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1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 SAN FRANCISCO DIVISION
4

5 THE PACIFIC LUMBER COMPANY, a
6 Delaware corporation; SCOTIA PACIFIC
7 COMPANY LLC, a Delaware corporation;
8 MAXXAM INC., a Delaware corporation;
9 MAXXAM GROUP INC., a Delaware
10 corporation; MAXXAM GROUP HOLDINGS
11 INC., a Delaware corporation; CHARLES E.
12 HURWITZ, an individual; GARY CLARK, an
13 individual; JOHN CAMPBELL, an individual;
14 and ROBERT MANNE, an individual,

15 Plaintiffs,

16 v.

17 GENERAL STAR INDEMNITY COMPANY,
18 a Connecticut corporation;
19 TRANSPORTATION INSURANCE
20 COMPANY, an Illinois corporation,

21 Defendants.

22 And Related Third Party Actions.

Case No. C-06 0212 EDL

**JOINT STATUS REPORT
AND ORDER THEREON**

Date: May 19, 2009

Time: 10:00 a.m.

Dept.: Courtroom E

The Honorable Elizabeth Laporte

23 Pursuant to the Court's Order of April 9, 2009, the parties to this action jointly submit
24 this joint status report. The parties have consented to trial before Magistrate Judge Laporte.

25 As this Court is aware, the parties are negotiating a dismissal of this action. These
26 negotiations are comprised of two components, the first of which involves the Chapter 11
27 bankruptcy action filed in the U.S. Bankruptcy Court for the Southern District of Texas,
28 Corpus Christi Division, case numbers 07-20028-C-11 and 70-20032-C-11 (jointly
administered under case number 07-20027-C-11) by plaintiffs Pacific Lumber Company
("PALCO") and Scotia Pacific Company, LLC.

1 As a result of the bankruptcy action, PALCO's interests are now represented by the
2 PLC Litigation Trust (the "PLC Trust"), which now holds all of PALCO's rights pursuant to
3 the approved bankruptcy plan. Plaintiffs Scotia Pacific Company LLC and Scotia Pacific
4 Holding Company LLC have been dissolved and their interests are now represented by the
5 SPC Litigation Trust (the "SPC Trust"). The PLC Trust, the SPC Trust, and defendants
6 Transportation Insurance Co. and General Star Indemnity Co. have recently executed a
7 Stipulation Resolving Claims Under CNA Insurance Program in the bankruptcy action which
8 settles the claims among them.

9 This Stipulation was filed with the bankruptcy court on May 5, 2009 in a Motion for
10 Order Approving Compromise and Settlement. Assuming that no objections will be filed, the
11 bankruptcy court will act on the motion no less than 25 days after filing, or in early June 2009.
12 If this motion is granted, then the PLC Trust and SPC Trust's claims against Transportation
13 Insurance Co. and General Star Indemnity Co. in this action will be dismissed.

14 The second component of negotiations concerns the claims made by the remaining
15 plaintiffs, MAXXAM Inc., *et al.* These plaintiffs have conveyed a proposal to Transportation
16 Insurance Co. and General Star Indemnity Co. to resolve their disputes regarding the duty to
17 defend, and progress has been made towards a resolution and dismissal of this action. The
18 parties have reached a resolution in principle, and working on the terms and documentation of
19 a proposed interim defense agreement and tolling agreement.

20 Accordingly, to permit further time for the Motion for Order Approving Compromise
21 and Settlement to be considered and heard by the bankruptcy court, to account for any possible
22 appeal of the ruling of that motion, and for the parties to negotiate the remaining terms of
23 MAXXAM's proposed resolution and document the same, the parties respectfully request that
24 the Case Management Conference currently scheduled for May 19, 2009 be continued for 60
25 days.

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Respectfully submitted,

DATED: May 12, 2009

STOEL RIVES LLP

By: /s/ Scott J. Kaplan

SCOTT J. KAPLAN
Attorneys for Plaintiffs/Counter-Defendants
MAXXAM INC., MAXXAM GROUP INC., MAXXAM
GROUP HOLDINGS INC., CHARLES E. HURWITZ,
JOHN CAMPBELL and ROBERT MANNE

DATED: May 12, 2009

COLLIAU ELENIUS MURPHY CARLUCCIO
KEENER & MORROW

By: /s/ Sherman C. Lee

SHERMAN C. LEE
Attorneys for Defendant and Counter-Complainant
TRANSPORTATION INSURANCE COMPANY

DATED: May 12, 2009

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By: /s/ Alan H. Barbanel

ALAN H. BARBANEL
Attorneys for Defendant, Counterclaimant,
Cross-Claimant and Third-Party Plaintiff
GENERAL STAR INDEMNITY COMPANY

DATED: May 12, 2009

LEWIS BRISBOIS BISGAARD & SMITH LLP

By: /s/ Rebecca R. Weinreich

REBECCA R. WEINREICH
Attorneys for Third-Party Defendant NATIONAL
UNION FIRE INSURANCE COMPANY OF
PITTSBURGH, PA

DECLARATION REGARDING SIGNATURES

I, Sherman C. Lee, declare under penalty of perjury that I obtained concurrence to file this document from counsel for defendants.

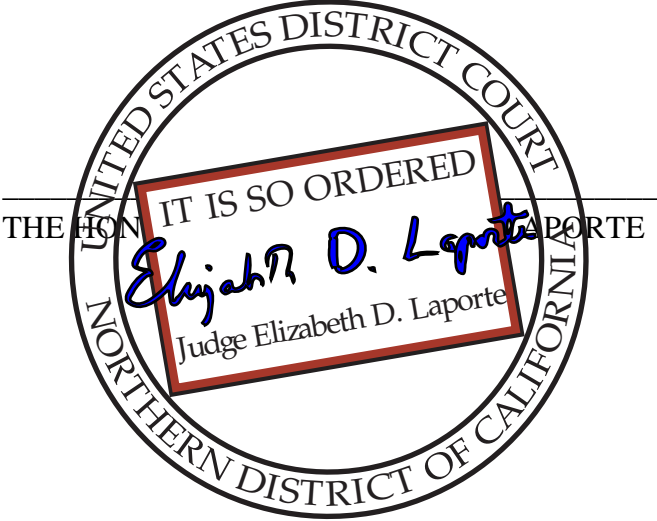
/s/ Sherman C. Lee
Sherman C. Lee

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ORDER

The case management conference currently scheduled for May 19, 2009 is continued to August 4, 2009. Counsel shall submit a further joint status report to the Court no later than July 28, 2009.

Dated: May 13, 2009



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PROOF OF SERVICE

I am a citizen of the United States, over the age of eighteen years, and not a party to the within action; my business address is Colliau Elenius Murphy Carluccio Keener & Morrow, Suite 600, 405 Howard Street, San Francisco, CA 94105.

On May 12, 2009, I served the foregoing document described as:

JOINT STATUS REPORT

on the attorney(s) of record and/or interested parties in the case *The Pacific Lumber Co., et al. v. General Star Indemnity Co., et al. and related cross-actions, U.S.D.C., No. Dist. of California, Case No. C 060212 EDL*, as follows:

SEE ATTACHED SERVICE LIST

BY FACSIMILE TRANSMISSION. By transmitting via facsimile machine to the parties listed above. The facsimile machine I used complied with *California Rules of Court, Rule 2003* *Federal Rule of Civil Procedure 4*, and the transmission was reported as complete, without error by a transmission report issued by the transmitting facsimile machine immediately upon completion of transmittal.

By placing a true copy the original thereof enclosed in sealed envelope(s) to the parties listed above and transmitting:

BY U.S. MAIL. I am “readily familiar” with the firm’s practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service on the same day with postage thereon fully prepaid at San Francisco, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 day after date of deposit for mailing in affidavit.

BY OVERNIGHT CARRIER. I delivered the foregoing documents to a courier or driver authorized by the overnight carrier to receive and transport documents for overnight delivery. I am “readily familiar” with the firm’s practice of collection and processing correspondence for overnight carrier. It is deposited with the overnight carrier on the same day with postage thereon fully prepaid at San Francisco, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 day after date of deposit for mailing in affidavit.

BY ELECTRONIC TRANSMISSION. I electronically transmitted the attached documents to the Clerk of the Court using the ECF System for filing. Based on the records currently on file, the Clerk of the Court will transmit a Notice of Electronic Filing to the ECF registrants.

THE PACIFIC LUMBER COMPANY, ET AL. V. GENERAL STAR INDEMNITY COMPANY, ET AL.
AND RELATED CROSS-ACTIONS

U.S.D.C., No. DIST. OF CALIFORNIA, CASE No. : C 060212 EDL

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