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Jeff

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of business, the Company may from time-to-time be a named defendant in lawsuits related to various matters including, among others, personal injury, contractual indemnifications, environmental remediation, product liability and employment matters. Based on the information developed to date and advice of outside counsel, the Company is of the opinion the liability related to these lawsuits individually or in the aggregate, if any, will not materially exceed the amounts accrued on the Company's books as of September 30, 1997 and will have no material adverse effect on the consolidated financial position of the Company. However, because the Company's results of operations vary considerably with construction activity and other factors, it is at least reasonably possible that future charges for contingencies could, depending on their timing and magnitude, have a material adverse impact on the Company's results of operations in a particular period.

- (a) The information appearing under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Known Events, Trends and Uncertainties - Environmental Matters" is incorporated hereunder by reference, pursuant to Rule 12b-23.
- (b) The Company previously owned two inactive CKD disposal sites in Ohio that were formerly owned by a division of USX Corporation (USX). In late July 1993, a citizens environmental group brought suit in U.S. District Court for the Southern District of Ohio, Western Division (Greene Environmental Coalition, Inc. (GEC) v. Southdown, Inc., Case No. C-3-93-270) alleging the

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Company is in violation of the Clean Water Act by virtue of the discharge of pollutants in connection with the runoff of stormwater and

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groundwater from the larger of these two sites (USX Site) and is seeking injunctive relief, unspecified civil penalties and attorney's fees, including expert witness fees (GEC Case). In September 1993, the Company filed a complaint against USX alleging that with respect to the USX Site, USX is a potentially responsible party under CERCLA and, therefore, jointly and severally liable for costs associated with cleanup of the USX Site. (Southdown, Inc. vs. USX Corporation, Case No. C-3-93-354, U.S. District Court, Southern District of Ohio Western Division) (USX Case). In December 1994, GEC agreed to a separate out-of-court settlement which included a cash payment by the Company to GEC and a covenant by the Company not to store, burn or dispose of hazardous wastes at the Ohio cement plant. As a result of the settlement, the GEC Case was stayed pending the completion of a Phase II investigation in the USX Case.

On September 30, 1997, the Company sold the property that is the subject of these lawsuits to independent third parties. The property was sold "as is, where is" and the Company assumed no obligations to remediate the property. Because of the transaction, the Company is negotiating a stipulated dismissal of this lawsuit with USX Corporation. Also, since the Company no longer owns this property, the Company believes it should have no ongoing obligation under the Clean Water Act to obtain a permit for the alleged discharge from the property, which is the sole allegation in the GEC Case. The Court has ordered the parties to attend a settlement conference with the Court. A date for this conference has not been established as of this writing. The Company intends to move the Court for a dismissal of the GEC Case based on the recent transaction.