

The Settlement Agreement between the Willis Class and various public water suppliers has now been executed by all but two of the settling defendants – Phelan Pinon Hills Community Services District and the City of Palmdale. We expect those entities to execute the Willis settlement agreement in the near future, after which we will file a motion for preliminary approval of the proposed settlement. In the alternative, we intend to proceed with the settlement without them and file summary adjudication motions against those two entities with respect to their prescription claims against the Willis Class.

We have participated in the Principals' (Waldo) mediation process as well as the recent mediation before Justice Robie in the hope that we can help achieve a broader, more comprehensive, resolution of this litigation. We support a comprehensive settlement and will continue to participate in those mediations to the extent that our participation can be productive. We emphasize that we do not regard our settlement with the Public Water Suppliers as precluding such a broader resolution. Rather, we hope that it will be a step towards a comprehensive settlement involving most, if not all, of the parties to the litigation.

KRAUSE KALFAYAN BENINK
& SLAVENS LLP

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STATUS CONFERENCE STATEMENT