are a labor business; productivity is our lifeblood.*

Of course, productivity improvement should be a concern every day, not just a desperation move when business turns down. Productivity is especially a concern for industries that are considered “mature,” where buyers see the products and services more as commodities. Improving productivity should be an ongoing, continuous effort. The benefit of such improvements is to boost margins and competitiveness.

The fact that we have seen productivity go up during the recession and start down as we begin to see recovery is no surprise. As several panelists noted, companies are doing more with less; particularly, they have retained their best people who are doing more work. That effect can only last so long. When business improves, those good people become overworked and burned out. As more and more companies are noting, finding well-trained people to bolster their ranks as business improves has become difficult. That is another hit to productivity. While the industry must do whatever it can to attract talented people as business begins to grow again, industry companies must also apply new technologies and processes to help keep productivity growing with the people they have. (In some cases, these efforts will also help attract the best people who want to work with the latest technologies.)

Productivity will continue to be a growing challenge, but many panelists are striving to meet these challenges in a number of ways. The best approach overall, as we can ascertain from the comments and results of our questions this quarter, is to combine improved processes with new technologies, not just one or the other. Forty-four percent of all panelists said their productivity improvements have come from a combination of changing processes and tools. When choosing one or the other, process or tools, 27% have improved processes, while only 13% have made improvements using new tools and technologies. The comments from panelists listed below illustrate this mix of process and tools to improve productivity.

In several questions where "don't know" was an option, we noted a small percentage is always unsure if productivity is improving or not and why it is going in either direction. In other cases, for the responses, we assume that panelists' opinions and answers are based on an educated understanding of what goes on in the organization in the way of productivity. This should be knowledge gained from direct oversight of new programs, periodic reviews, reports and "dashboards" as well as financial reports. The problem, as always, for determining productivity is how and what to measure, and to measure those selected areas consistently.

When it comes to productivity, one size, one tool or process does not fit all. That is apparent in the chart rating improvements in selected technologies. While most agree quite strongly that implementation of BIM and better field communications technologies are helping to improve productivity, areas like project tracking software and the use of CNC equipment for prefabrication work better for some than they do for others. This illustrates that research, planning and implementation are key to obtaining real benefits from any new approach to productivity. It is good to see that the majority of panelists' companies are working to improve productivity. The recession can teach some hard lessons; however, paradoxical as it may seem, improving productivity works best when there are more projects to save money on, and it works even better when it is a continuous process in good and bad times. One thing we know is that we will continue to see swings in the market in the coming year and productivity is the key to reducing the swings in profitability.

EXHIBIT 3

Have you seen technology improve productivity (units installed/man-hour) on your projects in the past few years?

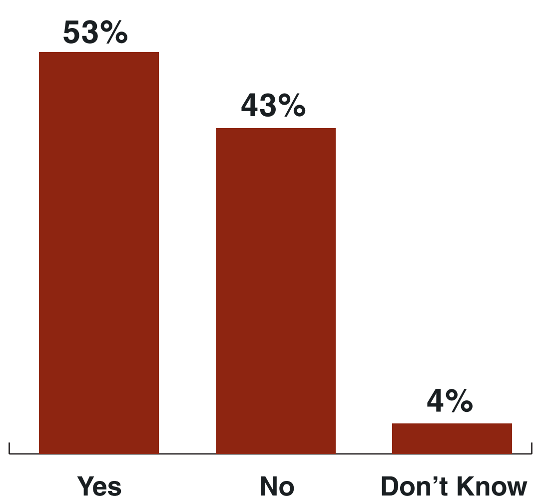


EXHIBIT 4

If you have seen improvements in productivity from the use of technology, rank the following from 1 to 5, where 1=least improvement and 5=most improvement.

	1 Least Improvement	2	3	4	5 Most Improvements
Use of BIM	13%	18%	21%	27%	21%
Improved electronic field communications (smartphone apps, tablets, etc.)	6%	8%	33%	40%	14%
Project management and scheduling software	7%	24%	24%	25%	21%
Software for tracking productivity (units installed/man-hour)	29%	32%	16%	16%	7%
Automated tools (i.e., CNC machines in shop, automatic layout and welders, etc.)	36%	18%	11%	11%	25%

EXHIBIT 5

Have you seen improvements in your field productivity?

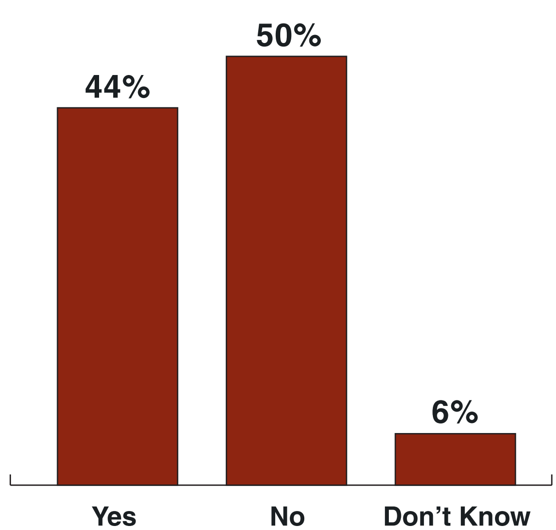
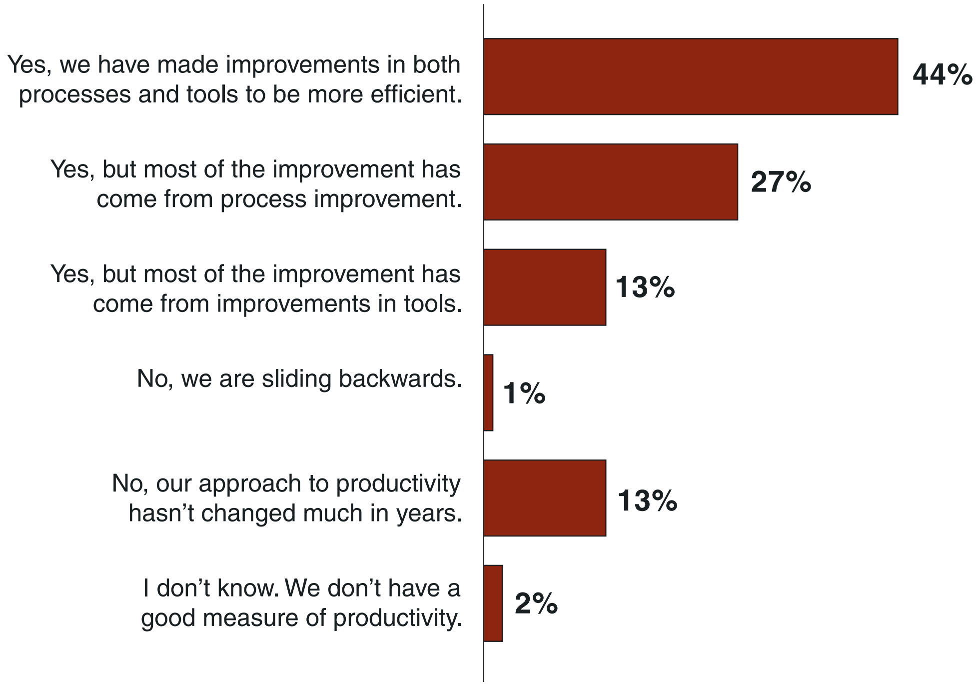


EXHIBIT 6

Do you feel your organization/firm has made improvements in its processes and tools in the arena of efficiency?



Productivity Comments

Since the recession began, have you changed your approach to productivity improvement? If so, how?

Lean Construction

- Beginning Lean practices to help improve in all areas of our business.
- Implemented Lean principles throughout the organization.
- Leadership, communication and Lean processes for safety, schedule, quality, cost and growth.
- Some use of Lean principals.
- The use of Lean has had a very positive impact on production and quality.
- Yes. We have implemented Lean practices.

BIM

- Increased demands for use of short-interval scheduling, increased staffing and commitment to BIM and automated layout tools (Trimble), and increased use of prefabrication (shifted work from field to shop).
- During the recession, but not because of it, our own productivity has been enhanced by continuing surges in technology advancement. Primarily in BIM development and integrated modeling but also mobile, data access and communication tools. Trade advancements in technology have been huge in preplanning, prefabrication and safe practices but offset somewhat by an overwhelmed and aging workforce.
- Yes, first through investing in technologies such as BIM, tablets and productivity software. Then focusing on improved processes to maximize our investment in these technologies. We have also asked field staff to take on more diverse, nontraditional tasks (cross-training) to maximize their time on small projects, leading to better efficiency.

Other Comments on Productivity Improvement:

- Attempt to pursue only projects where we have an expertise.
- Being more picky about the productivity of the individual.
- Better project organization.
- Focused on productivity more than ever, now that the business has been commoditized.
- Identify barriers in the way between office and field.
- More automation.
- No, but we have always strived for productivity improvement.
- No, we have always been focused on improvement here, before and after the recession and into the future. We are a labor business; productivity is our lifeblood.
- Our investment has been much lower.
- Paid more attention to getting the bidding information out into the field.
- Paying close attention to project schedules. Managing daily tasks more closely. Focusing on quality and rolling completion lists.
- Pricing is still being pushed down with not quite enough volume to make contractors feel comfortable about increasing margins.
- Process, doing more with less, we have less paper, fewer administrative people. More project engineers on-site doing more on laptops.
- The use of cordless hand tools, like screw guns, routers and small lasers, has improved our setup time. We are using tablets and smartphones with our foremen, which has eliminated most paperwork also gives us instant access to them through email, text, etc.
- We are attempting to get the ear of labor to participate in an image change in our marketing area. Has been met with some degree of willingness to pursue this theme.
- We are just now on the backside of the projects we have acquired and built through to recession. We are digging in and looking to find new best practices to allow us to adjust to and operate more efficiently and effectively in this tighter market.
- We are spending more time on planning and set-up before start of construction.
- We are working on this right now. We need to be more productive to survive. We are planning our work in more detail than ever before.
- We have been forced to do more with less. The average project size is much smaller and therefore requires staffing levels to be reduced. There is nearly as much paperwork for a $4M job as there is for a $15M job but less staff to accomplish the work. For even smaller jobs, PMs must manage multiple jobs simultaneously.
- We have moved to a new facility and developed a prefabrication operation.
- We have suffered through a steep decline in revenue because of a complete loss of our school market. We've had to cut staff across the board, and many people are producing more than they had before.
- We ramped up the investment in training across the company in all positions. A campaign to incrementally improve the business as well as personal development has made an impact and is being embedded in our culture as deeply as possible. We have emphasized training and career path development in the field, which is attracting talent to our organization.
- Yes, more discipline.
- Yes, using best practices across the organization.
- Yes. Using technology where we can.

Federal Government Shutdown and Debt Ceiling Issues

When we started the FMI Nonresidential Construction Index, we did not envision very many, if any, questions about politics. The goal was, and is still, to provide contractors and other interested parties with some measures of current and future activity for nonresidential building construction. Along with the NRCI component scores, we meant to spend most of our space in current issues asking about concerns like productivity, business development, delivery methods and other issues concerning the economic environment. As it turns out, politics has become the elephant in the room or if you prefer, the bull in the china closet when it comes to making economic decisions. Political decisions, or, in the current world order, political indecisions and infighting, have become one of the largest factors dominating the news and keeping business from moving forward.

This quarter we asked about two related areas that were white-hot in the headlines when we sent out the fourth quarter survey: "If the federal government shutdown goes beyond the end of October, how much will it affect your business over the next year?" and "Should raising the debt ceiling be approved?" The risk of asking these questions with a date included was that the issue would be settled before the survey was closed and published. Happily that was the case; however, as we have seen happen again and again, it was really a matter of kicking the can down the road until next January/February when it will all come up again. More uncertainty leading to more distrust of our democratic government. Did anyone learn a lesson from this last go-round? We hope so, but as we have been here before, we can't help but be a little bit skeptical.

On the subject of the government shutdown, 38% of panelists said they might see a loss of 0 to 10% in volume if the shutdown lasted more than a month. Well, this time it lasted less than a month, and, while 49% expected no effect to their volume next year, it is likely that the confusion during the shutdown will not help improve confidence in the government or the economy in the coming months. Every small knock on the economy and jobs hurts when the markets are struggling to regain a modicum of growth.

When asked if the debt ceiling should be approved, one panelist responded:

> *I can't believe you are asking this question. Raising the debt ceiling must be approved as part of an overall plan to lower spending and increase revenue. That is how we run our business.*

As noted above, we can't believe we are asking such questions either in our NRCI surveys; however, what the commenter meant is, of course the debt ceiling must be approved, so why ask the question? Congress should have gotten the same message sooner. Nonetheless, while 60% of panelists said the debt ceiling should be approved, 29% said "no," and 12% were uncertain.

The point, according to one panelist, was that this really wasn't a simple "yes" or "no" question. That's why we made room for comments, and we received quite a few. Generally, panelists said, like it or not, we must approve the debt ceiling, because we committed to the expenses and debts. However, most also note that government needs to be more businesslike and balance the budget, or at least, work toward a more balanced budget. The frustration is that the current crisis was more of a political gambit than it was about actually working to agree on where to cut and where to spend, etc. In other words, the kind of decisions businesses must make or go out of business. For instance, when did anyone last hear a discussion in government about being more productive, or, more importantly, see processes introduced that were more productive? Yes, it can and does happen here and there, but not enough.

EXHIBIT 7 If the federal government shutdown goes beyond the end of October, how much will it affect your business over the next year?

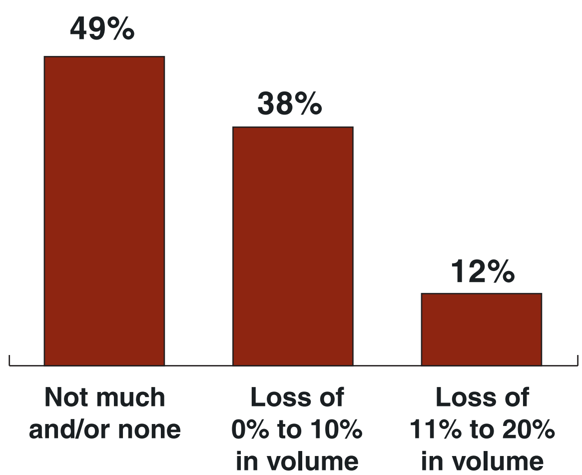
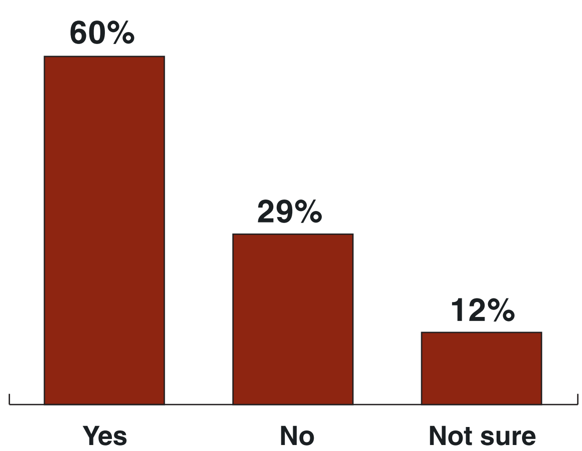


EXHIBIT 8 Should raising the debt ceiling be approved?



Debt Ceiling Comments:

- Another opportunity to rein in spending. All this nonsense about default means our incompetent president cannot handle the job and set priorities. Has nothing to do with Republican recalcitrance.
- Approval of the debt ceiling should be done, if and only if, an overall plan to lower our deficit is adopted.
- Clearly, we need to get government spending under control; however, holding the country hostage is not the way. Debt needs to be reduced but Congress needs to stop acting like children.
- Congressional and presidential gridlock might be a good thing, but usually is not.
- Debate to reduce government spending is good, but I do not agree doing it around debt ceiling nor tied to health care. More important should be efforts to be "smart" about government spending... getting the MOST for the dollars that are being spent vs. across-the-board cuts that are rarely "smart."
- Deficit spending must be addressed.
- Eventually, this continual raising of the debt ceiling will have a significant downward effect on the nation's economy. The politicians continue to put bandages on the problem without even addressing the real problems
- I am disappointed in the Republicans for making this issue about the Affordable Care Act.
- I believe the debt ceiling is already too high; we need to stop spending more than we take in.
- I can't believe you are asking this question. Raising the debt ceiling must be approved as part of an overall plan to lower spending and increase revenue. That is how we run our business.
- I suggest the U.S. must raise the debt ceiling with parallel urgency to overhaul and pare government spending and become disciplined to focus on priorities, eliminate waste and become efficient.
- If conditions are included.
- It is unrealistic to continue to use debt as a method to fund economic or social programs. The budget needs to be balanced with a portion dedicated to debt reduction. Many programs are no longer relevant or positive; the farm bill is a good example. Why use tax dollars to assure profits for corporate farms; no one is doing that for construction.
- It should be raised this time but tied to some debt reduction strategy so as not to be continually returning to the borrowing well each year.
- It's too late to argue whether it should be lifted when we approve spending above what we take in.
- Need to get spending under control.
- Needs to be done but should also include ways to reduce spending.
- Needs to be done, but costs of entitlements and other spending must be part of the equation.
- Not a simple "yes" or "no" question. Some increase may be necessary, but any ceiling increase should be limited.
- Not without a plan to balance and pass a budget.
- Paying the piper gets deeper.
- Raise it, but begin the reduction in future entitlement spending as a prerequisite.
- Short term it is the only answer. The long-term commitment to balancing spending can be done later; now is not the time to stop forward momentum by holding political parties hostage, at the expense of the economy.
- Should be tied to a reduction in government spending.
- Spending needs to be controlled through a budget process and approval
- Sure, raise it. But what is the long-term plan for a balanced budget?
- The debt ceiling must be raised on a short-term basis to prevent the country from defaulting on its obligations, but both political parties need to sit down together and develop long-term solutions to the deficit, especially concerning entitlement programs. We cannot continue to pass the burden of debt on to our children and grandchildren.
- The debt issues require a strategic plan that takes place over time to be constructive. A single act of refusal to raise the limit is counterproductive and destructive. That said, I have no confidence that a constructive solution can be achieved in light of the political realities.
- The federal government's spending is a big component of the U.S. economy; a prolonged withdrawal or fall off in that spending will have repercussions.
- The issue is being shaped primarily by feuding media groups no different from the political parties. Accurate facts to rely on are missing and difficult to verify. Most people's opinions come from supporting their "political team" vs. based on accurate information. Ideological positions are forcing the issue vs. the objective of good governing.

Debt Ceiling Comments (continued):

- There are fears of damaging a somewhat fragile recovery, but the tepid growth rate of the past few years is worse long term.
- There is no choice, cannot default on our bills.
- They need to address the long-term implications of entitlements, get them under control. After that, they could do some infrastructure to help boost the economy, but only after the country can see a trajectory that is well thought-out financially.
- This is a very difficult question and requires a crystal ball. A government shutdown and/or a lack of an increased debt ceiling will throw the economy into slowdown. We cannot predict to what extent, but revenue and profit will be hit.
- Unless Congress passes a balanced budget immediately, it has to raise the debt ceiling. Not much of a chance it would ever balance the budget.
- Washington is dysfunctional. No one knows how to define and lead to accomplish what is best for the country. Compromise is dead and the public suffers.
- We are missing the point. Our country has committed to certain obligations. We need to pay those obligations if we want to maintain our credit rating. Is our budget a mess? Yes! Do we need to fix it? Yes! In the meantime, we need to pay the obligations to which we have committed ourselves.
- We can't default. With that said, we can't keep spending 35% more than we take in for the federal government.
- We have a socialist in the White House and a Democrat-controlled Senate. Can't stop them from spending, have to raise it, simple as that. They are looking forward to a big embarrassing mess to blame on the Republicans and gain the House back.
- We have got to stop spending money. Tough decisions have to be made to reform entitlements and other unsustainable programs that are weighing and will continue to drag on our economy.
- We have to balance our spending and management of costs with income to remain in business. Our government must learn to do the same.
- We must cut spending.
- We shouldn't default on our current obligations, but spending needs to be brought under control so we can start to reduce our debt.
- We'll figure this one out eventually.
- Yes, in the short term, but long term needs to be dealt with.
- Yes, but the Democrats/president need to have discussions on important issues!

FMI Nonresidential Construction Index Detailed Results by **Market Sector**

EXHIBIT 9

Dangerously Low | Very Low / Significant Drop | Low | Positive Growth Indicator | Very Positive Growth Indicator

	Overall Quarter 3 for 2013				Overall Quarter 4 for 2013			
	Improving over last quarter	Remains the same as last quarter	Worse compared with last quarter	NRCI Q3 2013	Improving over last quarter	Remains the same as last quarter	Worse compared with last quarter	NRCI Q4 2013
Business Outlook - Three Months								
Commercial	35.6%	57.5%	6.9%	64.4	24.1%	73.5%	2.4%	60.8
Education	12.6%	68.4%	18.9%	46.8	11.1%	71.1%	17.8%	46.7
Health care	27.5%	63.7%	8.8%	59.3	19.8%	60.5%	19.8%	50.0
Lodging	31.9%	59.7%	8.3%	61.8	32.8%	64.2%	3.0%	64.9
Manufacturing	26.9%	62.7%	10.4%	58.2	36.9%	56.9%	6.2%	65.4
Office	24.7%	68.2%	7.1%	58.8	20.9%	73.3%	5.8%	57.6
Other	28.6%	64.3%	7.1%	60.7	25.9%	59.3%	14.8%	55.6
Business Outlook - One Year								
Commercial	56.3%	39.1%	4.6%	75.9	42.2%	53.0%	4.8%	68.7
Education	24.5%	66.0%	9.6%	57.4	20.0%	64.4%	15.6%	52.2
Health care	43.3%	52.2%	4.4%	69.4	39.5%	46.5%	14.0%	62.8
Lodging	31.9%	63.9%	4.2%	63.9	38.8%	58.2%	3.0%	67.9
Manufacturing	32.8%	56.7%	10.4%	61.2	43.1%	49.2%	7.7%	67.7
Office	31.0%	59.5%	9.5%	60.7	31.4%	60.5%	8.1%	61.6
Other	28.6%	57.1%	14.3%	57.1	37.0%	48.1%	14.8%	61.1
Business Outlook - Three Years								
Commercial	57.5%	34.5%	8.0%	74.7	51.9%	39.5%	8.6%	71.6
Education	43.0%	46.2%	10.8%	66.1	34.8%	57.3%	7.9%	63.5
Health care	48.9%	47.8%	3.3%	72.8	46.4%	35.7%	17.9%	64.3
Lodging	31.9%	61.1%	6.9%	62.5	42.4%	42.4%	15.2%	63.6
Manufacturing	40.3%	52.2%	7.5%	66.4	37.1%	54.8%	8.1%	64.5
Office	38.1%	51.2%	10.7%	63.7	46.4%	45.2%	8.3%	69.0
Other	39.3%	42.9%	17.9%	60.7	37.0%	44.4%	18.5%	59.3

NRCI 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.

NRCI Component Indexes — Comparisons of Results: Q1 2013 to Q4 2013	EXHIBIT 10

Dangerously Low | Very Low / Significant Drop | Low | Positive Growth Indicator | Very Positive Growth Indicator

	NRCI Q1 2013	NRCI Q2 2013	NRCI Q3 2013	NRCI Q4 2013
The overall economy	61.9	69.8	72.0	60.7
The overall economy where panelists do business	64.4	70.2	73.4	61.5
Panelists' construction businesses	63.2	67.3	70.6	70.3
Nonresidential building construction market where panelists do business	59.3	66.0	71.6	64.1
Cost of construction materials	21.5	16.0	20.2	22.1
Cost of labor	30.9	23.0	21.6	23.8
Productivity	50.7	51.6	50.5	48.6
Expected change in backlog	60.1	66.4	63.9	60.2
	Median	Median	Median	Median
Approximate current signed backlog in months	9.0	9.0	9.0	9.0

Note: NRCI scores and component scores are based on a diffusion index where scores above 50 represent improving or expanding, a score of 50 represents remaining the same, and a score below 50 represents worse than last quarter or contraction.

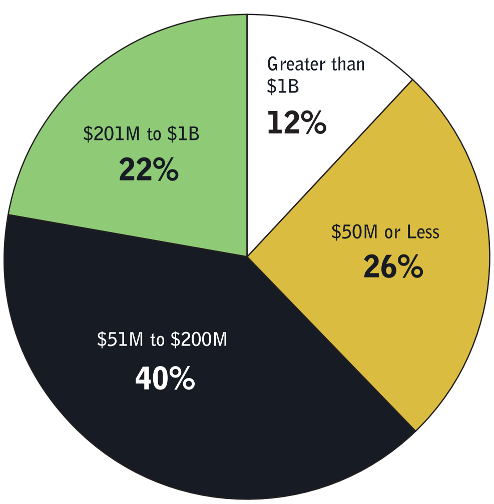


EXHIBIT 11

Size of the Organization in Annual Revenue

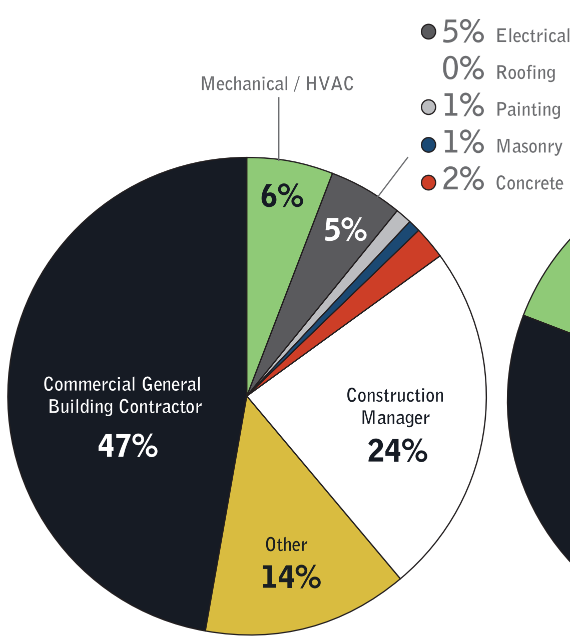


EXHIBIT 12

Type of Contracting Business

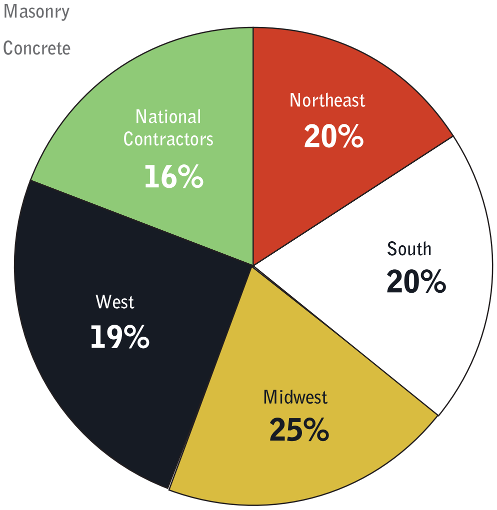


EXHIBIT 13

Primary Region in Which Panelists Work

FMI Nonresidential Construction Index (NRCI) Component Results Q3 2013 and Q4 2013

EXHIBIT 14

Dangerously Low | Very Low / Significant Drop | Low | Positive Growth Indicator | Very Positive Growth Indicator

	NRCI Component Results, Quarter 3 for 2013				NRCI Component Results, Quarter 4 for 2013			
	Improving over last quarter	Staying the same as last quarter	Worse compared with last quarter	NRCI Q3 2013	Improving over last quarter	Staying the same as last quarter	Worse compared with last quarter	NRCI Q4 2013
Overall Economy	47.7%	48.8%	3.7%	72.0	28.2%	65.0%	6.8%	60.7
Overall Economy Where Panelists Do Business	52.3%	42.2%	5.5%	73.4	33.7%	55.8%	10.6%	61.5
Panelists' Construction Business	47.7%	45.9%	6.4%	70.6	49.5%	41.6%	8.9%	70.3
Nonresidential Building Construction Market Where Panelists Do Business	50.5%	42.2%	7.3%	71.6	38.8%	50.5%	10.7%	64.1
Backlog in Months	High	Median	Low		High	Median	Low	
Approximate Current Signed Backlog	24.0%	9.0%	--		36.0%	9.0%	1.0%	
	Grow faster than last quarter	Stay about same as last quarter	Shrink compared with last quarter		Grow faster than last quarter	Stay about same as last quarter	Shrink compared with last quarter	
Expected Change in Backlog	40.7%	46.3%	13.0%	63.9	39.8%	40.8%	19.4%	60.2
	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	59.6%	40.4%	0.0%	20.2	56.7%	42.3%	1.0%	22.1
Cost of Labor	56.9%	43.1%	0.0%	21.6	52.4%	47.6%	0.0%	23.8
	Improving over last quarter	Same as last quarter	Declining compared with last quarter		Improving over last quarter	Same as last quarter	Declining compared with last quarter	
Productivity	9.2%	82.6%	8.3%	50.5	5.8%	85.6%	8.7%	48.6

NRCI 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.

HOW TO BECOME AN NRCI PANELIST

If you are an executive for a construction firm in nonresidential building markets and would like to become a panelist for the *FMI Nonresidential Construction Index*, please send your information or questions about this survey to Phil Warner at pwarner@fminet.com. The survey is sent to panelists quarterly and should take approximately 10 minutes to complete. Panelists will receive the full quarterly report free of charge.

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.

ABOUT THIS REPORT

The data in this report is presented as a sampling of construction industry executives voluntarily serving as panelists for this survey. The responses are based on their experience and opinions, and the analysis is based on FMI's interpretation of the aggregate results. All trends are based on a limited series of data that may or may not represent the larger population. We must caution that major decisions should not be made without additional investigation and research of specific geographic and construction market segments.

FMI

Sixty Years

About FMI

FMI is a leading provider of management consulting, investment banking† and research to the engineering and construction industry. We work in all segments of the industry providing clients with value-added business solutions, including:

- Strategic Advisory
- Market Research and Business Development
- Leadership and Talent Development
- Project and Process Improvement
- Mergers, Acquisitions and Financial Consulting†
- Compensation Benchmarking and Consulting
- Risk Management Consulting

Founded by Dr. Emol A. Fails in 1953, FMI has professionals in offices across the U.S. We deliver innovative, customized solutions to contractors, construction materials producers, manufacturers and suppliers of building materials and equipment, owners and developers, engineers and architects, utilities, and construction industry trade associations. FMI is an advisor you can count on to build and maintain a successful business, from your leadership to your site managers.

† Investment banking services provided by FMI Capital Advisors, Inc., a registered broker-dealer and wholly owned subsidiary of FMI.

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