

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**  
SEC Accession No. **0000900421-94-000024**

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### FILER

#### **MAXXAM GROUP INC /DE/**

CIK: **764542** | IRS No.: **131310680** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-08857** | Film No.: **94527727**  
SIC: **2400** Lumber & wood products (no furniture)

#### Mailing Address

*P O BOX 572887  
P O BOX 572887  
HOUSTON TX 77257-2887*

#### Business Address

*5847 SAN FELIPE STE 2600  
HOUSTON TX 77057  
7139757600*

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FORM 10-Q  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1994

Commission File Number 1-8857

MAXXAM GROUP INC.

(Exact name of Registrant as specified in its charter)

DELAWARE 13-1310680  
(State or other jurisdiction (I.R.S. Employer  
of incorporation or Identification Number)  
organization)

5847 SAN FELIPE, SUITE 2600 77057  
HOUSTON, TEXAS (Zip Code)  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (713) 975-7600

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  
Yes /X/ No / /

Number of shares of common stock outstanding at May 1, 1994: 100

Registrant meets the conditions set forth in General Instruction H(1) (a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

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MAXXAM GROUP INC.

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MAXXAM GROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

<TABLE>  
<CAPTION>

	March 31, 1994	December 31, 1993
	-----	-----
	(Unaudited)	
	(In thousands of dollars)	
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents . . . . .	\$ 26,366	\$ 39,001
Marketable securities . . . . .	21,336	17,775
Receivables:		
Trade . . . . .	12,653	15,910
Other . . . . .	4,444	4,212
Inventories . . . . .	66,370	73,413
Prepaid expenses and other current assets . . . . .	3,782	3,189
Total current assets . . . . .	----- 134,951	----- 153,500
Timber and timberlands, net of depletion of \$174,105 and \$171,007 at March 31, 1994 and December 31, 1993, respectively . . . . .	362,967	365,511
Property, plant and equipment, net of accumulated depreciation of \$52,101 and \$50,090 at March 31, 1994 and December 31, 1993, respectively . . . . .	103,983	102,780
Deferred financing costs, net . . . . .	32,058	32,725
Deferred income taxes . . . . .	57,500	58,371
Restricted cash . . . . .	33,532	33,562
Other assets . . . . .	9,374	9,572
	----- \$ 734,365	----- \$ 756,021
	=====	=====
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current liabilities:		
Accounts payable . . . . .	\$ 4,877	\$ 2,871
Accrued interest . . . . .	9,602	26,216
Accrued compensation and related benefits . . . . .	10,006	7,782
Deferred income taxes . . . . .	14,132	14,132
Other accrued liabilities . . . . .	3,309	4,543
Long-term debt, current maturities . . . . .	13,281	16,093
Total current liabilities . . . . .	----- 55,207	----- 71,637
Long-term debt, less current maturities . . . . .	766,305	772,310
Other noncurrent liabilities . . . . .	27,940	28,125
Total liabilities . . . . .	----- 849,452	----- 872,072
Contingencies		
Stockholder's deficit:		
Common stock, \$.08 1/3 par value; 1,000 shares authorized; 100 shares issued		
Additional capital . . . . .	81,287	81,287
Accumulated deficit . . . . .	(196,374)	(197,338)
Total stockholder's deficit . . . . .	----- (115,087)	----- (116,051)
	----- \$ 734,365	----- \$ 756,021
	=====	=====

</TABLE>

The accompanying notes are an integral part of these

MAXXAM GROUP INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)

<TABLE>  
<CAPTION>

	Three Months Ended March 31,	
	1994	1993
	(In thousands of dollars)	
<S>	<C>	<C>
Net sales:		
Lumber and logs . . . . .	\$ 53,653	\$ 48,724
Other . . . . .	3,060	4,013
	56,713	52,737
Operating expenses:		
Costs of goods sold (exclusive of depletion and depreciation) . . . .	33,132	26,349
Depletion and depreciation . . . . .	6,065	6,229
Selling, general and administrative .	4,310	3,926
	43,507	36,504
Operating income . . . . .	13,206	16,233
Other income (expense):		
Investment, interest and other income	7,719	3,037
Interest expense . . . . .	(19,090)	(21,372)
Income (loss) from continuing operations before income taxes, extraordinary item and cumulative effect of changes in accounting principles . . . . .	1,835	(2,102)
Provision in lieu of income taxes . . . .	(871)	(39)
Income (loss) from continuing operations before extraordinary item and cumulative effect of changes in accounting principles . . . . .	964	(2,141)
Loss from net assets transferred to MAXXAM, net of minority interest and related income taxes . . . . .	--	(480,370)
Income (loss) before extraordinary item and cumulative effect of changes in accounting principles . . . . .	964	(482,511)
Extraordinary item:		
Loss on early extinguishment of debt, net of related credit in lieu of income taxes of \$5,566 . . . . .	--	(10,802)
Cumulative effect of changes in accounting principles:		
Postretirement benefits other than pensions, net of related credit in lieu of income taxes of \$1,566 . .	--	(2,348)
Accounting for income taxes . . . . .	--	14,916
Net income (loss) . . . . .	\$964	\$ (480,745)

</TABLE>

The accompanying notes are an integral part of these  
financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

<TABLE>  
<CAPTION>

	Three Months Ended	
	March 31,	
	----- 1994	1993 -----
	(In thousands of dollars)	
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) . . . . .	\$ 964	\$(480,745)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depletion and depreciation . . . . .	6,065	6,229
Amortization of deferred financing costs and discounts on long-term debt . . . . .	2,914	850
Net losses (gains) on marketable securities . . . . .	241	(3,067)
Loss from net assets transferred to MAXXAM, net . . . . .	--	480,370
Extraordinary loss on early extinguishment of debt, net . . . . .	--	10,802
Incurrence of financing costs . . . . .	--	(26,860)
Cumulative effect of changes in accounting principles, net . . . . .	--	(12,568)
Decrease in inventories . . . . .	6,214	5,390
Decrease in receivables . . . . .	2,967	11,129
Increase in accounts payable . . . . .	2,006	690
Increase in other liabilities . . . . .	1,825	--
Decrease (increase) in accrued and deferred income taxes . . . . .	871	(201)
Decrease in accrued interest . . . . .	(16,614)	(24,932)
Other . . . . .	(478)	(937)
	-----	-----
Net cash provided by (used for) operating activities . . . . .	6,975	(33,850)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchases of marketable securities	(4,822)	(7,845)
Capital expenditures . . . . .	(4,045)	(1,956)
Increase in net assets transferred to MAXXAM . . . . .	--	(3,059)
Other . . . . .	304	43
	-----	-----
Net cash used for investing activities . . . . .	(8,563)	(12,817)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemptions, repurchase of and principal payments on long-term debt		(8,147) (549,690)
Net payments under revolving credit agreements . . . . .	(2,900)	--
Proceeds from issuance of long-term debt . . . . .	--	620,000
Restricted cash deposits . . . . .	--	(35,000)
	-----	-----
Net cash provided by (used for) financing activities . . . . .	(11,047)	35,310
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,635)	(11,357)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD . . . . .	39,001	54,254
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	=====	\$ 26,366 \$ 42,897 =====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid, net of capitalized interest . . . . .	\$ 32,790	\$ 45,454

</TABLE>

MAXXAM GROUP INC. AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(IN THOUSANDS OF DOLLARS)

1. GENERAL

The information contained in the following notes to the consolidated financial statements is condensed from that which would appear in the annual consolidated financial statements; accordingly, the consolidated financial statements included herein should be reviewed in conjunction with the consolidated financial statements and related notes thereto contained in the Annual Report on Form 10-K filed by MAXXAM Group Inc. with the Securities and Exchange Commission for the fiscal year ended December 31, 1993 (the "Form 10-K"). All references to the "Company" include MAXXAM Group Inc. and its subsidiary companies unless otherwise indicated or the context indicates otherwise. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year end. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the entire year.

The consolidated financial statements included herein are unaudited; however, they include all adjustments of a normal recurring nature which, in the opinion of management, are necessary to present fairly the consolidated financial position of the Company at March 31, 1994 and the consolidated results of operations and cash flows for the three months ended March 31, 1994 and 1993. Certain reclassifications of prior period information have been made to conform to the current presentation. The Company is a wholly owned subsidiary of MAXXAM Inc. ("MAXXAM").

2. INVENTORIES

Inventories consist of the following:

<TABLE>  
<CAPTION>

	March 31, 1994	December 31, 1993
	-----	-----
<S>	<C>	<C>
Lumber . . . . .	\$51,154	\$52,354
Logs . . . . .	15,216	21,059
	-----	-----
	\$66,370	\$73,413
	=====	=====

</TABLE>

3. LONG-TERM DEBT

Long-term debt consists of the following:

<TABLE>  
<CAPTION>

	March 31, 1994	December 31, 1993
	-----	-----
<S>	<C>	<C>
7.95% Timber Collateralized Notes due July 20, 2015 . . . . .	\$368,857	\$376,953
11 1/4% Senior Secured Notes due August 1, 2003 . . . . .	100,000	100,000
12 1/4% Senior Secured Discount Notes due August 1, 2003, net of discount . . .	75,729	73,499
10 1/2% Senior Notes due March 1, 2003 .	235,000	235,000
Other . . . . .	--	2,951
	-----	-----
	779,586	788,403
Less: current maturities . . . . .	(13,281)	(16,093)
	-----	-----
	\$766,305	\$772,310

</TABLE>

4. INVESTMENT, INTEREST AND OTHER INCOME

In February 1994, The Pacific Lumber Company ("Pacific Lumber," a wholly owned subsidiary of the Company) received a franchise tax refund of \$7,243, the substantial portion of which represents interest, from the State of California relating to tax years 1972 through 1985. This amount is included in investment, interest and other income for the three months ended March 31, 1994.

5. LOSS FROM NET ASSETS TRANSFERRED TO MAXXAM

The loss from net assets transferred to MAXXAM was as follows for the three months ended March 31, 1993:

<TABLE>

<S>	<C>
Net sales:	
Aluminum operations . . . . .	\$ 442,613
Real estate and other . . . . .	7,759
	-----
	450,372
Costs and expenses:	
Aluminum operations . . . . .	469,843
Real estate and other . . . . .	9,462
	-----
	479,305
	-----
Loss before income taxes, minority interests, extraordinary item and cumulative effect of changes in accounting principles . . . . .	(28,933)
Income taxes . . . . .	11,765
Minority interests . . . . .	1,594
	-----
Loss before extraordinary item and cumulative effect of changes in accounting principles . . . . .	(15,574)
Extraordinary item:	
Loss on redemption of debt, net of related benefits for income taxes and minority interests of \$11,249 and \$2,791, respectively . . . . .	(19,045)
Cumulative effect of changes in accounting principles:	
Postretirement and postemployment benefits, net of related benefits for income taxes and minority interests of \$237,682 and \$64,554, respectively . . . . .	(440,519)
Accounting for income taxes . . . . .	(5,232)
	-----
Loss from net assets transferred to MAXXAM . . . . .	\$ (480,370)
	=====

</TABLE>

6. CONTINGENCIES

The Company's operations are subject to a variety of California and, in some cases, federal laws and regulations dealing with timber harvesting, endangered species, water quality and air and water pollution. The Company does not expect that compliance with such existing laws and regulations will have a material adverse effect on the Company's future operating results. There can be no assurance, however, that future legislation, governmental regulations or judicial or administrative decisions would not adversely affect the Company or its ability to sell lumber, logs or timber.

Various groups and individuals have filed objections with the California Department of Forestry ("CDF") regarding the CDF's actions and rulings with respect to certain of the Company's timber harvesting plans ("THPs"), and the Company expects that such groups and individuals will continue to file objections to the Company's THPs. In addition, lawsuits are pending which seek to prevent the Company from implementing certain of its approved THPs. These challenges have severely restricted Pacific Lumber's ability to harvest virgin old growth redwood timber on its property during the past few years, as well as substantial amounts of virgin Douglas-fir timber which are located in virgin old growth redwood stands. No assurance can be given as to the extent of such litigation in the future. The Company believes that environmentally focused challenges to its THPs are likely to occur in the future. Although such challenges have delayed or prevented the Company from conducting a portion of its operations, to date such challenges have not had a material adverse

effect on the Company's consolidated financial position or results of operations. It is, however, impossible to predict the future nature or degree of such challenges or their ultimate impact on the operating results or consolidated financial position of the Company.

The Company, Pacific Lumber, MAXXAM and certain of their former and current officers and directors are defendants in various actions related to the Company's acquisition of Pacific Lumber. Management is of the opinion that the outcome of such litigation is unlikely to have a material adverse effect on the Company's consolidated financial position. Management is unable to express an opinion as to whether the outcome of such litigation is unlikely to have a material adverse effect on the Company's results of operations in respect of any fiscal year.

The Company is also involved in various claims, lawsuits and proceedings relating to a wide variety of other matters. While there are uncertainties inherent in the ultimate outcome of such matters and it is impossible to presently determine the ultimate costs that may be incurred, management believes the resolution of such uncertainties and the incurrence of such costs should not have a material adverse effect upon the Company's consolidated financial position or results of operations.

MAXXAM GROUP INC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following should be read in conjunction with the response to Part I, Item 1 of this Report and Items 7 and 8 of the Form 10-K. Any capitalized terms used but not defined in this Item have the same meaning given to them in the Form 10-K.

RESULTS OF OPERATIONS

The Company's business is highly seasonal, in that the Company has historically experienced lower first and fourth quarter sales due largely to the general decline in construction related activity during the winter months. Accordingly, the Company's results for any one quarter are not necessarily indicative of results to be expected for the full year. The following table presents selected operational and financial information for the three months ended March 31, 1994 and 1993. The information presented in the table is in millions of dollars except shipments and prices.

<TABLE>  
<CAPTION>

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
Shipments:		
Lumber(1):		
Redwood upper grades . . . . .	12.9	15.8
Redwood common grades . . . . .	49.4	45.6
Douglas-fir upper grades . . . . .	2.5	3.2
Douglas-fir common grades . . . . .	15.4	14.8
	-----	-----
Total lumber . . . . .	80.2	79.4
	=====	=====
Logs(2) . . . . .	5.5	--
	=====	=====
Wood chips(3) . . . . .	30.3	36.5
	=====	=====
Average sales price:		
Lumber(4):		
Redwood upper grades . . . . .	\$1,406	\$1,213
Redwood common grades . . . . .	448	457
Douglas-fir upper grades . . . . .	1,405	1,114
Douglas-fir common grades . . . . .	460	427
Logs(4) . . . . .	676	--
Wood chips(5) . . . . .	71	81
Net sales:		
Lumber, net of discount . . . . .	\$ 50.0	\$ 48.7



Logs . . . . .	3.7	--
Wood chips . . . . .	2.1	3.0
Cogeneration power . . . . .	.6	.7
Other . . . . .	.3	.3
	-----	-----
Total net sales . . . . .	\$ 56.7	\$ 52.7
	=====	=====
Operating income . . . . .	\$ 13.2	\$ 16.2
	=====	=====
Income (loss) from continuing operations before income taxes, extraordinary item and cumulative effect of changes in accounting principles . . . . .	\$ 1.8	\$ (2.1)
	=====	=====
Loss from net assets transferred to MAXXAM, net of minority interests and related income taxes . . . . .	\$ --	\$ (480.4)
	=====	=====
Net income (loss) . . . . .	\$ 1.0	\$ (480.7)
	=====	=====
Capital expenditures . . . . .	\$ 4.0	\$ 2.0
	=====	=====

<FN>

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- (1) Lumber shipments are expressed in millions of board feet.
- (2) Log shipments are expressed in millions of board feet, net Scribner scale.
- (3) Wood chip shipments are expressed in thousands of bone dry units of 2,400 pounds.
- (4) Dollars per thousand board feet.
- (5) Dollars per bone dry unit.

</TABLE>

#### Shipments

Lumber shipments for the three months ended March 31, 1994 were 80.2 million board feet, an increase of 1% from 79.4 million board feet for the three months ended March 31, 1993. This increase was principally due to an 8% increase in redwood common lumber shipments, partially offset by an 18% decrease in shipments of upper grade redwood lumber. Log shipments for the three months ended March 31, 1994 were 5.5 million feet (net Scribner scale). Log shipments were insignificant for the three months ended March 31, 1993.

Old growth trees constitute Pacific Lumber's principal source of upper grade redwood lumber. Due to the severe restrictions on Pacific Lumber's ability to harvest virgin old growth timber on its property (see "Trends" under Item 7 of the Form 10-K), Pacific Lumber's supply of upper grade lumber has decreased in some premium product categories. Pacific Lumber has been able to lessen the impact of these decreases by augmenting its production facilities to increase its recovery of upper grade lumber from smaller diameter logs and increasing the production of manufactured upper grade lumber products through its end and edge glue facility (which is currently being expanded). However, unless Pacific Lumber is able to sustain the harvest level of old growth trees it has experienced in recent years, Pacific Lumber expects that its supply of premium upper grade lumber products will decrease from current levels and that its manufactured lumber products will constitute a higher percentage of its shipments of upper grade lumber products.

#### Net sales

Revenues from net sales of lumber and logs for the three months ended March 31, 1994 increased by approximately 10% from the three months ended March 31, 1993. This increase was principally due to increased log shipments, a 16% increase in the average realized price of upper grade redwood lumber, increased shipments of redwood common lumber and a 26% increase in the average realized price of upper grade Douglas-fir lumber, partially offset by decreased shipments of upper grade redwood lumber, as previously discussed. The decrease in other sales for the three months ended March 31, 1994 as compared to the three months ended March 31, 1993 was attributable to decreased sales of wood chips.

#### Operating income

Operating income for the three months ended March 31, 1994 decreased by approximately 19% as compared to the three months ended March 31, 1993. This decrease was principally due to lower shipments of high margin upper grade lumber and the continued higher costs of logs.

Pacific Lumber's cost of producing lumber products has continued to increase as a result of compliance with evolving environmental regulations, litigation associated with its timber harvesting plans and greater costs attributable to processing larger numbers of smaller diameter logs and producing manufactured products. For the three months ended March 31, 1993, cost of goods sold was reduced by \$1.2 million for an additional business interruption insurance claim as a result of the April 1992 earthquake.

Income (loss) from continuing operations before income taxes, extraordinary item and cumulative effect of changes in accounting principles

Income from continuing operations before income taxes, extraordinary item and cumulative effect of changes in accounting principles increased for the three months ended March 31, 1994 as compared to the three months ended March 31, 1993. This increase resulted from higher investment, interest and other income and decreased interest expense, partially offset by the decrease in operating income. Investment, interest and other income for the three months ended March 31, 1994 includes the receipt of a franchise tax refund of \$7.2 million (as described in Note 4 to the Condensed Notes to Consolidated Financial Statements). Investment, interest and other income for the three months ended March 31, 1993 includes net gains on marketable securities of \$3.1 million. Interest expense decreased due to lower interest rates resulting from the refinancing of the Company's long-term debt in March and August of 1993.

#### FINANCIAL CONDITION AND INVESTING AND FINANCING ACTIVITIES

As of March 31, 1994, the Company had consolidated long-term debt of \$732.8 million (net of current maturities and restricted cash deposited in the Liquidity Account) as compared to \$738.7 million at December 31, 1993. The decrease in long-term debt was primarily due to principal payments on the Timber Notes.

The Company conducts its operations through its principal operating subsidiaries, Pacific Lumber and Britt. The indentures governing the Pacific Lumber Senior Notes and the Timber Notes and Pacific Lumber's Revolving Credit Agreement contain various covenants which, among other things, limit the payment of dividends and restrict transactions between Pacific Lumber and its affiliates. As of March 31, 1994, under the most restrictive of these covenants, approximately \$3.4 million of dividends may be paid by Pacific Lumber. On February 24, 1994, Pacific Lumber paid dividends of \$5.7 million which represented the entire amount permitted at December 31, 1993.

The indenture governing the MGI Notes contains various covenants which, among other things, limit the payment of dividends and restrict transactions between the Company and its affiliates. At March 31, 1994, under the most restrictive of these covenants, no dividends may be paid by the Company.

The Company anticipates that cash flows from operations, together with existing cash, marketable securities and available sources of financing, will be sufficient to fund the working capital and capital expenditures requirements of the Company and its respective subsidiaries for the foreseeable future; however, due to its highly leveraged condition, the Company is more sensitive than less leveraged companies to factors affecting its operations, including governmental regulation affecting its timber harvesting practices, increased competition from other lumber producers or alternative building products and general economic conditions.

MAXXAM GROUP INC.

#### PART II. OTHER INFORMATION

##### ITEM 1. LEGAL PROCEEDINGS

Reference is made to Item 3 of the Form 10-K for information concerning material legal proceedings with respect to the Company. The following material developments have occurred with respect to such legal proceedings. Any capitalized or italicized terms used but not defined in this Item have the same meaning given to them in the Form 10-K.

Pacific Lumber Merger Litigation

With respect to the Russ case, the Court has scheduled a status

conference for June 6, 1994.

With respect to the Boesky Multidistrict Securities Litigation, trial is set to commence beginning May 17, 1994. Additionally, plaintiffs were recently allowed to amend their complaint with additional claims, including that MAXXAM and others assisted the former Board of Directors of Pacific Lumber in their alleged breaches of fiduciary duty.

With respect to the Kayes case, oral argument before the 9th Circuit Court of Appeal was held May 10, 1994 and the Court took the matter under submission.

Pacific Lumber Environmental Litigation

With respect to the Sierra Club, et al. v. State Board of Forestry (No. 82371) action, the California Supreme Court has scheduled oral argument for June 7, 1994.

With respect to the Lost Coast League action, on April 19, 1994 the Court indicated that it would be issuing a preliminary injunction staying harvesting operations in connection with this THP pending trial which is scheduled to commence on June 27, 1994.

Effective May 2, 1994, EPIC filed an action entitled EPIC v. California Department of Forestry, et al. (No. 94CP0317) in the Superior Court of Humboldt County, California. This lawsuit relates to six THPs for approximately 1,360 acres of primarily residual old growth redwood timber (virtually all of such acres containing timber of SPHC). On May 5, 1994, the Court held a hearing on plaintiff's application for a temporary restraining order ("TRO") and the Court took the matter under submission. On May 10, 1994, the Court denied plaintiff's application for a TRO.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. EXHIBITS:

None.

B. REPORTS ON FORM 8-K:

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, who has signed this report on behalf of the Registrant and as the chief financial officer of the Registrant.

MAXXAM GROUP INC.

Date: May 13, 1994

By: JOHN T. LA DUC

-----  
John T. La Duc  
Vice President and Chief Financial  
Officer