MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the Martin Marietta Materials Inc. Q3 2009 Conference Call. Today's conference is being recorded. At this time, I would like turn the conference over to Mr. Stephen Zelnak, Chairman and Chief Executive Officer. Please go ahead, sir.

Stephen P. Zelnak, Jr., Chairman and Chief Executive Officer

Thanks for joining us today. I have with me Ward Nye, President and Chief Operating Officer and Anne Lloyd, our Chief Financial Officer.

The third quarter was very difficult one as volumes continued to be well below our expectations. Construction activity continues to decline based on tight credit markets and the short fall in revenue at state departments of transportation. We also experienced another wet quarter which didn't help. Total net sales declined 18% with earnings per diluted share coming in at $1.23 versus a $1.57 in the prior year period. In spite of the challenging conditions, we achieved an EBITDA margin of 31.4% versus 29.9% in the prior year period. We view this as exceptional performance given business conditions.

Heritage aggregates volume dropped 22% with all of major geographic units showing a decrease. Pricing in aggregates increased 1% versus the prior year period with the major negatives in Florida and the river markets. Increases in the other areas averaged mid-single digits.

At this time, Ward Nye will cover some of the detail related to the operating units.

C. Howard Nye, President and Chief Operating Officer

We continued to confront the most significant volume decline our industry has seen since the Great Depression. Specific geographic volume declines range from down 38% in North Georgia to down only 1% in East Texas.

Aside from those sales volume extremes, some of the hardest hit areas for our company included Florida, down 36%; Ohio, down 30%; Carolina, off 27% with Charlotte and Central North Carolina down around 29% and Raleigh, off 27%. San Antonio dropped 26% and North Texas was off 24%. Our river area was off too, but on a comparative percentage basis in the high teens.

Against such an extended volume fall, our operating personnel have been aggressive in thoughtfully managing our cost profile. The results of their sustained efforts include a 14% reduction in both quarterly and year to-date direct production costs for the Aggregates operations mitigating expected increases in depreciation and pension expenses.

Quarter-on-quarter cost savings in personnel, maintenance and repair and supplies were all achieved. In addition, energy savings have been significant as diesel fuel prices decreased in the third quarter from their peak in 2008.

Compared to the prior year period in heritage aggregates, this decrease in diesel pricing together with the reduction in actual consumption contributed to $17.5 million decline in diesel expense for the third quarter and a $49.9 million decline year to-date. Our quarterly average cost per gallon for diesel was $1.75.

Following 14 consecutive quarters of aggregate volume decline, our business remains one of the few industries that continue to see an overall price increase albeit at reduced levels. To be specific, we broadly saw more markets with price increases than price decreases. However, decreases were as low as 12% in some areas and similarly were up as much as 12% in others. The range of pricing is tighter for the year to-date period, ranging from a price increase of 9% to a decrease of 4%.

The geographic areas in which we saw the greatest quarterly pricing pressure was Florida, the river and portions of the South West. Despite unusually wet weather in July and August which contributed to a 15% quarter-on-quarter volume decline in Iowa. Our Midwest Division had record third quarter earnings. Divisional shipments were underpinned by infrastructure work, both stimulus and traditional Department of Transportation budgeted projects.

As previously indicated, Iowa was particularly aggressive in getting recovery act projects underway and as such, stimulus shipments are expected to grow to nearly 1 million tons by year-end in the Midwest Division.

Infrastructure projects were further complemented in the Midwest by alternative energy jobs specifically wind farms. Together with an aggregates volume decline that was not as steep as in many markets, our operating personnel managed the cost side of the equation very well. Among other things, this meant calibrating divisional plant workloads that vary greatly, some being extremely busy while others work reduced hours. We believe our operational actions and the quarterly results in our Midwest exemplify what will happen across our business as varying degrees of volume return to our well placed quarry locations.

Our Magnesia Specialties Division also had an outstanding quarter driven by good cost control, lower natural gas cost, solid production and disciplined pricing. The result was operating earnings of $11.9 million, $3.3 million greater than the prior year quarter.

This represents record earnings for the three-month period as gross margin for the third quarter expanded nearly 1,200 basis points to a record 36.4%. And operating margin expanded over 1,200 basis points to a record 30.2%. With steel and finished product inventories at relatively low levels, we saw greater steel mill activity and consequently our dolomitic lime business experienced some of its best production and sales volume since September 2008.

Particular strength was demonstrated in our hydroxide slurry and CellGuard product lines. We continue to see an increase in the level of bidding activity at state departments of transportation have until March 2010 to obligate all stimulus funds.

Nonetheless, one of the larger issues for stimulus remains one of timing. The American Road & Transportation Builders Association or ARTBA provides twice monthly updates on stimulus obligations and expenditures. Their latest report reviews data provided by the Federal Highway Administration as of October 16, 2009. At mid-October, states have obligated $19.6 billion or 72.8% of the $26.9 billion of Recovery Act funds available. States have approximately 4.5 months to allocate the remaining $7 billion or return the money to the Federal Highway Administration.

Payments to contractors have almost hit $3 billion. Nationwide, ARTBA reports 11.2% of stimulus funds have been paid out to the states and the District of Columbia. To-date, 14 states have paid out over 20% of their total state and local recovery funds. However, of the 14 states only Iowa, Nebraska and Oklahoma are significant Martin Marietta states and our aggregate locations in each state benefited. Conversely, North Carolina paid out close to the national average, while Texas has paid out only 7.2%.

We received purchase orders for stimulus financed jobs in virtually every state in which we operate. Total shipments through the third quarter have exceeded 2 million tons and existing purchase orders exceed 5 million tons. As we have indicated, we expect shipments to begin providing a welcome infrastructure volume lift through 2010. It's important to remember however that aggregate shipments becoming increasingly weather sensitive in late fall and winter. We now expect that about 15% of the tons related to stimulus jobs will ship in 2009, approximately 70% in 2010 and reminder in 2011.

In the final analysis, when measuring these varying operating components cumulatively, despite significantly reduced aggregates demand and increased pricing pressure, we delivered third quarter consolidated gross profit margin of 27.5%, the highest quarterly consolidated gross margin reported this year. And on that note, Steve will continue with his comments on the quarter and the balance for the year.

Stephen P. Zelnak, Jr., Chairman and Chief Executive Officer

We continued to do a good job of managing SG&A cost as expenses declined $4.8 million or 13% for the quarter compared to the prior year period. For the year, SG&A expense is down $10.6 million or 9% after absorbing increased pension costs of $4.8 million.

Also we continue to reduce capital spending as volume contracts. We now expect capital spending for the year to be approximately $150 million versus our initial plan of $185 million. That compares to an estimated depletion, depreciation and amortization for the year of $178 million. Even at that level, we will be investing in some growth projects in selected markets.

Despite the challenges, we continue to maintain a strong balance sheet. We ended the quarter with $194 million in cash equivalents and have a total of $423 million of borrowing capacity on our secured accounts receivable facility and revolving credit agreement.

As of September 30th, our rate of debt to 12 months' trailing EBITDA was 2.95 times well within our leverage covenant of 3.25 times. Netting out the cash on hand, the ratio is 2.5 times. We remain in a strong position particularly as compared to many other companies in our industry sector.

As we look at weak construction activity, we expect to have an unusual number of plant shutdowns in the fourth quarter of 2009 that will continue into the first and second quarters of 2010.

For the remainder of 2009, we now expect aggregates' volume to be down 21 to 23%, with pricing up 2 to 3%.

We expect Specialty Products to contribute $31 million to 33 million in pre-tax earnings.

This should produce net earnings per diluted share of $2.20 to $2.45. Based on our early look at 2010, we expect volume to increase moderately in our Aggregates business led by stimulus work and home building. Also we expect pricing to improve 2 to 3%.

In Specialty Products, we expect earnings to increase in both our dolomitic lime and magnesia chemicals product lines.

At this time, I'd be pleased to take any questions that you may have.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] We'll take our first questions from Arnie Ursaner with CJS Securities.

<Q – Arnie Ursaner>: Good afternoon.

<A – Stephen Zelnak, Jr.>: Hey, Arnie.

<Q – Arnie Ursaner>: My question, Steve you mentioned you plan to shut an unusual number of plants for the quarter and given the high fixed cost of your business, can you give us little bit of feel for what inventory you have on the ground, what sort of cost it has, and given the volume declines you are looking for, should we assume, I mean -- you mentioned a large number of plants, in the past you used to not make money in the first quarter because the season would start slow. I assume you are shutting them down much earlier than normal? How should --

<A – Stephen Zelnak, Jr.>: Yeah, we will be shutting down plants earlier on average than we typically do based on low demand. Expectation is that we are going to keep them down longer than we typically do on average.

The issue that we have with respect to inventory is one of inventory by size balance. And what really creates issues at this point is that you will have a plant that will have some business. That business will be concentrated in one size that you have to make in order to meet the customer demand.

In turn, you will accumulate other sizes of material that become inventory, they may go in to the calculated inventory numbers that we present to you or they may go in to what we call capped inventory, which increasingly we're seeing that category where we have more material on the ground than we think we're going to be able to sell within a year and the policy is that we will cap the inventory at that level. So effectively -- we count it in our inventory tons, but we do not put a value on it.

What happens when the economy picks up, every time since I've been in this business, is that you begin to get better balance and you have that inventory that is on the ground but not booked and therefore you get some real benefit because you have already expensed the cost of that material. And as you know, rock doesn't spoil. So it'll be there when the business comes back.

<Q – Arnie Ursaner>: Okay. And overall your volume view for 2010 is it a little premature to try to think about that?

<A – Stephen Zelnak, Jr.>: Well, based on what we know today, we think we're going to have a moderate increase. The view really hasn't changed in terms of categories, if you look at stimulus, it's clearly gotten pushed over more to 2010. Some of that has to do with execution, some of that has to do with weather. And we will see more of the stimulus concentrated in 2010 that should be a positive.

We continue to believe that we'll see some increased home building activity. Our other category which is railroad ballast, ag lime and flue gas desulfurization should be an upper and then we're going to have the very ugly piece of it, that is about 30% of our business that is non-residential construction and that's going to be down sharply, but too early to say how much. So that's what we're dealing with.

<Q – Arnie Ursaner>: Thank you very much.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: Thank you. And next we'll go to Garik Shmois with Longbow Research.

<Q – Garik Shmois>: Hi, thanks, good afternoon. First question is, Steve if you could clarify in the press release you said you are starting to see pricing return to levels consistent with the full year. Are you seeing, I guess easing in the intensive environment or is this a geographic or product mix which should get pricing up, I guess, in the fourth quarter more in line with what we saw in your full year guidance?

<A – Stephen Zelnak, Jr.>: It's much more geographic and product mix. The mix we had in the third quarter tended to pull it the other way, expectation in the fourth quarter is it's back to a more normal mix. And we've tried to peg pretty candidly where we think pricing is going to be this year and next.

We believe we'll see some price increases next year, but do not underestimate the level of competition. If you look at where we are volume wise, we are at the end of the third quarter from peak on a 12 month moving total. We are down 36%, that is greater than the 34% decline in the 1980s and you have to go back to the 1930s to find a more significant rate of volume decline in this industry. And the fact that we're able to get a little bit of pricing in this kind of environment says a lot about the industry.

<Q – Garik Shmois>: Sure.

<A – Stephen Zelnak, Jr.>: In a positive way.

<Q – Garik Shmois>: Yeah, definitely. Are you getting the sense that competitors, you mentioned it's extremely competitive out there. Do you get the sense they're getting closer to cash costs and some of the competition might let up over the next maybe one to two quarters?

<A – Stephen Zelnak, Jr.>: Certainly in some markets, they seem to be playing the game that way more so than they have throughout this downturn. We're seeing some very aggressive pricing in some markets which we indicated. The reason we gave you the spread of pricing from minus 12 to plus 12 just to indicate to you that there is a huge variation based on the individual markets and you can typically correlate that with particular players in those markets.

<Q – Garik Shmois>: Sure. And just lastly you highlighted the performance in the Midwest and in Iowa in particular. Could you provide maybe some color with regards to what kind of margins you are seeing with a little bit of volume and do you think these margins can be replicable I guess in other markets?

<A – Stephen Zelnak, Jr.>: Well, we are holding margins very nicely out in that area even in the midst- I mean we had declines, double digit decline in volume in Iowa during the quarter. Iowa, Nebraska, Minnesota area. What we've said as volume comes back is that we have an expectation that we are going to see incremental margins that are going to be in the 60% range. We haven't seen anything yet that would cause us to alter that view in the margins. Anne just looked up the margin performance in Midwest is actually up 490 basis points.

<A – Anne Lloyd>: And well above the corporate average.

<A – Stephen Zelnak, Jr.>: Yeah.

<Q – Garik Shmois>: Right.

<A – Stephen Zelnak, Jr.>: So it's nice to have a little volume coupled with cost cutting.

<Q – Garik Shmois>: Sure. Thank you very much.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: Thank you and our next question comes from Kathryn Thompson with Thompson Research Group.

<Q – Kathryn Thompson>: Thank you very much for taking my questions. How much of the guidance cut today is due to your public spending outlook versus other factors such as weather?

<A – Stephen Zelnak, Jr.>: It's a combination of both, Kathryn. On the weather front, you and others doing a lot of individual market polling to try to assess things. If you've been doing it, which I'm sure you have, you know it's been raining. In the biblical 40 days and 40 nights we've seen a fair amount of -- certainly not the quantities but -- a lot of rain days. October, the key months for us during the year are May, August and October and the key month in the fourth quarter is October. And I can tell you October was a very wet quarter based on the number of rain days, and impact on business.

So we have factored that in and then the other part of it is that with the uncertainty with respect to transportation budgets, the states are being very cautious and it's pretty hard to blame them. They don't know exactly how the Congress is going to play it, the politics go back and forth and they also have uncertainty about the revenue stream based on their own individual state collections, gas taxes and other fees. So they continue to be very cautious unlike the Federal Government, they can't print money, they have to balance a budget. So, it's both.

<Q – Kathryn Thompson>: If you had to handicap between the two, which would you say was the greater influence for the balance of the year?

<A – Stephen Zelnak, Jr.>: Yeah I'd split it pretty close to down the middle. Maybe it's 60-40 one way or the other, but both are significant influences.

<Q – Kathryn Thompson>: Could you talk -- just give a little bit more color by region about volume trends since the quarter end?

<A – Stephen Zelnak, Jr.>: Since the quarter end? No. We'll address that when we talk to you after the close of fourth quarter.

<Q – Kathryn Thompson>: Sure, okay. Also hearing some rumblings in the market of some players delaying price increases in certain markets. Are you seeing that and what are your thoughts on that trend?

<A – Stephen Zelnak, Jr.>: I think that will certainly be there in certain markets. That's why you're looking at a 2 to 3% rate of price increase as opposed to some of the higher rates of increase that we've seeing in recent years. It's certainly buffered down.

<Q – Kathryn Thompson>: Okay.

<A – Stephen Zelnak, Jr.>: No surprises there.

<Q – Kathryn Thompson>: Okay. I know that -- obviously you've been having to manage inventory with the mix and the type of rock that's needed for some stimulus projects. You've talked about that in previous quarters. I wanted to get an update of how is that inventory management going and how do you see about tackling that through the next couple of quarters as we deal with the -- what we're doing with the public spending and obviously whether that's happening in the near term?

<A – Stephen Zelnak, Jr.>: Well, our run rates are really going to be dictated, I think pretty much throughout country by the demand for asphalt stone, that's really the driver.

<Q – Kathryn Thompson>: Sure.

<A – Stephen Zelnak, Jr.>: You tend to be short on the asphalt stone side and when you make it, you are going to be long on the base stone side. And if you look at the competition in the individual markets, you'll find a lot of the pricing competition really reflected in base stone prices, most players were long on that product. The concrete stone sort of falls out in the middle and the same thing with sand or screenings that are used in asphalt.

<Q – Kathryn Thompson>: Do you have the stuff about targets for inventory management? I mean particularly for those products and just overall inventory, just something so that we can keep an eye out on?

<A – Stephen Zelnak, Jr.>: It really doesn't work that way. If you want to serve your customers and they have work then you're going to have to tee it up and produce what it is that they need. Remember that lot of these asphalt plants are located on our quarry sites.

<Q – Kathryn Thompson>: Absolutely.

<A – Stephen Zelnak, Jr.>: And there is no way that we can let a customer down. So the type of work out there dictates what you must produce and then you're going to wind up with an inventory residual beyond that some of which will go into accounting inventory, all of which will go on the ground, some of which will not go into accounting inventory and we will save it for another day.

<Q – Kathryn Thompson>: Okay. And not to beat a dead horse. So I assume that when you are shutting down some plants early that should help the overall inventory level?

<A – Stephen Zelnak, Jr.>: Yeah. It's an effort to control and it's being done where we have adequate, we think we have adequate quantities of all sizes to meet demand during the winter period, the slower period. If we don't, we typically have a plant nearby that can supplement or we may have to crank back early, cranking back up early would be a joyful thing.

<Q – Kathryn Thompson>: Absolutely. Great, thank you very much.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: Thank you. And our next question comes from Carl Reichardt with Wells Fargo Securities.

<Q – Carl Reichardt>: Hi, guys, thanks for taking my call. I want to go back to the cash cost question you mentioned in the release, the competitors need for cash flow and setting prices relative to their cash costs, can you explain to me what -- how far on the worst case scenario is that below what your costs would be, are they discounting 10%, 20%? I'm just a little unclear on that.

<A – Stephen Zelnak, Jr.>: Well you don't play in this business unless you're cost competitive. So we think we're cost competitive. Remember that in our business the customer buys delivered costs, so it's not just the plant cost, it is the plant cost plus the transportation to get it to a particular spot. So that's what you're really competing with. So, a competitor -- I'll put it to you this way, you could have the most efficient competitor in the aggregates business and they might have a cash cost advantage of $0.25 a ton on some other player, that's about one mile of transportation by truck.

<Q – Carl Reichardt>: Right, okay, thanks.

<A – Stephen Zelnak, Jr.>: So that's not the driver.

<Q – Carl Reichardt>: I understand. And then if I look at the segments, I'm curious as of now not deep but now, where is the commercial segment the most important to you in terms of the three geographic segments? Where's the greatest, what's the greatest portion of your -- where is it the greatest portion of your business now?

<A – C. Howard Nye>: Where's the greatest portion of our road up business right now?

<Q – Carl Reichardt>: Yeah, for commercial yeah.

<A – C. Howard Nye>: It's going to be in the heavier, industrial commercial type of work.

<Q – Carl Reichardt>: No, I meant geographically. So, is it mainly Southeast or West?

<A – C. Howard Nye>: At this point we are seeing more of it in the Midwest and portions of the West that any other spot in our portfolio as we speak.

<Q – Carl Reichardt>: Okay. Great.

<A – Stephen Zelnak, Jr.>: It's fallen off dramatically in the Southeast which used to be the driver in the Southeast and we've seen that business retrench to levels that we just haven't seen, I haven't see in my career with is kind of a long one at this point. The Southwest has pulled back sharply. The Midwest continues to perk along very nicely.

<Q – Carl Reichardt>: Great. I appreciate. Thanks very much guys.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: Thank you. And we'll take our next question from Trey Grooms with Stephens Inc.

<Q – Trey Grooms>: Good afternoon.

<A – Stephen Zelnak, Jr.>: Hey, Trey.

<Q – Trey Grooms>: Steve, I guess, the main thing I'd like to get your input on right now, I mean I knows there's a lot of uncertainty right now regarding the Federal Highway Bill and I'd really just kind of like to get your thoughts on how you see that shaking out?

<A – Stephen Zelnak, Jr.>: Boy I wish I knew.

<Q – Trey Grooms>: I know it's a tough one but just as far as I guess best case scenario in your mind on -- or I guess the most likely scenario in your mind on how it shakes out?

<A – Stephen Zelnak, Jr.>: Well, the politics of it are really going to be interesting. You've got some, three particular elections that are coming up that have been highlighted. And if Republicans win those elections in New Jersey, New York and Virginia, I think there is going to be some real pressure on Democrats to step back and do some rethinking and you're going to have a tug-of-war on the Democratic side. You'll have an administration that may be more inclined to want to keep putting it off. And you are going to have people in Congress who all of a sudden feel threatened who think they might want to roll that forward. So how the politics of that will play, I don't know but I do think if Republicans are successful in early November it will put more pressure on to address it earlier.

If you think about the GDP numbers in the third quarter and I was reading some economic analysis the other day which I don't know that it's precisely accurate, but I suspect it's in range. The net analysis indicated that 92% of the GDP increase in the third quarter was based on stimulus and inventory rebuilt which says effectively you had nothing going on. Now you come in to the fourth quarter and I can tell you that in our view, the underlying economy certainly hasn't gotten any better.

You go into the first quarter pretty hard to see it getting much better then. It's probably second quarter before you got a chance for a real lift. So I think there's going to be some news that will come out, that will put again increasing pressure on the Congress to take some actions. So, am I optimistic? I'm probably a little more optimistic than I ought to be for ugly reasons.

<Q – Trey Grooms>: Okay. And thanks for that. And then I guess one last question is, can you guys give us an update on the M&A front, kind of what you guys are, what's going on there, what the top line looks like? Anything interesting out there to you guys?

<A – Stephen Zelnak, Jr.>: Well, we continue to be busy. We got a couple of small ones under letter of intent, Ward might want to comment on, give you little bit of flavor there.

<A – C. Howard Nye>: Trey, we've got -- as Steve said, we have two relatively small ones under an LOI. We're going through diligence on those right now. We've got probably four or five others in addition to that, that we're valuing right now. We'll have letters of intention heading out here in the very near future. So as we rack it up, there're probably six or seven different specific activities that we're looking at right now.

<A – Stephen Zelnak, Jr.>: The value on the LOI transactions would be $150 million so not big, but they're very good fits would be very important to us, if we can bring those to fruition. We did have one larger deal that we have been working for a while, up in the couple hundred million dollar range that would sort have been put on the backburner right now. We'll see whether or not it gets resurrected, where it goes.

<A – C. Howard Nye>: Trey, we keep our score two ways, we keep the score by the deals that we did and sometimes by the deals that we didn't.

<Q – Trey Grooms>: All right. I understand. Thanks a lot.

<A – Stephen Zelnak, Jr.>: We're kind of proud of the ones that we didn't do that we had the opportunity to do.

<Q – Trey Grooms>: That's helpful. Thanks.

Operator: Thank you. And our next question comes from Mike Betts of JPMorgan.

<Q – Mike Betts>: Yeah, hi, Steve.

<A – Stephen Zelnak, Jr.>: Hello, Mike.

<Q – Mike Betts>: I had three questions, if I could. One, returning to this the river system and the weakness in the market there. I'm obviously pretty aware of why there's weakness in the Southeast, but the river system, I mean is that linked because they're supplying the markets in the Southeast. And looking at the data that seems have risen particularly in the third quarter, I mean is there anything specific going on there?

<A – Stephen Zelnak, Jr.>: It just abruptly slowed down. Now we think that we'll get some lift there because of Corps stimulus or Corps of Engineers stimulus work. We've got a pretty good backlog, but in Q3, we just saw an abrupt down shift, which frankly was not expected because the river had perked along pretty well all year. So, nothing that we can note that would cause that specific category. I think it's more stimulus work being pushed out by the Corps but there is a quite of backlog of that.

<A – C. Howard Nye>: It's interesting, Mike if you looked at it, there are probably 40 plus stimulus jobs in that market all by itself, the largest pieces of which would be Corps work.

<Q – Mike Betts>: Okay. Thank you for that. I look at that price change or the trend in that Southeast region, was that caused by the decline more in the river than anything else that changed from six months to what you saw in Q3 or was that weakness pretty much spread across the region?

<A – Stephen Zelnak, Jr.>: Now that's still Florida. Florida is the key driver in that. Florida has become an ultra competitive market. Lot of excess capacity in Florida, huge drop-offs in capacity utilization. Not unusual to see the Florida-based competitors having pullbacks from peak as much as 70%. So, obviously there is a desire to try to run the plants a little higher level. And at same time, you still got to the Lake Belt litigation perking, the engineers that work down there, we will see what the outcome of all of that is.

<Q – Mike Betts>: So in your markets, Steve or Ward, would you have seen close to a double-digit decline in Florida in pricing?

<A – Stephen Zelnak, Jr.>: Yes.

<Q – Mike Betts>: Okay. My second question, if I could. The corporate charge, when I look at the regional earnings split was quite a lot lower this quarter. I'm looking on page nine of the press release. I mean is there anything particular behind that? I'm looking at the earnings from operations right at the bottom there minus 3.8 rather than minus 6.1 a year ago. And the run rate for the year nine months is 21.1. So, it seemed quite a bit lower, was there anything specific there?

<A – Stephen Zelnak, Jr.>: No, just overhead reduction, which we've been doing pretty well.

<Q – Mike Betts>: Okay. That leads, very nicely, Steve, to my final question. You've obviously talked about pricing for 2010, can we talk briefly about cost for 2010; I mean I can't see that there is any great inflation that's in there in the system, maybe correct me if I am missing something. Secondly, I mean what sort of carry over in terms of cost reductions that you haven't had the benefit of for the full year in '09 would you be carrying forward into 2010? Is there anyway of giving me a guide on that?

<A – Stephen Zelnak, Jr.>: I can give you a little bit of anecdotal guidance. If you look at energy, obviously we have seen a significant reduction and if you look at energy pricing today, we ended the third quarter at $1.75 a gallon. If you look at the fourth quarter of last year, we had $1.78. So diesel has flattened out, expectation as we go into next year is it probably stays in a similar range.

If you look at supply items that we buy, consumables, I would expect that we would see some modest reduction on consumables. We would also see some modest reduction on services that we buy, repair and maintenance services in particular. Stripping costs, so those kinds of things, which people in those businesses are capacity driven also and have low utilization rates.

Beyond that I think our labor cost is going to be very well behaved. I don't see any upward pressure, unless we have another energy bout, which none of us can really predict. So, I think cost will be well behaved, the key to our year next year is moderate volume increase because we get such [inaudible] incrementals with a little bit more volume, that's going to be critical. Little bit of pricing, a little bit of volume and well behaved cost, racks up and leads to some good outcome. So that's the scenario for 2010.

<Q – Mike Betts>: Okay, that's great. Thank you very much.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: Thank you. And or next question comes from Timna Tanners with UBS.

<Q – Timna Tanners>: Yeah hi. Good afternoon.

<A – Stephen Zelnak, Jr.>: Hey, Timna.

<Q – Timna Tanners>: Hey. Wanted to follow-up on the question about M&A, just to ask in general about your priorities for cash use. You talked about cutting back CapEx, and as we extend that into next year and look at your free cash flow in this recent quarter, looks like you could be generating quite a bit of cash. So just wondering if you could give us some priorities that you would think about for using that, M&A or otherwise?

<A – Stephen Zelnak, Jr.>: Well priorities, I mean we're not going to pass up good opportunities. If we find good opportunities that are of size, then we would have to round up more equity capital in order to balance out our equation. First priority for excess cash would be debt repayment, clear and simple. We think in this environment as risky as it is, that we ought to make sure that we take care of the debt side of the equation. In fact that's what we're doing. We've got a maturity that comes up in April of next year. We've already accumulated more than sufficient cash to pay that down. We're in great shape with our borrowing capability.

So we've got a lot of firepower to do whatever it is we need to do. But at the same time, I think it's a time to work your balance sheet in a conservative manner. So you should not expect to see us in a stock buyback mode in 2010, I think that's very unlikely. I think we'll concentrate on debt and hopefully some more M&A opportunities.

<Q – Timna Tanners>: Okay, great. And then the other question I have was about the Specialty Magnesia business because the improvement was quite remarkable, and you talked about improved steel conditions. But, utilization for steel mills in the third quarter was still just 54%. So, how much of this improvement should we continue like to see going forward given, is it directly proportional to utilization or how should we think about the drivers there?

<A – Stephen Zelnak, Jr.>: Well, the interesting part of that business is that we are vertically integrated with respect to the lime component which is a very nice component of the business for us. We feed lime to our Magnesia Chemicals business as a starting point for manufacturer of the mag. chem. So, we're selling lime into the steel industry and then we're feeding a portion of that lime to ourselves. Depending upon relative demand, we could feed anywhere from 25% to a third of that lime to our own operations and to the extent that we have good demand in magnesia chemicals that really helps the lime component of our business and that's part of what's going on here.

The Mag Chemical business is doing well. We had a very good quarter with respect to our magnesium hydroxide business which is a neutralizing agent with our CellGuard business into paper, which is a neutralizing agent So it's not just steel. In a time gone by, steel dictated where that business went that's not the case today.

<Q – Timna Tanners>: Okay, great. And is this going to be your last conference call as CEO, can you remind us where that stands?

<A – Stephen Zelnak, Jr.>: That's for you to speculate about, if you're telling me that I'm getting older, you're not the first person who said that.

<Q – Timna Tanners>: No, no, I've heard commentary from the organization about timing. I'm not trying to speculate. I'm just asking for some clarity there, sorry.

<A – Stephen Zelnak, Jr.>: See, the more polite people say that, you know, I don't look it, but when we get to a point- it's no secret that certainly I'm coming up toward retirement. When we get to the point where it's appropriate to lay out the plans specifically, we will do that for you.

<Q – Timna Tanners>: Understood. Thank you.

<A – Stephen Zelnak, Jr.>: Not time to do that yet.

<Q – Timna Tanners>: No, not rushing you out, anyways. Thanks.

<A – Stephen Zelnak, Jr.>: Thanks, Timna.

Operator: Thank you. And our next question comes from Jack Kasprzak with BB&T Capital Markets.

<Q – Jack Kasprzak>: Thanks. Good afternoon, everyone.

<A – Stephen Zelnak, Jr.>: Hey, Jack.

<Q – Jack Kasprzak>: Hi. The comment in the press release about how industrial jobs, including alternative energy have been good through the year so far, but now your customers are reporting a decease in the number of heavy industrial construction jobs and backlog are coming up for bid. Is that- could you talk a little bit about that, does that include alternative energy projects that you thought might happen and are getting pushed out or is there something else going on there?

<A – C. Howard Nye>: Jack, this is Ward. Good afternoon.

<Q – Jack Kasprzak>: Hi, Ward.

<A – C. Howard Nye>: It certainly includes that among other things. And part of what we've seen with alternative energy projects in particular is they can be there and go away or they cannot be there and suddenly show up. So I think, what we're trying to gauge right now is really how much of the work that we hope will be there next year, will in fact be there.

What we've seen in some of the markets where that's pulling away is we've seen some pick up in infrastructure work in candor but still when we sit back and simply look at that commercial piece of it, that's 30% of it, clearly the office and retail has been a very, very difficult place right now. And the heavier side of it as well is suffering a little bit and catching its breath.

<A – Stephen Zelnak, Jr.>: If you take some specific projects, Jack. I would speculate that you probably won't have a new steel mill started in 2010, which have been a couple of them ongoing over the past 18-24 months. I seriously doubt that you're going to have a major new automotive plant started which we have had Volkswagen in Chattanooga.

Given the discoveries of natural gas, the natural gas production rates in the United States, pretty tough to believe that significant expansion in LNG terminals is going to be a priority. So you have some things that are changing here. And it'll be a question of what leads. We do think that energy is going to continue to lead. We do believe that with the financing available for wind energy and that with wind energy being an administration priority that we're going to continue to see those projects move forward.

But as Ward said, that they show up, they get pulled, they show up again, the same project, very difficult to predict. But, overall we're fairly optimistic about that and we've mentioned before that there are some nuclear plant projects, where the utilities are getting underway even though they do not have full permitting. But, their confidence enough that they're going to get it and it takes so long to build it that we have orders on nuclear plant projects and we would expect that to continue. So, fairly optimistic about that piece of it.

<Q – Jack Kasprzak>: I probably don't have the number right, but I think there are at least two nuclear plants where they have broken ground right now, is that?

<A – Stephen Zelnak, Jr.>: Yes, and potentially a third one coming. So, in fact we have orders [inaudible]

<Q – Jack Kasprzak>: Okay, thanks for that. And with regard to SG&A, question was asked earlier about cost, but the third quarter SG&A run rate just for modeling purposes, is that a pretty good bogie on a quarterly basis going forward?

<A – Anne Lloyd>: Yes, it should be, Jack.

<Q – Jack Kasprzak>: Okay, great. Thanks a lot.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: Thank you. And our next question comes from John Baugh with Stifel Nicolaus.

<Q – John Baugh>: Good afternoon and thanks for taking my question. The Tar Heel State, I'd love some commentary on, you said 29% down I believe in aggregates in Q3. How does that compare to the first half for the year, number one. And any color on, whether the weakness you're seeing in North Carolina is more -- obviously, the private sector is down, more than public. But, whether the rate of change is more in the public side then the commercial side in the third quarter, and then any color on that particular state budget challenges as it relates to other key states in your geographies? Thank you.

<A – C. Howard Nye>: Certainly, you passed a load up, John. Here's the quick take on it. Realistically, North Carolina from a budget perspective probably looking at a $900 million type budget for next year. We're a state that would have been accustomed to a 3 billion-ish budget several years ago. So no question North Carolina from that perspective is feeling some pain. And I think what you can see, is you can see that very much in the numbers. If we looked just to Carolina generally, when I say that to you that's going to be North and South Carolina, but in Q1 it was 37% down and in Q2, 30 and in Q3, 27 and those are still big numbers anyway you look at it, at the same time the numbers are coming down, but still they're significant numbers.

I think what you're seeing when you look at North Carolina is you're willing to sit back and look at the three different markets. Charlotte is very much a financial market driven world and that is a world that because of everything that you and I know have gone on in those particular sectors of business has felt an enormous amount of pain. There is no question about that.

Similarly the Triad portion or Greensboro, High Point and Winston-Salem. If you really go back and look at this recession, several years back that's probably the area of North Carolina, that started feeling it in the first instance.

Which brings us lastly to the Raleigh district for us which is really from a volume perspective has been the relative bright star. Part of that's driven by the fact you got the state government here, it's the capital but the other things that's happened this year is a good example.

We have seen more work in North Carolina in Cumberland County, than we've seen in the entire Greensboro district and what's driven that is Cumberland County, if you take a look it, it's where Fayetteville is, it's home to Fort Bragg. So any place you have military installations has really done quite well. If you don't have military installations, you're going to suffer a little bit in North Carolina right now and that's what we've seen. But that's a march from west to central to east. I'm happy to taking any other portion of it. Is that responsive to your question?

<Q – John Baugh>: Yeah. And then what impact has the Toll Authority had, not just this year but I'm really thinking more about as you look out say over the next two to three years.

<A – C. Howard Nye>: Well it will clearly have more of an impact going forward. It's still a relatively new animal here. We've got ground that's been broken. We have tonnage that will be going to the projects, we have relationships with the contractors who are on the projects.

The good news from our perspective is we do have a Tow Away Authority here in North Carolina, which is an animal we have not historically had and we needed it desperately.

<A – Stephen Zelnak, Jr.>: The next project that is supposed to go with -- the first project was here in Raleigh that we've talked about before and that's grounds been broken as Ward indicated and we do have some of that work. The next project that is in the queue is the Monroe Bypass in Charlotte. That's a project that we're particularly well-positioned for, we'll see when that's let, but it's supposed to be let in early 2010.

<Q – John Baugh>: Great. Thanks for that color.

<A – Stephen Zelnak, Jr.>: Okay.

Operator: Thank you. And next we'll go to Chris Manuel with KeyBanc Capital Markets.

<Q – Chris Manuel>: Good afternoon.

<A – Stephen Zelnak, Jr.>: Hey, Chris.

<Q – Chris Manuel>: For the record, Steve, I think you're looking great, there is no need...

<A – Stephen Zelnak, Jr.>: I needed that after Timna's comment.

<Q – Chris Manuel>: I'm just kidding. Anyway. Question for you. First, when you think about -- looking in your press release you talked about this year being 35 to 50 million of help from energy, diesel related cost. When I went back through and added up the first, second and third quarters, I think I totaled up to something in the neighborhood of 65 or just a shade under. Am I doing the math right, are you basically implying that inflationary costs are going to slip in the fourth quarter and that you'll be behind by 15 to $30 million?

<A – Stephen Zelnak, Jr.>: Probably more accurately looking at a flattish environment on energy and you're correct that number is likely to be larger. We hadn't revised it but it should be a larger number.

<Q – Chris Manuel>: Okay, So --

<A – Stephen Zelnak, Jr.>: Very beneficial.

<Q – Chris Manuel>: I guess, where I'm thinking about this is, during – I know volumes have been a challenge for a period of time now and I appreciate you guys have done an outstanding job at taking costs out. But this year has been very, very favorable when you think of a cost price spread as inflationary cost have come down quite a bit and your prices still have been up.

As we look forward into 2010, oil's been up, diesels been back up. It would appear as though we have potential for some inflation to creep back into the system and I guess where I'm going with this is as you think about your pricing efforts for 2010, if inflation does creep back into the system, I realize it's become quite competitive in certain markets, do you feel that you will be able to, if you need to go out and get more price increases than 2 to 3% to keep your spread intact?

<A – Stephen Zelnak, Jr.>: If inflation, I'll speculate on this, my view, but if inflation comes back into the marketplace in any way that is going to get people's attention, it'll come from energy. Historically, that kind of inflation has come from wage inflation. I don't think you're going to see it because I don't think that unemployment is at a peak yet. So as I look at 2010, I do not see wage pressure which typically is a harbinger of an inflationary environment. So, I think it would be an energy event and I think energy events are probably the easiest thing for people to react to, people understand it, it's measurable and I think that's the place where you can make an adjustment. If it were the old variety where it's wage induced, much tougher to react to in this environment because of low capacity utilization. So that's my personal take on it.

<Q – Chris Manuel>: And the other question I had with respect to price, cost and thinking about how some of this could unfold is – if the fact that we don't have an extension or even another six year Highway Bill has probably made a lot of these projects being bid on today very short term in nature. And without -- would it make sense to you, that if we had a Federal Highway Bill back in place, and some two, three, four year projects begin to creep back into folks' backlogs that maybe we would see a little less volatility in the price that we've seen from region-to-region, quarter-to-quarter?

<A – Stephen Zelnak, Jr.>: I think your premise is right on target. I think what's lacking right now is that forward view of what backlog is going to be bid and to the extent there were a new Transportation Act in place with the kind of funding that has been discussed which is a significant increase. I think that would be the most helpful thing for our industry that could come about. I think ultimately it's going to be there, it's a question of timing. But sooner would be better.

<Q – Chris Manuel>: Okay. Last question I had was, I know it's early. You guys haven't gone through all your budgets yet. But when you think about the capital requirement for 2010, would there be any reason to assume that spending couldn't at least be at or below D&A levels again in 2010 like they have been in 2009?

<A – Stephen Zelnak, Jr.>: It will be below DD&A levels, probably will be in the same range of the 150-ish number that we just talked to you about is our estimate for this year. We're still formulating. So that may change a bit, but it's not going to change a lot.

<Q – Chris Manuel>: Okay, thank you very much, gentlemen.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: Thank you. And our next question comes from Clyde Lewis with Citi.

<Q – Clyde Lewis>: Good afternoon Steve, Anne and Ward. Two questions if I may. One again, coming back to the sort of competitive forces and appreciate you probably don't want to say, who is causing the most problems, but obviously one or two balance sheets have changed recently.

I'm sort of wondering whether that may be giving things a sort of slightly different picture for the fourth quarter and how things are currently feeling? Is that something that you're seeing or is it really much more sort of private competitors that are really causing the bulk of the problems on the pricing front?

<A – Stephen Zelnak, Jr.>: Actually, more of the independents are well behaved than I've seen in past recessions and obviously this is the deepest one that I've ever seen. So I don't think the independents are a major issue. Certainly there are some few of them who are problems in the marketplace but by-and-large I think they understand their business and they're just kind of biding their time.

With respect to the players that you referred to, obviously unnamed, if in fact there has been a change in thinking at the corporate headquarters, it has not made its way out to the field, the communication process is a little bit stunted. So we will watch to see if that happens but certainly no evidence of it to-date.

<Q – Clyde Lewis>: So the comments you're making about pricing in the early part of the fourth quarter is that all mix or is there some other movement there that--?

<A – Stephen Zelnak, Jr.>: No, it's mix, Clyde.

<Q – Clyde Lewis>: It's just mix, okay.

<A – Stephen Zelnak, Jr.>: -- both geographic and product, particularly geographic.

<Q – Clyde Lewis>: Okay. The second one I had going back to the new stimulus plan and you sort of touched on the sort of scale expectations. Can you give us your feeling as to where you think you might settle down when it's eventually signed up?

<A – C. Howard Nye>: You're talking about the new highway bill, Clyde?

<Q – Clyde Lewis>: The new highway bill, yeah, sorry.

<A – C. Howard Nye>: What's interesting Clyde is there's a huge amount of debate about the highway bill, but the portion of it that you see not debated is the amount. I mean right now it's really an issue of timing and we think the issue of timing may well be driven by the issue of jobs.

When you look at unemployment in the United States, you can look at what the unemployment is in construction sector, it's over 17%. Clearly higher than any other component really almost all by itself in the United States economy.

And our view is, we're going to see a bill in the $500 billion-ish range, the issue is going to be one of timing, and the issue is going to be one of which concerns how much of it if any is front loaded? That has certainly been a recent conversation that's going on right now. It's hard to say obviously where they are going to go with that from at least a bill size perspective. That's what we believe and timing is the issue.

<A – Stephen Zelnak, Jr.>: You have an administration and a Congress at least the party that controls Congress that has a tremendous appetite for taxing and spending. And the kind of number that has been posed for a new transportation bill reflects that. They know there's a need; both parties understand that there's a tremendous need. But based on their vigor in posturing other types of tax increases, I find it difficult to believe that they would not want to fund something that you actually put in the ground and it stays there called long term capital investment. So we'll see how they play it.

<Q – Clyde Lewis>: I mean in terms of funding, is it still veering in a more sort of a higher gas tax rather than sort of some other maybe external funding?

<A – Stephen Zelnak, Jr.>: Lot of different ideas out there right now. I don't think it's anywhere close to crystallizing. And in the history of politics is that you may ultimately to pull enough votes together and not just a few over what they need, but a very, very solid majority, you may wind up with a set of funding metrics that are different than what we've had in the past or that anybody's thinking about right now. So I think it's too early to speculate on that one.

<Q – Clyde Lewis>: Okay, okay. Thanks so much.

<A – Stephen Zelnak, Jr.>: Sure.

<A – C. Howard Nye>: Thanks, Clyde.

Operator: Thank you. Our next question comes from Ted Grace with Avondale Partners.

<Q – Ted Grace>: Hey guys. I just have a quick one, could you just frame out how you're thinking about or how you would suggest we think about free cash flow for 2010? And specifically addressing kind of working capital assumptions?

<Q – Anne Lloyd>: Ted, this is Anne, we're still a little early in that process to give guidance from that perspective particularly as granular as in a working capital perspective. I could tell you that I wouldn't expect free cash flow generation to be less than 2009. I mean the one thing this business has done is proved that it cash flows very nicely.

<A – Stephen Zelnak, Jr.>: We've already benchmarked capital for you and it's going to be in the same range. If you believe that the business will have a little bit more volume and a little bit more price and that costs are well behaved, you could put your own estimation metrics to that. Working capital, we certainly are very focused on controlling. It's pretty hard to see any significant movement in working capital.

<A – Anne Lloyd>: Well, the [inaudible] issue we might have in working capital, Ted, is that if we do get some modest increase in volume, we're going to build some receivables but not outrageously.

<Q – Ted Grace>: Okay, that's helpful. And just given the credit environment we're coming out of, you guys have typically kind of framed your leverage targets as 2 to 2.5 times debt to EBITDA. As we think about use of cash and de-leveraging, would it be fair to assume that you'll probably be aiming for the lower end of that range, just given what we've come through?

<Q – Anne Lloyd>: Well, I think you're going to look at that again -- my view, the next five years are going hold more cash than you normally would have held in the last five. You're probably going try to be a little conservative, but probably in the middle of that range. Depending on though what acquisition opportunities you have. If you've got really solid acquisition opportunities with good EBITDA stream, you might take more risks on the upper end of that range.

<A – Stephen Zelnak, Jr.>: We're certainly not afraid to go after something that's attractive but we're measuring them carefully. And the fact is on a net cash basis at the end of the third quarter, we're still at 2.5 (So there is not a lot that has to be done just running our business the way we're running it. Very quickly takes us under that on a net cash basis which is really the way we're looking at it because we've got some debt maturities coming up next year. We have another debt maturity coming up in 2011. And that gives us the ability to manage against that leverage target.

<Q – Ted Grace>: Sure, sure. I apologize if I missed it but in all the conversations about volumes in North Carolina, I don't recollect hearing you talk about pricing in either North Carolina or the Carolinas, anything you can kind add on that front?

<A – C. Howard Nye>: For next -- for 2010?

<Q – Ted Grace>: Well, kind of the current environment, and if you're willing to kind of look out to 2010 that'll be great too.

<A – C. Howard Nye>: Actually I wouldn't be willing to look out at 2010.

<Q – Ted Grace>: I believe it.

<A – C. Howard Nye>: If we're looking at the price environment, it's going to be in the mid single digit type of framework.

<Q – Ted Grace>: Up mid single-digits?

<A – Anne Lloyd>: Yeah, up above the corporate average.

<A – Stephen Zelnak, Jr.>: Yeah, much more competitive than that marketplace has been because of the volume declines. No question about that. But we've been able to get some modest price increases this year.

<Q – Ted Grace>: Can I just make sure I heard you write. You said up mid single-digits even in the face of the volume declines we just reviewed.

<A – C. Howard Nye>: Even in the face of the volume declines and the other thing that I would remind you we said the areas that we're seeing the most volume is really in the Raleigh district.

<Q – Ted Grace>: Yeah.

<A – C. Howard Nye>: Which is in many respects our most competitive area up North Carolina as well.

<Q – Ted Grace>: Okay. And the last one would be really aimed towards Wade, as you move into the CEO seat, what changes would you suggest we look forward even if they're just at the margin?

<A – C. Howard Nye>: Well, I'll tell you what. You're awfully nice to promote me already. That's the Board decision. This is an exceptionally well run company. I knew that coming in and part of the reason it is exceptionally well run is we have a great team of people around this table and in the field and that's how we've been able to put up on the board what we've done. If that day should come around, we'll have a different conversation, but that's where I see that right now.

<Q – Ted Grace>: Okay. Thank you very much.

<A – C. Howard Nye>: All right.

Operator: Thank you. Our next question comes from Todd Vencil with Davenport & Company.

<Q – Todd Vencil>: Hi, guys. Thanks for taking the questions. Can you hear me?

<A – Stephen Zelnak, Jr.>: Yes.

<Q – Todd Vencil>: Okay. Thanks for taking the question. Most of them have been answered and following around on Jack's question about the corporate -- about the SG&A number. It looks like there is usually some seasonality in there with the third quarter being a kind of a seasonal low point, am I right on that? So, if I think about the third quarter as a run rate we'd need to build some seasonality in there as well?

<A – Anne Lloyd>: The only seasonality that really comes in there, Todd, is any of the incentive compensation that would be paid out and awarded in the first and second quarter of next year. I could imagine that with the current performance that those levels won't be quite as high as they have been in the past. So, there'll be a little bit of increase there but I don't expected it to mirror what it has in the past.

<Q – Todd Vencil>: Okay, okay. And they on the $21.3 million you mentioned in the press release was expensed rather than being capitalized. Remind me -- a big part is related to your capped inventory, there was another piece of that, wasn't there?

<A – Anne Lloyd>: It's those market where you have limitations on capacity.

<Q – Todd Vencil>: Capacity of -- of capacity to produce?

<A – Anne Lloyd>: Correct.

<Q – Todd Vencil>: Okay. All right, that was all.

<A – Anne Lloyd>: Market limits as well as capped inventory.

<Q – Todd Vencil>: Got it. All right. That's all I've got. Thanks very much.

Operator: And our final question comes from Eric Ridnour with George Weiss Assoc..

<Q>: Thanks for taking my call. Just a question on volumes, given your commentary on non-residential construction declines, is that decline going to offset most if not all of the gain you expect to see from the stimulus?

<A – Stephen Zelnak, Jr.>: We certainly expect that it's going to pull it down. With more stimulus being pushed over into 2010, we don't think so. Our expectation is that when you rack up stimulus and little bit of homebuilding in that other category that we are going to see positive volume. But, certainly there is a deep down draft on non-res side, particularly in retail and office and we haven't begun to see the bottom of that yet. So we're planning accordingly. If the non-res side were better behaved and it's kind of interesting because when we came into this down cycle for the first time in my career, in this business which is 35 years. I didn't think we were over built.

Generally you go into these things and one of the drivers is that you're significantly overbuilt on office in particular and some retail. It looked to be pretty well balanced, but what's happened is such a significant drop in demand that all of a sudden you are overbuilt. It's going to take a long time to come out of it based on space utilization needs. And we think that's going to be ugly again next year and probably ugly again for another year or two. It's going to take a while.

So, we're just trying to be realistic about it, but I don't think that in particular is going to offset stimulus because it's 30% of our business, if you look at highways and other government -- that's 50% of our business.

<Q>: Thanks very much.

<A – Stephen Zelnak, Jr.>: Sure.

Operator: Thank you. And at this time, I'd like to turn the call back over to Mr. Zelnak for any closing remarks.

Stephen P. Zelnak, Jr., Chairman and Chief Executive Officer

Okay. Thanks for joining us. For the first time in the 40 days and 40 nights that I referenced, the sun is shining outside in Raleigh and I understand across the Southeast and Southwest, the Midwest. So, that's positive. Hopefully the weather remains well behaved in November and we can kind of pick it up. We're very hopeful of that. We'll talk to you again after the close of business for the year and give you an update and get off and running in 2010. Thanks a lot.

Operator: That does conclude our presentation. Thank you for your attendance.