

Press Release:

MCM Construction confirms its resolution of legal disputes with the Attorney General's office, as well as with the District Attorney Offices of the Counties of Ventura and Mendocino over alleged permit violations in conjunction with operation of its fleet of portable equipment. The settlement was agreed to for business reasons in order to avoid the continued legal expense and disruption to our ongoing business operation that would have resulted from a long trial and given all of the uncertainties and confusion involved.

This a five year legal odyssey commenced with alleged violations that took place in Mendocino County in 2003 as a part of MCM's Noyo River Bridge project. At that time, the Mendocino County Air Quality Management District had sought over \$3 million in fines and penalties against MCM for purported violations of air quality laws and failures to obtain permits to operate portable equipment. Following those initial charges, the Attorney General, on behalf of a variety of other air districts, and the Ventura County District Attorney's office took further action against MCM, based on a statewide hunt into MCM's activities and uses of portable equipment, dating back to 1996. After conducting an investigation, the Attorney General initially contended that MCM had committed up to 4,000 violations of air quality laws since the mid 1990's, and sought over \$35 million in fines, penalties and restitution against MCM.

MCM has vigorously defended this lawsuit and disputed the Attorney General's charges from the outset. MCM was able to establish that the prosecution had overreached on a number of occasions and that the laws of the various air quality districts were unclear, uncertain and the company was subject to a selective prosecution. Finally, MCM was able to reduce the number of alleged violations to a range of 200 to 300. MCM was prepared to try the case to verdict, however, in the interest of the Company and as a business decision, the company has agreed to reimburse the State for some alleged permit violations, including restitution, civil penalties and attorney's fees and costs incurred in the sum of \$4 million, to be provided to the State and the prosecuting agencies over the next four years. The Company has also agreed to enhance its internal environmental investment by an additional \$2 million, including an agreement to advance its re-powering and/or replacing its off-road diesel engine fleet to comply with State law requirements by 2012, eight years prior to the legal mandate of 2020. With this long and difficult litigation now behind it, MCM can re-focus on it's historical role of providing top quality construction services in the re-building California's infrastructure.