

## LIQUIDATING TRUST AGREEMENT

This Liquidating Trust Agreement (“Liquidating Trust Agreement” or “Agreement”), dated as of , 2012, by and between Hudson Healthcare, Inc., debtor and debtor in possession (the “Debtor”), and Bernard A. Katz, not individually but solely in his capacity as trustee hereunder (the “Liquidating Trustee” or “Trustee”), is hereby being executed to facilitate the implementation of the Third Amended Joint Plan of Orderly Liquidation of Hudson Healthcare, Inc. (as amended, modified or supplemented, the “Plan”), which provides for the establishment of the Liquidating Trust (as defined below) created by this Liquidating Trust Agreement and the administration and disposition of the Liquidating Trust Assets (as defined below), all for the benefit of the holders of certain Claims<sup>1</sup> as set forth in the Plan. The Liquidating Trustee’s powers and duties are as set forth herein.

WHEREAS, unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan;

WHEREAS, on August 1, 2011 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code;

WHEREAS, under Section 1121 of the Bankruptcy Code, the Debtor and the Official Committee of Unsecured Creditors jointly filed the Plan;

WHEREAS, on , 2012, the United States Bankruptcy Court for the District of New Jersey entered an order confirming the Plan (the “Confirmation Order”);

WHEREAS, the Plan will become effective on the Effective Date;

WHEREAS, Bernard A. Katz is hereby being appointed Liquidating Trustee;

WHEREAS, a post-Effective Date creditor’s committee (“PEDCC”), with the powers set forth in the Plan, has been duly appointed, currently consisting of the individuals identified on Schedule 1 hereto;

WHEREAS, the Plan provides, inter alia, for:

- (a) the transfer to the Liquidating Trust, (i) on the Effective Date, of the Estate’s right, title and interest in all of the Assets, except the D&O and Tort Claims and rights in and proceeds of any Insurance Policies (the “Effective Date Trust Assets”), and (ii) after the Effective Date, upon the entry of a final judgment or settlement, the relevant proceeds of the D&O and Tort Claims (together with the Effective Date Trust Assets, the “Liquidating Trust Assets”);

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<sup>1</sup> Unless otherwise defined, all capitalized terms contained in this Liquidating Trust Agreement have the meanings ascribed to them in the Plan. To the extent that a definition of a term in the text of this Liquidating Trust Agreement and the definition of such term in the Plan are inconsistent, the definition in the Plan shall control.

- (b) the distribution of proceeds of the Liquidating Trust Assets, in accordance with the terms of the Plan, for the benefit of those holders of Allowed General Unsecured Claims on whose behalf such distribution may be made in accordance with the terms of the Plan (collectively, the “Beneficiaries,” provided, however, that if any general unsecured claim is not an Allowed Claim, the holder of such claim shall not be deemed a Beneficiary hereunder);
- (c) the federal income tax treatment (i) of the Beneficiaries as the grantors of the Liquidating Trust and the owners of the Liquidating Trust Assets and (ii) the transfer of the Liquidating Trust Assets to the Liquidating Trust as a deemed transfer from the Debtor to the Beneficiaries followed by a deemed transfer by the Beneficiaries to the Liquidating Trust;
- (d) (i) the continuation of the Joint Payment Account established pursuant to the Settlement Agreement for the purpose of paying Administrative Expense Claims and Priority Claims; (ii) the winding down of the Creditor Trust Account established pursuant to the Settlement Agreement to fund the Administrative Expense/Priority Reserve Account and the GUC Account; and (iii) the establishment of (x) the Administrative Expense/Priority Claim Reserve Account; (y) the GUC Account, from which payments shall be made to the Holders of Allowed Claims; and (z) the Reserve sufficient to pay the post-Effective Date expenses of the Liquidating Trust (including compensation to the Liquidating Trustee and his Professionals) and the prospective distribution to be made on account of Claims that were Disputed Claims or not otherwise allowed as of the Effective Date, if and when such Claims become Allowed Claims; and
- (e) the administration of the Liquidating Trust and the Liquidating Trust Assets by the Liquidating Trustee for the purposes and in the manner set forth in this Liquidating Trust Agreement;

WHEREAS, the Liquidating Trust is intended to be treated as a liquidating trust pursuant to Treasury Regulations, Sec. 301.7701-4(d), and as a grantor trust subject to the provisions of Subtitle A, Chapter 1, Subchapter J, Part 1, Subpart E of the Tax Code (hereinafter defined) owned by the Beneficiaries as grantors.

NOW, THEREFORE, pursuant to the Plan and in consideration of the premises, the mutual agreements of the parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, the parties hereby agree as follows:

## **ARTICLE 1**

### **DECLARATION OF TRUST**

**1.1 Purpose of the Liquidating Trust.** The Debtor and the Liquidating Trustee, pursuant to the Plan and the Confirmation Order and in accordance with the Bankruptcy Code, applicable tax statutes, rules and regulations, to the extent incorporated in this Agreement, hereby constitute and create a trust (the “Liquidating Trust”) for the purpose of winding down certain affairs of the Debtor and liquidating the Liquidating Trust Assets for the benefit of the Beneficiaries, with no objective to continue or engage in the conduct of a trade or business. In particular, the Liquidating Trust, through the Liquidating Trustee, shall (i) pending the reduction to Cash of the Liquidating Trust Assets (and any non-Cash proceeds thereof), manage, and collect and obtain proceeds from, the Liquidating Trust Assets, with the goal of reducing the Liquidating Trust Assets (and any non-Cash proceeds thereof) to Cash, (ii) make distributions pursuant to this Agreement, the Plan and the Confirmation Order, and (iii) take such steps as are reasonably necessary to accomplish such purposes, all as more fully provided in, and subject to the terms and provisions of, the Plan, the Confirmation Order and this Agreement. The Liquidating Trust shall not have authority to engage in a trade or business, and no portions of the Liquidating Trust Assets shall be used in the conduct of a trade or business, except as is reasonably necessary for the prompt and orderly collection and reduction to Cash of the Liquidating Trust Assets (and any non-Cash proceeds thereof), with the goal of maximizing such assets for the benefit of the Beneficiaries.

**1.2 Name of the Liquidating Trust.** The Liquidating Trust established hereby shall be known as the “Hudson Healthcare, Inc. Liquidating Trust.” In connection with the exercise of its powers, the Liquidating Trustee may use such name or such variation thereof as it sees fit, and may transact the business and affairs of the Liquidating Trust in such name, including but not limited to the “HHI Liquidating Trust.”

**1.3 Transfer of Assets to Create Liquidating Trust.** Debtor and the Estate hereby irrevocably grant, release, assign, transfer, convey and deliver to the Trustee: (i) as of the Effective Date, the Effective Date Trust Assets and (ii) after the Effective Date, immediately upon the entry of a final judgment or settlement, the relevant proceeds of the D&O and Tort Claims, to the Liquidating Trust, to have and to hold by the Liquidating Trustee and his successors in trust and to be applied as specified in the Plan and this Agreement. Upon the transfer of the each Liquidating Trust Asset to the Liquidating Trust, the Debtor shall retain no interest in such Liquidating Trust Asset. On the Effective Date and from time to time, the Debtor shall execute and deliver or cause to be executed and delivered to or upon the order of the Liquidating Trustee any and all such documents, in recordable form where necessary or appropriate, and the Debtor shall take or cause to be taken such further or other action, as the Liquidating Trustee may reasonably deem appropriate, to vest or perfect in or confirm to the Liquidating Trustee, title to and possession of all of the Liquidating Trust Assets. In connection herewith, the Liquidating Trustee shall be responsible for establishing and maintaining such accounts as the Liquidating Trustee shall deem necessary and appropriate to carry out the provisions of this Liquidating Trust Agreement, and to perform all obligations specified for the Liquidating Trust Trustee under the Plan, the Confirmation Order and this Liquidating Trust Agreement.

**1.4 Acceptance by Liquidating Trustee.** The Liquidating Trustee hereby accepts (a) the appointment to serve as Liquidating Trustee; (b) the transfer of the Liquidating Trust Assets on behalf of the Liquidating Trust; and (c) the trust imposed on him by this Liquidating

Trust Agreement. The Liquidating Trustee agrees to receive, hold, administer and distribute the Liquidating Trust Assets and the income or other proceeds derived therefrom, if any, pursuant to the terms of the Plan, the Confirmation Order and this Agreement. The Liquidating Trustee agrees to accomplish all activities reasonably necessary to ensure the transfer of the Liquidating Trust Assets to the Liquidating Trustee on behalf of the Liquidating Trust.

## ARTICLE 2

### LIQUIDATING TRUSTEE - GENERALLY

**2.1 Appointment.** The initial Liquidating Trustee shall be Bernard A. Katz.

**2.2 Term of Service.** The Liquidating Trustee shall serve until (a) the termination of the Liquidating Trust in accordance with Article 9 of this Agreement, or (b) the Liquidating Trustee's resignation, death, or removal, all in accordance with the provisions hereof.

**2.3 Services.** The Liquidating Trustee shall be entitled to engage in such other activities as he deems appropriate that are not in conflict with the Plan, this Agreement, the Liquidating Trust or the interests of the Beneficiaries resulting from this Agreement. The Liquidating Trustee shall devote such time as is necessary to fulfill all of his duties as Liquidating Trustee.

**2.4 Resignation, Death or Removal Liquidating Trustee.** The Liquidating Trustee may resign at any time upon ninety (90) days' written notice to the PEDCC. Such resignation may become effective prior to the expiration of such ninety (90) day notice period upon the appointment of a permanent or interim successor Liquidating Trustee. The Liquidating Trustee may be removed by the Bankruptcy Court upon application for good cause shown, which application may be brought by any two members of the PEDCC or any other party in interest. In the event the Liquidating Trustee position becomes vacant, the vacancy shall be filled by the Bankruptcy Court upon submissions from any interested party or parties. Upon appointment pursuant to this Section 2.4, and upon the execution of an instrument accepting the appointment and delivering said acceptance instrument to the Bankruptcy Court, the successor Liquidating Trustee, without any further act, shall become fully vested with all of the rights, powers, duties and obligations of his, her or its predecessor.

**2.5 Trust Continuance.** The death, resignation or removal of the Liquidating Trustee shall not terminate the Liquidating Trust or revoke any existing agency (other than any agency of such Liquidating Trustee as a Liquidating Trustee) created pursuant to this Liquidating Trust Agreement or invalidate any action theretofore taken by the Liquidating Trustee, and the successor Liquidating Trustee agrees that the provisions of this Liquidating Trust Agreement shall be binding upon and inure to the benefit of the successor Liquidating Trustee and all his heirs and legal and personal representatives, successors or assigns.

**Compensation and Expenses of Liquidating Trustee.** The Liquidating Trustee shall be entitled to receive reimbursement of reasonable, actual and necessary costs, fees (including attorneys' fees) and expenses incurred by the Liquidating Trustee in connection with the performance of his duties hereunder, and compensation in accordance with the market rates

generally charged by the Trustee for his services, discounted by 10%. The Liquidating Trustee's current billing rate for the services to be rendered is \$720/hr. In the normal course of business, the Liquidating Trustee revises its hourly rates on February 1 of each year.

**2.6 Retention of Professionals.** The Liquidating Trustee may retain and engage such attorneys, accountants and other professionals and persons as may be necessary to carry out his duties under this Agreement, including any law or accounting firm of which the Liquidating Trustee is a partner or otherwise affiliated from time to time. The fees and expenses of all such professionals shall be borne exclusively by the Liquidating Trust, and such professionals may be compensated monthly upon submission of invoices to the Liquidating Trustee and counsel for the PEDCC. All requests for payment of fees and expenses by the Liquidating Trustee and any professionals employed thereby shall be served (with a 14-day period to object) on the Post-Effective Date Notice List. If no objection is received, by the Liquidating Trustee or such Professional within the 14-day period, the Liquidating Trustee may pay the fees and expenses without the need for further review or approval of the Bankruptcy Court or any other party. If an objection to the payment of fees and expenses incurred by the Liquidating Trustee or professionals employed by the Liquidating Trustee is received within the 14-day period, and such objection cannot otherwise be resolved, the Liquidating Trustee shall schedule a hearing in the Bankruptcy Court to resolve the objection. If an objection is received, the Liquidating Trustee shall timely pay the undisputed portion of the invoice and shall reserve monies in the amount of the disputed portion of the invoice pending such resolution. All fees and expenses of administration of the Liquidating Trust Estate and representation of the Liquidating Trustee shall be paid from the Reserve and the GUC Account, as applicable, after approval as specified above.

**2.7 Court Approval for Payment.** The foregoing paragraphs 2.6 and 2.7 notwithstanding, the Liquidating Trustee may seek Bankruptcy Court authorization before the payment of any fees to the Liquidating Trustee or professionals.

## **ARTICLE 3**

### **POWERS AND LIMITATIONS OF LIQUIDATING TRUSTEE**

**3.1 General Powers of Liquidating Trustee.** In connection with the administration of the Liquidating Trust, except as otherwise set forth herein, the Liquidating Trustee is authorized to perform only those acts necessary and desirable to accomplish the purposes of the Liquidating Trust. The Liquidating Trust shall succeed to all of the rights of the Debtor necessary to protect, conserve and liquidate the Effective Date Trust Assets as quickly as reasonably practicable consistent with the purposes of the Liquidating Trust. Subject to the limitations set forth in this Agreement, the Plan and the Confirmation Order, and in addition to any powers and authority conferred by law, by the Plan and the Confirmation Order, or by any other section or provision of this Agreement, the Liquidating Trustee may exercise all powers granted him hereunder related to, or in connection with, the administration and liquidation of Liquidating Trust Assets, and distribution of Cash and other net proceeds derived therefrom to the Beneficiaries in accordance with this Agreement, the Plan and the Confirmation Order. Without limiting, but subject to, the foregoing, the Liquidating Trustee shall be expressly authorized:

(a) To collect, sell, lease, license, abandon or otherwise dispose of all remaining assets of the Liquidating Trust Estate subject to the terms of the Plan.

(b) To effect distributions under the Plan to the Holders of Allowed Claims.

(c) To pay all costs and expenses of administering the Liquidating Trust Estate after the Effective Date and other powers necessary or incident thereto, including, without limitation, the power to employ and compensate Persons to assist the Liquidating Trustee in carrying out the duties hereunder, to obtain and pay premiums for insurance, and to pay any statutory fees owed to the United States Trustee.

(d) To implement the Plan including any other powers necessary or incidental thereto.

(e) To settle Disputed Claims, Avoidance Actions, Causes of Action, or disputes as to amounts owing to the Estate.

(f) To seek an estimation of contingent or unliquidated Claims pursuant to 11 U.S.C. 502(c).

(g) To participate in any post-Effective Date motions to amend or modify the Plan or this Liquidating Trust Agreement, or appeals from the Confirmation Order.

(h) To participate in actions to enforce or interpret the Plan.

(i) To bind the Liquidating Trust.

(j) To open and maintain bank accounts on behalf of or in the name of the Liquidating Trust, calculate and make distributions and take other actions consistent with the Plan and the implementation thereof, including the establishment, re-evaluation, adjustment and maintenance of appropriate reserves, in the name of the Liquidating Trust.

(k) To receive, conserve and manage the Liquidating Trust Assets.

(l) If the Liquidating Trustee determines that any of the Beneficiaries or the Liquidating Trust may, will or has become subject to adverse tax consequences, take such actions that the Liquidating Trustee, in his reasonable discretion, will or are intended to alleviate such adverse tax consequences, including, without limitation, dividing the Trust assets into several trusts or other structures.

(m) To file, if necessary, any and all tax and information returns.

(n) To hold legal title to any and all Liquidating Trust Assets.

(o) To establish, fund and administer the (i) Administrative Expense/Priority Claim Reserve Account, (ii) GUC Account, and (iii) Reserve in accordance with and pursuant to the Plan, the Confirmation Order and this Agreement.

(p) To enter into contracts and other business arrangements.

(q) To represent the Liquidating Trust before governmental and other regulatory bodies.

(r) Subject to the applicable provisions of the Plan, to collect and liquidate the Liquidating Trust Assets pursuant to the Plan.

(s) To remove Liquidating Trust Assets or the situs of administration of the Liquidating Trust from one jurisdiction to another at any time or from time to time.

(t) To make decisions regarding the retention or engagement of professionals, employees and consultants by the Liquidating Trust and to pay, from the Reserve, the fees and charges incurred by the Liquidating Trust on or after the Effective Date for fees of professionals, disbursements, expenses or related support services relating to the implementation of this Agreement, without application to the Bankruptcy Court, except as set forth herein.

(u) To pay all lawful, expenses, debts, charges and liabilities of the Liquidating Trust.

(v) To withhold from the amount distributable to any Person such amount as may be sufficient to pay any tax or other charge that the Trustee has determined, in his sole discretion, may be required to be withheld therefrom under the income tax laws of the United States or of any state or political subdivision thereof. In the exercise of his discretion and judgment, the Trustee may enter into agreements with taxing or other governmental authorities for the payment of such amounts as may be withheld in accordance with the provisions of this section.

(w) To enter into any agreement or execute any document required by or consistent with the Plan and the purposes of the Liquidating Trust and perform all obligations thereunder.

(x) To abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization of his choice, any assets if he concludes that they are of no benefit to the Liquidating Trust.

(y) If any performance under this Agreement by the Liquidating Trustee is subject to the laws of any state or other jurisdiction in which the Liquidating Trustee is not qualified to act as trustee, to nominate and appoint a Person duly qualified to act as trustee in such state or jurisdiction and require from each such trustee that security as designated by the Liquidating Trustee; confer upon such trustee any and all of the rights, powers, privileges and duties of Liquidating Trustee, subject to the conditions and limitations of this Agreement and applicable law; require such trustee to be answerable to the Liquidating Trustee for all monies, assets and other property that may be received in connection with the administration of all property; and remove such trustee, with or without cause, and appoint a successor trustee at any time by the execution by the other Liquidating Trustee of a written instrument declaring such trustee removed from office, and specifying the effective date and time of removal.

(z) To invest Cash as deemed appropriate by the Liquidating Trustee (in consultation with the PEDCC) in Cash equivalents; provided, however, that the scope of any

such permissible 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(d), may be permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings, other IRS pronouncements or otherwise.

(aa) To hold title to any investment in his name as Liquidating Trustee or in a nominee name.

(bb) To collect amounts due, and to exercise all voting and other rights (including, without limitation, any foreclosure or similar rights) under or attendant to any notes, accounts receivable, general partnership interests, limited partnership interests, stock holdings, settlement agreements or other contracts or contract rights or other assets comprising Liquidating Trust Assets or proceeds thereof.

(cc) To sue and be sued, and to participate in any proceeding with respect to any matter regarding or relating to this Liquidating Trust Agreement, the Confirmation Order, Claims, or the Liquidating Trust.

(dd) To delegate any or all of the discretionary power and authority herein conferred at any time with respect to any portion of the Liquidating Trust Assets or other powers enumerated herein to any one or more reputable individuals or recognized institutional advisors or investment managers or consultants without any liability for any action taken or omission made because of such delegation, except for liability specifically provided for in this Liquidating Trust Agreement.

(ee) To take all other actions consistent with the provisions of this Agreement, the Plan and the Confirmation Order that the Liquidating Trustee deems reasonably necessary or desirable to administer the Liquidation Trust for the purpose thereof.

**3.2 Limitations on the Liquidating Trustee.** Anything in this Trust Agreement to the contrary notwithstanding, the Liquidating Trustee shall not do or undertake any of the following:

(a) Take any action in contravention of the Plan, the Confirmation Order or this Agreement.

(b) Take any action that would significantly jeopardize treatment of the Liquidating Trust as a “liquidating trust” for federal income tax purposes.

(c) Lend any Liquidating Trust Assets to the Liquidating Trustee.

(d) Purchase Liquidating Trust Assets from the Liquidating Trust.

(e) Transfer Liquidating Trust Assets to another trust with respect to which the Liquidating Trustee serves as trustee.

(f) Grant liens on any of the Liquidating Trust Assets.

(g) Guaranty any debt incurred by any third party.

**3.3 Liquidating Trustee Conflicts of Interest.** If the Liquidating Trustee determines, in the exercise of the Liquidating Trustee's discretion, that he has a material conflict of interest with respect to any matter, the PEDCC may exercise the Liquidating Trustee's rights and authorities with respect to such matter. If neither the Liquidating Trustee nor the PEDCC is able to act on behalf of the Liquidating Trust with respect to any particular matter, the Liquidating Trustee, after notice to the United States Trustee, may request the Bankruptcy Court to approve the Liquidating Trustee's choice of a designee to act on behalf of the Liquidating Trust solely with respect to such matter, with such designee's authority to act on behalf of the Liquidating Trust to terminate upon the matter's conclusion.

## ARTICLE 4

### LIABILITY OF LIQUIDATING TRUSTEE

**4.1 Trustee Standard of Care; Exculpation; Limitation on Liability.** Neither the Liquidating Trustee, nor any partner, director, officer, affiliate, employee, employer, professional, agent or representative of the Liquidating Trustee shall be personally liable for any act or omission in connection with affairs of the Liquidating Trust to any Beneficiary of the Liquidating Trust, the Liquidating Trust, or any other Person, except for such of the Liquidating Trustee's acts or omissions as shall constitute fraud, willful misconduct, gross negligence, willful disregard of their duties, or material breach of the Plan or this Agreement. Persons dealing with the Liquidating Trustee, or seeking to assert claims against the Liquidating Trustee, shall have recourse only to the Liquidating Trust Assets (excluding any fund to pay administrative costs) to satisfy any liability incurred by the Liquidating Trustee to such persons in carrying out the terms of this Agreement.

**4.2 Indemnification.** Except as otherwise set forth in the Plan or Confirmation Order, the Liquidating Trustee and any partner, director, officer, affiliate, employee, employer, professional, agent or representative of the Liquidating Trustee shall be defended, held harmless and indemnified from time to time by the Liquidating Trust against any and all losses, claims, damages, taxes, suits, costs, expenses (including attorney's fees and disbursements) and liabilities to which such indemnified parties may be subject by reason of such indemnified party's execution in good faith and in a manner that the Person reasonably believed to be consistent with the terms of the Plan and this Agreement of its duties pursuant to the discretion, power and authority conferred on such Person by this Agreement, the Plan or the Confirmation Order; provided, however, that the indemnification obligations arising pursuant to this section shall indemnify neither the Liquidating Trustee nor any partner, director, officer, affiliate, employee, employer, professional, agent or representative of the Liquidating Trustee for any actions taken by such indemnified parties that constitute bad faith, willful misfeasance, reckless disregard of duty, gross negligence, fraud, self-dealing or breach of fiduciary duty. Satisfaction of any obligation of the Liquidating Trust arising pursuant to the terms of this section shall be payable only from the Liquidating Trust Assets and such right to payment shall be prior and superior to any other rights to receive on behalf of any Beneficiary any distribution of Liquidating Trust Assets or proceeds thereof.

**4.3 Bond.** The Liquidating Trustee shall not be obligated to give any bond or surety for the performance of any of his duties, unless otherwise ordered by the Bankruptcy Court; if so ordered, all costs and expenses of procuring a bond shall be deemed expenses of the Liquidating Trust.

**4.4 No Liability for Acts of Predecessor Liquidating Trustees.** No successor Liquidating Trustee shall be in any way liable for the acts or omissions of any predecessor Liquidating Trustee unless a successor Liquidating Trustee expressly assumes such responsibility.

**4.5 Reliance by Liquidating Trustee on Documents, Mistake of Fact or Advice of Counsel.** Except as may be otherwise provided in this Agreement, the Liquidating Trustee may rely, and shall be protected from liability for acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order or other paper or document reasonably believed by the Liquidating Trustee to be genuine and to have been presented by an authorized party. Also, the Liquidating Trustee shall not be liable if he acts in good faith based on a mistake of fact before having actual knowledge of an event. The Liquidating Trustee shall not be liable for any action taken or suffered by the Liquidating Trustee in reasonably relying upon the advice of counsel or other professionals engaged by the Liquidating Trustee in accordance with this Agreement.

**4.6 Insurance.** The Liquidating Trustee may cause the Trust to purchase errors and omissions insurance with regard to any liabilities, losses, damages, claims, costs and expenses the Liquidating Trustee may incur, including but not limited to attorneys' fees, arising out of or due to its actions or omissions, or consequences of such actions or omissions, other than as a result of its gross negligence or willful misconduct, with respect to the implementation and administration of the Liquidating Trust and this Agreement.

## ARTICLE 5

### DUTIES OF LIQUIDATING TRUSTEE

**5.1 General.** The Liquidating Trustee shall have all of the duties specified in the Plan, the Confirmation Order and this Agreement.

**5.2 Books and Records.** The Liquidating Trustee shall maintain in respect of the Liquidating Trust books and records relating to the Liquidating Trust Assets and income and proceeds realized therefrom and the payment of expenses of and claims against or assumed by the Liquidating Trust in such detail and for such period of time as may be necessary to enable him to make full and proper reports in respect thereof. Except as expressly provided in this Agreement, the Plan or the Confirmation Order, nothing in this Agreement is intended to require the Liquidating Trustee to file any accounting or seek approval of any court with respect to the administration of the Liquidating Trust, or as a condition for making any payment or distribution out of the Liquidating Trust Assets or proceeds therefrom.

**5.3 Final Accounting of Liquidating Trustee.** The Liquidating Trustee shall within sixty (60) days of the earlier of: (i) the Final Distribution Date or (ii) the Liquidating Trustee's

resignation, removal, liquidation or death (in which case, the obligation contained in this section shall pass to the Liquidating Trustee's estate), render a final accounting containing at least the following information:

- (a) A description of the Liquidating Trust Assets;
- (b) A summarized accounting in sufficient detail of all gains, losses, receipts, disbursements and other transactions in connection with the Liquidating Trust and the Liquidating Trust Assets during the Liquidating Trustee's term of service, including their source and nature;
- (c) Separate entries for all receipts of principal, income or other proceeds;
- (d) The ending balance of all Liquidating Trust Assets (including any proceeds thereof) as of the date of the Liquidating Trustee's accounting, including the Cash balance on hand and the name and location of the depository where it is kept; and
- (e) All known liabilities owed by the Liquidating Trust.

The final accounting shall be presented to the Bankruptcy Court for approval, and the PEDCC shall have notice that the final accounting has been filed and of the opportunity for a hearing on the approval of the accounting and the discharge of the Liquidating Trustee.

#### **5.4 Establishment of the Administrative Expense/Priority Claim Reserve Account**

- (a) Prior to the Effective Date, the Liquidating Trustee shall create the Administrative Expense/Priority Claim Reserve Account, into which Cash shall be transferred pursuant to the Plan from the Creditor Trust Account in an amount necessary to pay any estimated Professional Compensation and Reimbursement Claims through the Effective Date and asserted Administrative Expense Claims, Other Administrative Expense Claims, Priority Tax Claims, Class 1 Claims, and all fees pursuant to 28 U.S.C. § 1930 due and payable as of the Effective Date in excess of the Cash in the Joint Payment Account as of the date of transfer. The Liquidating Trustee shall make distributions from the Administrative Expense/Priority Claim Reserve in accordance with Articles IV and V of the Plan.

#### **5.5 Establishment of the GUC Account; Reserve.**

- (a) On the Effective Date or as soon as practicable thereafter, the Liquidating Trustee shall create the GUC Account. The GUC Account shall consist of all Cash belonging to the Liquidating Trust Estate, including all Cash transferred to the GUC Account pursuant to Section 8.3 of the Plan, except as required for the Reserve described in the Plan and Section 5.4(b) below. The Liquidating Trustee shall make the initial distribution to Holders of Allowed Class 3 Claims on the first Business Day which is thirty (30) days after the Effective Date or as soon as practical thereafter. The Liquidating Trustee shall make additional distributions to Holders of Allowed Class 3 Claims in the exercise of his sound discretion, based on the amount of funds on hand, the amount needed to fund the Reserve, whether there remain any unpaid

Administrative Expense Claims or Priority Claims, the amount of Disputed Claims and Claims not yet allowed, and the amount of General Unsecured Claims that are Allowed at the time.

(b) The Liquidating Trustee shall create from the GUC Account a reserve (the "Reserve") in an amount sufficient to pay for the post-Effective Date expenses of the Liquidating Trust (including compensation to the Liquidating Trustee and his Professionals). In addition, in accordance with the Plan, the Liquidating Trustee may include in the Reserve sufficient funds to make an appropriate distribution to Holders of Claims that may become Allowed Claims after the Effective Date. Unless otherwise provided in the Plan or this Agreement, when a Claim is Allowed or Disallowed (and thus becomes an Allowed Claim or a Disallowed Claim, in whole or in part), the funds set aside on account of such Claim shall be released from the Reserve and shall be treated as funds available for distribution in accordance with the terms of the Plan and this Agreement. Consistent with the Plan, the Liquidating Trustee, in its sole discretion, on and after the Effective Date, shall have authority to increase or decrease the Reserve, as appropriate, and upon satisfaction of all Claims required to be paid from the Reserve, to transfer amounts held therein to the GUC Account.

**5.6 Consultation with the PEDCC.** The Liquidating Trustee shall consult with the PEDCC concerning all aspects of the administration of the Liquidating Trust. The Liquidating Trustee shall use his best efforts to obtain the consent of the PEDCC with respect to any sale, refinancing or other disposition of all or a portion of any Liquidating Trust Assets (or non-Cash proceeds thereof). In the event that the PEDCC does not consent to a proposed sale, refinancing or other disposition of all or a portion of such Liquidating Trust Assets (or non-Cash proceeds thereof), the Liquidating Trustee shall apply to the Bankruptcy Court, on written notice to the PEDCC for authority to enter into the proposed transaction. With respect to any such application, the Liquidating Trustee will have the burden of demonstrating to the Court that the proposed action is in the best interest of the Beneficiaries.

## ARTICLE 6

### BENEFICIARIES

**6.1 Effect of Death, Incapacity or Bankruptcy of Beneficiary.** The death, incapacity or bankruptcy of a Beneficiary during the term of the Liquidating Trust shall not operate to terminate the Liquidating Trust during the term of the Liquidating Trust nor shall it entitle the representative or creditors of the deceased, incapacitated or bankrupt Beneficiary to an accounting or to take any action in any court or elsewhere for the distribution of the Liquidating Trust Assets or for a petition thereof nor shall it otherwise affect the rights and obligations of the Beneficiary under this Liquidating Trust Agreement or in the Liquidating Trust.

**6.2 Standing of Beneficiary.** Except as expressly provided in this Liquidating Trust Agreement, the Plan or the Confirmation Order, a Beneficiary does not have standing to direct the Liquidating Trustee to do or not to do any act or to institute any action or proceeding at law or in equity against any party (other than the Liquidating Trustee) upon or with respect to the Liquidating Trust Assets.

**6.3 Release of Liability by Beneficiary.** A Beneficiary shall not relieve the Liquidating Trustee from any duty, responsibility, restriction or liability as to such Beneficiary that would otherwise be imposed under this Liquidating Trust Agreement unless such relief is approved by Final Order of the Bankruptcy Court.

## ARTICLE 7

### DISTRIBUTIONS

**7.1 Distributions from Liquidating Trust Assets.** All payments to be made by the Liquidating Trustee to any Person shall be made only in accordance with the Plan, the Confirmation Order and this Agreement and from the Cash proceeds of Liquidating Trust Assets and only to the extent that the Liquidating Trust has sufficient Cash to make such payments in accordance with and to the extent provided for in the Plan, the Confirmation Order and this Liquidating Trust Agreement. Any distribution made by the Liquidating Trustee in good faith shall be binding and conclusive on all interested parties, absent manifest error.

**7.2 Distributions; Withholding.** The Liquidating Trustee shall make distributions at least annually, at such times, and from time to time, as the Liquidating Trustee deems appropriate from all net Cash income and all other Cash proceeds received by the Liquidating Trust; provided, however that the Liquidating Trust may retain such amounts (a) as are reasonably necessary to meet known and contingent liabilities and to maintain the value of the Liquidating Trust Assets during the term of the Liquidating Trust, (b) to pay reasonable administrative expenses including, without limitation, the compensation and the reimbursement of reasonable, actual and necessary costs and fees (including attorneys' and other professional fees) and expenses of the Liquidating Trustee in connection with the performance of his duties in connection with this Liquidating Trust Agreement, and (c) to satisfy all other liabilities incurred or assumed by the Liquidating Trust (or to which the Liquidating Trust Assets are otherwise subject) in accordance with the Plan, the Confirmation Order and this Agreement. All such distributions shall be made, subject to any withholding or reserve, as provided in this Agreement, the Plan or the Confirmation Order. Additionally, the Liquidating Trustee may withhold from amounts otherwise distributable on behalf of Beneficiaries any and all amounts, determined in the Liquidating Trustee's reasonable sole direction, to be required by any law, regulation, rule, ruling, directive or other governmental requirement. The Liquidating Trustee may withhold the entire distribution to any Holder of an Allowed Claim until such time as the Holder provides the Liquidating Trustee with the necessary information to comply with any withholding requirements of any governmental unit. If the Holder of an Allowed Claim fails to provide the Liquidating Trustee with the necessary information to comply with any withholding requirements of any governmental unit within sixty (60) days after the date of first notification by the Liquidating Trustee to the Holder of the need for such information, then the Holder shall be deemed to have waived the right to receive any distribution from the Liquidating Trustee.

**7.3 Non-Cash Property.** Any non-Cash property of the Liquidating Trust may be sold, transferred or abandoned by the Liquidating Trustee. Notice of any such sale, transfer or abandonment shall be provided to the PEDCC. If, in the Liquidating Trustee's judgment, such property cannot be sold in a commercially reasonable manner, the Liquidating Trustee shall have the right to abandon or otherwise dispose of such property, including by donation of such

property to a charity designated by the Liquidating Trustee. Except in the case of willful misconduct, no party in interest shall have a cause of action against the Debtor, any partner, director, officer, employee, consultant or professional of the Debtor, the Liquidating Trust, the Liquidating Trustee or any partner, director, officer, employee, consultant or professional of the Liquidating Trust or Liquidating Trustee arising from or related to the disposition of non-Cash property in accordance with this Section.

**7.4 Method of Cash Distributions.** Any Cash payment to be made by the Liquidating Trust pursuant to the Plan will be in U.S. dollars and may be made, at the sole discretion of the Liquidating Trust, by draft, check, wire transfer, or as otherwise required or provided in any relevant agreement or applicable law. Mailed distributions shall be sent to the address provided for the Holder of an Allowed Claim in its respective proof of claim filed with the Court or Claims Agent, or if no proof of claim was filed, at the address provided on the Schedules or such Holder's last address known to the Debtor. The Liquidating Trustee shall not be required to locate the current address for any Holder of an Allowed Claim whose distribution is returned to the Liquidating Trustee as undeliverable, in accordance with Section 7.11 herein.

**7.5 Distributions on Non-Business Days.** Any payment or distribution due on a day other than a Business Day shall be made, without interest, on the next Business Day. As used in this Agreement, the term "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.

#### **7.6 Objections to Administrative Expense Claims and Priority Claims**

(a) Objection Procedures. The Liquidating Trustee and each of the other Administrative Resolution Parties (as the term is defined in Section 8.15.1 of the Plan) have standing, right, and authority to object to the allowance of Administrative Expense Claims and Priority Claims. No distribution shall be made pursuant to the Plan to a Holder of an Administrative Expense Claim or Priority Claim, Disputed or otherwise, unless and until such Claim becomes an Allowed Claim. The Liquidating Trustee and each of the other Administrative Resolution Parties shall each have ninety (90) days after the Administrative Expense/Priority Claim Bar Date to independently object to each filed administrative expense claim and unsecured priority claim. All objections to Administrative Expense Claims and Priority Claims must be filed with the Bankruptcy Court, and served upon the Holders of such Claims, on or before the ninetieth (90th) day after the Administrative Expense/Priority Claim Bar Date, except as extended by an agreement between the claimant and the relevant Administrative Resolution Party, or by Order of the Bankruptcy Court upon a motion filed by an Administrative Resolution Party. If an objection has not been filed to a proof of Claim for an Administrative Expense Claim or Priority Claim within this 90-day period; or the extension of such period, the Administrative Expense Claim or Priority Claim to which the proof of Claim relates shall be treated as an Allowed Claim for purposes of distribution under the Plan; provided, however, that if the Holder of the Administrative Expense Claim or Priority Claim is a debtor under any chapter of the Bankruptcy Code, the deadline shall be thirty (30) days after the relevant Administrative Resolution Party obtains relief from stay or other relief that will permit the filing of an objection to such Claim.

(b) Resolution of Claims. The Liquidating Trustee and each of the other Administrative Resolution Parties have the right to settle or otherwise compromise any Administrative Expense Claim or Priority Claim by unanimous agreement and shall use reasonable best efforts to resolve disputes regarding such Claims. If any Administrative Resolution Party disputes a proposed settlement or other compromise of an Administrative Expense Claim or Priority Claim, any other Administrative Resolution Party may seek approval of the proposed resolution, after notice and a hearing, upon a showing that such resolution is fair and equitable with respect to the Debtor's Estate and the other Administrative Resolution Parties. Until such time as an unliquidated Administrative Expense Claim or Priority Claim, contingent Administrative Expense Claim or Priority Claim, or a contingent portion of an Administrative Expense Claim or Priority Claim becomes Allowed or is Disallowed, such Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan. The Holder of an unliquidated or contingent Administrative Expense or Priority Claim will be entitled to a distribution under the Plan only when and if such unliquidated or contingent Claim becomes an Allowed Claim.

#### **7.7 Objections to Other Claims.**

(a) Objection Procedures. The Liquidating Trustee shall have the right and standing to (i) object to and contest the allowance of all Claims that are not Administrative Expense Claims or Priority Claims (the "Other Claims"), (ii) compromise and settle any Disputed Other Claim or Other Claim that has not otherwise been Allowed without Bankruptcy Court approval, subject to the notice procedure set forth in Section 7.7; and (iii) litigate to final resolution objections to Other Claims. No distribution shall be made pursuant to the Plan to a Holder of an Other Claim, Disputed or otherwise, unless and until such Other Claim becomes an Allowed Claim. All objections to Other Claims must be filed with the Bankruptcy Court, and served upon the Holders of such Claims, on or before the one hundred eightieth (180th) day after the Effective Date, except as extended by an agreement between the claimant and the Liquidating Trustee, or by Order of the Bankruptcy Court upon a motion filed by the Liquidating Trustee. If an objection has not been filed to a proof of Claim for an Other Claim within this 180-day period or the extension of such period, the Other Claim to which the proof of Claim relates shall be treated as an Allowed Claim for purposes of distribution under the Plan; provided, however, that if the Holder of the Other Claim is a debtor under any chapter of the Bankruptcy Code, the deadline shall be thirty (30) days after the Liquidating Trustee obtains relief from stay or other relief that will permit the filing of an objection to such Claim.

(b) Resolution of Claims. If the Liquidating Trustee and the Holder of a Disputed Other Claim or Other Claim that has not otherwise been Allowed agree to a settlement of such Claim for an amount that does not exceed \$100,000, the Liquidating Trustee shall be authorized to enter into and effectuate such settlement without any further notice or approval of the Bankruptcy Court, and the settled Claim shall be deemed an Allowed Claim. If the Liquidating Trustee and the Holder of such a Claim agree to a settlement of such Claim and the settlement amount exceeds \$100,000, the Liquidating Trustee shall provide notice of the proposed settlement (with a 14-day period to object) to the Persons or Entities on the Post-Effective Date Notice List. If no objection is received within the 14-day period, the settled Claim shall be deemed to be an Allowed Claim, without the need for further review or approval of the Bankruptcy Court or any other party. If an objection to a proposed settlement is received

within the 14-day period and such objection cannot otherwise be resolved, then the Liquidating Trustee shall schedule a hearing in the Bankruptcy Court to resolve the objection. Until such time as an unliquidated Other Claim, contingent Other Claim, or a contingent portion of an Other Claim becomes Allowed or is Disallowed, such Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan. The Holder of an unliquidated or contingent Other Claim will be entitled to a distribution under the Plan only when and if such unliquidated or contingent Claim becomes an Allowed Claim.

**7.8 Minimum Distributions.** If the amount of Cash to be distributed to the Holder of an Allowed Claim is less than \$25 on a particular Distribution Date, the Trustee may hold the Cash distributions to be made to such Holder until the aggregate amount of Cash to be distributed to such Holder is in an amount equal to or greater than \$50. Notwithstanding the preceding sentence, if the amount of Cash distribution to any Holder of an Allowed Claim never aggregates more than \$50, then the Beneficiary shall be excluded from receiving a distribution, Liquidating Trustee shall not be required to distribute Cash to any such Holder, and the entire amount of such distribution shall be applied in accordance with the terms of this Agreement.

**7.9 Rounding.** Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole cent, with one-half cent being rounded up to the nearest whole cent.

**7.10 Setoffs and Recoupments.** The Liquidating Trustee may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, exercise the right of setoff or recoupment against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before distribution is made or account of such Claim), the claims, rights and causes of action of any nature that the Debtor may hold against the Holder of such Allowed Claim; provided, however, that (i) neither the failure to effect such a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trustee of any such claims, rights and causes of action that the Liquidating Trust may possess against such Holder and (ii) consistent with Section 12.6 of the Plan, no such setoff or recoupment shall be in derogation of the Settlement Agreement, Sale and Settlement Order, Debtor APA, or Authority APA.

#### **7.11 Undeliverable Distributions.**

(a) Holding of Undeliverable Distributions. If any distributions to any Beneficiary is returned to the Liquidating Trustee as undeliverable, no further distributions shall be made to such Beneficiary unless and until the Liquidating Trustee is notified, in writing, of such Beneficiary's then-current address, at which time all missed distributions shall be made to such Beneficiary without interest. Subject to subsection (b) below, undeliverable distributions shall remain in the possession of the Liquidating Trustee until such time as the Liquidating Trustee makes a subsequent distribution. Nothing contained in this Liquidating Trust Agreement shall require the Liquidating Trustee to attempt locate any Holder of an Allowed Claim.

(b) Failure to Claim Undeliverable Distributions. Any Beneficiary that does not assert its rights pursuant to this Agreement to receive a distribution within sixty (60) days from and after the filing of a list of undeliverable distributions with the Clerk of the Court shall have its

claim to such undeliverable distribution discharged and shall be forever barred from asserting such claim. In such case, all unclaimed distributions shall revert to the Liquidating Trust and shall be applied in accordance with the terms of this Agreement.

## ARTICLE 8

### TAXES

#### 8.1 Income Tax Status.

(a) It is intended that the Liquidating Trust be classified for Federal income tax purposes as a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and as a “grantor trust” subject to the provisions of Subtitle A, Chapter 1, Subchapter J, Part I, Subpart E of the Tax Code that is owned by its Beneficiaries. Accordingly, the parties hereto intend that the Beneficiaries of the Liquidating Trust be treated as if they had received a distribution of the applicable assets transferred to the Liquidating Trust and then contributed such assets to the Liquidating Trust. As such, notwithstanding anything set forth herein, the transfer of assets to the Liquidating Trust shall be treated for all purposes of the Tax Code as a transfer from the Estate to creditors to the extent the creditors are beneficiaries of the Liquidating Trust followed by a deemed transfer by the Beneficiaries to the Liquidating Trust. The Beneficiaries will be treated as grantors and deemed owners of the Liquidating Trust.

(b) All parties including the Debtor, the Liquidating Trustee and all Beneficiaries of the Liquidating Trust must value all assets transferred to the Liquidating Trust consistently and those valuations must be used for all Federal income tax purposes. The Trustee must file returns for the Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a). The assets shall be valued based upon the Liquidation Trustee’s good faith determination of their fair market value.

(c) Anything set forth herein to the contrary notwithstanding, the Liquidating Trust shall not receive or retain Cash or Cash equivalents in excess of a reasonable amount to meet claims and contingent liabilities or to maintain the value of Liquidating Trust Assets during liquidation. All income of the Liquidating Trust must be subject to tax on a current basis, including income retained in a disputed claims reserve. The taxable income of the Liquidating Trust will be allocated to and among Beneficiaries who are grantors of the Liquidating Trust as required by virtue of their being grantors and deemed owners of the Liquidating Trust and they shall each be responsible to report and pay taxes due on their appropriate share of Liquidating Trust income.

(d) The Liquidating Trust shall be classified as a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and in the event of any inconsistency between any term or provision herein, in the Plan or in the Disclosure Statement necessary for the Liquidating Trust to be deemed at all times a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) and any other term or provision herein, in the Plan or in the Disclosure Statement, the term(s) and provision(s) necessary for the Liquidating Trust to be deemed a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d) shall govern. Similarly, anything to the contrary set forth herein, in the Plan or in the Disclosure Statement notwithstanding, to the extent

any term or provision herein, in the Plan or in the Disclosure Statement would result in the Liquidating Trust not being classified as a liquidating trust at all times pursuant to Treasury Regulations Section 301.7701-4(d), such term or provision shall be ineffective and reformed to the extent necessary for the Trust to be classified at all times as a liquidating trust pursuant to Treasury Regulations Section 301.7701-4(d).

(e) As used in this Liquidating Trust Agreement, the following terms shall have the following meanings:

“Tax Code” shall mean the Internal Revenue Code of 1986, 26 U.S.C. § 1 et seq., as amended from time to time, and corresponding provisions of any subsequent federal revenue act. A reference to a section of the Tax Code shall include a reference to any and all Treasury Regulations interpreting, limiting or expanding such section of the Tax Code; and

“Treasury Regulations” shall mean regulations promulgated under the Tax Code, including, but not limited to the Procedure and Administration Regulations, as such regulations may be amended from time to time.

**8.2 Tax Returns.** The Trustee shall prepare and provide to, or file with, the appropriate parties such notices, tax returns, information returns and other filings as may be required by the Tax Code and may be required by applicable law of other jurisdictions. The Trustee shall be responsible for filing all federal, state and local tax returns and information returns of the Liquidating Trust. The Trustee shall, when specifically requested by a Beneficiary in writing, make such tax information available to the Beneficiary for inspection and copying at the Beneficiary’s expense, as is necessary for the preparation by such Beneficiary of its income tax return.

## ARTICLE 9

### TERMINATION OF TRUST

**9.1 Term.** The Liquidating Trust shall terminate upon the earlier of (a) the date on which all of the Assets are liquidated in accordance with the Plan, the funds in the Liquidating Trust have been completely distributed in accordance with the Plan, all tax returns and any other filings or reports have been filed with the appropriate state or federal regulatory authorities and the Order closing the Chapter 11 Case is a Final Order or (b) five (5) years from the date of creation of the Liquidating Trust, unless extended by the Bankruptcy Court as provided herein. The Trustee shall at all times endeavor to liquidate expeditiously the Liquidating Trust Assets (or any non-Cash proceeds thereof), and in no event shall the Trustee unduly prolong the duration of the Liquidating Trust. The foregoing notwithstanding, in the event that the Liquidating Trustee determines that all of the Liquidating Trust Assets and/or proceeds thereof will not, despite reasonable efforts, be distributed by the date which is five (5) years from the date of creation of the Liquidating Trust, or for any other reason consistent with this Agreement and the Plan, and if warranted by the facts and circumstances, the Trustee may petition the Bankruptcy Court to extend the term of the Liquidating Trust. Each and every such extension must be for a reasonable finite period based on the particular facts and circumstances, must be subject to the approval of the Bankruptcy Court and approved upon a finding that the extension is necessary to the

liquidating purpose of the Liquidating Trust and must be approved by the Bankruptcy Court within six (6) months of the beginning of the extended term. Upon termination of the Liquidating Trust, the Trustee shall advise the Bankruptcy Court in writing of its termination. In the event the Trustee intends to abandon any property, it shall first offer to convey such property to the PEDCC. Upon final distribution pursuant to this Agreement, the Trustee shall retain the books, records and files that shall have been delivered to or created by the Trustee. At the Trustee's discretion, all of such records and documents may be destroyed at any time after two years from such final distribution.

**9.2 Event Upon Termination.** Upon the termination of the Liquidating Trust, the Liquidating Trustee shall distribute the remaining Liquidating Trust Assets (including any proceeds thereof), if any, to the PEDCC for distribution in accordance with the Plan and the Confirmation Order.

**9.3 Winding Up and Discharge of the Liquidating Trustee.** For the purposes of winding up the affairs of the Liquidating Trust at its termination, the Liquidating Trustee shall continue to act as Liquidating Trustee until his duties have been fully discharged. After doing so, the Liquidating Trustee, its agents and employees shall have no further duties or obligations hereunder, except as required by this Agreement, the Plan, the Disclosure Statement or applicable law concerning the termination of a trust. Upon a motion by the Liquidating Trustee, the Bankruptcy Court may enter an order relieving the Liquidating Trustee, its agents and employees of any further duties, discharging the Liquidating Trustee and releasing its bond, if any.

## **ARTICLE 10**

### **ADMINISTRATIVE EXPENSES**

**10.1 Funding.** The cost and expenses of the Liquidating Trust, including, without limitation, the compensation to and the reimbursement of reasonable, actual and necessary costs, fees (including attorneys' and other professional fees) and expenses of the Liquidating Trustee in connection with the performance of his duties in connection with this Agreement, shall be paid from the Reserve (the "Trustee's Administrative Expense Fund"). The Trustee's Administrative Expense Fund shall not be subject to charge for claims against the Liquidating Trust or the Liquidating Trust Assets (including any proceeds thereof), including, without limitation, any claims under Sections 4.1 and 4.2 of this Agreement. Any funds remaining in the Trustee's Administrative Expense Fund after completion of the Trustee's activities shall be paid over to the PEDCC for distribution to the Beneficiaries under the terms of the Plan.

## ARTICLE 11

### MISCELLANEOUS PROVISIONS

**11.1 Amendments.** The Liquidating Trustee may (after consultation with the PEDCC) propose to the Bankruptcy Court the modification, supplementation or amendment of this Liquidating Trust Agreement. Such modification, supplementation or amendment shall be in writing and filed with the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, notice of such filing shall be served on the PEDCC and the Post-Effective Date Notice List (as defined in the Plan). No modification, supplementation or amendment of this Liquidating Trust Agreement shall be effective except upon a Final Order of the Court.

**11.2 Waiver.** No failure by the Liquidating Trustee to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof, or of any other right, power or privilege.

**11.3 Cumulative Rights and Remedies.** The rights and remedies provided in this Agreement are cumulative and are not exclusive of any rights under law or in equity.

**11.4 No Bond Required.** Any state law to the contrary notwithstanding, the Liquidating Trustee (including any successor Liquidating Trustee) shall be exempt from giving any bond or other security in any jurisdiction.

**11.5 Irrevocability.** The Liquidating Trust is irrevocable.

**11.6 Division of Trust.** Under no circumstances shall the Liquidating Trustee have the right or power to divide the Liquidating Trust unless authorized to do so by the Bankruptcy Court.

**11.7 Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of New Jersey, without giving effect to rules governing the conflict of laws.

**11.8 Retention of Jurisdiction.** To the fullest extent permitted by law, the Bankruptcy Court shall retain exclusive jurisdiction over the Liquidating Trust after the Effective Date, including, without limitation, jurisdiction to resolve any and all controversies, suits and issues that may arise in connection therewith, or this Agreement, or any entity's obligations incurred in connection therewith or herewith, including without limitation, any action against the Liquidating Trustee or any professional retained by the Liquidating Trustee or the Liquidating Trust, in each case in its capacity as such. Each party to this Agreement hereby irrevocably consents to the exclusive jurisdiction of the Bankruptcy Court in any action to enforce, interpret or construe any provision of this Agreement or of any other agreement or document delivered in connection with this Agreement, and also hereby irrevocably waives any defense of improper venue, forum non conveniens or lack of personal jurisdiction to any such action brought in the Bankruptcy Court. Each party further irrevocably agrees that (i) any action to enforce, interpret or construe any provision of this Agreement will be brought only in the Bankruptcy Court and (ii) all determinations, decisions, rulings and holdings of the Bankruptcy Court shall be final and

non-appealable and not subject to reargument or reconsideration. Each party hereby irrevocably consents to the service by certified or registered mail, return receipt requested, to be sent to its address set forth in Section 11.11 of this Agreement or such other address as such party may designate from time to time by notice given in the manner provided above, of any process in any action to enforce, interpret or construe any provision of this Agreement.

**11.9 Severability.** In the event that any provision of this Agreement or the application thereof to any person or circumstance shall be determined by the Bankruptcy Court or another court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this 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.

**11.10 Limitation of Benefits.** Except as otherwise specifically provided in this Agreement, the Plan or the Confirmation Order, nothing herein is intended or shall be construed to confer upon or to give any person other than the parties hereto and the Beneficiaries any rights or remedies under or by reason of this Agreement.

**11.11 Notices.** All notices, requests, demands, consents and other communication hereunder shall be in writing and shall be deemed to have been duly given, if delivered in person or by facsimile with an electromechanical report of delivery or if sent by overnight mail or by registered or certified mail with postage prepaid, return receipt requested, to the following addresses.

If to the Debtor:

Joseph J. DiPasquale, Esq.  
Trenk, DiPasquale, Della Fera & Sodono, P.C.  
347 Mt. Pleasant Avenue, Suite 300  
West Orange, NJ 07052  
Facsimile: (973) 243-8677

If to the Liquidating  
Trustee:

Bernard A. Katz, CPA  
J.H. Cohn, LLP  
333 Thornall Street  
Edison, NJ 08837  
Facsimile: (732) 549-7016

If to the Creditors'  
Committee:

Andrew H. Sherman, Esq.  
Sills Cummis & Gross, P.C.  
One Riverfront Plaza  
Newark, New Jersey 07102  
Facsimile: (973) 643-6500

If to the PEDCC: Andrew H. Sherman, Esq.  
Sills Cummis & Gross, P.C.  
One Riverfront Plaza  
Newark, New Jersey 07102  
Facsimile: (973) 643-6500

If to the Office of the United Donald F. MacMaster, Esq.  
States Trustee Office of the United States Trustee  
One Newark Center, Suite 2100  
Newark, New Jersey 07102  
Facsimile: (973) 645-5993

The parties may designate in writing from time to time other and additional places to which notices may be sent. All demands, requests, consents, notices and communications shall be deemed to have been given (a) at the time of actual delivery thereof, (b) if given by certified or registered mail, five (5) business days after being deposited in the United States mail, postage prepaid and properly addressed, or (c) if given by overnight courier, the next business day after being sent, charges prepaid and properly addressed.

**11.12 Further Assurances.** From and after the Effective Date, the parties hereto covenant and agree to execute and deliver all such documents and notices and to take all such further actions as may reasonably be required from time to time to carry out the intent and purposes of this Agreement, and to consummate the transactions contemplated hereby.

**11.13 Integration.** This Agreement, the Plan and the Confirmation Order constitute the entire agreement, by and among the parties with respect to the subject matter hereof, and there are no representations, warranties, covenants or obligations except a set forth herein, in the Plan or in the Confirmation Order. This Agreement, together with the Plan and the Confirmation Order, supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, written or oral, of the parties hereto, relating to any transaction contemplated hereunder.

**11.14 Successors or Assigns.** The terms of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

**11.15 Interpretation.** The enumeration and section headings contained in this Liquidating Trust Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Agreement or of any term or provision hereof. Unless context otherwise requires, whenever used in this Agreement the singular shall include the plural and the plural shall include the singular, and words importing the masculine gender shall include the feminine and the neuter, if appropriate, and vice versa, and words importing persons shall include partnerships, associations and corporations. The words herein, hereby, and hereunder and words with similar import, refer to this Agreement as a whole and not to any particular section or subsection hereof unless the context requires otherwise.

**11.16 Relationship to the Plan.** The principal purpose of this Liquidating Trust Agreement is to aid in the implementation of the Plan and, therefore, this Agreement incorporates and is subject to the provisions of the Plan and the Confirmation Order. In the event that any provision of this Agreement is found to be inconsistent with a provision of the Plan or the Confirmation Order, the provisions of the Plan or the Confirmation Order shall control.

**11.17 Counterparts.** This Agreement may be signed by the parties hereto in counterparts, which, when taken together, shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have either executed this Liquidating Trust Agreement, or caused it to be executed on its behalf by its duly authorized officer all as of the date first above written.

HUDSON HEALTHCARE, INC.

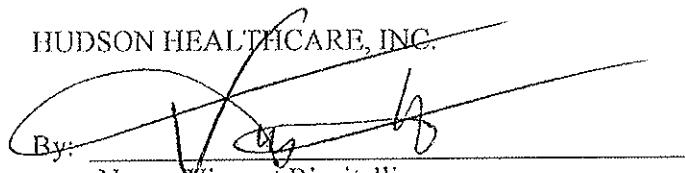
By: \_\_\_\_\_  
Name: Vincent Riccitelli  
Title: CEO

  
\_\_\_\_\_  
BERNARD A. KATZ, not individually  
but solely in his capacity as Trustee

**11.16 Relationship to the Plan.** The principal purpose of this Liquidating Trust Agreement is to aid in the implementation of the Plan and, therefore, this Agreement incorporates and is subject to the provisions of the Plan and the Confirmation Order. In the event that any provision of this Agreement is found to be inconsistent with a provision of the Plan or the Confirmation Order, the provisions of the Plan or the Confirmation Order shall control.

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IN WITNESS WHEREOF, the parties hereto have either executed this Liquidating Trust Agreement, or caused it to be executed on its behalf by its duly authorized officer all as of the date first above written.

HUDSON HEALTHCARE, INC.  
By:   
Name: Vincent Riccitelli  
Title: CEO

BERNARD A. KATZ, not individually  
but solely in his capacity as Trustee

## SCHEDULE 1

### Post-Effective Date Creditors Committee Members

Virginia Treacy  
JNESO-District Counsel 1-IUOE  
1125 Livingston Ave.  
North Brunswick, NJ 08902

Sid Seligman  
District 1199J NJ Benefit & Pension Fund  
9-25 Alling Street  
Newark, NJ 07102

Justin G. Brass  
Jeffries Special Situations  
Jeffries & Company, Inc.  
One Station Place, Three North  
Stamford, Connecticut 06902