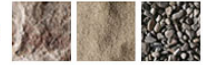


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National Stone, Sand & Gravel Association



Industry best practices featured at 2010 PMD Spring Meeting

As pulverized calcium carbonate manufacturers begin to recover from the Great Recession, industry leaders gathered in Cincinnati in February for the Division's 2010 Spring Meeting. If attendance was any indicator, the industry is back on track: The meeting was better attended than any the Division has held in recent years.

We don't think that was a coincidence. In effort to generate new excitement about PMD's activities and encourage meeting attendance, the Executive Committee made some major changes to the format. Although it was held in conjunction with NSSGA's AGG1 and Annual Convention in downtown Cincinnati, the PMD meeting itself took place offsite at the nearby headquarters of Omya, one of the Division's leading members. This hearkened back to an earlier tradition of PMD members taking turns hosting the Spring Meeting. In an effort to make the meeting even more relevant, the Executive Committee also directed staff to include more member-driven "best practices" content.

Speakers at this year's Spring Meeting included:

- John Hayden, NSSGA's vice president for environment, safety & health, who discussed recent senior staff changes at the Mine Safety & Health Administration's (MSHA), the agency's new focus on miner health, the prospects for MSHA action on crystalline silica, and efforts to improve enforcement consistency and inspector training.
- Christian Klein, managing member at Obadal, Filler, MacLeod & Klein, PLC and PMD's facilitator, who discussed the results of the Division's recent member survey (see related story, this issue of *Newsline*).
- Tony Colak, Omya's CEO for Region Americas, who provided an overview of the company's structure and his perspective on the economic and regulatory challenges facing the industry.
- Michael Clark, environment, health, and safety director at J.M. Huber (and the Division's acting vice chairman), who described the new tool he, NSSGA, and economists at Trinity University have developed to help members quantify their economic impact in local communities (see related story, this issue of *Newsline*).
- Mike Gollhofer, division manager at Pete Lien & Sons (and PMD's 2010 chairman) who discussed an incentive program his company adopted to heighten worker awareness about safety issues that helped reduce such incidents by 30 percent in a one-year period.
- Bernie Schokelt, general manager at Columbia River Carbonates, who provided insights about how his company challenged a local tax assessment and dramatically reduced the company's tax burden.

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- Rob Tikoft, Omya's director of engineering for Region Americas, who described a highly successful public relations campaign Omya undertook in Vermont to improve the business and regulatory environment.
- Neil Jordan, an Omya environmental specialist, who discussed the challenges facing the industry on the crystalline silica front. And,
- Benjamin Pasty, Ph.D., director of the Applied Economics Research Institute at the University of Cincinnati, who provided his insights about the prospects for the U.S. economy in 2010 and beyond.

In addition to hearing from excellent speakers, meeting attendees broke into two smaller groups to discuss environment and regulatory, and technical, operations, and marketing issues. These roundtable discussions provided important networking opportunities and generated many good suggestions for future meeting content and Division activities.

Mark your calendar now: the PMD Annual Meeting will take place at NSSGA headquarters in Alexandria, Virginia on Sept. 8 and 9.

Survey shows opportunities to enhance PMD value

The 2010 PMD Industry Survey, conducted in late January and early February, has provided valuable insights into what members want from the Division, opportunities to improve member services, and challenges facing the pulverized calcium carbonate industry.

Survey respondents perceive significant value in the Division as a vehicle for joint legislative and regulatory advocacy, industry "best practices" sharing, educating members about regulatory developments, and networking; however, the survey also shows that there are opportunities to improve PMD's work in all these areas. The survey also suggests opportunities to expand the scope of PMD's public policy advocacy in order to improve the health of product markets related to home, commercial, and water infrastructure construction.

Specific survey findings were as follows:

Business conditions are no longer deteriorating, but it will take time for the industry to bounce back from the recession. Sixty-seven percent of survey respondents believe, "We've hit bottom but aren't going to see an improvement in business conditions this year," while 33 percent said, "The Great Recession is over and our markets will continue to recover over the next year." No respondents predicted further market deterioration.

PMD members serve increasingly diverse product markets. The survey sought to quantify the diverse range of product markets served by PMD members. As reflected by the chart below, various building material markets are critically important to the industry, which suggests PMD should work to identify additional political opportunities to expand home and commercial construction (e.g., home purchase tax credit, access to credit for commercial development) to improve industry business conditions. The significance of the PVC pipe manufacturing market and water treatment applications suggest that PMD may wish to become more involved in NSSGA's efforts to increase federal drinking water and sewer

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infrastructure investment. *Antitrust note: This question was developed with antitrust best practices in mind. Survey results are anonymous and we cannot determine what companies participated in the survey or responded to this question; we did not ask about future behavior, geographic markets, or specific customers; the purpose of the question is procompetitive (viz., to identify the product markets that have the greatest*

PMD Member Product Markets		
Ranking	Product Market	Average Score (Five point scale)
1	Caulks and Sealants	4.00
2	Plastics	3.92
3	Roofing Materials	3.67
4	PVC Pipe Manufacturing	3.58
5 (tie)	Paper	3.50
5 (tie)	Glass and Ceramics	3.50
7 (tie)	Paint	3.33
7 (tie)	Industrial Applications (Water Treatment, Gas Stack Scrubbing)	3.33
9	Carpet Backing	3.25
10	Pharmaceuticals	3.08
11	Household Products (Cleansers, Toothpaste, Etc.)	3.00
12 (tie)	Animal Feed	2.92
12 (tie)	Agricultural Applications	2.92
14	Foods (for Human Consumption)	2.75
15	Cultured Marble	2.25

impact on PMD members to allow us to reach out to other industry groups and expand and improve those markets); the Division will not discuss or condone any joint activity with regard to these markets; and survey results will be shared with the public.

To know PMD is to love PMD.

Respondents who said they had attended at least one PMD meeting in the past two years gave the Division higher marks in every category of activity.

Members read *Newslines*.

Newslines is an important tool for communicating with members. 75 percent of survey

respondents said they occasionally read *Newslines* and 25 percent said they read every issue.

Members want PMD to be vehicle for joint advocacy, source of regulatory and best practices information. Asked what PMD should be doing to help the industry, respondents said the following were their top five priorities (number in parenthesis is average rating on a five point scale):

1. Serving as a vehicle for joint industry advocacy on regulatory, legislative, and public relations issues that affect the pulverized calcium carbonate industry (4.75)
2. Providing information about regulatory developments that affect pulverized calcium carbonate producers (4.67)
3. Serving as a mechanism for sharing "best practices" information about how other companies have dealt with common industry challenges (4.35)
4. Providing industry-specific networking opportunities (3.83)
5. Serving as a source of legal and regulatory compliance assistance (3.75)

PMD delivers important regulatory compliance info, unique networking opportunities. Respondents said that PMD currently delivered the most value in the following areas (number in parenthesis is average rating on a five-point scale):

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1. Providing information about regulatory developments that affect pulverized calcium carbonate producers (4.08)
2. Serving as a vehicle for joint industry advocacy on regulatory, legislative, and public relations issues that affect the pulverized calcium carbonate industry (3.58)
2. Providing industry-specific networking opportunities (3.58) (tie)
4. Facilitating the development of common technical standards and testing techniques (3.25)
5. Serving as mechanism for sharing “best practices” information about how other companies have dealt with common industry challenges (3)
5. Serving as a source of legal and regulatory compliance assistance (3) (tie)

There’s room for improvement in key areas. By measuring the difference between the “how are we doing” and “what should we be doing” scores, we’re able to identify the areas with the biggest opportunities to improve member satisfaction (number in parenthesis is “opportunity gap”):

1. Serving as a mechanism for sharing “best practices” information about how other companies have dealt with common industry challenges (1.25)
1. Helping transfer knowledge from the current generation of industry leaders to the next (1.25) (tie)
3. Serving as a vehicle for joint industry advocacy on regulatory, legislative, and public relations issues that affect the pulverized calcium carbonate industry (1.17)
4. Creating opportunities for outreach to, and support for, customer industry groups (1)
5. Serving as a source of information about economic and business trends that affect pulverized calcium carbonate producers (.84)

More webinars to enhance PMD’s value. Survey respondents support the idea of holding more Webinars to get critical information into the hands of members.

Inadequate road, rail capacity hindering product transportation. Reinforcing the importance of NSSGA’s efforts to increase federal transportation infrastructure investment, close to half of survey respondents (45 percent) said that that shipping delays resulting from inadequate rail capacity hindered their ability to deliver products to customers and an equal number said the same about the impact of traffic congestion resulting from inadequate road capacity. Respondents ranked the relative importance of various transportation modes as follows (number in parenthesis in relative importance on a five point scale):

1. Road/truck (4.67)
2. Rail (4.17)
3. Water (barge, ship, etc.) (2.08)

Increasing manufacturing costs, excessive regulation are biggest threats facing calcium carbonate industry. In response to an open ended question, respondents identified the following as the most significant challenges facing *their companies*:

- Increasing manufacturing costs (transportation and power) (three mentions)
- Concerns about future of U.S. manufacturing in general and plastics industry in particular
- The general health of the U.S. economy

- Ability to permit additional reserves
- Opportunities for growth

Respondents identified the following as the most significant challenges facing *the industry*:

- Excessive regulation (three mentions)
- Product development to meet the shorten cycle demand – advanced filler demand
- Gaining value for the service given
- The economy

The survey was conducted from Jan. 23 to Feb. 5. Multiple e-mails requesting participation were sent to everyone in the PMD database regardless of title or membership status. Ultimately, 12 individuals (all of whom said their companies were current members) participated in the survey. While respondents represented a variety of positions, a large percentage were managers with regulatory compliance responsibilities. Because the survey was anonymous, we do not know which companies participated. Based upon the number of PMD member companies and number of contacts, we estimate the survey margin of error at approximately 12 percent.

In the weeks and months ahead, PMD staff and volunteer leaders will use the survey findings to guide meeting programming and Division activities. However, given that the Division is a member driven organization and, given PMD's limited budget, it will ultimately be up to members to seize and capitalize on the opportunities identified by the survey.

Register now for NSSGA workshop on MSHA noise & dust compliance

Since 1997, NSSGA's award-winning instructive seminars on noise and dust control have been conducted at mine sites across the country. More than 400 students have taken part in this critical safety and health training.

The three-day workshop consists of two days of classroom application and one day of field work during which each participant, under real-world circumstances, conducts noise and dust monitoring and collects exposure measurements of working personnel. The workshop provides a unique opportunity to learn how to conduct noise and dust exposure monitoring, record and interpret results, and develop plans to reduce exposures below MSHA permissible limits.

Led by MSHA's popular trainer, Rocky McKinney, the course provides authoritative training on:

- Hazards of noise and dust;
- Basic sampling principles;
- Control methods;
- Recording and interpreting test results; and
- Developing plans for reducing exposures to points below the MSHA permissible limits.

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The program should be of interest to all plant managers and supervisors, human resources managers, consultants, safety and health professionals, and industrial hygienists.

Attendees will learn to:

- Comply with MSHA's noise exposure monitoring requirements;
- Interpret analytical results of tests;
- Develop good record-keeping habits; and
- Identify noise and dust hazards, and institute corrective measures.

The noise and dust workshops will be held May 25-27 in Tell City, Indiana, and June 22-24 in Calera, Alabama.

Space is limited to 15 students per seminar at each location. To register go to:

http://www.nssga.org/calendar/safety_2010/ or contact NSSGA Vice President of Safety Joe Casper at jcasper@nssga.org or 703.526.1074.

PMD member initiates action on industry economic impact tool

PMD Vice Chairman Michael Clark of J.M. Huber can be credited for bringing to the attention of PMD a unique opportunity to create a new sustainability tool for the industry.

Under contract to NSSGA, Trinity University economics professors have created an on-line tool that will soon be available for PMD members to use to determine the direct and indirect positive economic impact of their individual mining and processing operations on the communities in which they operate.

Using Bureau of Economic Analysis data that is industry-specific and region-specific, as well as total revenues from the individual mining/processing facility, Trinity is able to create a template report that companies can use to show the local community exactly how much their presence means to the local economy. Look for details in the next issue of *Newsline*.

NSSGA joins push to reinstate depreciation bonus

NSSGA is supporting efforts to reinstate the recently-expired depreciation bonus. The tax incentive, created as part of the 2008 Economic Stimulus Act and extended by the 2009 American Recovery and Reinvestment Act, allows companies that buy new equipment to cut their tax bills by writing off 50 percent of the cost in the first year. The depreciation bonus expired on Dec. 31, 2009.

NSSGA has joined a coalition effort led by the Associated Equipment Distributors, AMT-The Association for Manufacturing Technology, and the National Association of Manufacturers to revive the depreciation bonus to help speed up the nation's economic recovery. More than 80 groups representing construction, manufacturing, aerospace, telecommunications, and distribution are also supporting the effort.

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In a letter to Congress this week, NSSGA and its allies told lawmakers that, "Reinstating bonus depreciation will help inoculate the economy against a backward slide in business capital investment in the months ahead, enhance the impact and benefits of other job creation legislation (e.g., infrastructure investment), encourage recovery in fragile, capital-intensive sectors of the economy (e.g., construction and manufacturing), and, most significantly, put Americans back to work."

Word from the Hill is that depreciation bonus may be included in package of pro-growth tax legislation expected to move through the Senate in April.