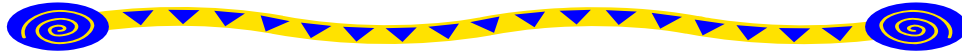


Asphalt Paving & Supply, Inc
Arrowhead Materials
Monthly Newsletter
July 2010



Kim Conlon

Although the Arizona economy is poor, there are indications that things are slowly turning around. Our estimating staff has been able to acquire work for the AP&S and McCormick Construction crews. We still need more work to enable us to get those employees that have been laid off back to work but I remain confident that we will prevail.

The main objective at present is controlling costs. Controlling the cost of labor is difficult but is essential if we are to be profitable. Taking care of our equipment is also very important. The McCormick's have provided us with the best equipment available, so let's make sure we take care of it. If we all work together and watch out for each other all will be fine when the economy turns around, and we will be stronger for it.

The projects look great. Granite Dells Parkway, Viewpoint Drive, Maverick, Lakeshore Drive, Lowes and others are all projects that we can be proud of. The pits are running as efficiently and productive as can be expected and the shop is keeping us up and running. The office staff, as always, is there in support and keep us straightened out.

We need to remember that it is all of our responsibilities to be profitable. Work SMART and work SAFE and we will survive. I am glad to be in Arizona, and I am proud to be associated with all of you.



Pete Thompson and Mike McCormick

As this is the first monthly newsletter, we thought it best to outline exactly what is the purpose of this newsletter. This is an EMPLOYEE newsletter designed to help get important company information out to the employees, as well as to recognize achievements and milestones attained by the employees. This newsletter will also serve as a forum to help answer questions about Asphalt Paving & Supply, Inc, where we are at now, and what direction we are planning to go in the future.

We sold most of our excess equipment, and transferred several other pieces to our operations in North Dakota. This will help reduce our operating costs by eliminating the depreciation expense on that equipment. By reducing our operating costs we can be more competitive when we bid jobs.

Presently we are busy due to some recent successful bids. Due to the reduced work force we need to pay close attention to how we spend our time, and insure that we are working smarter and more efficiently. Thanks to all, and keep up the good work!



Safety Zone

It's hard to believe that half of 2010 is behind us and 2011 is getting closer by the day. We have had one recordable accident this year at AP&S, but in all AZ operations we have had four recordable accidents and one lost time accident for the first six months. We must set our goal not to have even one first aid incident for the next six months. The bottom line is that one more accident could potentially ruin the hard work and sacrifice each of you have given this year,

We cannot control the market and the economy, but we can control our Safety Program. While we work harder and we are asked to do more each and every day in less time, letting up on Safety is NOT an option, nor is it something that can be sacrificed. The fact is Safety is more important now than ever.

Remember your fellow employee, your training, your common sense and your own Safety and Health. The Safety and Health of every employee is truly our highest priority!

"Safety isn't just a slogan. It is a way of life"

Summer is here, and the heat is again something we must watch carefully. Drink plenty of fluids, watch out for your fellow employee and get proper attention as soon as any heat related stress is noticed.

Near Miss Winner is Ticket # 816. Please see Dave or Chris to collect your \$75.00 if your number matches. "Don't stand between dump gate and bed when raised-could break and hit you". How can this be avoided- "Don't go close to bed when raised at rear".

You have a chance to win next month just by turning in a Near Miss Ticket. See your supervisor for details. It is your program. Get involved, and do your part for you and your fellow employee. Congratulations to Ticket # 816.

Be looking next month for the 2011 Safety Slogan Contest!

"It's better to correct an unsafe friend, than to bury one-Safety is no accident"

Chris Graff



Hello from the Estimating Department!

May was a pretty good month for AP&S. We bid 4 ADOT jobs and were 2nd on an overlay going up toward Mingus Mountain. Fann was low by \$20,000.00 on a \$600,000.00 job.

At least a local contractor got the job! We were low on a mill and fill job near Wilhoit for about \$2.8 million and the project includes about 29,000 tons of asphalt and ACFC mixes. This project we are considering recycled asphalt, as this is the way a lot of ADOT jobs are being bid. The knowledge that we learn on this project, will only help us in future bidding. This project should start in July.

We bid and were read as low bidder on the Yavapai County Administration Complex on Commerce Drive in Prescott. This project is very diverse and includes earthwork, underground, paving, base, concrete, and a fueling facility. This project is for \$2.1 million and should start in early July. Early in June we bid another ADOT project north of Cordes Junction on I-17 but were not low. We did pick up the reconstruction of Center Street in Chino Valley for \$400,000.00 that runs along the high school and that is scheduled to start in July also.



Employee Questions and Answers:

Will we get a cost of living raise this year?

The short answer is I would not look for any cost of living increase this year. However by continuing to do the things we are doing we can assure that next year we will get a cost of living raise. The profitability of the company as a whole has everything to do with this and we have not been profitable for 3 years. This does not mean that any one area of the company hasn't made money, but the total company has not. This brings up a great point. We are all in this together. If you see waste it truly does come out of your pocket and not correcting the issue costs each person. If you see waste, a better way to complete a task, if you see people wasting time it is your responsibility to bring this to the attention of the person in charge of the project you are on. We are headed in the right direction and that is what it takes to change this next year,



Milestones

Each month we are going to try to recognize those employees that have reached various milestones as employees of McCormick Corporation. We have several employees that have indeed had many years of company service:

<i>Dave Schwab</i>	<i>35 Years</i>
<i>Kim Conlon</i>	<i>30 Years</i>
<i>Mike McCormick</i>	<i>15 Years</i>

Because this is our first newsletter, we want to recognize those employees that have worked for Asphalt Paving & Supply, Inc FOR AT LEAST FIVE YEARS.

Tom Albert	06-04	Ron Larson	07-03
Bill Brewer	02-04	Rick Masterman	07-03
Mike Drury	05-05	Chris Mathern	07-03
Martin Gonzales	07-03	Darryll Mosher	07-03
Ann Graff	05-04	Dave Peterson	07-03
Chris Graff	05-05	Ray Peterson	07-03
Leoren Hudson	06-05	Diane Schwab	05-05
Gerald Keswater	06-05	Todd Scott	04-05
Dale Kusch	07-03	Jim Wilken	03-04
Daryel Lacy	11-04	Leonard Worthington	07-03



Donation Fund:

As we proposed at the company meeting in May, we began an “Employee Donation” deduction, where employees that want can donate money weekly from their paycheck to be put in a special “Donations Account”. We have gotten a great response! Those monies donated by employees are matched each month by the company. We then have a fund that we can use to donate to worthy causes.

Annie now takes the information when someone calls or comes in seeking a donation of some sort. We are letting the fund build up for a least a few months. A.P.S.A.C (Asphalt Paving & Supply Action Committee) will then start determining what organizations we want to donate to, and how much. The committee also discussed possibly sponsoring some needy families around the holidays. If you have any ideas as to what organizations or charities you might like to see donations go to, please talk to Annie and it will be reviewed by the committee. Though we cannot meet all the needs of all requests, we are Interested in getting suggestions. If at any time, you would like to begin a small donation to this fund please see Belinda and she can easily set up that deduction. Thanks so much for everyone’s help on this!!!

Employee Donations collected thru June 2010:	\$356.00
Asphalt Paving & Supply, Inc Matching Funds	<u>\$356.00</u>
Total	\$712.00

A.P.S.A.C Committee Members:

Kim Conlon, Chris Graff, Rob Khaler, Lane Lundahl, Mike Williams, Clyde Bradshaw, Bob Morrison ,Belinda Gibson, Ken Wood, Jim Jenkins, Ann Graff

Mike McCormick, Pete Thompson members at large