

CROWN PAPER LIQUIDATING TRUST AGREEMENT

THIS CROWN PAPER LIQUIDATING TRUST AGREEMENT (the “Agreement”), dated as of this 1st day of March 2001, among CROWN VANTAGE INC., a Virginia corporation and Crown Paper Co., a Virginia corporation, (collectively the “Debtors”), on behalf of their creditors (“the Creditors”), and Jeffrey H. Beck, (the “Liquidating Trustee”), executed in connection with those portions of the Debtors’ Second Amended Disclosure Statement and Joint Liquidating Plan of Reorganization, filed on October 5, 2001, that comprise the Debtors’ joint plan of reorganization (as modified, the “Plan”) by the Debtors in the United States Bankruptcy Court for the Northern District of California (the “Bankruptcy Court”), provides for the establishment of a liquidating trust (the “Liquidating Trust”) to resolve, liquidate and realize upon certain of the Debtors’ assets, rights, claims, and causes of action, as successor to and representative of the bankruptcy estate of the Debtors. Except as otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Plan.

W I T N E S S E T H

WHEREAS, the Plan was approved by certain Creditors and confirmed by the Bankruptcy Court by the Findings Of Fact, Conclusions Of Law And Order Pursuant To Section 1129(a) Of The Bankruptcy Code And Rule 3020 Of The Bankruptcy Rules Confirming Debtors’ Second Amended Disclosure Statement And Joint Liquidating Plan Of Reorganization, Dated October 5, 2001, As Amended, dated November 19, 2001 (the “Confirmation Order”), and this Agreement is executed in order to facilitate implementation of the Plan; and

WHEREAS, under the terms of the Plan, the Liquidating Trust is to be established for, among other things, the distribution on behalf of the Debtors to holders of Allowed Claims against the Debtors’ estate evidenced by all classes of creditors as set forth in the Plan, Pre-Petition Lenders, Secured IRBs Indenture Trustee, and the Retiree Trust (whether such Claims are Allowed Claims on or after the Effective Date of the Plan) (collectively, the “Beneficiaries”), consisting of one hundred percent (100%) of the beneficial interests of the trust created hereby; and

WHEREAS, under the terms of the Plan, the Liquidating Trust Assets are to be conveyed to the Liquidating Trust evidenced hereby for the purpose of liquidating and distributing the Liquidating Trust Assets to the Beneficiaries and completing the resolution of Disputed Claims in accordance with the Plan; and

WHEREAS, the Liquidating Trust is established for the sole purpose of liquidating the Liquidating Trust Assets for the benefit of the Beneficiaries, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective or authority to continue or engage in the conduct of a trade or business;

WHEREAS, the Liquidating Trust is intended to qualify as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d); and

WHEREAS, the Liquidating Trust is intended to qualify as a grantor trust for federal income tax purposes; and

WHEREAS, the Liquidating Trustee has agreed to act as the Liquidating Trustee under this Agreement for the purposes herein provided;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Plan, the Debtor, the Committee and the Liquidating Trustee agree as follows:

ARTICLE 1.

ESTABLISHMENT OF THE TRUST

Section 1.1. Transfer of Liquidating Trust Assets to the Liquidating Trust. Pursuant to the Plan, all of the Debtor's right, title and interest in and to the Liquidating Trust Assets are hereby transferred to the Liquidating Trust, and such transfer is on behalf of the Beneficiaries (whether such Beneficiaries' Claims are Allowed Claims on or after the Effective Date of the Plan), to establish the Liquidating Trust. To the extent any law or regulation prohibits the transfer of ownership of any of the Liquidating Trust Assets from the Debtor to the Liquidating Trustee and such law is not superseded by the Bankruptcy Code, the Liquidating Trustee's interest shall be a Lien upon and security interest in such Liquidating Trust Assets, in trust, nevertheless, for the sole use and purposes set forth in Section 2.1, and this Agreement shall be deemed a security agreement granting such interest thereon. All of the Debtor's right, title and interest in any attorney-client privilege and work product privilege that attaches to communications or work product that are relevant to any litigation prosecuted by the Liquidating Trust are hereby vested and preserved in the Liquidating Trust. By executing this Agreement, the Liquidating Trustee hereby accepts all of such property as the Liquidating Trust Assets, to be held in trust for the Beneficiaries, subject to the terms of this Agreement and the Plan.

Section 1.2. Title to the Liquidating Trust Assets.

(a) The transfer of the Liquidating Trust Assets to the Liquidating Trust shall be made by the Debtors for the benefit and on behalf of the Beneficiaries, whether allowed on or after the Effective Date. In this regard, the Liquidating Trust Assets will be treated for tax purposes as being transferred (subject to the liabilities and Allowed Claims indicated herein, whether such Claims are Allowed Claims on or after the Effective Date of the Plan) by the Debtors to the Beneficiaries, and then by such Beneficiaries to the Liquidating Trust in exchange for interests (the "Liquidating Trust Interests") for the benefit of such holders in accordance with the Plan. Upon the transfer of the Liquidating Trust Assets, the Liquidating Trustee shall succeed to all of the Debtors' right, title and interest in the Liquidating Trust Assets, and the Debtors will have no further interest in or with respect to the Liquidating Trust Assets or this Liquidating Trust.

(b) For all federal income tax purposes, all parties (including, without limitation, the Debtor, the Liquidating Trustee, the Beneficiaries and the Liquidating Trust Committee) shall treat the transfer of Liquidating Trust Assets to the Liquidating Trust,

as set forth in this Section 1.2 and in accordance with the Plan, as a transfer of the Liquidating Trust Assets to the Beneficiaries, followed by a transfer of such assets by such holders to the Liquidating Trust, and the Beneficiaries shall be treated as the grantors and owners hereof.

Section 1.3. Further Instruments and Acts. Through and including the Effective Date, the Debtor shall, upon reasonable request of the Liquidating Trustee, execute, acknowledge and deliver such further instruments and do such further acts as may be necessary or appropriate to transfer to the Liquidating Trust any portion of the Liquidating Trust Assets intended to be transferred herein.

Section 1.4. Assignment and Assumption of Claims. In accordance with Section 1.2 hereof, the Debtor hereby transfers and assigns the Liquidating Trust Assets to the Liquidating Trust, and the Liquidating Trustee on behalf of the Liquidating Trust hereby assumes and agrees that all such Liquidating Trust Assets will be transferred to the Liquidating Trust subject to liabilities arising from the administration of the Liquidating Trust, as well as the following liabilities, if any, which arise out of or relate to any known or unknown Claim or causes of action against the Debtor or its Estate: (a) Administrative Claims that have not been Allowed as of the Effective Date but which are subsequently Allowed; (b) Allowed Claims arising in Class 1, Class 2, Class 3, and other classes as provided for in the Plan; (c) Unresolved or Disputed Claims; (d) any obligations owing pursuant to the Plan and unpaid (including, without limitation, the fees of the United States Trustee and Indenture Trustee and Professionals' fees and expenses); and (e) any expenses incurred and unpaid, or to be incurred, by the Liquidating Trustee in the performance of its administrative duties in respect of the Debtor's Estate (including, the filing of final tax returns and the payment of any taxes shown thereon, and any tax liability determined to be due and owing pursuant to the requests for expedited determinations under Section 505 of the Bankruptcy Code); but specifically excluding any Disallowed Claims or expenses.

Section 1.5. Pension Plans. The Liquidating Trustee, on behalf of the Liquidating Trust, shall assume any obligations that the Debtors may have as Plan Administrator in respect of the pension plans, each of which is a defined benefit pension plan governed by the Employee Retirement Income Security Act of 1974, as amended, 19 U.S.C. §§ 1001 *et seq.*

Section 1.6. Valuation of Liquidating Trust Assets. As soon as reasonably possible after the Effective Date, (a) the Liquidating Trust Committee shall inform the Liquidating Trustee in writing of the fair market value of the Liquidating Trust Assets transferred to the Liquidating Trust, based on the good faith determination of the Liquidating Trust Committee, and (b) the Liquidating Trustee shall apprise the holders of the Liquidating Trust Interests in writing of such valuation. The valuation shall be used consistently by all parties and Persons (including, without limitation, the Debtor, the Liquidating Trustee, the Beneficiaries and the Liquidating Trust Committee) for all federal income tax purposes.

Section 1.7. Transferability of Liquidating Trust Interests. Upon issuance, the Liquidating Trust Interests shall be non-transferable, and any transfer of such interests shall be prohibited and deemed void *ab initio*; provided, however, the Liquidating Trustee may remove the restriction on transferability of the Liquidating Trust Interests, under terms to be determined

by the Liquidating Trustee in his discretion, after consultation and consent of the Liquidating Trust Committee, and with notice to the Beneficiaries (as described in Section 3.1(w)).

Section 1.8. The Liquidating Trust Committee. The Liquidating Trust Committee is established pursuant to the terms of the Plan. The Liquidating Trust Committee initially shall consist of three (3) members, who each shall serve for an initial term of three (3) years. Prior to the end of such three (3) year term, members of a subsequent Liquidating Trust Committee shall be nominated to serve by the current Liquidating Trust Committee and shall qualify to serve unless a number of Beneficiaries holding a Majority (defined as greater than 50%) of Liquidating Trust Interests, who are given thirty (30) days prior notice (as described in Section 3.1(w)) of such nomination, object to such nomination, in writing to the Liquidating Trustee or Liquidating Trust Committee. Upon such an objection, either (a) the appointment of the nominee shall be decided by a Bankruptcy Court hearing, or (b) the nominating Liquidating Trust Committee shall nominate another person to the subsequent Liquidating Trust Committee that is not objected to under the provisions in this Section 1.8. Unless otherwise specified herein, approval of a Majority of the members of such Liquidating Trust Committee shall be required for the Liquidating Trust Committee to act, provided that the Liquidating Trust Committee may unanimously delegate responsibility for discrete issues or decisions to one or more of its members. The Liquidating Trustee shall notify the holders of the Liquidating Trust Interests of the establishment of a Liquidating Trust Committee pursuant to this Section 1.7 and the identities of its members promptly following such Liquidating Trust Committee's formation. In the event that a member of the Liquidating Trust Committee resigns prior to the expiration of his term, the remaining members of the Liquidating Trust Committee shall select the successor to serve the remainder of such term. The Liquidating Trust Committee shall have the rights and powers set forth herein and in the Plan. In the event that a Liquidating Trust Committee shall not be formed and continue to exist under this Agreement, all references herein to required approval or other action of such Liquidating Trust Committee shall be of no force or effect. Except for (i) reimbursement of reasonable expenses, (ii) indemnification as set forth in Section 5.6 hereof, and (iii) the payment of a reasonable per diem in the event any member of the Liquidating Trust Committee is required to expend the Majority of any business day in the performance of their duties hereunder (as limited in the Plan), the members of the Liquidating Trust Committee shall receive no other compensation or other payment for the performance of their duties hereunder. Notwithstanding anything to the contrary herein, the Pre-Petition Agent shall, at all times, have the power to appoint no fewer than one-third of the members of the Liquidating Trust Committee.

Section 1.9. Identification of Holders of Liquidating Trust Interests. The Liquidating Trustee or the registered agent thereof shall keep for such purpose at its principal office a register (the "Trust Interest Register") in which the Liquidating Trustee shall provide for the registration of Liquidating Trust Interests and adjustments of Liquidating Trust Interests as provided for herein and in the Plan, and which shall include necessary information, including, without limitation, the addresses of holders of Liquidating Trust Interests. The Liquidating Trustee may treat the Person in whose name any Liquidating Trust Interest is registered on such register as the owner thereof for the purposes of receiving distributions from Liquidating Trust Assets and for all other reasons.

Section 1.10. Name of Liquidating Trust. The name of the Liquidating Trust shall be “Crown Paper Liquidating Trust” for all purposes under this Agreement.

ARTICLE 2.

PURPOSES OF THE TRUST

Section 2.1. Purpose of the Trust. The Liquidating Trust shall be established for the sole purpose of liquidating its Liquidating Trust Assets, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective to continue or engage in the conduct of any trade or business. Accordingly, the Liquidating Trustee shall, in an expeditious but orderly manner, liquidate and convert to Cash the Liquidating Trust Assets, make timely distributions as provided for herein and in the Plan and not unduly prolong the duration of the Liquidating Trust. The liquidation of the Liquidating Trust Assets may be accomplished, as more specifically provided for herein and in the Plan, (a) through the sale of the Liquidating Trust Assets (in whole or in combination), including the sale of any claims, rights or Causes of Action, (b) through the prosecution or settlement of any claims, rights or Causes of Action, or (c) through abandonment of any Liquidating Trust Assets that are burdensome to the Liquidating Trust or of inconsequential value or benefit to the Liquidating Trust.

ARTICLE 3.

AUTHORITY, POWERS, LIMITATIONS AND COMPENSATION

Section 3.1. Authority of the Liquidating Trustee. The Liquidating Trustee is hereby empowered to:

(a) perform all of the obligations and agreements of the Liquidating Trust and/or of the Liquidating Trustee provided for in the Plan (including, without limitation, the ability to object to Claims), and herein;

(b) hold legal title to any and all rights of the holders of the Liquidating Trust Interests in or arising from the Liquidating Trust Assets, including but not limited to, the right to vote any claim or interest in a case under the Bankruptcy Code and receive any distribution therein;

(c) protect and enforce the rights to the Liquidating Trust Assets by any method deemed appropriate including, without limitation, by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;

(d) compromise, adjust, arbitrate, sue on or defend, abandon, or otherwise deal with and settle claims and Causes of Action in favor of or against the Liquidating Trust as the Liquidating Trustee shall deem advisable (including, without limitation, any Avoidance Actions) with the authority to settle any causes of action without further order of the Bankruptcy Court as specified and limited in the Plan;

(e) determine and satisfy any and all claims or liabilities created, incurred or assumed by the Liquidating Trust;

(f) pay all expenses and make all other payments relating to the Liquidating Trust Assets;

(g) keep and maintain appropriate deposit accounts in the name of Liquidating Trustee for the benefit of the Beneficiaries into which the Liquidating Trustee shall deposit all Liquidating Trust Assets consisting of Cash or Cash equivalents;

(h) keep and maintain the Reserves as provided in the Plan;

(i) account separately for a Disputed Claim Reserve for the aggregate of the Disputed Claims until a particular Claim becomes an Allowed Claim or Disallowed Claim; *provided, further*, the Liquidating Trustee shall have the authority to establish a Disputed Claims Reserve Trust for the benefit of Disputed Claims;

(j) except as otherwise provided in the Plan, in the discretion of the Liquidating Trustee, set off against any Claim (and the payments or other distributions to be made pursuant to the Plan with respect to such Claims) any Cause of Action comprising Liquidating Trust Assets against the holder of such Claim, but neither the failure to so set off any Cause of Action nor the allowance of any Claim shall constitute a waiver or release by the Liquidating Trust or Liquidating Trustee of any Cause of Action constituting Liquidating Trust Assets;

(k) market, negotiate, enter into and perform agreements for the sale or other disposition of Liquidating Trust Assets;

(l) engage and reasonably compensate professionals, including attorneys, accountants, experts, other professionals and others as referenced in the Plan, to assist the Liquidating Trustee in carrying out his duties hereunder, subject to Bankruptcy Court approval or the approval of the Liquidating Trust Committee of each retention and compensation arrangement;

(m) obtain insurance coverage with respect to the liabilities and obligations of the Liquidating Trustee and the members of the Liquidating Trust Committee under this Agreement;

(n) consult with and provide information to the Liquidating Trust Committee at such times and with respect to such issues relating to the conduct of the Trust as is appropriate;

(o) prepare and deliver written statements or notices, annually or otherwise, required by law to be delivered to Beneficiaries and the Liquidating Trust Committee;

(p) prepare, or have prepared, and file with the appropriate taxing authority on behalf of the Trust any and all tax and information returns with respect to the Liquidating Trust (including, without limitation, United States federal, state, local or foreign tax or

information returns required to be filed by the Liquidating Trust) and pay taxes properly payable by the Liquidating Trust, if any, and cause all taxes payable by the Liquidating Trust, if any, to be paid exclusively out of the Liquidating Trust Assets;

(q) maintain and preserve the originals of any and all instruments and documents pertaining to Liquidating Trust Assets;

(r) waive or assert the attorney-client privilege or any other privilege of and on behalf of the Debtor in connection with any disputes that arise with respect to the Liquidating Trust or the Liquidating Trust Assets;

(s) invest any moneys held as part of the Liquidating Trust in accordance with the terms of Section 4.1 hereof, limited, however, to such investments that are consistent with the Liquidating Trust's status as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d);

(t) notwithstanding any other authority granted by this Section 3.1, the Liquidating Trustee is not authorized to engage in any investments or activities inconsistent with the treatment of the Liquidating Trust as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d);

(u) file, on behalf of the Debtors' affiliated tax group, any and all tax returns;

(v) exercise any and all rights afforded a debtor under Section 505 of the Bankruptcy Code to request a prompt determination of the state, local and federal tax liabilities of the Debtors, whether such liabilities were incurred prior to the Petition Date, during the proceedings of the Chapter 11 Cases, or post-Confirmation, as the case may be;

(w) establish, as soon as reasonably practicable, and maintain a web site for the purpose of providing notice of Liquidating Trust activities in lieu of providing actual written notice to holders of Liquidating Trust Interests; and

(x) take any of the foregoing actions, and execute any documents relating thereto, in the Liquidating Trustee's own name, on behalf of the Liquidating Trust (including but not limited to all settlement agreements), or on behalf of the Debtor.

Section 3.2. Limitation on Liquidating Trustee's Authority.

(a) The Liquidating Trustee shall, prior to (a) taking any such action (other than commencing any litigation or other action) with respect to a Liquidating Trust Asset having a value in excess of \$300,000, or (b) making any settlement with respect to any Liquidating Trust Asset having a value in excess of \$1,000,000, procure the approval of the Liquidating Trust Committee.

(b) The Liquidating Trustee will consult with the Liquidating Trust Committee on a regular basis and inform the Liquidating Trust Committee of actions that the Liquidating Trustee is pursuing and is planning to pursue in connection with the

discharge of the Liquidating Trustee's duties. The Liquidating Trustee will exercise independent business judgment with respect to the administration of the Liquidating Trust.

(c) Notwithstanding anything herein to the contrary, the Liquidating Trustee shall not and shall not be authorized to engage in any trade or business, and shall take such actions consistent with the orderly liquidation of the Liquidating Trust Assets as are required by applicable law, and such actions permitted under Sections 3.1, 3.2, 3.5, 3.6 and 4.1 hereof.

Section 3.3. Disposition of Liquidating Trust Assets. A request for Bankruptcy Court authority to use or transfer Liquidating Trust Assets or settle any Causes of Action shall be governed by Bankruptcy Code § 363 (including Bankruptcy Code § 363(f) with respect to any sale free and clear of Liens and the right of each Creditor holding a valid and enforceable Lien to adequate protection of that Lien). In lieu of such Bankruptcy Court authority, the Liquidating Trustee may take such actions with the consent of a Majority in number of the members of the Liquidating Trust Committee allowed to vote on the matter; provided, however, that individual members of the Liquidating Trust Committee shall recuse themselves from voting on proposed actions by the Liquidating Trustee that involve either an objection to Claims (including Priority Claims or Secured Claims) held by such members or the initiation of a Cause of Action against such members.

Section 3.4. Books and Records. The Liquidating Trustee shall maintain records and books of account relating to the Liquidating Trust Assets, on an income tax basis of accounting method and otherwise maintain books and records on a basis to facilitate compliance with the tax reporting requirements of the Liquidating Trust, and shall, at all reasonable times, permit any Beneficiary (or authorized representative designated by a Beneficiary) and the members of the Liquidating Trust Committee to have access, during normal business hours and upon reasonable notice, to inspect and/or copy (at their own expense payable at the time of copying), the financial records relating to the Liquidating Trust Assets, provided, however, that any such Person having access shall have entered into a confidentiality agreement satisfactory in form and substance to the Liquidating Trustee.

Section 3.5. Additional Powers. Except as otherwise set forth in this Agreement or in the Plan, and subject to the Treasury regulations promulgated under the Code governing liquidating investment trusts and the retained jurisdiction of the Bankruptcy Court as provided for in the Plan, but without prior or further authorization, the Liquidating Trustee may control and exercise authority over the Liquidating Trust Assets and over the protection, conservation, disposition and abandonment thereof. No Person dealing with the Liquidating Trust shall be obligated to inquire into the authority of the Liquidating Trustee in connection with the protection, conservation, disposition or abandonment of the Liquidating Trust Assets.

Section 3.6. Application of Liquidating Trust Assets and Other Property. The Liquidating Trustee shall apply all Liquidating Trust Assets and any proceeds therefrom, as follows:

(a) The Liquidating Trustee shall apply or reserve all Cash constituting Liquidating Trust Assets and any proceeds therefrom in the order and reflecting the priorities set forth in Article VIII of the Plan regarding Distributions and any reserves reasonably necessary for anticipated trust administration expenses. Notwithstanding anything to the contrary in this Section 3.6(a) or in Section 3.6(b) below, prior to making any distribution to holders of Liquidating Trust Interests to parties not classified in Class 2 under the Plan, the Liquidating Trustee may retain or reserve such amounts as required by and in accordance with the Plan or that are reasonably necessary to meet contingent liabilities and to maintain the value of the Liquidating Trust Assets of the Liquidating Trust during liquidation, and to pay reasonable estimated administrative expenses (including any taxes imposed on the Liquidating Trust, any final tax liability of the Debtor, or any taxes in respect of the Trust Assets of the Liquidating Trust).

(b) Distribution; Withholding. On each Distribution Date, as provided in the Plan, the Liquidating Trust shall distribute to the holders of Liquidating Trust Interests all Available Cash. The Liquidating Trustee may withhold from amounts distributable to any Person any and all amounts, determined in the Liquidating Trustee's reasonable sole discretion, required by the Plan or any law, regulation, rule, ruling, directive or other governmental requirement.

(c) Manner of Payment or Distribution. All Distributions made by the Liquidating Trustee to holders of Liquidating Trust Interests shall be payable in a manner provided in the Plan (including, without limitation, Section 8.11 of the Plan).

Section 3.7. Reporting Duties.

(a) Federal Income Tax. The Liquidating Trustee shall file returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a) .

(b) Other. The Liquidating Trustee shall also file (or cause to be filed) any other statements, returns or disclosures relating to the Liquidating Trust that are required by any governmental authority.

Section 3.8. Compliance with Laws. Any and all distributions of Liquidating Trust Assets and proceeds of borrowings, if any, shall be in compliance with the Plan and applicable laws, including, but not limited to, applicable federal and state securities laws.

ARTICLE 4.

PERMITTED INVESTMENTS OF TRUST PROPERTY

Section 4.1. Investment of Liquidating Trust Assets. All Cash and other property received by the Liquidating Trustee shall, until distributed or paid over as herein provided or as provided in the Plan, be held in trust for the benefit of the holders of the Liquidating Trust Interests, unless and to the extent required by law. The Liquidating Trustee shall be under no liability for interest or producing income on any moneys received by him hereunder and held for distribution or payment to the holders of Liquidating Trust Interests, except as such interest shall

actually be received by the Liquidating Trustee. Investments of any moneys held by the Liquidating Trustee shall be administered in view of the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs; provided, however, that the right and power of the Liquidating Trustee to invest the Liquidating Trust Assets, the proceeds thereof, or any income earned by the Liquidating Trust, shall be limited to the right and power to invest such Liquidating Trust Assets (pending periodic distributions in accordance with Section 3.6 hereof) in demand and time deposits, such as short-term certificates of deposit, in banks or other savings institutions, or other temporary liquid investments, such as Treasury bills (“Permitted Investments”); and provided further, that the scope of the Permitted Investments shall be limited to include only those investments, or shall be expanded to include any additional investments, as the case may be, that a liquidating trust, within the meaning of Treasury Regulation Section 301.7701-4, may be permitted to invest in, pursuant to the Treasury Regulations, or any modification in the Internal Revenue Service (“IRS”) guidelines, whether set forth in IRS rulings, other IRS pronouncements or otherwise. Any Permitted Investment made as provided for herein must mature prior to the date of the next scheduled distribution, but in no event shall a Permitted Investment have a maturity date in excess of six (6) months from the date of the acquisition of the Permitted Investment.

Section 4.2. Treatment and Disposition of Permitted Investments. Any of the foregoing investments purchased with any of the Liquidating Trust Assets shall be deemed a part of the Liquidating Trust Assets. Any earned interest, dividends, distributions or gains from Permitted Investments shall be included in the Liquidating Trust Assets. At such time as it shall be necessary that some or all of the Permitted Investments be redeemed, sold, liquidated or otherwise disposed of in order to raise monies to comply with the provisions of this Agreement or the Plan, the Liquidating Trustee shall effect such disposition, in such manner and at such time as the Liquidating Trustee, in his discretion, deems reasonable.

ARTICLE 5.

THE LIQUIDATING TRUSTEE

Section 5.1. Generally. The Liquidating Trustee’s powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the purposes of this Agreement and not otherwise, except that the Liquidating Trustee may deal with the Liquidating Trust Assets for its own account as permitted by Section 5.7.

Section 5.2. Responsibilities of the Liquidating Trustee. The Liquidating Trustee shall, in an expeditious but orderly manner, liquidate and convert to Cash the Liquidating Trust Assets, make timely distributions and not unduly prolong the duration of the Liquidating Trust. In so doing, the Liquidating Trustee will exercise its reasonable business judgment in liquidating the Liquidating Trust Assets. The liquidation of the Liquidating Trust Assets may be accomplished through the sale of Liquidating Trust Assets (in whole or in combination), including the sale of any Causes of Action or through the prosecution or settlement of any or all Causes of Action, or otherwise. In connection therewith, the Liquidating Trustee will have the power to prosecute for the benefit of the Liquidating Trust all claims, rights and Causes of Action transferred to the Liquidating Trust, whether such suits are brought in the name of the Liquidating Trust, or otherwise. Any and all proceeds generated from such Liquidating Trust Assets shall be the

property of the Liquidating Trust. Except as expressly set forth herein or in the Plan, the Liquidating Trustee shall have absolute discretion to pursue or not to pursue any and all Causes of Action, as it determines are in the best interests of the holders of the Liquidating Trust Interests and consistent with the purposes of the Liquidating Trust, and shall have no liability for the outcome of its decision. The Liquidating Trustee may incur any reasonable and necessary expenses in liquidating the Liquidating Trust Assets.

Section 5.3. Liquidating Trustee Compensation. In lieu of any commission or fees which may be fixed by applicable law for trustees or fiduciaries (and which are hereby waived by the Liquidating Trustee), the Liquidating Trustee shall receive hourly compensation, at the rates set forth below, on a monthly basis, at a minimum of \$25,000 per month (the “Monthly Payment”), *plus* the following percentages of Recovery Proceeds (the “Recovery Bonus”): (a) 2.5% of the first \$10 million of gross recoveries; (b) 2.75% of the following \$10 million of gross recoveries; and (c) 3% of any gross recoveries in excess of \$20 million, *provided* that the Monthly Payments shall be credited against any Recovery Bonus. The currently hourly rates are as follows: (a) the Liquidating Trustee is \$425 per hour; (b) administrative staff is \$115-125 per hour; and (c) the certified public accountant is \$225 per hour. Such compensation shall be paid from the Liquidating Trust Assets. In addition, the Liquidating Trustee shall be entitled to reimbursement from the Liquidating Trust Assets of all reasonable expenses and costs to administer the Liquidating Trust, distribute to the Beneficiaries the Available Cash, litigate any Causes of Actions or take other actions contemplated herein.

Section 5.4. Liability of the Liquidating Trustee. The Liquidating Trustee shall not be personally liable for any claim asserted against the Liquidating Trust, except as set forth below, and in the event such liability is proven, the Beneficiaries shall be entitled to reimbursement of their reasonable costs, including attorneys’ fees and disbursements. Notwithstanding anything to the contrary set forth herein, no provision of this Agreement shall be construed to relieve the Liquidating Trustee from liability for its own grossly negligent actions, its own grossly negligent failure to act, or its own fraud or willful misconduct, except that:

(a) the Liquidating Trustee shall be liable only for the performance of such duties and obligations as are specifically set forth in this Agreement, the Plan or the Confirmation Order; and

(b) the Liquidating Trustee shall not be liable for any error of judgment made in good faith, or with respect to any action taken or omitted to be taken in good faith, unless the Liquidating Trustee was grossly negligent.

Section 5.5. Reliance of the Liquidating Trustee. Except as provided in Section 5.4:

(a) the Liquidating Trustee may rely upon and shall be protected in acting or refraining from acting upon any certificates, opinions, statements, notices, requests, consents, instruments or reports believed by it to be genuine and to have been signed or presented by the proper Person or Persons; provided, however, that the Liquidating Trustee shall be under a duty to have examined the same to determine whether or not such writings conform to the requirements of this Agreement or the Plan;

(b) the Liquidating Trustee may consult with independent legal counsel to be selected by him, and the Liquidating Trustee shall not be liable for any action taken or omitted to be taken by him in accordance with the advice of such counsel; and

(c) Persons dealing with the Liquidating Trustee shall look only to the Liquidating Trust Assets to satisfy any liability incurred by the Liquidating Trustee to such Person in carrying out the terms of this Agreement, and the Liquidating Trustee shall have no personal obligation to satisfy any such liability.

Section 5.6. Indemnification. Neither the Liquidating Trustee, nor any of its Professionals, nor any duly designated agent or representative of the Liquidating Trustee, nor any member of the Liquidating Trust Committee, nor their respective employees, shall be liable for the act or omission of any other designee, agent or representative of the Liquidating Trustee, other than acts or omissions resulting from such Person's willful misconduct, gross negligence or fraud. The Liquidating Trustee may, in connection with the performance of its functions, and in its sole absolute discretion, consult with attorneys, accountants and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Professionals. Notwithstanding such authority, the Liquidating Trustee shall be under no obligation to consult with attorneys, accountants or its agents, and its determination to not do so should not result in imposition of liability on the Liquidating Trustee unless such determination is based on willful misconduct, gross negligence or fraud. The Liquidating Trust shall indemnify and hold harmless the Liquidating Trustee and its agents, representatives, Professionals, and employees from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to attorneys' fees and costs arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidating Trust or the implementation or administration of the Plan; provided, however, that no such indemnification will be made to such Persons for such actions or omissions as a result of willful misconduct, gross negligence or fraud.

Section 5.7. Expenses and Costs of the Liquidating Trustee.

(a) Subject to limitations set forth in the Plan, the Liquidating Trust Assets shall be subject to the claims of the Liquidating Trustee and the members of the Liquidating Trust Committee, and the Liquidating Trustee shall be entitled to reimburse itself and the members of the Liquidating Trust Committee out of any Available Cash in the Liquidating Trust, for their actual out-of-pocket expenses and against and from any and all loss, liability, expense, or damage which the Liquidating Trustee or any such member may sustain in good faith and without willful misconduct, gross negligence, or fraud in the exercise and performance of any of the powers and duties of the Liquidating Trustee or the Liquidating Trust Committee under this Agreement, provided that, for these purposes, the provisions set forth in Section 5.4 hereof as applied to the Liquidating Trustee shall be deemed to apply to the members of the Liquidating Trust Committee as if the Liquidating Trust Committee was the subject of such Section 5.4.

(b) If the Cash in the Liquidating Trust shall be insufficient to compensate and reimburse the Liquidating Trustee or the members of the Liquidating Trust Committee, as the case may be, for any amounts to which they are entitled hereunder and if the

Liquidating Trustee shall be unable to borrow funds sufficient for such compensation and reimbursement in accordance with the terms of this Agreement, then the Liquidating Trustee is hereby authorized, subject to Section 3.2(a) hereof, to reduce to Cash that portion of the Liquidating Trust Assets necessary so as to effect such compensation and reimbursement.

Section 5.8. No Commingling of Property. The Liquidating Trustee shall not commingle any of the Liquidating Trust Assets with his own property or the property of any other Person.

Section 5.9. Claims Against the Liquidating Trustee. In accepting the Trust hereby created, the Liquidating Trustee acts solely as Liquidating Trustee hereunder, and all Persons having any claim against the Liquidating Trustee in connection with his performance of his rights, powers and duties as such Liquidating Trustee shall only look to the Liquidating Trust Assets for payment or satisfaction thereof.

Section 5.10. Bond. The Liquidating Trustee shall serve without bond.

Section 5.11. Confidentiality. The Liquidating Trustee shall, during the period that he serves as Liquidating Trustee under this Agreement and for a period of twelve (12) months following the termination of this Agreement or following his removal or resignation hereunder, hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to any Person to which any of the Liquidating Trust Assets relates or of which he has become aware in his capacity as Liquidating Trustee.

Section 5.12. Removal of the Liquidating Trustee. The Liquidating Trustee may be removed with cause by a Majority vote of the Liquidating Trust Committee, and the Liquidating Trustee may be removed with or without cause by (a) the Liquidating Trustee's own motion to the Bankruptcy Court, with no less than thirty (30) days' prior written notice thereof to the holders of Liquidating Trust Interests ("Notice"), or (b) a motion to the Bankruptcy Court made by any party in interest.

Section 5.13. Resignation of the Liquidating Trustee. The Liquidating Trustee may resign as Liquidating Trustee at any time by giving Notice; provided, however, that such resignation shall not be effective earlier than thirty (30) days after the date of such notice, unless an earlier effective date is allowed by the Bankruptcy Court or by a unanimous vote of the Liquidating Trust Committee.

Section 5.14. Successor Trustee. Upon resignation, death, or removal of a Liquidating Trustee, a Successor Trustee shall be appointed by the Bankruptcy Court, and the appointment of the Successor Trustee shall be binding upon all Beneficiaries. Any Successor Trustee shall execute and deliver to the Beneficiaries and to the predecessor Liquidating Trustee an instrument accepting such appointment, the terms and conditions of which shall be the same as those contained in this Agreement, and thereupon such Successor Trustee, without further act, shall be vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Liquidating Trustee in the Liquidating Trust with like effect as if originally named as Liquidating Trustee herein; but nevertheless, upon the written request of such Successor Trustee, the

predecessor Liquidating Trustee shall (a) execute acknowledge and deliver such instruments of conveyance and further assurances and do such other things as may reasonably be required for more fully and certainly vesting and confirming unto said Successor Trustee all the right, title and interest of the predecessor Liquidating Trustee in and to the Liquidating Trust Assets; (b) duly assign, transfer, deliver, account for and pay over to such Successor Trustee any property or money then held by such predecessor Liquidating Trustee upon the trusts herein expressed; and (c) deliver to such Successor Trustee any and all records, or copies thereof, in respect of the Liquidating Trust which it may have.

Section 5.15. Appointment of Successor upon Removal or Resignation. If the Liquidating Trustee is removed pursuant to Section 5.12 or resigns pursuant to Section 5.13 and a successor Liquidating Trustee is not appointed or does not accept its appointment within forty-five (45) days following such action for removal or delivery of notice of resignation, as the case may be, the Liquidating Trust Committee, may appoint a successor Liquidating Trustee. If a successor Liquidating Trustee is not appointed or does not accept its appointment pursuant to the preceding sentence of this Section 5.15 within seventy-five (75) days following such action for removal or delivery of notice of resignation, as the case may be, any holder of Liquidating Trust Interests may petition any court of competent jurisdiction, including the Bankruptcy Court, for the appointment of a successor Liquidating Trustee.

ARTICLE 6.

TERMINATION

Section 6.1. Termination. The duties, responsibilities and powers of the Liquidating Trustee shall terminate after all Liquidating Trust Assets, including Causes of Action transferred and assigned to the Liquidating Trust or involving the Liquidating Trustee on behalf of the Liquidating Trust are fully resolved, abandoned or liquidated and the Available Cash has been distributed in accordance with the Plan and this Liquidating Trust Agreement. The Liquidating Trust shall terminate no later than five (5) years from the Effective Date. However, if warranted by the facts and circumstances provided for in the Plan, and subject to the approval of the Bankruptcy Court upon a finding that an extension is necessary for the purpose of the Liquidating Trust, the term of the Liquidating Trust may be extended, one or more times for a finite period, based on the particular circumstances at issue, provided that any such extension must be approved by the Bankruptcy Court within six (6) months prior to the beginning of the extended term with notice thereof to all of the known unpaid beneficiaries of the Liquidating Trust. Upon the occurrence of the termination of the Liquidating Trust, the Liquidating Trustee shall file with the Bankruptcy Court a report thereof, seeking an order discharging the Liquidating Trustee. The Liquidating Trustee shall not unduly prolong the duration of the Liquidating Trust and shall at all times endeavor to resolve, settle or otherwise dispose of all claims that constitute Liquidating Trust Assets and to effect the distribution of the Liquidating Trust Assets to the holders of the Liquidating Trust Interests in accordance with the terms hereof and the Plan and terminate the Liquidating Trust as soon as practicable. Prior to and upon termination of the Liquidating Trust, the Liquidating Trust Assets will be distributed to the holders of Liquidating Trust Interests, pursuant to the provisions set forth in Section 3.6 hereof. If any Liquidating Trust Assets are not duly claimed, such Liquidating Trust Assets will be distributed, pro rata, according to holders' Liquidating Trust Interests. Thereafter, if there are

still any Liquidating Trust Assets not duly claimed, such Liquidating Trust Assets will be disposed of in accordance with applicable law or the Plan.

Section 6.2. Bankruptcy Court Order. Apart from any other provision of this Agreement, the Liquidating Trustee or any party in interest may apply to the Bankruptcy Court to terminate this Trust and the Trust may be terminated under such terms and conditions as the Bankruptcy Court may establish.

ARTICLE 7.

JURISDICTION

Section 7.1. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.2. The Bankruptcy Court shall retain jurisdiction over this Agreement and the Liquidating Trust established hereby, including without limitation the interpretation and enforcement of its provisions, for the purpose of determining all amendments, applications, claims or disputes with respect to this Agreement and the Liquidating Trust.

ARTICLE 8.

MISCELLANEOUS

Section 8.1. Intention to Establish Grantor Trust. This Agreement is intended to create a grantor trust for federal income tax purposes and, to the extent provided by law, shall be governed and construed in all respects as such a trust and any ambiguity herein shall be construed consistent herewith and, if necessary, this Agreement may be amended to comply with such federal income tax laws, which amendments may apply retroactively.

Section 8.2. Reporting.

(a) Securities Laws. Under Bankruptcy Code § 1145, the issuance of Liquidating Trust Interests under the Plan shall be exempt from registration under the Securities Act of 1933 and applicable state and local laws requiring registration of securities. If the Liquidating Trustee determines, with the advice of counsel, that the Liquidating Trust is required to comply with the reporting requirements of the Securities and Exchange Act of 1934, as amended, or the Investment Company Act of 1940, as amended, then the Liquidating Trustee shall take any and all actions to comply with such reporting requirements and file periodic reports with the Securities and Exchange Commission.

(b) Quarterly Reports. The Liquidating Trustee shall file post-Confirmation quarterly reports in the format prescribed by the United States Trustee, and continue to

pay quarterly fees due to the United States Trustee under 28 U.S.C. § 1930(a)(6), calculated on the basis of post-Confirmation disbursements, until the entry of a final decree or an order converting or dismissing the Chapter 11 Cases.

Section 8.3. Organization. This Agreement is not intended to create and shall not be interpreted as creating an association, corporation, partnership or joint venture of any kind; it is intended as a Trust, to be governed and construed in all respects as a trust.

Section 8.4. Principal Office. The Liquidating Trustee shall establish a principal office of the Liquidating Trust by written notice to the Liquidating Trust Committee, which shall be filed with the Bankruptcy Court, no later than thirty (30) days after the Effective Date.

Section 8.5. Sale and Conveyances. Any sale or other conveyance of a part of the Liquidating Trust Assets made by the Liquidating Trustee, and pursuant to this Agreement shall bind the Liquidating Trustee and shall be effective to transfer or convey all right, title and interest of the Liquidating Trustee in and to such Liquidating Trust Assets. The Liquidating Trustee shall not assume any liability or incur any obligation or liability to any other Person in connection with the transfer by the Liquidating Trustee of the Liquidating Trust Assets, and no delegation of duty of performance to the Liquidating Trustee or assumption of liabilities of the Debtor by the Liquidating Trustee is intended hereby, except as expressly set forth in the Plan or this Agreement.

Section 8.6. Books and Records. The Liquidating Trustee shall have the authority to take possession of, and the Debtors shall allow access to, all books, records and other information of the Debtors, including, but not limited to, all books, records and other information relating to the Causes of Action and Claims asserted against the Estate, on or before the Effective Date. The Debtor shall notify the Liquidating Trustee before destroying any material records or files of the intended destruction date.

Section 8.7. Amendment and Waiver. Any substantive provision of this Agreement may be amended or waived with the approval of the Majority of holders of Liquidating Trust Interests. Upon notice to the holders of Liquidating Trust Interests, technical amendments to this Agreement may be made, as necessary to clarify this Agreement or enable the Liquidating Trustee to effectuate the terms of this Agreement, with the consent of the Liquidating Trustee and the Liquidating Trust Committee.

Section 8.8. Assignment. Except as provided herein, the obligations, duties and/or rights of the Liquidating Trustee under this Agreement shall not be assignable, voluntarily, involuntarily or by operation of law, and any such assignment shall be void. All covenants and agreements contained herein shall be binding upon and are personal to the Liquidating Trustee and shall inure to the benefit of the Liquidating Trustee and any Successor Trustee in the same manner.

Section 8.9. Laws as to Construction. This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to rules governing the conflict of law.

Section 8.10. Entire Agreement. This Agreement, together with the related instruments expressly referred to herein, constitutes the entire agreement of the parties, and all such agreements and the Plan shall be construed as integrated and complimentary of each other and intended to carry out the terms of the Plan.

Section 8.11. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be finally determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

Section 8.12. Notices. Any notice or other communication to the Debtor, Liquidating Trustee or Creditors' Committee, shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if deposited by certified mail, postage prepaid, in a post office or letter box addressed to the Person for whom such notice is intended, and any notice or other communication to a Beneficiary, that is required to be in writing, hereunder, shall be deemed to have been sufficiently given, for all purposes, if deposited by certified mail, postage prepaid, in a post office or letter box addressed to the Person for who such notice is intended, and any other notice to a Beneficiary shall be deemed to have been sufficiently given, for all purposes, if posted on the web site established pursuant to Section 3.1(w). For purposes of written notices or communications required herein:

If to the Debtor:

Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Attn: Fredric Sosnick, Esquire

If to the Liquidating Trustee:

J. Beck & Associates, Inc.
225 N. E. Mizner Boulevard
Suite 780
Boca Raton, Florida 33432
Attn: Jeffrey H. Beck

If to the Creditors' Committee:

Akin, Gump, Strauss, Hauer & Feld L.L.P.
590 Madison Ave.
New York, New York 10022
Attn: Daniel H. Golden, Esquire
Ira S. Dizengoff, Esquire

If to a holder of a Liquidating Trust Interest:
To the name and address of such holder of a Liquidating Trust
Interest as recorded pursuant to Section 1.9 hereof.

Section 8.13. Headings. Article headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(The remainder of this page has intentionally been left blank.)

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized officers all as of the date first above written.

CROWN VANTAGE, INC.

Debtor

By: /s/ _____

Name:

Title:

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF CROWN VANTAGE, INC.

By: /s/ _____

Name:

Title:

/s/ _____

Jeffrey H. Beck, as Liquidating Trustee