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For Immediate Release

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Community Groups Lend Support for PL Severance Pay

Humboldt County, CA--Three local community groups, the Alliance for Sustainable Jobs and the Environment (ASJE), the Humboldt Watershed Council (HWC), and the Mattole Restoration Council sent a letter today (attached) urging the federal bankruptcy court and the Creditors Committee to support the motion by Pacific Lumber Company (PL) to pay severance packages that were promised to workers whose jobs were terminated last December. The hearing on the motion to pay severance is currently scheduled for June 22, 2007.

PL's motion seeks to pay the severance to just 60 of the 99 workers who are "qualifying terminated employees." The reason why the other 39 do not qualify is unclear. The groups are urging the Court to ensure that PL applies its severance policy fairly to all.

The money to pay this severance prior to filing for bankruptcy was clearly available, according to the Humboldt Watershed Council's Mark Lovelace. *"PL sent nearly \$8 million dollars upstream to their parent company Maxxam in the six months immediately prior to filing bankruptcy, including nearly half-a-million dollars on January 18th, the very day they filed. If the company had the foresight on that day to take care of Maxxam, then they should also have been able to take care of their workers."*

The severance issue highlights the discrepancy between the small amounts owed to many and the large amounts owed to few. The 1,200 unsecured claims by all of the companies' workers and vendors combined add up to just \$14 million. By comparison:

- The claims by former PL CEOs John Campbell and Robert Manne add up to \$845,027; this is more than the combined severance for all 60 of the workers covered by the motion.
- PL's parent company Maxxam is the single largest unsecured creditor for its own subsidiaries, with claims of nearly \$40 million.
- Claims for internal disbursements between the companies' executives, the various affiliates, and Maxxam add up to over \$60 million; this is more than four-times the total of all of the other unsecured claims together.

"We are urging the court to grant this request and provide relief for these working families," said Tracy Katelman, Executive Director of ASJE and a Registered Professional Forester. *"These are real people with real lives that have been significantly affected by the bankruptcy. When Maxxam bankrupted Kaiser Aluminum in Spokane, WA, we saw people's lives destroyed. We don't want that to happen here in Humboldt County."*

"We hope the Court will be concerned first and foremost with taking care of the many small creditors, who are owed the least but to whom that money means the most," said Katelman.

ASJE and HWC are sending a similar request to all local governing bodies (County Supervisors and City Councils). In that request, the organizations are asking the elected officials to send their own letters of support for the severance motion to the court before the June 22 hearing.

ASJE, HWC, and others will sponsor a second bankruptcy workshop series with Bay Area bankruptcy attorney Peter Clapp on June 23rd from 9 am -12pm at the Veteran's Memorial Building in Fortuna. From 9-10, a hands-on workshop will focus on how to file claims before the July 17th deadline. "Bankruptcy 201" will provide an update on the status of the case and discuss the reorganization plan procedure from 10-12. Both events are free and open to the public. Details will be available on ASJE's website: www.asje.org/PL_Bankruptcy.html.

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