

PLAN APPENDIX A

Uniform Glossary of Defined Terms for Plan Documents

Unless the context otherwise requires, the following terms, when used in initially capitalized form in the Disclosure Statement, related exhibits, and Plan Documents, shall have the following meanings. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in capitalized form that is not defined herein but that is defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning ascribed to such term by the Bankruptcy Code or the Bankruptcy Rules (with the Bankruptcy Code controlling in the event of a conflict or ambiguity). Certain defined terms used in only one Section of the Disclosure Statement are defined in such Section. The rules of construction set forth herein and in section 102 of the Bankruptcy Code shall apply. All references to the "Plan" shall be construed, where applicable, to include references to the Plan and all its exhibits, appendices, schedules, and annexes (and any amendments made in accordance with their terms or applicable law).

1. **A-1 Timber Notes** means Scopac's 6.55% Series B Class A-1 Timber Collateralized Notes due 2028, with an original principal amount of \$160.7 million.

2. **A-2 Timber Notes** means Scopac's 7.11% Series B Class A-2 Timber Collateralized Notes due 2028, with an original principal amount of \$243.2 million.

3. **A-3 Timber Notes** means Scopac's 7.71% Series B Class A-3 Timber Collateralized Notes due 2028, with an original principal amount of \$463.3 million.

4. **Administrative Expense** means (a) any cost or expense of administration of the Reorganization Cases incurred before the Effective Date and allowable under section 503(b) of the Bankruptcy Code and entitled to priority under section 507(a)(2) of the Bankruptcy Code including, without limitation, (i) any actual and necessary postpetition cost or expense of preserving the Estates or operating the businesses of the Debtors, (ii) any payment required to cure a default on an assumed executory contract or unexpired lease, (iii) any postpetition cost, indebtedness, or contractual obligation duly and validly incurred or assumed by a Debtor in the ordinary course of its business, and (iv) compensation or reimbursement of expenses of professionals to the extent allowed by the Bankruptcy Court under sections 330(a) or 331 of the Bankruptcy Code and (b) any fee or charge assessed against the Estates under 28 U.S.C. § 1930.

5. **Administrative Expense Claim** means any Claim for the payment of an Administrative Expense.

6. **Administrative Expense Claims Bar Date** means the thirtieth day after the Effective Date or such other date as may be fixed by order of the Bankruptcy Court.

7. **Affiliate** has the meaning set forth in section 101(2) of the Bankruptcy Code.

8. **Allowed** means Bankruptcy Court approval of a Claim or Interest.

9. **Allowed Amount** of any Claim or Interest means the amount at which that Claim or Interest is Allowed.

10. **Allowed Claim; Allowed Interest** means any Claim or Interest in any of the Debtors or their respective Estates, (i) proof of which was filed on or before the Bar Date (defined below), (ii) if no such proof of Claim or Interest has been timely filed, which has been or hereafter is listed by such Debtor in its Schedules as liquidated in amount and not disputed or contingent or (iii) any Interest registered in the stock or membership register, as the case may be, maintained by or on behalf of the Debtor as of the Record Date, in each such case in clauses (i), (ii) and (iii) above, a Claim or Interest as to which no objection to the allowance thereof, or action to equitably subordinate or otherwise seek recovery from the Holder of the Claim or Interest, has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or a Final

Order, or as to which an objection has been interposed and such Claim has been allowed in whole or in part by a Final Order.

11. **Amended and Restated Lease** means that certain agreement dated October 12, 2005 by and between Palco and Scopac pursuant to which Palco leases various real property to Scopac.

12. **Ancient Redwood Groves** means approximately 6,600 acres of Palco Timberlands also known as the MMCA's. The Ancient Redwood Groves are comprised of six noncontiguous aggregations of nesting habitat for the seasonal use of redwood forest by a robin-sized seabird, the "marbled murrelet," in accord with the Debtors' existing HCP.

13. **Assets** means all property in which the Debtors hold a legal or equitable interest, including all property described in 11 U.S.C. § 541 and all property disclosed in Debtors' respective Schedules and the Disclosure Statement.

14. **Ballot** means each of the ballot forms for voting to accept or reject the Plan distributed to all Holders of Impaired Claims entitled to vote on the Plan.

15. **Balloting and Claims Agent** means Logan & Company, Inc.

16. **Bankruptcy Code** means title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, as in effect on the Petition Date, together with all amendments and modifications thereto subsequently made, to the extent applicable to the Reorganization Cases.

17. **Bankruptcy Court** means the United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division, or such other court having jurisdiction over the Reorganization Cases.

18. **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure and the local rules and general orders of the Bankruptcy Court, as in effect on the Petition Date, together with all amendments and modifications thereto subsequently made applicable to the Reorganization Cases.

19. **BAPCPA** means the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub.L. 109-8, 119 Stat. 51 (2005).

20. **Bar Date** means the date(s) by which any Entity asserting certain Claims against the Debtors must have filed a Proof of Claim or be forever barred from asserting such Claims against the Debtors or their Estates, as established by any order(s) of the Bankruptcy Court or the Plan.

21. **Bar Date Order** means the order entered by the Bankruptcy Court establishing July 17, 2007 as the general Bar Date and August 17, 2007 as the Bar Date applicable to Governmental Units, and any subsequent order by the Bankruptcy Court amending, revising, rescinding or superseding the same, including but not limited to the Supplemental Bar Date Order.

22. **Blackstone** means Blackstone Advisory Services L.P., a private investment banking firm that maintains offices at 345 Park Avenue, New York, New York 10154.

23. **Britt** means Britt Lumber Co., Inc., a wholly owned subsidiary of Palco.

24. **Business Day** means any day other than a Saturday, Sunday, or legal holiday (as such term is defined in Bankruptcy Rule 9006(a)).

25. **California Permits** means the Permits issued by California pursuant to the HCP.

26. **Cash** means cash, cash equivalents, and other readily marketable securities or instruments, including, without limitation, direct obligations of the United States and certificates of deposit issued by federally insured banks.

27. **Causes of Action** means all causes of action, rights, claims, and demands against any Persons that the Debtors or their Estates own or have an interest in or can assert in any fashion, or which could be asserted by the Debtors on behalf of any Creditor or Creditor representative under the Bankruptcy Code as Debtors in Possession, including but not limited to actions under 11 U.S.C. § 510 to subordinate Claims.

28. **CDF** means the California Department of Forestry and Fire Protection.

29. **CDF Harvest Limit** means the applicable annual harvest limit established by the CDF for each watershed.

30. **Claim** has the meaning set forth in section 101(5) of the Bankruptcy Code, against any Debtor or any Estate whether or not asserted.

31. **Claimant** means the Holder of a Claim.

32. **Class** means a category of Holders of Claims or Interests, as set forth in Articles III of the Plan pursuant to section 1122 of the Bankruptcy Code.

33. **Collateral** means any property or interest in property of an Estate that is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

34. **Committee** means the official committee of unsecured creditors for the Debtors appointed by the U.S. Trustee on January 25, 2007, as presently constituted.

35. **Confirmation, Confirmation of the Plan, or Plan Confirmation** means the approval of the Plan by the Bankruptcy Court at the Confirmation Hearing.

36. **Confirmation Date** means the date on which the Confirmation Order is entered on the docket of the Bankruptcy Court.

37. **Confirmation Hearing** means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider Confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

38. **Confirmation Order** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 and other applicable sections of the Bankruptcy Code.

39. **Convenience Class Claims means** (i) a General Unsecured Claim if the Allowed Amount of such Claim is less than or equal to \$10,000 and (ii) a General Unsecured Claim if the Allowed Amount of such Claim is greater than \$10,000 and the Holder of such Claim elects to reduce the Allowed Amount of its Claim to \$10,000 or less and made the Convenience Class Election on the Ballot within the time fixed by the Bankruptcy Court.

40. **Convenience Class Election** means an election by a Holder of a General Unsecured Claim on its Ballot to reduce its Claim to \$10,000 or less and be treated as a Convenience Class Claim.

41. **Creditor** means any Person or Entity holding a Claim against a Debtor's Estate or pursuant to section 102(5) of the Bankruptcy Code against property of the Debtor that arose or is deemed to have arisen on or prior to the Petition Date.

42. **Current Tax Allocation Agreement** means the tax sharing agreement, dated as of February 9, 2004, among MAXXAM, MGI, Palco and Britt.

43. **Debtor** means any of the Palco Debtors or Scopac.

44. **Debtors** means the Palco Debtors and Scopac.

45. **Deficiency Claim** means a Claim of a Claimant that asserts a Secured Claim against one or more of the Debtors equal to the amount by which such Claim exceeds the Allowed Secured Claim.

46. **Development and Sales Assistance Agreement** means the agreement dated September 1, 2006 by and between Palco and Scotia Development pursuant to which Scotia Development provides various development and sales assistance services to Palco.

47. **Development Notes** means the instrument of indebtedness delivered to the Prepetition Indenture Trustee, on behalf of the Holders of Scopac Timber Noteholder Claims, with terms consistent with Article 5.3.4. of the Plan.

48. **Development Project** means the undertaking by Reorganized Palco to market and sell the Ancient Redwood Groves and develop, market, and sell the Redwood Ranch Development in 160-acre parcels for high-end, low-density residential or recreational development use.

49. **DIP Facility** means the senior secured debtor-in-possession financing provided to the Palco Debtors by Marathon Structured Finance Fund L.P. pursuant a certain debtor-in-possession revolving credit agreement dated August 6, 2007.

50. **DIP Order** means the Bankruptcy Court's order dated July 31, 2007 authorizing the Palco Debtors to enter into the DIP Facility.

51. **Disclosure Statement** means the Disclosure Statement in Support of the Debtors' Joint Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code, dated September 30, 2007, including all exhibits attached thereto or referenced therein, as submitted by the Debtors pursuant to section 1125 of the Bankruptcy Code and approved by the Bankruptcy Court, as such Disclosure Statement may be further amended, supplemented, or modified from time to time.

52. **Disputed Claim; Disputed Interest** means a Claim that is not an Allowed Claim or Interest, including a Claim or Interest that is, in whole or in part: (a) listed on the Schedules as, or proof of which is filed as, unliquidated, disputed or contingent; (b) as to which a Proof of Claim designating such Claim as liquidated in amount and not contingent was not timely and properly filed; (c) as to which a Debtor, Reorganized Palco, or other party in interest has filed a timely objection or request for estimation in accordance with the Bankruptcy Code and Bankruptcy Rules; or (d) is otherwise disputed by a Debtor, Reorganized Palco, or other party in interest in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order.

53. **Distribution** means any distribution by Reorganized Palco to the Holders of Allowed Claims or Allowed Interests pursuant to Article IX of the Plan.

54. **Distribution Date**, when used with respect to each Claim and Interest, means as soon as practicable after the later of: (a) the Effective Date, (b) the date a Claim becomes payable pursuant to any agreement between the Debtors (or Reorganized Palco), or (c) solely with respect to Disputed Claims and Disputed Interests as of the Effective Date, no later than 30 days after the date upon which the Claim or Interest becomes an Allowed Claim or Allowed Interest.

55. **Effective Date** means the date specified by the Debtors in a notice filed with the Bankruptcy Court as the date on which this Plan shall take effect, which date shall be not more than 10 Business Days after the later of (i)

the date on which the Confirmation Order shall have been entered and is no longer subject to any stay; and (ii) the date on which the conditions to the Effective Date provided for in Article XI of the Plan have been satisfied or waived.

56. ***Electing Noteholder*** means the Holder of a Scopac Timber Noteholder Claim who has elected on its Ballot to tender its Prepetition Timber Notes to Reorganized Palco as provided by Article 5.3.2. of the Plan.

57. ***Entity*** has the meaning set forth in section 101(15) of the Bankruptcy Code.

58. ***Environmental Plans*** means the HCP and the SYP.

59. ***EPA*** means the Federal Environmental Protection Agency.

60. ***EPIC-SYP/Permits*** lawsuit means an action entitled *Environmental Protection Information Association, Sierra Club v. California Department of Forestry and Fire Protection, California Department of Fish and Game, The Pacific Lumber Company, Scotia Pacific Company LLC, Salmon Creek Corporation, et al.* filed in the Superior Court of Humboldt County, California (No. CV990445).

61. ***Estate*** means the legal entity administering the property of a Debtor, in its capacity as a debtor in possession, between the Petition Date and the Effective Date, created pursuant to section 541 of the Bankruptcy Code.

62. ***Exculpated Parties*** means (i) each of the Debtors' respective officers, directors, employees, Professionals and agents, (ii) the Committee, its members and Professionals, and (iii) each Non-Debtor Affiliate and each of their respective officers, directors, attorneys, professionals, agents and employees.

63. ***Exit Financing*** means the proposed financing discussed in Section 6.4 of the Disclosure Statement.

64. ***Exit Lenders*** means the Person(s) who have committed to providing the Exit Financing.

65. ***Final Order*** means an order of a court: (a) as to which the time to appeal, petition for writ of certiorari, or otherwise seek appellate review or to move for reargument, rehearing, or reconsideration has expired and as to which no appeal, petition for writ of certiorari, or other appellate review, or proceedings for reargument, rehearing, or reconsideration shall then be pending; or (b) as to which any right to appeal, petition for certiorari, or move for reargument or rehearing shall have been waived in writing by all parties with such right; or (c) in the event that an appeal, writ of certiorari, or other appellate review or reargument, rehearing, or reconsideration thereof has been sought, which order shall have been affirmed by the highest court to which such order was appealed or from which writ of certiorari or other appellate review or reargument, rehearing, or reconsideration was sought, and as to which the time to take any further appeal, to petition for writ of certiorari, to otherwise seek appellate review, and to move for reargument, rehearing, or reconsideration shall have expired; *provided, however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or under section 1144 of the Bankruptcy Code, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

66. ***General Unsecured Claim*** means a Claim against a Debtor that is not a Secured Claim, an Administrative Expense Claim, a Trade Claim, a Priority Tax Claim, an Other Priority Claim, a Non-Debtor Affiliate Claim or a Professional Compensation Claim, but shall not include Claims that are disallowed or released, whether by operation of law or pursuant to order of the Bankruptcy Court, written release or settlement, the provisions of the Plan or otherwise.

67. ***Glossary*** means this Uniform Glossary of Defined Terms for Plan Documents.

68. ***Governmental Unit*** has the meaning ascribed to such term in section 101(27) of the Bankruptcy Code.

69. **Greenfield** means Greenfield Advisors LLC.
70. **HCP** means the habitat conservation plan approved in March 1999 in connection with consummation of the Headwaters Agreement, which covers multiple species and encompasses substantially all of the Palco Timberlands.
71. **Headwaters Agreement** means the agreement among Palco, Scopac, Salmon Creek, the United States, and California pursuant to which the those companies transferred to the United States government 5,600 acres of timberlands in exchange for \$300 million, approximately 7,700 acres of timberlands, and federal and state government-approved habitat conservation and sustained yield plans.
72. **Headwaters Litigation** means the claim filed by Palco and Scopac with the Claims Board against the North Coast Water Board, the State Water Board and the State of California (Claim No. G558159) alleging that the defendants have substantially impaired the contractual and legal rights of Palco and Scopac under the Headwaters Agreement, and the subsequent damages lawsuit entitled *The Pacific Lumber Company and Scotia Pacific Lumber Company LLC v. State of California, et al.* filed by Palco and Scopac in the Superior Court of Fresno County, California (No. CECG 0422).
73. **Headwaters Timberlands** means the 5,600 acres of timberlands transferred by Salmon Creek, Palco and Scopac to the United States government upon consummation of the Headwaters Agreement.
74. **Holder** means any Person holding an Interest or Claim.
75. **Impaired** means a Claim or a Class of Claims that is impaired within the meaning of section 1124 of the Bankruptcy Code.
76. **Intercompany Contracts** means any contract or agreement by or between any of the Debtors including, but not limited to, the following: (i) the New Reciprocal Rights Agreement; (ii) the New Master Purchase Agreement; (iii) the New Services Agreement; (iv) the New Additional Services Agreement; (v) the Master Lease Agreement; (vi) the Amended and Restated Lease; (vii) the Sales and Marketing Assistance Agreement; and (viii) the Development and Sales Assistance Agreement, as any of such agreements or contracts have been amended through the date of the Disclosure Statement.
77. **Interest** means the rights of the holders of the equity securities of a Debtor and the rights of any Entity to purchase or demand the issuance of any equity security of such Debtor, including (a) redemption, conversion, exchange, voting, participation, and dividend rights, (b) liquidation preferences, and (c) stock options and warrants.
78. **Interim Compensation Order** means the order entered by the Bankruptcy Court on January 24, 2007 establishing procedures for interim compensation and reimbursement of expenses of professionals of the Debtors and the Committee.
79. **IRS** means the Internal Revenue Service.
80. **ITP** means Incidental Take Permit, which authorizes certain actions that might otherwise constitute a prohibited “take” of an endangered or threatened species which is otherwise protected by the state and federal Endangered Species Acts.
81. **LIBOR** means London Interbank offered rate of interest.
82. **Lien** has the meaning set forth in section 101(37) of the Bankruptcy Code.
83. **Liquidation Analysis** means the liquidation analysis attached as Exhibit C to the Disclosure Statement.

84. **Lump Sum Purchases** means three “lump sum” timber/log purchases during 2006 pursuant to which MGI purchased timber and logs from Scopac in lieu of Palco.

85. **Marathon** means Marathon Structured Finance Fund L.P.

86. **Master Lease Agreement** means the agreement dated July 20, 1998 by and between Scopac and Palco pursuant to which Scopac leases various parcels of land to Palco.

87. **MAXXAM** means MAXXAM Inc., MGHI’s parent.

88. **MGHI** means MAXXAM Group Holdings Inc., MGI’s parent.

89. **MMCA**s means the marbled murrelet conservation areas and are also known as the Ancient Redwood Groves.

90. **Netting Claim** means the proposed payment by Palco to Scopac of \$1,850,000 referenced in the Netting Motion.

91. **Netting Motion** means the February 9, 2007 Emergency Motion Of Debtors The Pacific Lumber Company and Scotia Pacific Company LLC For Authority To Make Payment To One Another, As Critical Vendors, Of Specified Amounts For Pre-Petition Period January 1-18, 2007, By Means Of Net Payment (After Setoff Or Recoupment) From The Pacific Lumber Company to Scotia Pacific Company LLC; And For Relief From Stay To Permit Such Setoff Or Recoupment, filed as Bankruptcy Court docket number 247.

92. **New Additional Services Agreement** means that certain agreement dated July 20, 1998 by and between Scopac and Palco regarding the provision of certain services by Scopac to Palco.

93. **New Environmental Indemnification Agreement** means the agreement dated July 20, 1998 by and between Palco and Scopac under which Palco agreed to indemnify Scopac against certain environmental liabilities.

94. **New Indenture Trustee** means that Entity identified in the Plan Supplement, or its successors and assigns, who shall serve as the trustee under the New Timber Notes Indenture.

95. **New Master Purchase Agreement** means that certain agreement dated July 20, 1998 by and between Scopac and Palco governing the sale of Scopac Timber.

96. **New Services Agreement** means the agreement dated July 20, 1998 by and between Scopac and Palco regarding the provision of various services by Palco to Scopac.

97. **New Reciprocal Rights Agreement** means that certain agreement dated July 20, 1998 by and among Palco, Scopac and Salmon Creek providing for reciprocal rights of access, entry onto and use of the lands of the other parties for various purposes.

98. **New Services Agreement** means that agreement dated July 20, 1998 by and between Palco and Scopac regarding the provision of certain services by Palco to Scopac.

99. **New Timber Notes** means the Timberland Notes and the Development Notes.

100. **New Timber Notes Indenture** means that certain indenture agreement that shall govern the terms of the Development Notes and the Timberland Notes.

101. **Non-Debtor Affiliate** means any Entity that is an affiliate of any of the Debtors (other than another Debtor), within the meaning of section 101(2) of the Bankruptcy Code, including but not limited to MGI, MAXXAM Group Holdings Inc., and MAXXAM.

102. ***Non-Debtor Affiliate Claim*** means a Claim by a Non-Debtor Affiliate against a Debtor.
103. ***North Coast Water Board*** means the California North Coast Regional Water Quality Control Board.
104. ***Option A*** means the plan for complying with California's sustained yield requirements, which has been approved by the California Department of Forestry and Fire Protection and is currently being relied on by Scopac to obtain approval of its THPs.
105. ***Option C*** means an alternative procedure for timber owners to comply with California's sustained yield requirements.
106. ***Ordinary Course Professionals Order*** means the order entered by the Bankruptcy Court on or about July 17, 2007 permitting the Debtors to employ professionals in the ordinary course of their business without the necessity of filing individual retention applications for each professional.
107. ***Other Priority Claim*** means a Claim (or portion thereof), if any, entitled to priority under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim, an Administrative Expense Claim or a Professional Compensation Claim.
108. ***Palco*** means The Pacific Lumber Company, a wholly owned subsidiary of MGI.
109. ***Palco Convenience Class Claim*** means a Convenience Class Claim against any of the Palco Debtors.
110. ***Palco Debtors*** means Palco, Britt, Salmon Creek, Scotia Inn, and Scotia Development.
111. ***Palco General Unsecured Claim*** means a General Unsecured Claim against any of the Palco Debtors classified in Palco Class 4 and treated under Article IV of the Plan.
112. ***Palco Inter-Debtor Claim*** means any Claim held by any Debtor against any of the Palco Debtors classified in Palco Class 6 and treated under Article IV of the Plan.
113. ***Palco Interest*** means an Interest in any of the Palco Debtors which is classified in Palco Class 9 and treated under Article IV of the Plan.
114. ***Palco Mills*** means the lumber mills of Palco and Britt located in Scotia, California and Arcata, California, respectively.
115. ***Palco Non-Debtor Affiliate Claim*** means a Non-Debtor Affiliate Claim against any of the Palco Debtors classified in Palco Class 7 and treated under Article IV of the Plan.
116. ***Palco Other Priority Claim*** means an Other Priority Claim against any of the Palco Debtors classified in Palco Class 1 and treated under Article IV of the Plan.
117. ***Palco Revolving Credit Agreement*** means that certain revolving credit agreement dated as of July 18, 2006 by and among Palco and Britt, as borrowers, and Marathon Structured Finance Fund L.P., as lender.
118. ***Palco Revolving Credit Facility*** means the five year \$60.0 million secured asset based revolving credit facility evidenced by the Palco Revolving Credit Agreement.
119. ***Palco-Salmon Creek Land*** means the Salmon Creek Land, together with the timberlands owned by Palco in respect of which Scopac has the timber harvest rights.
120. ***Palco Secured Tax Claim*** means a Secured Tax Claim against any of the Palco Debtors classified in Palco Class 2 and treated under Article IV of the Plan.

121. **Palco Term Loan** means the five year \$85.0 million secured term loan evidenced by the Palco Term Loan Agreement.

122. **Palco Term Loan Agreement** means that certain loan agreement dated as of July 18, 2006 by and among Palco and Britt, as borrowers, and Marathon Structured Finance Fund L.P., as lender.

123. **Palco Term Loan Claim** means a Claim arising under the Palco Term Loan Agreement which is classified in Palco Class 3 and treated under Article IV of the Plan.

124. **Palco Timberlands** means any timberlands owned by Palco, Scopac, or Salmon Creek.

125. **Palco Trade Claim** means a Trade Claim against any of the Palco Debtors.

126. **Pension Plan** means any ongoing, defined benefit pension plans to which a Debtor is a contributing sponsor and to which Title IV of the Employee Retirement Income Security Act applies.

127. **Permits** means the incidental take permits issued by the United States and California pursuant to the HCP.

128. **Person** means any person, including without limitation, any individual, entity, corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint stock company, estate, trust, unincorporated association or organization, official committee, *ad hoc* committee or group, governmental agency or political subdivision thereof, the U.S. Trustee, and any successors or assigns of any of the foregoing.

129. **Petition Date** means January 18, 2007, the date on which the Debtors' Reorganization Cases were commenced with the filing of voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

130. **Plan** means the Joint Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code proposed by the Plan Proponents, dated September 30, 2007, including all exhibits attached thereto or referenced therein, as the same may be amended, modified, or supplemented from time to time.

131. **Plan Documents** means the Plan, the Disclosure Statement, and all documents, attachments, and exhibits attached to the Plan or the Disclosure Statement that aid in effectuating the Plan, as the same may be amended, modified, or supplemented, in accordance with their terms.

132. **Plan Proponents** means each of the Debtors, MGI, MGHI, and MAXXAM.

133. **Plan Supplement** means the supplement to this Plan in form and substance satisfactory to the Debtors to be filed with the Bankruptcy Court not later than ten (10) days prior to the Voting Deadline, which shall contain forms of final documents described in the Plan.

134. **Postpetition Interest** means simple interest accruing from the Petition Date calculated at the effective interest rate for 90-day securities obligations issued by the United States Treasury on the Effective Date or, if no such securities were issued on the Effective Date, on the date of issuance immediately preceding the Effective Date.

135. **Prepetition Indenture** means the indenture dated July 20, 1998, as amended from time to time, by and between the Debtor and U.S. Bank & Trust, as original trustee, which indenture governs the terms of the Prepetition Timber Notes.

136. **Prepetition Indenture Trustee** means The Bank of New York, N.A., or its successors and assigns, as substitute trustee under the Prepetition Indenture.

137. **Prepetition Timber Notes** means the A-1 Timber Notes, A-2 Timber Notes and A-3 Timber Notes.

138. **Priority Tax Claim** means a Claim of a Governmental Unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

139. **Pro Rata** means, with reference to any Distribution on account of any Allowed Claim or Allowed Interest in a Class, a Distribution equal in amount to the ratio (expressed as a percentage) that the amount of such claims bears to the aggregate amount of all Allowed Claims in the same Class.

140. **Professional Compensation Claim** means a Claim for compensation, indemnification or reimbursement of expenses incurred by Professionals retained by the Debtors and the Committee pursuant to section 327, 328, 330, 331, or 503(b) of the Bankruptcy Code in connection with the Reorganization Cases.

141. **Professionals** means those Persons (a) employed pursuant to an order of the Bankruptcy Court in accordance with sections 327, 328, or 1103 of the Bankruptcy Code and to be compensated for services pursuant to sections 327, 328, 329, 330, or 331 of the Bankruptcy Code, for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(1) of the Bankruptcy Code and/or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court or is sought pursuant to section 503(b)(4) of the Bankruptcy Code.

142. **Proof of Claim** means any proof of claim filed with the Bankruptcy Court or the Balloting and Claims Agent with respect to a Debtor pursuant to section 501 of the Bankruptcy Code and Bankruptcy Rules 3001 or 3002.

143. **Quarterly Payment Date** means March 15, June 15, September 15 and December 15; provided however, if such day is not a Business Day then the Quarterly Payment Date shall be the first Business Day thereafter.

144. **Qui Tam Realtors** means Richard Wilson and Chris Maranto.

145. **Qui Tam Actions** means the action filed by the Qui Tam Realtors filed on behalf of the United States against the Debtors in the United States District Court for the Northern District of California, case number C-06-7497 and the action filed on behalf of the State of California against the Debtors in San Francisco Superior Court, case number CGC-06-4585.

146. **Qui Tam Claims** means the nine Proofs of Claim that the Qui Tam Realtors filed in the Debtors' Reorganization Cases, which have been numbered as claims 511 through 519, consecutively.

147. **Record Date** means the date of entry of the order approving the Disclosure Statement.

148. **Redeemed Notes** means the Tendered Notes purchased by Reorganized Palco as provided by Article 5.3.2. of the Plan.

149. **Redwood Ranch Development** means the 22,000 acres of timberlands and ranchlands, with views of, and in some cases adjacent to, the Ancient Redwood Groves that Reorganized Palco intends to develop and sell as part of the Development Project.

150. **Released Parties** means (i) each of the Debtors' respective officers, directors, Professionals, agents and employees and (ii) each Non-Debtor Affiliate and each of their respective officers, directors, attorneys, professionals, agents and employees.

151. **Reorganization Case** means any of the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors currently pending in the Bankruptcy Court as Jointly Administered Chapter 11 Case Nos. 07-20027 through 07-20032.

152. **Reorganized** means, when used with reference to the Debtor, such Debtor on and after the Effective Date.

153. **Reorganized Palco** means Palco on and after the Effective Date, which also is the sole surviving entity following the merger of the Debtors as provided by Article 8.2.3. of the Plan.

154. **Reorganized Timber Notes** means the Timberland Notes and the Development Notes.

155. **Sales and Marketing Assistance Agreement** means the agreement dated September 1, 2006 by and between Scopac and Scotia Development pursuant to which Scotia Development provides certain sales and marketing services to Scopac.

156. **Salmon Creek** means Salmon Creek LLC, a wholly owned subsidiary of Palco, and, as applicable, its predecessor Salmon Creek Corporation.

157. **Salmon Creek Land** means approximately 1,300 acres of timberlands owned by Salmon Creek in respect of which Scopac has the timber harvest rights.

158. **SAR Account** means funds held in a reserve account titled the Scheduled Amortization Reserve Account and used to support principal payments on the Prepetition Timber Notes.

159. **Scheduled Amortization** means the amount of principal which Scopac was required to pay on the Prepetition Timber Notes through each payment date in order to avoid prepayment or deficiency premiums.

160. **Schedules** means the schedules, statements, and lists filed by the Debtors with the Bankruptcy Court pursuant to Bankruptcy Rule 1007, as may be amended or supplemented from time to time.

161. **Scopac** means Scotia Pacific Company LLC, a limited liability company wholly owned by Palco.

162. **Scopac Convenience Class Claim** means a Convenience Class Claim against Scopac.

163. **Scopac General Unsecured Claim** means a General Unsecured Claim against Scopac classified in Scopac Class 5 treated under Article V of the Plan.

164. **Scopac Inter-Debtor Claim** any claim held by any of the Palco Debtors against Scopac which claims are classified in Scopac Class 7 and treated under Article V of the Plan.

165. **Scopac Interest** means an Interest in Scopac classified in Scopac Class 10 and treated under Article V of the Plan.

166. **Scopac Line of Credit** means the agreement dated as of July 20, 1998 by and between Scopac, as borrower, and Bank of America, as lender and as agent for itself and any other lender parties thereto pursuant to which Scopac could borrow in order to pay up to one year's interest on the Prepetition Timber Notes.

167. **Scopac Line of Credit Claim** means any Claim arising from the Scopac Line of Credit classified in Scopac Class 4 and treated under Article V of the Plan.

168. **Scopac Non-Debtor Affiliate Claim** means a Non-Debtor Affiliate Claim against Scopac classified in Scopac Class 8 and treated under Article V of the Plan.

169. **Scopac Other Priority Claim** means an Other Priority Claim against Scopac classified in Scopac Class 1 and treated under Article V of the Plan.

170. **Scopac Secured Tax Claim** means a Secured Tax Claim against Scopac classified in Scopac Class 2 and treated under Article V of the Plan.

171. **Scopac Timber** means the timber in respect of the Scopac Timberlands and the Scopac Timber Rights.

172. **Scopac Timber Noteholder Claim** means a claim against Scopac arising from the Prepetition Timber Notes classified in Scopac Class 3 and treated under Article V of the Plan.

173. **Scopac Timber Rights** means Scopac's exclusive right to harvest on the Palco-Salmon Creek Land.

174. **Scopac Timberlands** means approximately 200,000 acres of timberlands owned by Scopac.

175. **Scopac Trade Claim** means a Trade Claim against Scopac.

176. **Scotia Inn** means Scotia Inn Inc., a wholly owned subsidiary of Palco.

177. **Scotia Development** means Scotia Development LLC, a wholly owned subsidiary of Palco.

178. **Secured Claim** means any Claim that is (a) secured in whole or part, as of the Petition Date, by a Lien against property of a Debtor that is valid, perfected, and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable nonbankruptcy law or (b) subject to setoff under section 553 of the Bankruptcy Code; *provided, however*, with respect to both (a) and (b) above, a Claim is a Secured Claim only to the extent of the value, net of any senior Lien, of the Estate's interest in the assets or property securing any such Claim or the amount subject to setoff, as the case may be.

179. **Secured Tax Claim** means a Tax Claim that is also a Secured Claim.

180. **Securities Act** means the Securities Act of 1933, 15 U.S.C. §§ 77a-77m, as in effect on the Petition Date, together with all amendments and modifications thereto subsequently made applicable to the Reorganization Cases.

181. **Semi-Annual Payment Date** means June 15 and December 15; *provided, however*, if such day is not a Business Day then the Semi-Annual Payment Date shall be the first Business Day thereafter.

182. **State Water Board** means the California State Water Resources Control Board.

183. **Supplemental Bar Date Order** means the order entered by the Bankruptcy Court establishing September 5, 2007 as the Bar Date for unknown creditors.

184. **SYP** means the sustained yield plan approved as part of the Headwaters Agreement and later invalidated by a California state court, which covers multiple species and encompasses substantially all of the Palco Timberlands.

185. **Tax Claim** means any Claim for any and all federal, state, county and local income, ad valorem, excise, stamp and other taxes of any type or nature whatsoever.

186. **Tendered Notes** means the principal dollar amount of Prepetition Timber Notes, which the Electing Noteholder identifies in its Ballot that it desires to tender to Reorganized Palco as provided by Article 5.3.2. of the Plan.

187. **THP** means a timber harvesting plan required to be filed with and approved by the CDF prior to the harvesting of timber.

188. **Timber Notes Redemption Facility** means the offer by Reorganized Palco to purchase the Prepetition Timber Notes in accordance with Article 5.3.2. of the Plan.

189. **Timberland Notes** means that instrument of indebtedness delivered to the Prepetition Indenture Trustee, on behalf of the Holders of Scopac Timber Noteholder Claims, with terms consistent with Article 5.3.3. of the Plan.

190. **TMDLs** means total maximum daily load limits.

191. **Trade Claim** means a Claim for goods, supplies, equipment, or services utilized by the Debtors in the operation of their business; provided, however, that the term “Trade Claim” shall not include (i) Claims for damages arising from the rejection of contracts or leases or (ii) Claims asserted by former employees or former Insiders.

192. **Unsecured Claim** means any portion of a Claim to the extent the value of the Holder’s interest in the property securing such Claim (if any) is less than the amount of the Claim or, to the extent that the amount of the Claim subject to setoff is less than the amount of the Claim, as determined pursuant to section 506(a) of the Bankruptcy Code.

193. **Unsecured Notes** means that instrument of indebtedness delivered to (i) each Holder of an Allowed Palco General Unsecured Claim and (ii) each Holder of an Allowed Scopac General Unsecured Claim.

194. **U.S. Trustee** means the United States Trustee for the Southern District of Texas.

195. **Voting Deadline** means the deadline set by the Bankruptcy Court for submitting Ballots on the Plan.

196. **WWDRs** means watershed-wide waste discharge requirements.