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In re:	:	
	:	
KAISER ALUMINA AUSTRALIA	:	Chapter 11 Case Nos.
CORPORATION	:	02-10432 and 02-10438
	:	
and	:	
KAISER FINANCE CORPORATION,	:	Jointly Administered Under
	:	Case No. 02-10429 (JKF)
Debtors.	:	
	:	
	X	

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INTRODUCTION

Kaiser Alumina Australia Corporation ("KAAC") and Kaiser Finance Corporation ("KFC") (collectively, the "Debtors") in the above-captioned chapter 11 cases (the "Chapter 11 Cases") propose the following joint plan of liquidation (the "Plan") for the resolution of the outstanding claims against and equity interests in the Debtors.

ARTICLE I

DEFINED TERMS, RULES OF INTERPRETATION AND COMPUTATION OF TIME

1.1 Defined Terms.

As used in the Plan, capitalized terms have the meanings set forth below. Any term that is not otherwise defined in the Plan, but that is defined in the Bankruptcy Code or the Bankruptcy Rules, will have the meaning given to that term in the Bankruptcy Code or Bankruptcy Rules, as applicable.

(1) "7-3/4% SWD Revenue Bond Indenture" means the Trust Indenture, dated as of December 1, 1992, between Parish of St. James, State of Louisiana, and the 7-3/4% SWD Revenue Bond Indenture Trustee, together with all instruments and agreements related thereto.

(2) "7-3/4% SWD Revenue Bond Indenture Trustee" means J.P. Morgan Trust Company, N.A., as successor indenture trustee under the 7-3/4% SWD Revenue Bond Indenture.

(3) "7-3/4% SWD Revenue Bonds" means the Parish of St. James, State of Louisiana, Solid Waste Disposal Revenue Bonds (Kaiser Aluminum Project) Series 1992 issued pursuant to the 7-3/4% SWD Revenue Bond Indenture in an outstanding principal amount of \$20,000,000.

(4) "9-7/8% Senior Note Claim" means a Claim against a Debtor under or in respect of the 9-7/8% Senior Notes and the 9-7/8% Senior Note Indenture.

(5) "9-7/8% Senior Note Indenture" means the Indenture, dated as of February 17, 1994, by and among KACC, the Debtors and the 9-7/8% Senior Note Indenture Trustee, as the same may have been subsequently modified, amended or supplemented, together with all instruments and agreements related thereto.

(6) "9-7/8% Senior Note Indenture Trustee" means U.S. Bank National Association, as successor indenture trustee under the 9-7/8% Senior Note Indenture.

(7) "9-7/8% Senior Notes" means the 9-7/8% senior notes due 2002, issued by KACC pursuant to the 9-7/8% Senior Note Indenture in an outstanding principal amount of \$172,800,000.

(8) "10-7/8% Senior Note Claim" means a Claim against a Debtor under or in respect of the 10-7/8% Senior Notes and the applicable 10-7/8% Senior Note Indenture.

(9) "10-7/8% Senior Note Indentures" means the Indenture, dated as of October 23, 1996, and the Indenture, dated as of December 23, 1996, in each case, by and among KACC, the Debtors and the 10-7/8% Senior Note Indenture Trustee, as the same may have been subsequently modified, amended or supplemented, together with all instruments and agreements related thereto.

(10) "10-7/8% Senior Note Indenture Trustee" means U.S. Bank National Association, as successor indenture trustee under the 10-7/8% Senior Note Indentures.

(11) "10-7/8% Senior Notes" means the 10-7/8% Series B senior notes due 2006 and the 10-7/8% Series D senior notes due 2006, issued by KACC pursuant to the 10-7/8% Senior Note Indentures in outstanding principal amounts of \$175,000,000 and \$50,000,000, respectively.

(12) "Ad Hoc Committee" means the ad hoc group of holders of Senior Notes comprised of Trilogy Capital, Caspian Capital Partners, Varde Partners, Canyon Partners, Citadel Equity Fund Ltd., Citadel Credit Trading Ltd., Durham Asset Management L.L.C., Farallon Capital Management L.L.C., Troob Capital and Scoggin Capital.

(13) "Administrative Claim" means a Claim for costs and expenses of administration allowed under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date in preserving the respective Estates and operating the businesses of the Debtors; (b) Professional Fee Claims; and (c) US Trustee Fees; *provided, however*, except as provided in the Intercompany Claims Settlement, an Administrative Claim will not include any Intercompany Claim.

(14) "Administrative Claim Bar Date" means the date by which all requests for payment of Administrative Claims (other than Professional Fee Claims and US Trustee Fees) are required to be Filed with the Bankruptcy Court.

(15) "Administrative Claim Bar Date Order" means the order of the Bankruptcy Court establishing the Administrative Claim Bar Date.

(16) "Allowed Claim" means:

- (a) a Claim that (i) has been listed by a particular Debtor on its Schedules as other than disputed, contingent, or unliquidated and (ii) is not otherwise a Disputed Claim;
- (b) a Claim (i) for which a proof of Claim or request for payment of Administrative Claim has been Filed by the applicable Bar Date or otherwise been deemed timely Filed under applicable law and (ii) that is not otherwise a Disputed Claim; or
- (c) a Claim that is allowed: (i) in any Stipulation of Amount and Nature of Claim executed by the applicable Debtor and Claim holder prior to the Effective Date and approved by the Bankruptcy Court; (ii) in any Stipulation of Amount and Nature of Claim executed by the Distribution Trustee and Claim holder after the Effective Date; (iii) in any contract, instrument or other agreement entered into in connection with the Plan prior to the Effective Date and approved by the Bankruptcy Court; (iv) in a Final Order; or (v) pursuant to the terms of the Plan.

(17) "Australian Tax Claims" means collectively the Allowed Priority Tax Claims and Allowed Administrative Claims of the Government of Australia contemplated by Section 8.11(a), if any.

(18) "Ballot" means the form or forms distributed to each holder of an impaired Claim entitled to vote on the Plan on which the holder indicates acceptance or rejection of the Plan.

(19) "Bankruptcy Code" means title 11 of the United States Code, as now in effect or hereafter amended, as applicable to the Chapter 11 Cases.

(20) "Bankruptcy Court" means the United States District Court for the District of Delaware having jurisdiction over the Chapter 11 Cases and, to the extent of any reference made pursuant to 28 U.S.C. § 157, the bankruptcy unit of such District Court.

(21) "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as now in effect or hereafter amended, as applicable to the Chapter 11 Cases.

(22) "Bar Date" means the applicable bar date by which a proof of Claim must be or must have been Filed, as established by order of the Bankruptcy Court, including the general Bar Date of January 31, 2003.

(23) "Bar Date Order" means an order of the Bankruptcy Court establishing Bar Dates for Filing proofs of Claims in the Chapter 11 Cases, as the same may be amended, modified or supplemented, including the order entered October 29, 2002.

(24) "Beneficiaries" means the creditors and claimants of the Estates.

(25) "Business Day" means any day, other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

(26) "Cash" means the legal tender of the United States of America.

(27) "Chapter 11 Cases" has the meaning set forth in the introductory paragraph of the Plan.

(28) "Claim" means a "claim," as defined in section 101(5) of the Bankruptcy Code, against either Debtor.

(29) "Claims Objection Bar Date" means, for all Claims, other than those Claims allowed pursuant to the Plan, the latest of: (a) 120 days after the Effective Date; (b) 60 days after the Filing of a proof of Claim for such Claim; and (c) such other period of limitation for objecting to such Claim as may be specifically fixed by the Plan, the Confirmation Order or a Final Order.

(30) "Claims Report" means, with respect to each Estate, a report certified by the claims agent for such Estate setting forth: (a) a listing, as of the Effective Date, of: (i) all Allowed Secured Claims of such Estate, (ii) all Allowed Administrative Claims of such Estate, (iii) all Allowed Priority Claims of such Estate, (iv) all Allowed Priority Tax Claims of such Estate, (v) all Allowed Unsecured Claims of such Estate, and (vi) all Disputed Claims of such Estate, and (b) for each Claim so listed, (i) the name, address and federal taxpayer identification number or social security number (if known) of the holder thereof as of the Distribution Record Date and (ii) the amount thereof, including the amount of unpaid principal and accrued interest (if known).

(31) "Class" means a class of Claims or Interests, as described in Article II.

(32) "Confirmation Date" means the date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

(33) "Confirmation Hearing" means the hearing before the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

(34) "Confirmation Order" means the order or orders of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

(35) "Creditors' Committee" means the official committee of unsecured creditors of the Debtors appointed by the United States Trustee pursuant to section 1102 of the Bankruptcy Code in the Kaiser Cases.

(36) "Debtors" has the meaning set forth in the introductory paragraph of the Plan.

(37) "DIP Financing Facility" means, collectively: (a) the Post-Petition Credit Agreement, dated as of February 12, 2002, as amended and modified, among the Debtors, the Other Kaiser Debtors and those entities identified therein as "Lenders" and their respective successors and assigns and Bank of America, N.A. (as agent); (b) all amendments thereto and extensions thereof; and (c) all security agreements and instruments related to the documents identified in (a) and (b).

(38) "Disbursing Agent" means the Distribution Trustee, in its capacity as a disbursing agent pursuant to the Plan, or any third party acting as disbursing agent at the direction of the Distribution Trustee.

(39) "Disclosure Statement" means the disclosure statement with respect to the Plan (including all Exhibits), as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, as the same may be amended, modified or supplemented.

(40) "Disputed Claim" means:

- (a) if no proof of Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim that is listed on a Debtor's Schedules as other than disputed, contingent or unliquidated, but as to which the applicable Debtor or the Distribution Trustee, or prior to the Confirmation Date, any other party in interest, has Filed an objection by the Claims Objection Bar Date and such objection has not been withdrawn or denied by a Final Order; or (ii) a Claim that is listed on a Debtor's Schedules as disputed, contingent or unliquidated; or
- (b) if a proof of Claim or proof of Administrative Claim has been Filed by the Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim for which no corresponding Claim is listed on a Debtor's Schedules; (ii) a Claim for which a corresponding Claim is listed on a Debtor's Schedules as other than disputed, contingent or unliquidated, but the nature or amount of the Claim as asserted in the proof of Claim varies from the nature and amount of such Claim as it is listed on the Schedules; (iii) a Claim for which a corresponding Claim is listed on a Debtor's Schedules as disputed, contingent or unliquidated; or (iv) a Claim for which an objection has been Filed by the applicable Debtor or the Distribution Trustee or, prior to the Confirmation Date, any other party in interest, by the Claims Objection Bar Date, and such objection has not been withdrawn or denied by a Final Order.

(41) "Disputed Claims Reserves" means, with respect to each of the Trust Accounts, the reserve of Cash (and any other property) retained in such Trust Account to satisfy Disputed Claims against the Estate of KAAC or the Estate of KFC, if, as and when they are allowed, or, to the extent such Disputed Claims are not allowed, to satisfy Claims that are allowed in accordance with the terms of the Plan.

(42) "Distribution Record Date" means the close of business on the Confirmation Date.

(43) "Distribution Trust" means the trust established pursuant to the Plan, among other things, to hold the Distribution Trust Assets and make distributions pursuant to the Plan.

(44) "Distribution Trust Agreement" means the trust agreement, to be dated on or prior to the Effective Date, between the Debtors and the Distribution Trustee, governing the Distribution Trust, which will be substantially in the form of Exhibit A to the Plan.

(45) "Distribution Trust Assets" means collectively: (a) the Trust Accounts and any Cash (and any other property) held by such Trust Accounts; (b) the rights of the Debtors under or in respect of the Intercompany Claims Settlement, the QAL Purchase Agreement or any causes of action not released by the Plan, including the Recovery Actions, and any proceeds thereof; and (c) the QAL Proceeds to the extent that such funds are not included in (a) or (b), including any amounts paid over to the Distribution Trustee as contemplated by Section 2.2(d) of the Plan.

(46) "Distribution Trust Expenses" means any and all reasonable fees, costs and expenses incurred by the Distribution Trustee (or any Disbursing Agent, person, entity or professional engaged by the Distribution Trustee) in connection with the performance by the Distribution Trustee of its duties under the Plan or Distribution Trust Agreement.

(47) "Distribution Trust Expenses Account" means the segregated trust account to be established and maintained pursuant to Sections 8.9 and 8.10 to fund the payment of Distribution Trust Expenses.

(48) "Distribution Trustee" means the trustee selected by the Creditors' Committee with the consent of the Debtors and identified in the Distribution Trust Agreement (or any successor trustee), in its capacity as the trustee of the Distribution Trust.

(49) "Document Website" means the internet site with the address www.kaiseral.com at which the Plan, the Disclosure Statement and all of the Exhibits and schedules to the Plan and to the Disclosure Statement will be available, without charge, to any party in interest and the public.

(50) "Effective Date" means a day, as determined by the Debtors, that is the Business Day as soon as reasonably practicable after all conditions to the Effective Date have been satisfied or waived pursuant to the Plan.

(51) "Equity Claim" means a legal, equitable or contractual Claim arising from any share or other instrument evidencing a stock ownership interest in a Debtor, whether or not transferable or denominated "stock", or similar security, and any options, warrants, convertible security, liquidation preference or other right to acquire such shares or other instruments, including but not limited to Claims arising from rescission of the purchase or sale of such stock ownership interests, for damages arising from the purchase or sale of a such stock ownership interest, or for reimbursement or contribution on account of such Claim.

(52) "Estate" means, as to each Debtor, the estate created for that Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

(53) "Executory Contract and Unexpired Lease" means a contract or lease to which one or both of the Debtors is a party that is subject to assumption, assumption and assignment or rejection under section 365 of the Bankruptcy Code.

(54) "Face Amount" means, when used with reference to a Disputed Claim: (a) the full stated amount claimed by the holder of such Claim in any proof of Claim Filed by the Bar Date or otherwise deemed timely Filed under applicable law, if the proof of Claim specifies only a liquidated amount; or (b) if no proof of Claim has been filed by the Bar Date or has otherwise been deemed timely Filed under applicable law, or if the proof of Claim specified an unliquidated amount, the amount of the Claim (i) acknowledged by the applicable Debtor in any objection Filed to such Claim or in the Schedules as an undisputed, noncontingent, and liquidated Claim, (ii) estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code, (iii) proposed by the applicable Debtor and approved by the Creditors' Committee prior to the Effective Date, or (iv) established by the Distribution Trustee on behalf of the Distribution Trust following the Effective Date; or (c) if neither (a) nor (b) above are applicable, an amount estimated by the applicable Debtor or the Distribution Trustee, but such estimated amount will be no less than either (i) the amount of the claim estimated by the Bankruptcy Court or (ii) the liquidated portion of the amount claimed by the holder of such Claim in any proof of Claim Filed by the Bar Date or otherwise deemed timely Filed under applicable law.

(55) "File," "Filed" or "Filing" means file, filed or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

(56) "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in any Bankruptcy Case or the docket of any other court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari or move for a new trial, reargument or rehearing has expired, and no appeal or petition for certiorari or other proceedings for a new trial, reargument or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing shall have been denied or resulted in no modification of such order.

(57) "Indenture Trustee" means the 9-7/8% Senior Note Indenture Trustee, 10-7/8% Senior Note Indenture Trustee, Senior Subordinated Note Indenture Trustee, 7-3/4% SWD Revenue Bond Indenture Trustee or any successor thereto.

(58) "Intercompany Claim" means a Claim held by a debtor in the Kaiser Cases against another debtor in any of the Kaiser Cases.

(59) "Intercompany Claims Settlement" means the settlement and release agreement among the debtors in the Kaiser Cases and the Creditors' Committee, dated as of October 5, 2004, in such form as approved by the Intercompany Claims Settlement Order.

(60) "Intercompany Claims Settlement Order" means the order of the Bankruptcy Court approving the settlement of all claims by debtors in any of the Kaiser Cases against another debtor in any of the Kaiser Cases.

(61) "Interest" means (a) any share or other instrument evidencing a stock ownership interest in a Debtor, whether or not transferable or denominated "stock", or similar security, and any options, warrants, convertible security, liquidation preference or other right to acquire such shares or other instruments; and (b) any Equity Claim.

(62) "IRC" means the Internal Revenue Code of 1986, as amended.

(63) "KAAC" has the meaning set forth in the introductory paragraph of the Plan.

(64) "KACC" means Kaiser Aluminum & Chemical Corporation.

(65) "KFC" has the meaning set forth in the introductory paragraph of the Plan.

(66) "KFC Claim" means the general unsecured claim of KFC against KACC in the amount of \$1,106,150,093.00 to be treated in accordance with Section 4.2.f of the Intercompany Claims Settlement.

(67) "Kaiser Cases" means the chapter 11 cases styled "In re Kaiser Aluminum Corporation, a Delaware Corporation, *et al.*" jointly administered under Case No. 02-10429 (JKF) in the United States District Bankruptcy Court for the District of Delaware.

(68) "Lien" means any mortgage, pledge, deed of trust, assessment, security interest, lease, adverse claim, levy, charge or other encumbrance of any kind, including any "lien" as defined in section 101 (37) of the Bankruptcy Code, or a conditional sale contract, title retention contract or other contract to give any of the foregoing.

(69) "Liquidating Transactions" means the transactions set forth in the first sentence of Section 7.1 of the Plan to effectuate a liquidation of the Debtors.

(70) "Other Kaiser Debtor" means any of the debtors in the Kaiser Cases except the Debtors.

(71) "Other Unsecured Claim" means an Unsecured Claim other than a Senior Note Claim, a Senior Subordinated Note Claim or a PBGC Claim.

(72) "Other Unsecured Claims Percentage" means the percentage equaling the ratio of (a) the aggregate amount of all allowed Other Unsecured Claims to (b) the sum of (i) the aggregate amount of all allowed Other Unsecured Claims and (ii) \$1,237,237,000.

(73) "PBGC" means the Pension Benefit Guaranty Corporation.

(74) "PBGC Claims" means the Claims (excluding any Administrative Claims) of the PBGC against the Debtors arising from or relating to the pension plans which were or are maintained by any of the Other Kaiser

Debtors in the Kaiser Cases and guaranteed by the PBGC, as such Claims are allowed pursuant to the PBGC Settlement Agreement.

(75) "PBGC Percentage" means (a) 32% less (b) 32% of the Other Unsecured Claims Percentage.

(76) "PBGC Settlement Agreement" means the agreement among KACC and the PBGC, dated as of October 15, 2004.

(77) "Pending Payments" means identified amounts (excluding undeliverable Cash) held by the Distribution Trust for distribution to holders of Allowed Claims in specific amounts as of the date the Distribution Trust receives the applicable Distribution Trust Assets.

(78) "Permitted Investment" has the meaning ascribed thereto in the Distribution Trust Agreement.

(79) "Petition Date" means February 12, 2002.

(80) "Plan" means this joint plan of liquidation for the Debtors, to the extent applicable to either Debtor, and all Exhibits attached hereto or referenced herein, as any of the same may be amended, modified or supplemented from time to time.

(81) "Priority Claim" means a Claim that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code that is not an Administrative Claim or a Priority Tax Claim.

(82) "Priority Claims Trust Account" means the segregated trust account to be established and maintained by the Distribution Trustee pursuant to Sections 8.9 and 8.11 to satisfy Allowed Secured Claims, Allowed Administrative Claims, Allowed Priority Claims and Allowed Priority Tax Claims against the Estate of KAAC or the Estate of KFC.

(83) "Priority Tax Claim" means a Claim arising under United States federal, state or local tax laws that is entitled to priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code.

(84) "Professional Fee Claims" means the Claims of (a) any professional in the Chapter 11 Cases pursuant to sections 330 or 1103 of the Bankruptcy Code; or (b) any professional or other entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to sections 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code.

(85) "Pro Rata Share" means, when used with reference to a distribution to a holder of an Allowed Claim in a Subclass of Class 3, that share of Cash or other property to be distributed on account of all Allowed Claims in such Subclass so that the ratio of (a)(i) the amount of Cash or other property distributed on account of the particular Allowed Claim to (ii) the amount of such Claim, is the same as the ratio of (b)(i) the aggregate amount of Cash or other property distributed on account of all Allowed Claims in such Subclass to (ii) the aggregate amount of all Allowed Claims in such Subclass.

(86) "Public Notes" means any of (a) the 9-7/8% Senior Notes, (b) the 10-7/8% Senior Notes, or (c) the Senior Subordinated Notes.

(87) "Public Note Claims" means Claims arising under the Public Notes.

(88) "QAL Proceeds" means the net Cash proceeds allocable to KAAC in the aggregate in connection with the sale of its interests in QAL pursuant to the QAL Purchase Agreement, after taking into account the costs and expenses of the sale payable by KAAC in accordance with the Intercompany Claims Settlement and the satisfaction of any applicable Allowed Secured Claim with a valid and enforceable Lien against such proceeds.

(89) "QAL Purchase Agreement" means that certain Purchase Agreement, dated as of October 28, 2004, by and among Alumina & Bauxite Company Ltd., KACC and KAAC or, if such agreement is terminated, the

purchase agreement entered into by and among Pegasus Queensland Acquisition Pty Limited and/or Glencore AG and KACC and KAAC as contemplated by the Bankruptcy Court's order dated November 8, 2004.

(90) "Quarterly Distribution Date" means, with respect to distributions subsequent to the initial distributions pursuant to Sections 9.4(a) or 9.4(b)(i), the last Business Day of the month following the end of each calendar quarter after the Effective Date; *provided, however*, that if the Effective Date is within 45 days of the end of a calendar quarter, the first Quarterly Distribution Date will be the last Business Day of the month following the end of the first calendar quarter after the calendar quarter in which the Effective Date falls.

(91) "Recovery Actions" means, collectively and individually, preference actions, fraudulent conveyance actions, rights of setoff, and other claims or causes of action under Chapter 5 of the Bankruptcy Code and other applicable bankruptcy or nonbankruptcy law.

(92) "Schedules" means the schedules of assets and liabilities and the statements of financial affairs Filed by the Debtors, as required by section 521 of the Bankruptcy Code, as the same may be amended, modified or supplemented by the Debtors from time to time.

(93) "Secured Claim" means a Claim that is secured by a Lien on property in which an Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to sections 506(a) and, if applicable, 1129(b) of the Bankruptcy Code.

(94) "Senior Note Claims" means 9-7/8% Senior Note Claims and 10-7/8% Senior Note Claims.

(95) "Senior Subordinated Note Claim" means a Claim against a Debtor under or in respect of the Senior Subordinated Notes and the Senior Subordinated Note Indenture.

(96) "Senior Subordinated Note Indenture" means the Indenture, dated as of February 1, 1993, by and among KACC, the Debtors and the Senior Subordinated Note Indenture Trustee, as the same may have been subsequently modified, amended or supplemented, together with all instruments and agreements related thereto.

(97) "Senior Subordinated Note Indenture Trustee" means Law Debenture Trust Company of New York, as successor indenture trustee under the Senior Subordinated Note Indenture.

(98) "Senior Subordinated Notes" means the 12-3/4% senior subordinated notes due 2003 issued by KACC, pursuant to the Senior Subordinated Note Indenture in the outstanding aggregate principal amount of \$400,000,000.

(99) "Senior Note Percentage" means (a) 68% less (b) 68% of the Other Unsecured Claims Percentage.

(100) "Steering Committee" means a committee comprised of the members of the Alumina Creditor Subcommittee (as defined in the Intercompany Claims Settlement) other than any member thereof that is (a) a holder of a Senior Subordinated Note Claim or (b) the Senior Subordinated Note Indenture Trustee.

(101) "Stipulation of Amount and Nature of Claim" means a stipulation or other agreement between the applicable Debtor or Distribution Trustee and a holder of a Claim or Interest, or an agreed order of the Bankruptcy Court, establishing the amount and nature of a Claim or Interest.

(102) "Subclass 3A Distributable Consideration" means the Senior Note Percentage of the Cash and other property in the Unsecured Claims Trust Account.

(103) "Tax" means: (a) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, property, environmental or other tax, assessment or charge of any kind whatsoever (together in each instance with any interest, penalty, addition to tax or additional amount) imposed by any federal, state, local or foreign taxing authority; or (b) any liability for payment

of any amounts of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability for payment of any such amounts is determined by reference to the liability of any other entity.

(104) "Tort Claim" means any Claim that has not been settled, compromised or otherwise resolved that: (a) arises out of allegations of personal injury, wrongful death, property damage, products liability or similar legal theories of recovery; or (b) arises under any federal, state, local statute, rule, regulation or ordinance governing, regulating or relating to health, safety, hazardous substances or the environment.

(105) "Trust Accounts" means, collectively, the Distribution Trust Expenses Account, the Priority Claims Trust Account, the Unsecured Claims Trust Account and the Undeliverable Property Trust Account.

(106) "Undeliverable Property Trust Account" means the segregated trust account to be established and maintained by the Distribution Trustee pursuant to Sections 8.9 and 8.13 of the Plan to hold undeliverable Cash or other Property for the benefit of holders of Allowed Unsecured Claims against the Estate of KAAC or the Estate of KFC otherwise entitled to such distributions.

(107) "Unsecured Claim" means any Claim that is not an Administrative Claim, Priority Claim, Priority Tax Claim, Secured Claim or Intercompany Claim and includes, without limitation, Senior Note Claims, Senior Subordinated Note Claims, the PBGC Claims and Tort Claims.

(108) "Unsecured Claims Trust Account" means the segregated trust account to be established and maintained by the Distribution Trustee pursuant to Sections 8.9 and 8.12 to satisfy Allowed Unsecured Claims against the Estate of KAAC or the Estate of KFC.

(109) "US Trustee Fees" means all fees and charges assessed against the Estates under chapter 123 of title 28, United States Code, 28 U.S.C. §§ 1911-1930.

1.2 Rules of Interpretation.

For purposes of the Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b) unless otherwise provided in the Plan, any reference in the Plan to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or Exhibit Filed or to be Filed means such document or Exhibit, as it may have been or may be amended, modified or supplemented pursuant to the Plan or Confirmation Order; (d) any reference to an entity as a holder of a Claim or Interest includes that entity's successors and assigns and affiliates; (e) all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (f) the words "herein," "hereunder" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (h) subject to the provisions of any certificates of incorporation, by-laws or similar constituent documents or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the rights and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and the Bankruptcy Rules; and (i) the rules of construction set forth in section 102 of the Bankruptcy Code will apply.

1.3 Computation of Time.

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

ARTICLE II

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

2.1 General. All Claims and Interests, except Administrative Claims and Priority Tax Claims, are placed in Classes. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any remainder of the Claim or Interest qualifies within the description of such other Classes.

(a) Unimpaired Classes of Claims.

Class 1 (Priority Claims): Priority Claims against either of the Debtors.

Class 2 (Secured Claims): Secured Claims against either of the Debtors.

(b) Impaired Classes of Claims and Interests.

Class 3 (Unsecured Claims): Unsecured Claims against either of the Debtors other than Claims otherwise classified under the Plan, subclassified as follows:

Subclass 3A: Senior Note Claims against the Debtors.

Subclass 3B: Senior Subordinated Note Claims against the Debtors.

Subclass 3C: PBGC Claims against the Debtors.

Subclass 3D: Other Unsecured Claims against either of the Debtors.

Class 4 (Intercompany Claims): Intercompany Claims against the Debtors.

Class 5 (Interests in the Debtors): Interests in either of the Debtors.

2.2 Administrative Claims.

(a) Administrative Claims in General. Except as otherwise provided herein or unless otherwise agreed by the holder of an Administrative Claim and the applicable Debtor or the Distribution Trustee, each holder of an Allowed Administrative Claim will receive, in full satisfaction of its Administrative Claim, Cash from the Priority Claims Trust Account in an amount equal to the allowed amount of such Administrative Claim either (a) on or promptly after the Effective Date or (b) if the Administrative Claim is not allowed as of the Effective Date, on or promptly after the date that is 30 days after the date on which (i) an order allowing such Administrative Claim becomes a Final Order or (ii) a Stipulation of Amount and Nature of Claim is executed by the Distribution Trustee and the holder of the Administrative Claim.

(b) US Trustee Fees. On or before the Effective Date, Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, will be paid by the applicable Debtor or the Distribution Trustee in Cash equal to the amount of such Administrative Claims. All fees payable pursuant to 28 U.S.C. § 1930 will be paid by the Distribution Trustee in accordance herewith from the Priority Claims Trust Account until the closing of the Chapter 11 Cases pursuant to section 350(a) of the Bankruptcy Code.

(c) Bar Dates for Administrative Claims.

- (i) *General Bar Date Provisions.* As provided in the Administrative Claim Bar Date Order, any holder of an Administrative Claim against a Debtor that was required to File and serve a request for payment of such Administrative Claim and does not File and serve such a request in accordance with the Administrative Claim Bar Date Order by the Administrative Claim Bar Date, will be forever barred from asserting such Administrative Claim against the Debtors or the Distribution Trustee, or their respective property, or the Trust Accounts, and such Administrative Claim will be deemed waived and released as of the Effective Date. Objections to an Administrative Claim must be Filed by the Distribution Trustee and served on the requesting party by the later of (A) 45 days after the Effective Date or (B) 60 days after the Filing of the request for payment of an Administrative Claim.
- (ii) *Bar Dates for Professional Fees.* Except as otherwise set forth herein or in the Intercompany Claims Settlement, professionals or other entities asserting a Professional Fee Claim for services rendered solely with respect to the Debtors before the Effective Date must File and serve on the Debtors and the Distribution Trustee and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court, an application for final allowance of such Fee Claim no later than 60 days after the Effective Date. Objections to any Professional Fee Claim must be Filed and served on the Distribution Trustee and the requesting party by the later of (A) 90 days after the Effective Date or (B) 30 days after the Filing of the applicable request for payment of the Professional Fee Claim. To the extent necessary, the Confirmation Order will amend and supersede any previously entered order of the Bankruptcy Court (other than the Intercompany Claim Settlement Order) regarding the payment of Professional Fee Claims solely with respect to the Debtors.

To the extent that any professional has provided services in the Kaiser Cases, the Bar Date for Professional Fee Claims in this Section 2.2(c)(ii) relates only to such professional's fees for services and reimbursement of expenses reasonably allocable by such Professional solely to the Debtors and not otherwise treated pursuant to the Intercompany Claims Settlement Order; Claims relating to such professional's fees for services and reimbursement of expenses to the Other Kaiser Debtors may be sought against the estates of such Other Kaiser Debtors. The failure of a professional to allocate any particular charges to the Debtors will not foreclose, waive or affect in any way the professional's right to seek allowance and payment of such charges from the Other Kaiser Debtors.

(d) DIP Financing Facility. On the Effective Date, all amounts owed or required to be paid under the Intercompany Claims Settlement by KAAC to KACC, including all amounts owed and required to be paid by KAAC under Section 9.2.14 of the DIP Financing Facility, will be paid, (i) first, by transferring Cash on deposit in the cash collateral accounts maintained by KAAC and constituting the QAL Collateral (as defined in the seventh amendment to the DIP Financing Facility) to a cash collateral account similarly maintained by KACC and (ii) second, to the extent such transfers are insufficient to satisfy such amounts owed or required to be paid under the Intercompany Claims Settlement to KACC by KAAC, through the payment by KAAC or by the Distribution Trustee, as the case may be, to KACC for deposit in such KACC cash collateral account of any such amount that remains owing under the Intercompany Claims Settlement. From and after the Effective Date, the Subsidiary Guaranty (as such term is defined in the DIP Financing Facility) of KAAC will be deemed affirmed and enforceable in accordance with its terms as Allowed Administrative Claims in an amount equal to the QAL Collateral not transferred to the KACC cash collateral account pursuant to clause (i) above, and any such amounts remaining in such Debtor cash collateral accounts will remain in such accounts until the Obligations (as such term is defined in the DIP Financing Facility) are indefeasibly repaid in full in Cash and the DIP Financing Facility is terminated, whereupon any remaining amounts in such cash collateral accounts will be paid over to the Distribution Trustee for deposit into the Unsecured Claims Trust Account.

(e) QAL Purchase Agreement. From and after the Effective Date, any amounts payable by KAAC under the QAL Purchase Agreement, including any amounts that become payable in respect of indemnification claims, will be paid in full in Cash from the Priority Claims Trust Account in accordance with the applicable

provisions of the QAL Purchase Agreement. The Distribution Trust will have no claim against KACC, for contribution or otherwise, as a result of any such payment.

(f) PBGC Administrative Claim. Pursuant to paragraph 10 of the PBGC Settlement Agreement, the PBGC will have an Allowed Administrative Claim against KAAC and KFC and, on the Effective Date, if KACC has not paid the PBGC \$14,000,000 as required by Section 7.10 of the Intercompany Closing Settlement, then the PBGC will receive, in full satisfaction of such Allowed Administrative Claim, Cash from the Priority Claims Trust Account in the amount of \$14,000,000 less any portion of such amount that has been previously paid to the PBGC by KACC or any of the Other Kaiser Debtors.

2.3 Priority Tax Claims.

(a) Pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, unless otherwise agreed by the holder of a Priority Tax Claim and the applicable Debtor or the Distribution Trustee, each holder of an Allowed Priority Tax Claim will receive, in full satisfaction of its Priority Tax Claim, the full amount thereof in Cash, without postpetition interest or penalty, from the Priority Claims Trust Account as soon as practicable after the later of (i) the Effective Date or (ii) the date on which the Priority Tax Claim becomes an Allowed Claim.

(b) Notwithstanding the provisions of Section 2.3(a), the holder of an Allowed Priority Tax Claim will not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim. Any such Claim or demand for any such penalty (i) will be subject to treatment in Subclass 3D and (ii) the holder of an Allowed Priority Tax Claim will not be entitled to assess or attempt to collect such penalty from the Debtors, the Distribution Trustee, their properties or the Trust Accounts (other than as the holder of an Allowed Subclass 3D Claim).

2.4 Classified Claims.

(a) Class 1 - Priority Claims. On the later of the Effective Date or the date on which a Priority Tax Claim is allowed, each holder of an Allowed Priority Claim will, in full and complete settlement and satisfaction of such Claim, receive either: (i) Cash in the amount of such holder's Allowed Priority Claim without interest or penalty; or (ii) such other treatment as may be agreed upon in writing by such holder and the Debtors or the Distribution Trustee. Class 1 is unimpaired under the Plan. Each holder of an Allowed Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote on the Plan.

(b) Class 2 - Secured Claims. On the later of the Effective Date or the date on which a Secured Claim is allowed, each holder of an Allowed Secured Claim will, in full and complete settlement and satisfaction of such Claim, at the sole option of the Debtors, receive either (i) Cash in an amount equal to such Allowed Secured Claim, including such interest as is required to be paid pursuant to section 506(b) of the Bankruptcy Code; or (ii) the collateral securing such Allowed Secured Claim and Cash from the Priority Claims Trust Account an amount equal to such interest as is required to be paid pursuant to section 506(b) of the Bankruptcy Code. Class 2 is unimpaired under the Plan. Each holder of an Allowed Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote on the Plan.

(c) Class 3 - Unsecured Claims. Subclass 3A, Subclass 3B, Subclass 3C and Subclass 3D are impaired under the Plan and holders of Allowed Claims in each of such Subclasses are entitled to vote on the appropriate Ballot to accept or reject the Plan. For voting purposes, each Subclass will vote as a separate class.

(i) **Subclass 3A (Senior Note Claims):** On the Effective Date, each holder of an allowed Senior Note Claim will, in full and complete satisfaction of such Claim, be entitled to receive Cash and, subject to Section 2.9, other property in the Unsecured Claims Trust Account equal to its Pro Rata Share of the Subclass 3A Distributable Consideration remaining after first giving effect to the following payments or reservation for payment on the Effective Date by the Distribution Trustee from the Subclass 3A Distributable Consideration: (a) the payment of the amount, if any, determined by the Bankruptcy Court to be payable to the holders of the 7-3/4% SWD Revenue Bonds in respect of the asserted contractual subordination rights under the Senior Subordinated

Note Indenture, which payment would be made to the 7-3/4% SWD Revenue Bond Indenture Trustee for the benefit of the holders of the 7-3/4% SWD Revenue Bonds; (b) all amounts payable pursuant to Section 2.5; and (c) if, but only if, Subclass 3B votes to accept the Plan as provided in Section 2.4(c)(ii), \$8,000,000 to be paid to the Senior Subordinated Note Indenture Trustee for the benefit of the holders of Senior Subordinated Note Claims. If Subclass 3B votes to accept the Plan, as of the Effective Date, the treatment provided pursuant to this Section 2.4(c)(i) and Section 2.4(c)(ii) will be deemed to be in full and complete satisfaction of any and all claims of each holder of a Senior Note Claim relating to the contractual subordination rights of such holder under the Senior Subordinated Note Indenture, as such claims relate to KAAC and KFC.

- (ii) **Subclass 3B (Senior Subordinated Note Claims):** If Subclass 3B votes to accept the Plan in accordance with Section 1126(c) of the Bankruptcy Code, on the Effective Date each holder of an Allowed Senior Subordinated Note Claim will, in full and complete satisfaction of such Claim, be entitled to receive its Pro Rata Share of \$8,000,000 in Cash to be paid to the Senior Subordinated Note Indenture Trustee as provided in Section 2.4(c)(i)(c), provided that any and all fees or expenses payable to the Senior Subordinated Note Indenture Trustee pursuant to the Senior Subordinated Note Indenture will, in all events, be payable solely from such \$8,000,000. If Subclass 3B fails to accept the Plan in accordance with Section 1126(c) of the Bankruptcy Code, no property will be distributed to or retained by the holders of Senior Subordinated Note Claims, including any such Claims of the Senior Subordinated Note Indenture Trustee.
- (iii) **Subclass 3C (PBGC Claims):** On the Effective Date, the PBGC as holder of the PBGC Claims will, in full and complete satisfaction of such Claims, be entitled to receive the PBGC Percentage of the Cash and, subject to Section 2.9, other property in the Unsecured Claims Trust Account.
- (iv) **Subclass 3D (Other Unsecured Claims):** On the Effective Date, each holder of an Allowed Other Unsecured Claim will, in full and complete satisfaction of such Claim, be entitled to receive a Pro Rata Share of the Other Unsecured Claims Percentage of the Cash and, subject to Section 2.9, other property in the Unsecured Claims Trust Account.

(d) Class 4 - Intercompany Claims. On the Effective Date, each holder of an Intercompany Claim will be entitled to receive the treatment set forth in the Intercompany Claims Settlement. Class 4 is impaired under the Plan. Notwithstanding this treatment of Class 4 Claims, each of the holders of Class 4 Claims will be deemed to have accepted the Plan.

(e) Class 5 - Interests in the Debtors. No property will be distributed to, or retained by, KACC as the holder of the Interests in KAAC on account of such Interests, or by KAAC as the holder of Interests in KFC on account of such Interests, and such Interests will be cancelled on the Effective Date. Notwithstanding this treatment of Class 5 Interests, each of the holders of Class 5 Interests will be deemed to have accepted the Plan.

2.5 Senior Note Indenture Trustee and Ad Hoc Committee Counsel Fees and Expenses. The fees and expenses of (a) the 9-7/8% Senior Note Indenture Trustee, (b) the 10-7/8% Senior Note Indenture Trustee, and (c) counsel for the Ad Hoc Committee through the Effective Date will be paid out of the Subclass 3A Distributable Consideration as provided in Section 2.4(c)(i). No later than two Business Days prior to the Effective Date, each of the entities to which reference is made in clauses (a), (b) and (c) above will furnish to the counsel for the Creditors' Committee and the Debtors information in respect of such fees and expenses incurred and estimated to be incurred through the Effective Date.

2.6 Allowance of Certain Public Note Claims. The 9-7/8% Senior Note Claims are allowed in the aggregate amount of \$181,168,828.96, the 10-7/8% Senior Note Claims are allowed in the aggregate amount of \$232,952,343.77 and the Senior Subordinated Note Claims are allowed in the aggregate amount of \$427,200,000.00.

2.7 Substantive Consolidation. In connection with confirmation of the Plan, the Debtors will seek Bankruptcy Court approval of the substantive consolidation of the Debtors for the purpose of implementing the Plan, including for purposes of voting, confirmation and distributions to be made under the Plan. Pursuant to such order: (a) all assets and liabilities of the Debtors will be deemed merged; (b) all guarantees by, or co-obligations of, one

Debtor in respect of the obligations of the other Debtor will be deemed eliminated so that any Claim against either Debtor and any guarantee by, or co-obligation of, the other Debtor and any joint or several liability of either of the Debtors will be deemed to be one obligation of the consolidated Debtors; and (c) each and every Claim Filed or to be Filed against either Debtor will be deemed Filed against the consolidated Debtors and will be deemed one Claim against and a single obligation of the consolidated Debtors. Such substantive consolidation (other than for the purpose of implementing the Plan) will not affect the legal and corporate structures of the Debtors, nor will such substantive consolidation affect or be deemed to affect any Intercompany Claim in any manner contrary to the Intercompany Claims Settlement, nor will such substantive consolidation be deemed to affect any Other Debtor or claims against any Other Debtor.

2.8 Order Granting Substantive Consolidation. The Plan will serve as a motion seeking entry of an order substantively consolidating the Debtors, as described, and to the limited extent set forth, in Section 2.7 above. Unless an objection to such substantive consolidation is made in writing by any creditor or claimant affected by the Plan, Filed with the Bankruptcy Court and served on the parties identified in Section 12.5 below on or before _____, 2004, or such other date as may be fixed by the Bankruptcy Court, the substantive consolidation order (which may be the Confirmation Order) may be entered by the Bankruptcy Court. In the event any such objections are timely Filed, a hearing with respect thereto will occur at the Confirmation Hearing.

2.9 KFC Claim against KACC. Notwithstanding anything to the contrary herein, no distributions of the KFC Claim will be made, and the KFC Claim will be held in the Unsecured Claims Trust Account, until receipt by the Distribution Trustee of distributions in respect thereof from KACC pursuant to a confirmed plan of reorganization of KACC or otherwise and then in-kind distributions consisting of the property received by the Distribution Trustee from KACC in respect of the KFC Claim will be made in accordance with the terms of the Plan.

2.10 No Effect on Claims Against or Interests in Other Kaiser Debtors. Nothing in the Plan, including the acceptance or rejection of the Plan by Subclass 3B, will be deemed to affect any person's claim against or interest in any Other Kaiser Debtor or any of their respective present or former directors, officers, employees, agents, advisors, attorneys, accountants, underwriters, investment bankers or other representatives, acting in such capacity, or any rights, including contractual subordination rights, that any person may have in respect of any such claim against or interest in any such Other Kaiser Debtor.

ARTICLE III

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

3.1 Executory Contracts and Unexpired Leases to Be Rejected. On the Effective Date, except for an Executory Contract or Unexpired Lease that previously was assumed and assigned or rejected by an order of the Bankruptcy Court, each Executory Contract and Unexpired Lease entered into by a Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms will be rejected pursuant to section 365 of the Bankruptcy Code. The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

3.2 Bar Date for Rejection Damages. Notwithstanding anything in the Bar Date Order or in the Administrative Bar Date Order to the contrary, if the rejection of an Executory Contract or Unexpired Lease pursuant to the Plan gives rise to a Claim by the other party or parties to such contract or lease, such Claim will be forever barred and will not be enforceable against the Debtors, the Distribution Trustee, the Debtors' Estates or the Trust Accounts unless a proof of Claim or request for payment of Administrative Claim is Filed and served on the Distribution Trustee, pursuant to the procedures specified in the Confirmation Order, the notice of the entry of the Confirmation Order, or another order of the Bankruptcy Court, no later than 30 days after the Effective Date.

ARTICLE IV

RELEASE, LIMITATION OF LIABILITY AND INJUNCTION PROVISIONS

4.1 Release of Claims; Limitation of Liability.

(a) Releases by the Debtors. As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors on behalf of themselves, their Estates, creditors and Interest holders will be deemed to release, waive and discharge all claims and rights of any nature in connection with or related to the Debtors, the Chapter 11 Cases or the Plan (other than the rights of the Distribution Trustee to enforce the Plan and any instruments, agreements and documents delivered thereunder, and to pursue objections to and resolve Disputed Claims), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising (including, without limitation, those arising under the Bankruptcy Code), based on any act, omission or occurrence on or before the Effective Date, against the Creditors' Committee, its members, any Indenture Trustee, any of the Debtors' present or former directors or officers, or any of the respective current and former directors, officers, employees, agents, advisors, attorneys, accountants, underwriters, investment bankers or other representatives of the Debtors, the Creditors' Committee, its members or the Indenture Trustees, acting in such capacity, except for such Claims or rights based on (i) acts or omissions constituting gross negligence or willful misconduct or (ii) contractual obligations of, or loans owed by, any such person to a Debtor.

(b) General Releases by Holders of Claims. Subject to the provisions of Section 2.10, as of the Effective Date, in consideration for the obligations of the Debtors under the Plan and the Cash to be distributed in connection with the Plan, each holder of a Claim that votes in favor of the Plan will be deemed to forever release and waive all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the right to enforce the Debtors' obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise, that are based in whole or in part on any act, omission, transaction or other occurrence taking place on or prior to the Effective Date in any way relating to a Debtor, the Chapter 11 Cases or the Plan that such entity has, had or may have against the Creditors' Committee, its members, any Indenture Trustee, either Debtor and any of their respective present or former directors, officers, employees, agents, advisors, attorneys, accountants, underwriters, investment bankers or other representatives, acting in such capacity, except for those based on (i) acts or omissions constituting gross negligence or willful misconduct or (ii) contractual obligations of, or loans owed by, any such person to a Debtor.

(c) Limitation of Liability. The Debtors, the Distribution Trust, the Distribution Trustee, the Indenture Trustees and their respective directors, officers, employees and professionals, acting in such capacity, and the Creditors' Committee, its members and their respective professionals will neither have nor incur any liability to any entity for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan; *provided, however*, that the foregoing provisions of this Section 4.1 will have no effect on: (i) the liability of any entity that would otherwise result from the failure to perform or pay any obligation or liability under the Plan or any contract, instrument, release or other agreement or document to be entered into or delivered in connection with the Plan or (ii) the liability of any entity that would otherwise result from any such act or omission to the extent that such act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct.

4.2 Injunctions. Except as otherwise provided in the Plan or the Confirmation Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability of the Debtors, or an Interest or other right of an equity security with respect to the Debtors, that is released, waived, settled or deemed satisfied pursuant to the Plan will be permanently enjoined from taking any of the following actions on account of any such Claims, debts, liabilities, Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Distribution Trust or the Distribution Trustee other than to enforce any right pursuant to the Plan to a distribution from the Trust

Accounts; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, the Distribution Trust or the Distribution Trustee, other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any Lien or encumbrance against the Debtors, the Distribution Trust, its property or the Trust Accounts; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Distribution Trust; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

ARTICLE V

CRAMDOWN

The Debtors request confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Debtors reserve the right to modify the Plan to the extent, if any, that confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code requires modification. Subclass 3A, Subclass 3B, Subclass 3C, and Subclass 3D each constitute a separate class pursuant to section 1122(a) of the Bankruptcy Code.

ARTICLE VI

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

6.1 Conditions to Confirmation. The following are conditions to the confirmation of the Plan:

(a) The Confirmation Order and the order contemplated by Section 2.8 each shall have been entered on the docket of the Clerk of the Bankruptcy Court in form and substance acceptable to the Debtors and the Creditors' Committee;

(b) All Exhibits to the Plan shall be in form and substance satisfactory to the Debtors and the Creditors' Committee; and

(c) The Intercompany Claims Settlement shall have become effective.

6.2 Conditions to the Effective Date. The following are conditions to the occurrence of the Effective Date:

(a) The Confirmation Order shall have become a Final Order;

(b) The sale of the interests in QAL pursuant to the QAL Purchase Agreement shall have been consummated;

(c) The Creditors' Committee and the Debtors shall have agreed upon the amount of the reserves contemplated by Section 8.10(a) and Section 8.11(a);

(d) The Liquidating Transactions shall have been consummated;

(e) All funds due and owing to or by the Debtors under the Intercompany Claims Settlement shall have been paid in accordance with its terms;

(f) The Distribution Trustee shall have been appointed and shall have accepted such appointment;

(g) The Distribution Trust Agreement shall have been executed and the Trust Accounts shall have been established; and

(h) All other actions, documents, consents and agreements necessary to implement the Plan shall have been effected, obtained and/or executed.

6.3 Waiver of Conditions to the Confirmation or Effective Date. The conditions to confirmation set forth in Section 6.1 and the conditions to the Effective Date set forth in Section 6.2 may be waived by the Debtors with the consent of the Creditors' Committee.

ARTICLE VII

MEANS FOR IMPLEMENTATION OF THE PLAN

7.1 Liquidating Transactions. On the Effective Date, the Distribution Trust Assets will be transferred to and vest in the Distribution Trust, free and clear of Claims, Liens, and Interests, except as may be otherwise provided in the Intercompany Claims Settlement. On or after the Effective Date, the Debtors will enter into such transactions and will take such actions as may be necessary or appropriate to merge, dissolve or otherwise terminate the corporate existence of the Debtors. Notwithstanding the foregoing and regardless of whether the actions in the preceding sentence have yet been taken with respect to a particular Debtor, upon the transfer of the Distribution Trust Assets to the Distribution Trust, the Debtors will be deemed dissolved and their business operations withdrawn for all purposes without any necessity of filing any document, taking any further action or making any payment to any governmental authority in connection therewith.

7.2 Corporate Action. The following (which will occur and be deemed effective as of the date specified in the documents effectuating the same or, if no date is so specified, the Effective Date) will be authorized and approved in all respects and for all purposes without any requirement of further action by the Debtors or the Distribution Trustee or any other person or entity: (a) the Liquidating Transactions; (b) the establishment of the Distribution Trust; (c) the appointment of the Distribution Trustee to act on behalf of the Distribution Trust; (d) the transfer of the Distribution Trust Assets to the Distribution Trust; (e) the creation of the Trust Accounts; (f) the distribution of Cash pursuant to the Plan; (g) the adoption, execution, delivery and implementation of all contracts, instruments, releases and other agreements or documents related to any of the foregoing; (h) the adoption, execution and implementation of the Distribution Trust Agreement; and (i) the other matters provided for under the Plan involving the corporate structure of either Debtor or corporate action to be taken by, or required of, either Debtor or the Distribution Trustee.

7.3 No Revesting of Assets. On the Effective Date, the property of the Debtors' Estates will vest in the Distribution Trust to be administered by the Distribution Trustee in accordance with the Plan and the Distribution Trust Agreement.

7.4 Recourse Solely to Trust Accounts. The Liquidating Transactions will not in any way merge the assets of the Debtors' Estates, including the Trust Accounts. All Claims against the Debtors are deemed fully satisfied in exchange for the treatment of such Claims under the Plan, and holders of Allowed Claims against either Debtor will have recourse solely to the applicable Trust Accounts for the payment of their Allowed Claims in accordance with the terms of the Plan.

7.5 Release of Liens. Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan, all Liens against the property of either Estate will be fully released, and all of the right, title and interest of any holder of such Liens, including any rights to any collateral thereunder, will attach to and be enforceable solely against the applicable Distribution Trust Assets held in the applicable Trust Account in accordance with, and subject to the terms of, the Plan. All such Liens against the Distribution Trust Assets will be fully released upon the holder of the Lien receiving its full distribution under the Plan, or upon the Effective Date if the holder of the Lien is not entitled to any distribution under the Plan.

7.6 Exemption from Certain Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, the following will not be subject to any stamp Tax, real estate transfer Tax, sales and use Tax or similar Tax: (a) any Liquidating Transaction; (b) the execution and implementation of the Distribution Trust Agreement, including any transfers to or by the Distribution Trust; or (c) the making or delivery of any deed or other instrument of transfer

under, in furtherance of or in connection with the Plan, including any merger agreements or agreements of consolidation, disposition, liquidation or dissolution executed in connection with any transaction pursuant to the Plan.

ARTICLE VIII

DISTRIBUTION TRUST

8.1 Creation.

(a) On the Effective Date, the Debtors will enter into the Distribution Trust Agreement with the Distribution Trustee, thereby creating the Distribution Trust.

(b) The Distribution Trust has no objective to, and will not, engage in the conduct of a trade or business and, subject to the terms of the Distribution Trust Agreement, will terminate upon completion of its liquidation and distribution duties.

(c) The Distribution Trust will be a "representative of the estate" under section 1123(b)(3)(B) of the Bankruptcy Code.

8.2 Distribution Trustee.

(a) The Distribution Trustee, whose identity will be disclosed at least ten days prior to the Confirmation Hearing, will be selected by the Creditors' Committee with the consent of the Debtors, and will be the exclusive trustee of the assets of the Distribution Trust for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3).

(b) The rights, powers and privileges of the Distribution Trustee (to act on behalf of the Distribution Trust) will be specified in the Distribution Trust Agreement and will include, among others, the authority and responsibility to: (i) accept, preserve, receive, collect, manage, invest, supervise and protect the Distribution Trust Assets (directly or through one or more third-party Disbursing Agents), each in accordance with the Plan and the Distribution Trust Agreement; (ii) liquidate, transfer or otherwise dispose of the Distribution Trust Assets or any part thereof or any interest therein upon such terms as the Distribution Trustee determines to be necessary, appropriate or desirable, pursuant to the procedures for allowing Claims and making distributions prescribed in the Plan, and otherwise consistent with the terms of the Plan; (iii) calculate and make distributions of the Distribution Trust Assets to holders of Allowed Claims pursuant to the procedures for allowing Claims and making distributions prescribed in the Plan; (iv) review, reconcile, settle or object to Claims and resolve any such objections as set forth in the Plan and the Distribution Trust Agreement; (v) comply with the Plan and exercise its rights and fulfill its obligations thereunder; (vi) investigate and, if appropriate, pursue any Recovery Actions or other available causes of action (including any actions previously initiated by the Debtors and pending as of the Effective Date) and raise any defenses in any adverse actions or counter-claims; (vii) retain and compensate, without further order of the Bankruptcy Court, the services of professionals or other persons or entities to represent, advise and assist the Distribution Trustee in the fulfillment of its responsibilities in connection with the Plan and the Distribution Trust Agreement; (viii) take such actions as are necessary, appropriate or desirable, to close the Chapter 11 Cases; (ix) file appropriate Tax returns on behalf of the Distribution Trust and Debtors and pay Taxes or other obligations owed by the Distribution Trust; (x) exercise the rights, and fulfill the obligations of KAAC under the QAL Purchase Agreement, including with respect to any claim for indemnification; (xi) take such actions as are necessary, appropriate or desirable to terminate the existence of the Debtors under the laws of Australia or any political subdivision thereof; (xii) take such actions as are necessary, appropriate or desirable with respect to the KFC Claim; and (xiii) terminate the Distribution Trust in accordance with the terms of the Plan and the Distribution Trust Agreement.

(c) Except as otherwise provided in the Plan or the Distribution Trust Agreement, the Distribution Trustee will not be required to obtain the order or approval of the Bankruptcy Court or any other court of competent

jurisdiction in, or account to the Bankruptcy Court or any other court of competent jurisdiction for, the exercise of any right, power or privilege conferred under the Distribution Trust Agreement.

(d) Except as otherwise provided in the Plan or the Distribution Trust Agreement, after the Effective Date only the Distribution Trustee, on behalf of the Distribution Trust, with the prior consent of the Steering Committee, acting through a majority thereof, will have the authority to File, settle, compromise, withdraw or litigate to judgment objections to Claims, including pursuant to any alternative dispute resolution or similar procedures approved by the Bankruptcy Court. After the Effective Date, the Distribution Trustee, with the prior consent of the Steering Committee, acting through a majority thereof, may settle or compromise any Disputed Claim without approval of the Bankruptcy Court in accordance with the Distribution Trust Agreement.

(e) Except as otherwise provided in the Plan or the Distribution Trust Agreement after the Effective Date only the Distribution Trustee, on behalf of the Distribution Trust as holder of the KFC Claim, with the prior consent of the Steering Committee, acting through a majority thereof, will have the authority to accept or reject a plan of reorganization for KACC.

8.3 Preservation of Causes of Action. Except as provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code the Distribution Trustee will retain and may enforce any claims, demands, rights and causes of action that either Estate may hold against any entity, including the Recovery Actions, to the extent not expressly released under the Plan. Without intending to limit the generality of the foregoing, the Distribution Trustee will retain the right to pursue any adversary proceedings available to the Debtors in connection with the QAL Purchase Agreement or the Intercompany Claims Settlement.

8.4 Reports to be Filed with the Bankruptcy Court.

(a) Within 45 days after the end of each of the first three calendar quarters of the calendar year, the Distribution Trustee, on behalf of the Distribution Trust, will File an unaudited report with the Bankruptcy Court reflecting (i) all Distribution Trust Assets received by the Distribution Trust during such calendar quarter; (ii) all Distribution Trust Assets held by the Distribution Trust at the end of such quarter; and (iii) all Distribution Trust Assets disbursed during such calendar quarter, in each case itemized for the individual Trust Accounts.

(b) Within 90 days after the end of each calendar year, the Distribution Trustee, on behalf of the Distribution Trust, will File an unaudited report with the Bankruptcy Court reflecting (i) all Distribution Trust Assets received by the Distribution Trust during such calendar year; (ii) all Distribution Trust Assets held by the Distribution Trust at the end of such calendar year; and (iii) all Distribution Trust Assets disbursed during such calendar year, in each case itemized for the individual Trust Accounts.

(c) In the event of developments affecting the Distribution Trust in any material respect (as determined by the Distribution Trustee in its reasonable discretion), the Distribution Trustee, on behalf of the Distribution Trust, will File promptly with the Bankruptcy Court a report describing such development in reasonable detail.

(d) Any report required by this Section 8.4 will be in such form as required or approved by the United States Trustee.

(e) The Distribution Trustee will furnish or otherwise make available to any then-current Beneficiary, upon written request, a copy of (a) the most recent annual receipts/disbursements report referred to in Section 8.4(b); (b) any quarterly receipts/disbursements report referred to in Section 8.4(a) for any period subsequent to the period covered by the most recent annual receipts/disbursements report (or, if no annual receipts/disbursements report has yet been Filed, for any period subsequent to the Effective Date); or (c) any current report referred to in Section 8.4(c) Filed subsequent to the period covered by the most recent annual receipts/disbursements report (or, if no annual receipts/disbursements report has yet been Filed, subsequent to the Effective Date).

8.5 Payment of Distribution Trust Expenses. Except as otherwise ordered by the Bankruptcy Court, the Distribution Trustee, in its capacity as Disbursing Agent, will, in its reasonable discretion, pay Distribution Trust Expenses from the Distribution Trust Expenses Account, without the need for further Bankruptcy Court approval.

8.6 Use of Other Entities. The Distribution Trustee, on behalf of the Distribution Trust, may employ, without further order of the Bankruptcy Court, other entities to assist in or make distributions required by the Plan and the Distribution Trust Agreement and may compensate and reimburse the expenses of those entities, without further order of the Bankruptcy Court, from the Distribution Trust Expenses Account in accordance with the Distribution Trust Agreement.

8.7 Indemnification. The Distribution Trustee and the members of the Steering Committee will be indemnified as provided in the Distribution Trust Agreement.

8.8 Tax Treatment.

(a) The Distribution Trust is intended to be treated for federal income Tax purposes, in part, as a liquidating trust within the meaning of Treasury Regulations section 301.7701-4(d), for the benefit of the holders of Allowed Claims entitled to distributions of Pending Payments, and otherwise as one or more disputed ownership funds within the meaning of Proposed Treasury Regulations section 1.468B-9(a), as more specifically provided for under the Distribution Trust Agreement. Accordingly, for all federal income Tax purposes the transfer of the Distribution Trust Assets to the Distribution Trust will be treated as (a) to the extent of Pending Payments, (i) a transfer of the Pending Payments directly from the Debtors to the holders of such Allowed Claims followed by (ii) the transfer of such Pending Payments by such holders of Allowed Claims to the Distribution Trust in exchange for beneficial interests in the Distribution Trust; and (b) to the extent of amounts that are not Pending Payments, as a transfer to one or more disputed ownership funds. Accordingly, the holders of Allowed Claims entitled to distributions of Pending Payments will be treated for federal income Tax purposes as the grantors and deemed owners of their respective shares of the Distribution Trust Assets in the amounts of the Pending Payments and any earnings thereon.

(b) The Distribution Trustee will be required by the Distribution Trust Agreement to file federal Tax returns for the Distribution Trust as a grantor trust with respect to any Pending Payments and as one or more disputed ownership funds with respect to all other funds or other property held by the Distribution Trust pursuant to applicable Treasury Regulations, and any income of the Distribution Trust will be treated as subject to Tax on a current basis. The Distribution Trust Agreement will provide that the Distribution Trustee will pay such Taxes from the Distribution Trust Assets as required by law and in accordance with Section 10.3(c). In addition, the Distribution Trust Agreement will require consistent valuation by the Distribution Trustee and the Beneficiaries, for all federal income Tax purposes, of any property held by the Distribution Trust. The Distribution Trust Agreement will provide that termination of the trust will occur no later than two years after the Effective Date, unless the Bankruptcy Court will approve an extension based upon a finding that such an extension is necessary for the Distribution Trust to complete its claims resolution and liquidating purpose. The Distribution Trust Agreement also will limit the investment powers of the Distribution Trustee in accordance with IRS Rev. Proc. 94-45 and will require the Distribution Trust to distribute at least annually to the Beneficiaries (as such may have been determined at such time) its net income (net of any payment of or provision for Taxes), except for amounts retained as reasonably necessary to maintain the value of the Distribution Trust Assets or to meet claims and contingent liabilities (including Disputed Claims).

8.9 Creation of Trust Accounts. On or prior to the Effective Date, the Trust Accounts will be established in federally insured United States banks in the name of the Distribution Trustee or one or more third-party Disbursing Agents. On the Effective Date, title to each of the Trust Accounts and the contents thereof will be transferred to and irrevocably vest in the Distribution Trust.

8.10 Funding of Distribution Trust Expenses Account.

(a) Initial Funding. Prior to the Effective Date, the Creditors' Committee and the Debtors will agree on the amount to be funded into the Distribution Trust Expenses Account on the Effective Date. On the Effective Date, the Distribution Trust Expenses Account will be funded by the transfer of Cash in such amount from the

Distribution Trust Assets. The Distribution Trustee will act as the Disbursing Agent for the Distribution Trust Expenses Account.

(b) Use of Funds. Funds in the Distribution Trust Expenses Account will be used solely as provided in the Distribution Trust Agreement.

(c) Subsequent Funding. If the balance of the Distribution Trust Expenses Account is insufficient to make all payments payable therefrom in accordance with the terms of the Plan and the Distribution Trust Agreement, additional Cash may be transferred to the Distribution Trust Expenses Account from the Unsecured Claims Trust Account as provided in the Distribution Trust Agreement.

(d) Excess Funds. If the Distribution Trustee determines that the balance of the Distribution Trust Expenses Account is in excess of the amount that will be sufficient to make all payments payable therefrom in accordance with the terms of the Plan and the Distribution Trust Agreement, the Distribution Trustee, with the consent of the Steering Committee acting through a majority thereof, may transfer such excess to the Unsecured Claims Trust Account as provided in the Distribution Trust Agreement.

8.11 Funding of Priority Claims Trust Account.

(a) Initial Funding. Prior to the Effective Date, the Creditors' Committee and the Debtors will agree on the amount to be funded into the Priority Claims Trust Account on the Effective Date. On the Effective Date, the Priority Claims Trust Account will be funded by the transfer of Cash in such amount from the Distribution Trust Assets. For purposes of this Section 8.11, any and all Taxes determined to be due and owing from the Debtors to the Australian Tax Office for any taxable period (including interest and penalties, if any, determined and calculated under applicable Australian law without regard to the provisions of section 502(b)(2) of the Bankruptcy Code or any other provision of United States federal, state, or local law) will be treated as Allowed Priority Tax Claims or Allowed Administrative Claims, as the case may be, and will be paid in full in Cash in accordance with the provisions of Section 9.4(a). For purposes of this Section 8.11, any and all amounts that become payable by KAAC under the QAL Purchase Agreement, including amounts that become payable in respect of indemnification claims, will be treated as Allowed Administrative Claims and will be paid in full in Cash in accordance with the applicable provisions of the QAL Purchase Agreement.

(b) Use of Funds. Cash deposited in the Priority Claims Trust Account will be used solely as provided in the Distribution Trust Agreement.

(c) Subsequent Funding. If the balance of the Priority Claim Trust Account is insufficient to make all payments payable therefrom in accordance with the terms of the Plan and the Distribution Trust Agreement, additional funds may be transferred from the Unsecured Claims Trust Account to the Priority Claims Trust Account as provided in the Distribution Trust Agreement.

(d) Excess Funds. If the Distribution Trustee determines that the balance of the Priority Claims Trust Account is in excess of the amount that will be sufficient to make all payments payable therefrom in accordance with the terms of the Plan and the Distribution Trust Agreement, the Distribution Trustee, with the consent of the Steering Committee acting through a majority thereof, may transfer such excess to the Unsecured Claims Trust Account as provided in the Distribution Trust Agreement; *provided, however*, no amounts included in the Priority Claims Trust Account in connection with any potential obligation under the QAL Purchase Agreement for which KAAC and KACC are jointly and severally liable may be so transferred without the consent of KACC until the applicable survival period with respect to such obligation has expired.

8.12 Funding of Unsecured Claims Trust Account.

(a) Initial Funding. On the Effective Date, after the initial funding of the Distribution Trust Expenses Account in accordance with Section 8.10(a) and the initial funding of the Priority Claims Trust Account in accordance with Section 8.11(a), the Distribution Trustee will (i) pay from the Distribution Trust Assets any payment required under Section 2.2(d) in respect of the Intercompany Settlement Agreement and (ii) thereafter fund

the Unsecured Claims Trust Account with the remainder of the Distribution Trust Assets, all as provided in the Distribution Trust Agreement.

(b) Use of Cash and Other Property. Cash and other property in the Unsecured Claims Trust Account will be used solely as provided in the Distribution Trust Agreement.

(c) Additional Deposits. Cash or other property (including property received in respect of the KFC Claim) that becomes available to the Estates following the Effective Date will be deposited in the Unsecured Claims Trust Account as provided in the Distribution Trust Agreement.

8.13 Undeliverable Property Trust Account. After the Effective Date, if any distribution to a holder of an Allowed Unsecured Claim is returned to the Disbursing Agent as undeliverable, the Disbursing Agent will deposit the undeliverable Cash or other property in the Undeliverable Property Trust Account. The Disbursing Agent will hold such funds and property, in a book-entry sub-account in the Undeliverable Property Trust Account, for the benefit of such holder. Until such holder notifies the Disbursing Agent in writing of its then-current address, as contemplated by Section 9.2(d) no attempt will be made to deliver subsequent distributions to such holder and any such distributions that such holder would otherwise be entitled to receive instead will be transferred from the Unsecured Claims Trust Account to the Undeliverable Property Trust Account and credited to such book-entry sub-account. Any dividends or other distributions on account of undeliverable securities held in such book-entry sub-account will also be held in such book-entry sub-account for the benefit of such holder until such holder notifies the Distribution Trustee in writing of its then-current address as contemplated by Section 9(d). All Cash (including dividends or other distributions on account of undeliverable securities) held in such book-entry sub-account for the benefit of such holder will be invested by the Disbursing Agent in a manner consistent with the investment and deposit guidelines set forth in the Distribution Trust Agreement. Any income or interest generated from such investment activities will be held in such book-entry sub-account for the benefit of such holder until such holder notifies the Disbursing Agent in writing of its then-current address as contemplated by Section 9.2(d). Subject to Section 9.2(d)(ii), when such holder notifies the Disbursing Agent in writing of its then-current address as contemplated by Section 9.2(d), the Disbursing Agent will deliver to such holder all Cash and other property contained in such book-entry sub-account (net of provision for Taxes). In the event such holder's right to assert a claim for undeliverable distributions is forfeited as contemplated by Section 9.2(d)(ii), all Cash and other property contained in such book-entry sub-account will be transferred from the Undeliverable Property Trust Account to the Unsecured Claims Trust Account for redistribution to holders of Allowed Unsecured Claims entitled to distributions therefrom.

ARTICLE IX

PROVISIONS GOVERNING DISTRIBUTIONS

9.1 Method of Distributions to Holders of Allowed Claims. The Disbursing Agent will make all distributions of Cash and other property required under the Plan. The Disbursing Agent will serve without bond, and may employ or contract with other entities to assist in, or make the distributions required by, the Plan.

9.2 Delivery of Distributions.

(a) Generally. Except as otherwise provided in the Plan, distributions in respect of Allowed Claims will be made to the holders of such Claims as of the Distribution Record Date at the addresses set forth in the applicable Claims Report. Prior to making any distribution to a Beneficiary, the Disbursing Agent may request written notification of the Beneficiary's federal taxpayer identification number or social security number if the Disbursing Agent determines, in its reasonable discretion, that such information (a) is necessary to fulfill its Tax reporting and withholding obligations and (b) has not been provided in the applicable Claims Report or otherwise. The Disbursing Agent, in its reasonable discretion, may suspend distributions to any Beneficiary that has not provided its federal taxpayer identification number or social security number, as the case may be, after a request is made pursuant to and in accordance with the terms of this Section 9.2(a).

(b) Distributions to Holders of Public Note Claims. All distributions to holders of Allowed Public Note Claims will be made by the Distribution Trustee to the applicable Indenture Trustee for distribution to holders

of Allowed Public Note Claims as of the Distribution Record Date. All distributions to holders of Allowed Public Note Claims will be deemed to apply first to principal amount of such Claims until such principal amount is paid in full, and then to any prepetition accrued interest included in such Claim.

(c) Quarterly Distributions. On or as promptly as practicable after each Quarterly Distribution Date, the Disbursing Agent will make distributions to holders of Disputed Claims that have become Allowed Claims during the immediately preceding calendar quarter; *provided, however*, that if the Disbursing Agent determines, in its reasonable discretion, that the amount of any quarterly distribution is too small to justify the administrative costs associated with such distribution, the Disbursing Agent may postpone such quarterly distribution until the next Quarterly Distribution Date. The Disbursing Agent will have no obligation to notify Beneficiaries of such determination.

(d) Undeliverable Distributions.

(i) *No Further Attempts at Delivery.* If any distribution to a holder of an Allowed Unsecured Claim is returned to the Disbursing Agent as undeliverable, then unless and until the Disbursing Agent is notified in writing of the holder's then-current address: (A) subject to Section 9.2(d)(ii), such undeliverable distributions will remain in the possession of the Disbursing Agent as provided in Section 8.13 and no further attempt will be made to deliver such distribution and (B) no attempt will be made to deliver subsequent distributions to such holder and any such distributions that such holder would otherwise be entitled to receive instead will be treated as provided in Section 8.13.

(ii) *Forfeiture and Redistribution.* Any holder of an Allowed Unsecured Claim that does not assert a claim for an undeliverable distribution by delivering to the Disbursing Agent a written notice setting forth such holder's then-current address within 180 days after the later of (A) the Effective Date and (B) the last date on which a distribution was deliverable to the holder will have its claim for undeliverable distributions discharged and will be forever barred from asserting such claim or any claim for subsequent distributions against the Debtors, the Disbursing Agent or their respective properties, including the Trust Accounts, whereupon all Cash and other property contained in the book-entry sub-account in the Undeliverable Property Trust Account created for the benefit of such holder will be transferred to the Unsecured Claims Trust Account for redistribution to holders of Allowed Unsecured Claims entitled to distributions therefrom. For purposes of any such redistribution, each Allowed Claim in respect of which a claim for undeliverable distributions has been discharged as contemplated by this Section 9.2(d)(ii) will be deemed disallowed in its entirety.

(iii) *No Requirement to Attempt to Locate Holders.* Nothing contained in the Plan will require the Debtors or the Disbursing Agent to attempt to locate any holder of an Allowed Claim.

9.3 Means of Cash Payments. Except as otherwise provided in the Plan or the Distribution Trust Agreement, Cash payments made pursuant to the Plan will be in United States currency by checks drawn on the applicable Trust Accounts or, at the option of the Disbursing Agent, by wire transfer from a domestic bank; *provided, however*, that Cash payments to foreign holders of Allowed Claims may be made, at the option of the Disbursing Agent, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction. If a check included in a distribution to a holder of an Allowed Unsecured Claim is not cashed within 180 days of the issuance thereof, the Disbursing Agent will void such check and such distribution will be treated as undeliverable in accordance with Section 9.2(d).

9.4 Timing and Calculation of Amounts to Be Distributed.

(a) Allowed Claims Other Than Unsecured Claims in Subclass 3A, Subclass 3C and Subclass 3D; Certain Payments from the Subclass 3A Distributable Consideration. On or as promptly as practicable after the Effective Date, the Disbursing Agent will: (i) make distributions to holders of Secured Claims, Administrative Claims, Priority Claims, and Priority Tax Claims allowed as of the Effective Date; (ii) if, and only if, Subclass 3B votes to accept the Plan as provided in Section 2.4(c)(ii), make distributions to the holders of Allowed Claims in

Subclass 3B; and (iii) make the payments of amounts to be deducted from the Subclass 3A Distributable Consideration as contemplated by Section 2.4(c)(i). On or as promptly as practicable after each Quarterly Distribution Date, the Disbursing Agent will make distributions to holders of Disputed Secured Claims, Disputed Administrative Claims, Disputed Priority Claims, and Disputed Priority Tax Claims that were allowed during the immediately preceding calendar quarter.

(b) Allowed Unsecured Claims in Subclass 3A, Subclass 3C and Subclass 3D.

(i) *Initial Distributions.* Subject to the provisions of Section 2.9 above, on or as promptly as practicable after the Effective Date, the Disbursing Agent will make distributions to holders of Unsecured Claims in Subclass 3A, Subclass 3C and Subclass 3D allowed as of the Effective Date; *provided* that the amount of such distributions will be calculated as if each Disputed Unsecured Claim in Subclass 3D were an Allowed Unsecured Claim in its Face Amount as of the Effective Date; *provided further, however*, that no distribution will be made on account of any Disputed Unsecured Claim in Subclass 3D unless and until it becomes an Allowed Unsecured Claim and amounts withheld for Disputed Unsecured Claims in Subclass 3D will remain in the Unsecured Claims Trust Account as part of the Disputed Claims Reserve.

(ii) *Quarterly Distributions.* Subject to the provisions of Section 2.9 above, on or as promptly as practicable after each Quarterly Distribution Date, the Disbursing Agent will distribute to each holder of an Unsecured Claim in Subclass 3A, Subclass 3C, or Subclass 3D allowed prior to such Quarterly Distribution Date a distribution from the Unsecured Claims Trust Account (net of provision for Taxes) in an amount equal to: (a) the amount of Cash and, if applicable, other property, that such holder would have been entitled to receive pursuant to the Plan if such Claim and all other such Claims had been an Allowed Unsecured Claim as of the Effective Date (with such amount to be calculated in the manner described in the immediately preceding paragraph) minus (b) the aggregate amount of Cash and, if applicable, other property previously distributed on account of such Claim. Notwithstanding the foregoing, if the Disbursing Agent determines, in its reasonable discretion, that the amount of any quarterly distribution is too small to justify the administrative costs associated with such distribution, the Disbursing Agent may postpone such quarterly distribution until the next Quarterly Distribution Date. The Disbursing Agent will have no obligation to notify Beneficiaries if it determines, in its reasonable discretion, that any quarterly distribution will be postponed. In the event of the disallowance of a Disputed Unsecured Claim in Subclass 3D, any amounts held in respect thereof will be released from the Disputed Claims Reserve for distribution in accordance with this Section 9.4(b).

(c) No De Minimis Distributions. The Disbursing Agent will not be required to distribute Cash to the holder of an Allowed Unsecured Claim if the total aggregate amount of Cash to be distributed on account of such Claim is less than \$25. Any holder of an Allowed Unsecured Claim on account of which the total aggregate amount of Cash to be distributed is less than \$25 will have its claim for such distribution deemed satisfied, waived and released and will be forever barred from asserting any such Claim against the Debtors, the Distribution Trustee, the Disbursing Agent or their respective property, including the Trust Accounts. Any Cash not distributed with respect to Allowed Unsecured Claims as a result of the provisions of this Section 9.4(c), including dividends or other distributions made on account of securities held in the Unsecured Claims Trust Account, will be retained in the Unsecured Claims Trust Account for redistribution to other holders of Allowed Unsecured Claims entitled to distributions from the Unsecured Claims Trust Account.

(d) Compliance with Tax Requirements. To the extent applicable, the Disbursing Agent will comply with all Tax withholding and reporting requirements imposed on it by any governmental unit and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. The Disbursing Agent will be authorized to take any actions that it determines, in its reasonable discretion, to be necessary, appropriate or desirable, to comply with such withholding and reporting requirements, including but not limited to requiring recipients to fund the payment of such withholding as a condition to delivery or entering into arrangements for the sale (subject to any applicable restrictions or transfer) of non-Cash property otherwise to be distributed to a recipient subject to a withholding requirement in order to generate net proceeds sufficient to fund the payment of any such withholding. Notwithstanding any other provision of the Plan or this Agreement, each entity receiving a distribution

of Cash or other property pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding and other Tax obligations.

9.5 Setoffs. Except with respect to claims of a Debtor released pursuant to the Plan or any contract, instrument, release, or other agreement or document entered into or delivered in connection with the Plan, the Distribution Trustee or any other Disbursing Agent may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim) the claims, rights and causes of action of any nature that the applicable Debtor may hold against the holder of such Allowed Claim; *provided, however*, that neither the failure to effect a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the applicable Debtor of any claims, rights and causes of action that the Debtor or Debtors may possess against such a Claim holder, which are preserved under the Plan.

9.6 Compensation and Reimbursement for Services Related to Distributions. If the Distribution Trustee employs or contracts with a third-party Disbursing Agent, such Disbursing Agent will receive, without the need for further Bankruptcy Court approval, reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services. These payments will be made on terms agreed to with the Distribution Trustee and will be paid to such Disbursing Agent from funds in the Distribution Trust Expenses Account. To assist in making distributions under the Plan, notwithstanding any other provision of the Plan, the applicable Trust Accounts (other than the Distribution Trust Expenses Account) may be held in the name of one or more such Disbursing Agents. Any such Disbursing Agent will invest the Cash in the Trust Accounts as directed by the Distribution Trustee, who will direct such Disbursing Agent to invest such Cash only in Permitted Investments; *provided, however*, that should the Distribution Trustee determine, in its reasonable discretion, that the administrative costs associated with such investment will exceed the return on such investment, it may direct such Disbursing Agent to not invest such Cash.

9.7 Payments Limited to Trust Accounts. All payments or other distributions to be made by the Distribution Trustee in accordance with the Plan or the Distribution Trust Agreement will be made only from the Trust Accounts.

9.8 Insufficient Assets. Provided that the Disbursing Agent has not acted in bad faith, engaged in fraud, willful misconduct or gross negligence or breached its fiduciary duties, if the Distribution Trust Assets at any point prove insufficient to pay all Beneficiaries of the Priority Claims Trust Account in full or all Beneficiaries of the Unsecured Claims Trust Account in accordance with the terms of the Plan, the Disbursing Agent will have no obligation to seek disgorgement from any Beneficiary, but may seek the guidance of the Bankruptcy Court or another court of competent jurisdiction.

9.9 Distributions of Securities.

(a) Voting of Securities. Pending the distribution of any voting securities, the Distribution Trustee will cause all such securities held in the Trust Accounts to be (i) represented in person or by proxy at each meeting at which the holder of such securities is entitled to vote, (ii) voted in any election of directors for the nominees recommended by the board of directors of the issuer of such securities, and (iii) voted with respect to any other matter as recommended by the board of directors of the issuer of such securities.

(b) Dividends and Distributions. Any distribution of securities will include, to the extent applicable: (i) any dividends or other distributions that were previously paid to the Distribution Trust in respect of the securities included in such distribution; and (ii) any income or interest generated by the investment of such dividends or other distributions (net of provision for Taxes owing in respect of such amounts in accordance with Section 10.3(c)).

(c) No Fractional Securities. Notwithstanding any provision of the Plan, only whole numbers of securities will be distributed. When any distribution on account of an Allowed Unsecured Claim would otherwise result in the distribution of a number of securities that is not a whole number, the number of securities to be so distributed will be rounded to a whole number on an equitable basis to be determined by the Distribution Trustee in order to ensure that all such securities are distributed and are so distributed only in whole numbers.

ARTICLE X

PROCEDURES FOR RESOLVING DISPUTED CLAIMS

10.1 Prosecution of Objections to Claims. All objections to Claims must be Filed and served on the holders of such Claims by the Claims Objection Bar Date, and, if Filed prior to the Effective Date, such objections will be served on the parties on the then-applicable service list in the Chapter 11 Cases. If an objection has not been Filed to a proof of Claim, a scheduled Claim, or a request for payment of Administrative Claim by the applicable Claims Objection Bar Date, the Claim to which the proof of Claim, scheduled Claim, or request for payment of Administrative Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier. An objection is deemed to have been timely Filed as to all Tort Claims, thus making each such Claim a Disputed Claim as of the Claims Objection Bar Date. Each such Tort Claim will remain a Disputed Claim until it becomes an Allowed Claim in accordance with the Plan.

10.2 Liquidation and Payment of Tort Claims. At the Debtors' or, after the Effective Date, the Distribution Trustee's option, any unliquidated Tort Claim as to which a proof of Claim was timely filed in the Chapter 11 Cases will be determined and liquidated in the administrative or judicial tribunal(s) in which it is pending on the Effective Date or, if no action was pending on the Effective Date, in any administrative or judicial tribunal of appropriate jurisdiction. The Debtors and the Distribution Trustee may exercise the above option by service upon the holder of the applicable Tort Claim of a notice informing the holder of such Claim that the Debtor or Distribution Trustee has exercised such option. Upon the Debtor's service of such notice, the automatic stay provided under section 362 of the Bankruptcy Code will be deemed modified, without the necessity for further Bankruptcy Court approval, solely to the extent necessary to allow the parties to determine or liquidate the Tort Claim in the applicable administrative or judicial tribunal(s). Notwithstanding the foregoing, at all times prior to or after the Effective Date, the Bankruptcy Court will retain jurisdiction relating to Tort Claims, including the Debtors' right to have such Claims determined and/or liquidated in the Bankruptcy Court (or the United States District Court for the District of Delaware) pursuant to section 157(b)(2)(B) of title 28 of the United States Code, as may be applicable. Any Tort Claim determined and liquidated pursuant to a judgment obtained in accordance with this Section 10.2 and applicable non-bankruptcy law which is no longer appealable or subject to review will be deemed an Allowed Claim in Subclass 3D against the applicable Debtor in such liquidated amount, provided that only the amount of such Allowed Claim that is less than or equal to the Debtor's self-insured retention or deductible in connection with the applicable insurance policy and is not satisfied from proceeds of insurance payable to the holder of such Allowed Claim under the Debtors' insurance policies will be treated as an Allowed Claim for the purposes of distributions under the Plan. In no event will a distribution be made under the Plan to the holder of a Tort Claim on account of any portion of an Allowed Claim in excess of the applicable Debtor's deductible or self-insured retention under any applicable insurance policy. In the event a Tort Claim is determined and liquidated pursuant to a judgment or order obtained in accordance with this Section 10.2 and applicable non-bankruptcy law provides for no recovery against the applicable Debtor, which is no longer appealable or subject to review, such Tort Claim will be deemed expunged without the necessity for further Bankruptcy Court approval upon the applicable Debtor's service of a copy of such judgment or order upon the holder of such Tort Claim. Nothing contained in this Section 10.2 will constitute or be deemed a waiver of any claim, right or cause of action that a Debtor may have against any person or entity in connection with or arising out of any Tort Claim, including, without limitation, any rights under section 157(b)(5) of title 28 of the United States Code.

10.3 Treatment of Disputed Claims.

(a) No Payments on Account of Disputed Claims and Disputed Claims Reserves. Notwithstanding any other provisions of the Plan, no payments or distributions will be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. In lieu of distributions under the Plan to holders of Disputed Claims, a Disputed Claims Reserve will be established on the Effective Date in each Trust Account, which, in the case of Unsecured Claims in Subclass 3D, will include an amount equal to the Pro Rata Share of the distribution to which all of the Disputed Claims in Subclass 3D would be entitled if such Disputed Claim was allowed in its Face Amount on the Effective Date.

(b) Recourse. Each holder of a Disputed Claim that ultimately becomes an Allowed Claim will have recourse only to the undistributed Cash held in the applicable Trust Account for the satisfaction of such Allowed Claim and not to any other Trust Account or any assets previously distributed on account of any Allowed Claim.

(c) Tax Requirements for Income Generated by Disputed Claim Reserves. The Distribution Trustee will include in its Tax returns all items of income, deduction and credit of the Trust Accounts, except to the extent such items are included in the income of the Beneficiaries of the Trust Accounts as grantors of grantor trusts. The Distribution Trustee will pay, or cause to be paid, out of the funds held in applicable Trust Accounts, any Tax imposed on the Trust Accounts by any governmental unit with respect to income generated by the funds held in the Trust Accounts. The Distribution Trustee also will file or cause to be filed any Tax or information return related to the applicable Trust Account that is required by any governmental unit.

ARTICLE XI

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain all such jurisdiction over the Chapter 11 Cases after the Effective Date as is legally permissible, including jurisdiction to:

(a) Allow, disallow, determine, liquidate, classify, reclassify, estimate or establish the priority, secured or unsecured status (or proper Plan classification) of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim, and the resolution of any objections to the allowance, priority, or classification of Claims or Interests;

(b) Grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan for periods ending on or before the Effective Date;

(c) Resolve any matters related to the assumption, assumption and assignment or rejection of any Executory Contract or Unexpired Lease to which either Debtor is a party or with respect to which either Debtor may be liable and to hear, determine and, if necessary, liquidate any Claims arising therefrom;

(d) Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(e) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, including the Recovery Actions and claims of the holders of the 7-3/4% SWD Revenue Bonds in respect of subordination rights under the Senior Subordinated Note Indenture, and grant or deny any applications involving the Debtors or the Distribution Trustee that may be pending on the Effective Date or brought thereafter;

(f) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order, including the Distribution Trust Agreement;

(g) Resolve any cases, controversies, suits or disputes that may arise in connection with the Recovery Actions or the consummation, interpretation, or enforcement of the Plan or any contract, instrument, release, or other agreement or document that is entered into or delivered pursuant to the Plan (including the Distribution Trust Agreement), or any entity's rights arising from or obligations incurred in connection with the Plan or such documents;

(h) Modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code; modify the Confirmation Order, or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement, or the Confirmation Order; or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement,

the Confirmation Order, or any contract, instrument, release, or other agreement or document entered into, delivered, or created in connection with the Plan, the Disclosure Statement, or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

(i) Issue injunctions, enforce the injunctions contained in the Plan and the Confirmation Order, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation, implementation, or enforcement of the Plan or the Confirmation Order;

(j) Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated or distributions pursuant to the Plan are enjoined or stayed;

(k) Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement, or the Confirmation Order;

(l) Enter a final decree closing the Chapter 11 Cases in accordance with the Bankruptcy Rules; and

(m) Determine matters concerning state, local, and federal Taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, including any Disputed Claims for Taxes.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Preservation of Insurance. Nothing in the Plan will diminish or impair the enforceability of any insurance policies that may cover Claims against either Debtor.

12.2 Modification of the Plan. Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code, the Debtors reserve the right to alter, amend or modify the Plan before its substantial consummation, with the consent of the Creditors' Committee.

12.3 Revocation of the Plan. The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date, with the consent of the Creditors' Committee. If the Debtors so revoke or withdraw the Plan, or if confirmation of the Plan does not occur, the Plan will be null and void in all respects, and nothing contained in the Plan will: (a) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or (b) prejudice in any manner the rights of either Debtor or any other party.

12.4 Severability of Plan Provisions. If, prior to confirmation of the Plan, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted; *provided, however*, that any such alteration or interpretation must be in form and substance acceptable to the Debtors and the Creditors' Committee. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

12.5 Notices. Any pleading, notice, or other document required by the Plan or Confirmation Order to be served on or delivered to the Debtors, the Distribution Trustee, or the Creditors' Committee must be sent by overnight delivery service, facsimile transmission, courier service, or messenger to:

- a. The Debtors or the Distribution Trustee:

[insert information for Distribution Trustee]

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(Counsel to the Debtors)

- b. The Creditors' Committee

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New York, NY 10022

William P. Bowden
ASHBY & GEDDES
222 Delaware Avenue
P.O. Box 1150
Wilmington, DE 19899

(Counsel to the Creditors' Committee)

12.6 Successors and Assigns. The rights, benefits, and obligations of any entity named or referred to in the Plan will be binding on, and will inure to the benefit of, any heir, executor, administrator, successor, or assign of such entity, regardless of whether such entity voted to accept the Plan.

12.7 Further Action. Nothing contained in the Plan will prevent the Debtors or the Distribution Trustee from taking such actions as may be necessary to consummate the Plan, even though such actions may not be specifically provided for within the Plan.

12.8 Exhibits. All Exhibits to the Plan are incorporated by reference and are intended to be an integral part of this document as though fully set forth in the Plan.

Dated: November 15, 2004

Respectfully submitted,

KAISER ALUMINA AUSTRALIA CORPORATION

By: _____
Name:
Title:

KAISER FINANCE CORPORATION

By: _____
Name:
Title:

COUNSEL:

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ATTORNEYS FOR DEBTORS AND
DEBTORS IN POSSESSION

EXHIBIT A

DISTRIBUTION TRUST AGREEMENT

dated as of

[_____], 2005

among

KAISER ALUMINA AUSTRALIA CORPORATION,

KAISER FINANCE CORPORATION

and

[_____],

as Distribution Trustee

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Exhibit A -- Engagement Letter

Exhibit B -- List of Distribution Trust Assets

DISTRIBUTION TRUST AGREEMENT

This **DISTRIBUTION TRUST AGREEMENT**, dated as of _____, 2005 (this "Agreement"), is made by and among Kaiser Alumina Australia Corporation ("KAAC"), Kaiser Finance Corporation ("KFC" and collectively with KAAC, the "Debtors") and _____ (or any successor trustee, the "Distribution Trustee"), as Distribution Trustee under the Joint Plan of Liquidation for Kaiser Alumina Australia Corporation and Kaiser Finance Corporation, dated November 15, 2004 (as the same may be amended or modified and as confirmed by the Confirmation Order, the "Plan").

RECITALS

- A. The trust created hereby (the "Distribution Trust") is created pursuant to, and to effectuate, Article VIII of the Plan.
- B. The Distribution Trustee was selected to serve as Distribution Trustee under the Plan by the official committee of unsecured creditors of the Debtors appointed by the United States Trustee on February 25, 2002, pursuant to section 1102 of the Bankruptcy Code (the "Creditors' Committee"), with the consent of the Debtors, pursuant to Section 8.2(a) of the Plan.
- C. Pursuant to the Plan, the Distribution Trust is established for the purposes of resolving all Disputed Claims, making all distributions to holders of Allowed Claims in accordance with the terms of the Plan and otherwise implementing the Plan and finally administering the Estates, all in accordance with the terms of the Plan and this Agreement.
- D. The Distribution Trust is intended to be treated for federal income Tax purposes, in part, as a liquidating trust within the meaning of Treasury Regulations section

301.7701-4(d), for the benefit of the holders of Allowed Claims entitled to distributions of Pending Payments, and otherwise as one or more disputed ownership funds within the meaning of Proposed Treasury Regulations section 1.468B-9(a).

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Debtors and the Distribution Trustee agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

1.1 Definitions. The following capitalized terms used in this Agreement will have the respective meanings ascribed to them in this Section 1.1:

(a) "Agreement" has the meaning set forth in the introductory paragraph to this Agreement.

(b) "Annual Receipts/Disbursements Report" means an unaudited report Filed with the Bankruptcy Court by the Distribution Trustee, on behalf of the Distribution Trust, within 90 days after the end of each calendar year reflecting (i) all Distribution Trust Assets received by the Distribution Trust during such calendar year, (ii) all Distribution Trust Assets held by the Distribution Trust at the end of such calendar year, and (iii) all Distribution Trust Assets disbursed during such calendar year, in each case itemized for the individual Trust Accounts.

(c) "Beneficiaries" means the creditors and claimants of the Estates.

(d) "Claims Report" means, with respect to each Estate, a report certified by the claims agent for such Estate setting forth: (i) a listing, as of the Effective Date, of: (A) all Allowed Secured Claims of such Estate; (B) all Allowed Administrative Claims of such Estate; (C) all Allowed Priority Claims of such Estate; (D) all Allowed Priority Tax Claims of such Estate; (E) all Allowed Unsecured Claims of such Estate; and (F) all Disputed Claims of such Estate; and (ii) for each Claim so listed, (A) the name, address and federal taxpayer identification number or social security number (if known) of the holder thereof as of the Distribution Record Date and (B) the amount thereof, including the amount of unpaid principal and accrued interest (if known).

(e) "Creditors' Committee" has the meaning set forth in Recital B to this Agreement.

(f) "Current Report" means a report Filed with the Bankruptcy Court by the Distribution Trustee, on behalf of the Distribution Trust, describing developments affecting the Distribution Trust in any material respect (as determined by the Distribution Trustee in its reasonable discretion) in reasonable detail.

(g) "Debtor Parties" means, collectively, the Debtors and any directors, officers, employees, agents, professionals, principals and other representatives thereof.

(h) "Debtors" has the meaning set forth in the introductory paragraph to this Agreement.

(i) "Disbursing Agent" means the Distribution Trustee, in its capacity as a disbursing agent pursuant to the Plan, or any third party acting as disbursing agent at the direction of the Distribution Trustee.

(j) "Disputed Claims Reserves" means, with respect to each of the Trust Accounts, the reserve of Cash (and any other property) retained in such Trust Account to satisfy Disputed Claims against the Estate of KAAC or the Estate of KFC, if, as and when they are allowed, or, to the extent such Disputed Claims are not allowed, to satisfy Claims that are allowed in accordance with the terms of the Plan.

(k) "Distribution Trust" has the meaning set forth in Recital A to this Agreement.

(l) "Distribution Trust Assets" means collectively: (i) the Trust Accounts and any Cash (and any other property) held by such Trust Accounts; (ii) the rights of the Debtors under or in respect of the Intercompany Claims Settlement, the QAL Purchase Agreement or any causes of action not released by the Plan, including the Recovery Actions, and any proceeds thereof; and (iii) the QAL Proceeds to the extent that such funds are not included in (i) or (ii), including any amounts paid over to the Distribution Trustee as contemplated by Section 2.2(d) of the Plan.

(m) "Distribution Trustee" has the meaning set forth in the introductory paragraph to this Agreement.

(n) "Distribution Trust Expenses" means any and all reasonable fees, costs and expenses incurred by the Distribution Trustee (or any Disbursing Agent, person, entity or professional engaged by the Distribution Trustee) in connection with the performance by the Distribution Trustee of its duties under the Plan or this Agreement.

(o) "Distribution Trust Expenses Account" means the segregated trust account to be established and maintained pursuant to Sections 8.9 and 8.10 of the Plan to fund the payment of Distribution Trust Expenses.

(p) "Engagement Letter" means that certain Engagement Letter, dated as of [____], 2005, by and among the Debtors and the Distribution Trustee, attached hereto as Exhibit A.

(q) "Indemnified Parties" means, collectively, the Distribution Trustee and any directors, officers, employees, agents, professionals, principals and other representatives thereof and the members of the Steering Committee.

(r) "Intercompany Claims Settlement" means the settlement and release agreement among the debtors in the Kaiser Cases and the Creditors' Committee, dated as of October 5, 2004, in such form as approved by the Intercompany Claims Settlement Order.

(s) "KAAC" has the meaning set forth in the introductory paragraph to this Agreement.

(t) "KFC" has the meaning set forth in the introductory paragraph to this Agreement.

(u) "Pending Payments" means identified amounts (excluding undeliverable Cash) held by the Distribution Trust for distribution to holders of Allowed Claims in specific amounts as of the date the Distribution Trust receives the applicable Distribution Trust Assets.

(v) "Permitted Investments" means the following investments so long as they have maturities of 90 days or less: (i) obligations issued or guaranteed by the United States or by any person controlled or supervised by or acting as an instrumentality of the United States pursuant to authority granted by the United States Congress; (ii) obligations issued or guaranteed by any state or political subdivision thereof rated either AA or higher, or MIG 1 or higher, by Moody's Investors Service, Inc. or its successor or AA or higher, or an equivalent, by Standard & Poor's Ratings Services or its successor; (iii) commercial or finance paper which is rated either P-1 or higher or an equivalent by Moody's Investors Service, Inc. or its successor or A-1 or higher or an equivalent by Standard & Poor's Ratings Services or its successor; (iv) certificates of deposit or time deposits of banks or trust companies, organized under the laws of the United States, having a minimum equity of \$500,000,000; and (v) money market funds registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, which invests in securities of the type described in subsection (i) above.

(w) "Plan" has the meaning set forth in the introductory paragraph to this Agreement.

(x) "Priority Claims Trust Account" means the segregated trust account to be established and maintained by the Distribution Trustee pursuant to Sections 8.9 and 8.11 of the Plan to satisfy Allowed Secured Claims, Allowed Administrative Claims, Allowed Priority Claims and Allowed Priority Tax Claims against the Estate of KAAC or the Estate of KFC in accordance with the terms of the Plan.

(y) "QAL Purchase Agreement" means that certain Purchase Agreement, dated as of October 28, 2004, by and among Alumina & Bauxite Company Ltd., KACC and KAAC or, if such agreement is terminated, the purchase agreement entered into by

and among Pegasus Queensland Acquisition Pty Limited and/or Glencore AG and KACC and KAAC as contemplated by the Bankruptcy Court's order dated November 8, 2004.

(z) "Quarterly Receipts/Disbursements Report" means an unaudited report Filed with the Bankruptcy Court by the Distribution Trustee, on behalf of the Distribution Trust, within 45 days after the end of each of the first three calendar quarters of each calendar year reflecting (i) all Distribution Trust Assets received by the Distribution Trust during such calendar quarter, (ii) all Distribution Trust Assets held by the Distribution Trust at the end of such quarter, and (iii) all Distribution Trust Assets disbursed during such calendar quarter, in each case itemized for the individual Trust Accounts.

(aa) "Steering Committee" means a committee comprised of the members of the Alumina Creditor Subcommittee (as defined in the Intercompany Claims Settlement) other than any member thereof that is (i) a holder of a Senior Subordinated Notes Claim or (ii) the Senior Subordinated Note Indenture Trustee.

(bb) "Tax" means (i) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, property, environmental or other tax, assessment or charge of any kind whatsoever (together in each instance with any interest, penalty, addition to tax or additional amount) imposed by any federal, state, local or foreign taxing authority; or (ii) any liability for payment of any amounts of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability for payment of any such amounts is determined by reference to the liability of any other entity.

(cc) "Trust Accounts" means, collectively, the Distribution Trust Expenses Account, the Priority Claims Trust Account, the Unsecured Claims Trust Account and the Undeliverable Cash Trust Account.

(dd) "Undeliverable Property Trust Account" means the segregated trust account to be established and maintained by the Distribution Trustee pursuant to Sections 8.9 and 8.13 of the Plan to hold undeliverable Cash or other property for the benefit of holders of Allowed Unsecured Claims against the Estate of KAAC or the Estate of KFC otherwise entitled to such distributions.

(ee) "United States" means the United States of America.

(ff) "Unsecured Claims Trust Account" means the segregated trust account to be established and maintained by the Distribution Trustee pursuant to Sections 8.9 and 8.12 of the Plan to satisfy Allowed Unsecured Claims against the Estate of KAAC or the Estate of KFC in accordance with the terms of the Plan.

Capitalized terms used but not defined in this Agreement will have the meanings ascribed to them in the Plan.

1.2 Interpretation.

1.2.1 Certain References. Unless the context otherwise requires, (a) all references in this Agreement to Sections, Articles or Schedules are to Sections, Articles or Schedules of or to this Agreement, (b) words in the singular include the plural and vice versa, and (c) the verb "will" will have a mandatory connotation, indicating the parties' respective obligations hereunder. Whenever the words "include," "includes" or "including" are used in this Agreement, they will be deemed to be followed by the words "without limitation." All references to "\$" or dollar amounts are to lawful currency of the United States.

1.2.2 Titles and Headings. Titles and headings to Sections, Articles and Schedules in or to this Agreement are inserted for convenience of reference only, and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

1.2.3 Inconsistencies with the Plan. In the event of any inconsistency between any provision of this Agreement, on the one hand, and any provision of the Plan, on the other hand, the provisions of the Plan will govern and control.

ARTICLE II

ESTABLISHMENT OF THE DISTRIBUTION TRUST

2.1 Creation and Purposes of the Distribution Trust. The Debtors and the Distribution Trustee, pursuant to the Plan and in accordance with the Bankruptcy Code, hereby create a trust, which is the Distribution Trust contemplated by the Plan. The Distribution Trust is established for the following purposes and no other: (a) collecting, maintaining and administering any Distribution Trust Assets for the benefit of Beneficiaries; (b) liquidating (including objecting to Claims and determining the proper recipients and amounts of distributions to be made from the Distribution Trust) and distributing the Distribution Trust Assets for the benefit of the Beneficiaries who are determined to hold Allowed Claims as

expeditiously as reasonably possible; (c) pursuing any available causes of action, including Recovery Actions; (d) closing the Chapter 11 Cases; and (e) otherwise implementing the Plan and completing dissolution, all in accordance with the Plan and this Agreement. The Distribution Trust has no objective to, and will not, engage in the conduct of a trade or business and, subject to Section 11.3 of this Agreement, will terminate upon the completion of its liquidation and distribution duties. The Distribution Trust will be a "representative of the estate" under section 1123(b)(3)(B) of the Bankruptcy Code.

2.2 Identification of Beneficiaries. On the Effective Date, (a) KAAC will deliver to the Distribution Trustee the Claims Report with respect to KAAC's Estate and (b) KFC will deliver to the Distribution Trustee the Claims Report with respect to KFC's Estate.

2.3 Transfer of Initial Distribution Trust Assets. On the Effective Date, the Debtors will transfer to the Distribution Trust the Distribution Trust Assets listed or described on Exhibit B, which is a complete and accurate listing of all Distribution Trust Assets owned by the Estates immediately prior to the Effective Date, whereupon title to such Distribution Trust Assets will irrevocably vest in the Distribution Trust, free and clear of Claims, Liens and Interests.

2.4 Tax Treatment. For all federal income Tax purposes, the Debtors, the Distribution Trustee and the Beneficiaries will treat the transfer of Distribution Trust Assets to the Distribution Trust pursuant to Section 2.3 as (a) to the extent of Pending Payments, (i) a transfer of the Pending Payments directly from the Debtors to the holders of such Allowed Claims followed by (ii) the transfer of such Pending Payments by the holders of such Allowed Claims to the Distribution Trust in exchange for beneficial interests in the Distribution Trust, and (b) to the extent of amounts that are not Pending Payments, as a transfer to one or more disputed ownership funds, as described in Section 3.5. Accordingly, the holders of Allowed Claims entitled to distribution of Pending Payments will be treated for federal income Tax purposes as

the grantors and deemed owners of their respective shares of the Distribution Trust Assets in the amounts of the Pending Payments and any earnings thereon.

2.5 Distribution Trustee's Acceptance. The Distribution Trustee hereby accepts the duties as trustee imposed on it by this Agreement and agrees to observe and perform such duties, on and subject to the terms and conditions set forth in this Agreement. In connection with and in furtherance of the purposes of the Distribution Trust, the Distribution Trustee hereby expressly accepts the transfer of Distribution Trust Assets to the Distribution Trust pursuant to Section 2.3, subject to the provisions of the Plan, and the Distribution Trustee hereby further expressly agrees to establish and maintain the Trust Accounts and to distribute the Distribution Trust Assets in accordance with the Plan and this Agreement.

ARTICLE III

TRUST ACCOUNTS

3.1 Creation of the Trust Accounts. On or prior to the Effective Date, the Distribution Trustee will establish in its own name with federally insured United States banks the Distribution Trust Expenses Account, the Priority Claims Trust Account, the Unsecured Claims Trust Account and the Undeliverable Cash Trust Account. On the Effective Date, the Trust Accounts and the contents thereof will be transferred to and irrevocably vest in the Distribution Trust.

3.2 Distribution Trust Expenses Account.

3.2.1 Initial Funding. On the Effective Date following the transfer of Distribution Trust Assets to the Distribution Trust pursuant to Section 2.3, the Distribution Trustee will fund the Distribution Trust Expenses Account with \$[____] in Cash from the Distribution Trust Assets so transferred.

3.2.2 Use of Funds. Except as otherwise ordered by the Bankruptcy Court, the Distribution Trustee, in its capacity as Disbursing Agent, will, in its reasonable discretion, pay Distribution Trust Expenses from the Distribution Trust Expenses Account, without the need for further Bankruptcy Court approval. Cash in the Distribution Trust Expenses Account will also be used to pay Taxes owing in respect of any amounts included in the Distribution Trust Expenses Account in accordance with Section 10.4.3.

3.2.3 Subsequent Funding. If, at any time after the initial funding of the Distribution Trust Expenses Account as contemplated by Section 3.2.1, the Distribution Trustee determines, in its reasonable discretion, that the Cash balance of the Distribution Trust Expenses Account will be insufficient to make all payments payable therefrom in accordance with the terms of the Plan and this Agreement, the Distribution Trustee may transfer from the Unsecured Claims Trust Account to the Distribution Trust Expenses Account Cash in an aggregate amount determined by the Distribution Trustee, in its reasonable discretion, to be necessary to ensure that the Cash balance of the Distribution Trust Expenses Account will be sufficient to make all such payments. To the fullest extent possible, any transfer pursuant to this Section 3.2.3 will be accomplished in a manner intended to avoid or minimize any adverse impact on the ability to make full distributions to holders of Allowed Secured Claims, Allowed Administrative Claims, Allowed Priority Claims and Allowed Priority Tax Claims or distributions to holders of Allowed Unsecured Claims in accordance with the terms of the Plan.

3.2.4 Excess Funds. If, at any time after the initial funding of the Distribution Trust Expenses Account pursuant to Section 3.2.1, the Distribution Trustee determines that the Cash balance of the Distribution Trust Expenses Account is in excess of the amount that will be sufficient to make all payments payable therefrom in accordance with the terms of the Plan and this Agreement, the Distribution Trustee, with the consent of the Steering

Committee, acting through a majority thereof, may transfer such excess Cash to the Unsecured Claims Trust Account.

3.3 Priority Claims Trust Accounts.

3.3.1 Initial Funding. On the Effective Date following the transfer of Distribution Trust Assets to the Distribution Trust pursuant to Section 2.3, the Distribution Trustee will fund the Priority Claims Trust Account with \$_____ in Cash from the Distribution Trust Assets so transferred.

3.3.2 Use of Funds. Cash in the Priority Claims Trust Account will be used by the Distribution Trustee only to (a) satisfy Allowed Secured Claims, Allowed Administrative Claims, Allowed Priority Claims and Allowed Priority Tax Claims against the Estate of KAAC or the Estate of KFC in accordance with the terms of the Plan and (b) pay Taxes owing in respect of any amounts included in the Priority Claims Trust Account in accordance with Section 10.4.3.

3.3.3 Subsequent Funding. If, at any time after the initial funding of the Priority Claims Trust Account pursuant to Section 3.3.1, the Distribution Trustee determines, in its reasonable discretion, that the Cash balance of the Priority Claims Trust Account is insufficient to make all payments payable therefrom in accordance with the terms of the Plan and this Agreement, the Distribution Trustee will transfer from the Unsecured Claims Trust Account to the Priority Claims Trust Account Cash in an amount determined by the Distribution Trustee, in its reasonable discretion, to be necessary to ensure that the Cash balance of the Priority Claims Trust Account will be sufficient to so make all such payments. To the fullest extent possible, any transfer pursuant to this Section 3.3.3 will be accomplished in a manner intended to avoid or minimize any adverse impact on the ability to make distributions to holders of Allowed Unsecured Claims in accordance with the terms of the Plan.

3.3.4 Excess Funds. If, at any time after the initial funding of the Priority Claims Trust Account pursuant to Section 3.3.1, the Distribution Trustee determines that the Cash balance of the Priority Claims Trust Account is in excess of the amount that will be sufficient to make all payments payable therefrom in accordance with the terms of the Plan and this Agreement, the Distribution Trustee, with the consent of the Steering Committee, acting through a majority thereof, may transfer such excess Cash to the Unsecured Claims Trust Account.

3.3.5 Disputed Claims Reserves. On the Effective Date, (a) in connection with the initial funding of the Priority Claims Trust Account pursuant to Section 3.3.1, the Distribution Trustee will designate, with the consent of the Creditors' Committee and KACC, a specified portion of such initial funding as a Disputed Claims Reserve to be retained in such Trust Account to satisfy any Disputed Secured Claims, Disputed Administrative Claims, Disputed Priority Claims and Disputed Priority Tax Claims against the Estate of KAAC or the Estate of KFC in accordance with the Plan, if, as and when they are allowed or, to the extent such Disputed Claims are not allowed, to satisfy Claims that are allowed in accordance with the terms of the Plan, and (b) in connection with any subsequent transfer of Cash to the Priority Claims Trust Account pursuant to Section 3.3.3, the Distribution Trustee will designate amounts so transferred, to the extent they are not identified as Pending Payments, as Disputed Claims Reserves to be retained in such Trust Account to satisfy Disputed Secured Claims, Disputed Administrative Claims, Disputed Priority Claim and Disputed Priority Tax Claims against the Estate of KAAC or the Estate of KFC in accordance with the Plan, if, as and when they are allowed or, to the extent such Disputed Claims are not allowed, to satisfy Claims that are allowed in accordance with the terms of the Plan.

3.4 Unsecured Claims Trust Account.

3.4.1 Initial Funding. On the Effective Date, after the initial funding of the Distribution Trust Expenses Account in accordance with Section 3.2.1 and the initial funding of the Priority Claims Trust Account in accordance with Section 3.3.1, the Distribution Trustee will (a) from the Distribution Trust Assets, make the payments contemplated by Section 2.2(d) of the Plan and (b) thereafter fund the Unsecured Claims Trust Account with the remainder of the Distribution Trust Assets, including the KFC Claim (which will be held by the Distribution Trustee in the Priority Claims Trust Account until receipt by the Distribution Trustee of distributions in respect thereof pursuant to a plan of reorganization of KACC or otherwise, whereupon distributions of the property so received will be made in kind in accordance with the terms of the Plan).

3.4.2 Use of Cash and Other Property. Cash in the Unsecured Claims Trust Account will be used by the Distribution Trustee only to (a) satisfy Allowed Unsecured Claims against the Estate of KAAC or the Estate of KFC in accordance with the terms of the Plan, (b) pay the amounts to be deducted from the Subclass 3A Distributable Consideration contemplated by Section 2.4(c)(i) of the Plan, and (c) pay Taxes owing in respect of any amounts included in the Unsecured Claims Trust Account in accordance with Section 10.4.3. Property other than Cash in the Unsecured Claims Trust Account will be used by the Distribution Trustee only to satisfy Allowed Unsecured Claims against the Estate of KAAC or the Estate of KFC in accordance with the terms of the Plan.

3.4.3 Disputed Claims Reserves.

(a) Initial Funding; Subsequent Funding From Other Trust Accounts. In connection with the initial funding of the Unsecured Claims Trust Account pursuant to Section 3.4.1, the Distribution Trustee will designate a specified

portion of such initial funding as a Disputed Claims Reserve to be retained in such Trust Account to satisfy any Disputed Unsecured Claims against the Estate of KAAC or the Estate of KFC in accordance with the terms of the Plan, if, as and when they are allowed or, to the extent such Disputed Claims are not allowed, to satisfy Claims that are allowed in accordance with the terms of the Plan. In connection with any subsequent transfers of Cash or other property to the Unsecured Claims Trust Account pursuant to Section 3.2.4, 3.3.4, 3.4.3(b) or 5.2.4(b), the Distribution Trustee will designate the Cash or other property so transferred, to the extent they are not identified as Pending Payments, as Disputed Claims Reserves to be retained in such Trust Account to satisfy the Disputed Unsecured Claims against the Estate of KAAC or the Estate of KFC in accordance with the terms of the Plan, if, as and when they are allowed or, to the extent such Disputed Claims are not allowed, to satisfy Claims that are allowed in accordance with the terms of the Plan.

(b) Deposit of New Cash or Other Property Following the Effective Date. Any Cash or other property that becomes available to the Distribution Trust following the Effective Date, including as a result of (i) the release of any portion of the Cash to be maintained in a cash collateral account securing the payment of the debtor-in-possession facility entered into by KACC and certain of its affiliated companies including the Debtors, (ii) the receipt of any non-Cash property in respect of the KFC Claim, (iii) the receipt of any dividends or other distributions on account of securities held in the Unsecured Claims Trust Account, or (iv) the receipt of any income or interest generated by the investment of Cash held in the Unsecured Claims Trust Account, will be deposited in the Unsecured Claims Trust Account.

3.5 Undeliverable Property Trust Account. After the Effective Date, if any distribution to a holder of an Allowed Unsecured Claim is returned to the Distribution Trustee as undeliverable, the Distribution Trustee will deposit the undeliverable Cash or other property in the Undeliverable Property Trust Account. The Distribution Trustee will hold such Cash or other property, in a book-entry sub-account in the Undeliverable Property Trust Account, for the benefit of such holder. Until such holder notifies the Distribution Trustee in writing of its then-current address, as contemplated by Section 5.2.4 no attempt will be made to deliver subsequent distributions to such holder and any such distributions that such holder would otherwise be entitled to receive instead will be transferred from the Unsecured Claims Trust Account to the Undeliverable Property Trust Account and credited to such book-entry sub-account. Any dividends or other distributions on account of undeliverable securities held in such book-entry sub-account will also be held in such book-entry sub-account for the benefit of such holder until such holder notifies the Distribution Trustee in writing of its then-current address as contemplated by Section 5.2.4. All Cash (including dividends or other distributions on account of undeliverable securities) held in such book-entry sub-account for the benefit of such holder will be invested by the Distribution Trustee in a manner consistent with the investment and deposit guidelines set forth in this Agreement. Any income or interest generated from such investment activities will be held in such book-entry sub-account for the benefit of such holder until such holder notifies the Distribution Trustee in writing of its then-current address as contemplated by Section 5.2.4. Subject to Section 5.2.4(b), when such holder notifies the Distribution Trustee in writing of its then-current address as contemplated by Section 5.2.4, the Distribution Trustee will deliver to such holder all Cash and other property contained in such book-entry sub-account (net of provision for Taxes owing in respect of amounts included in such book-entry sub-account in accordance with Section 10.4.3). In the event such holder's right to

assert a claim for undeliverable distributions is forfeited as contemplated by Section 5.2.4(b), all Cash and other property contained in such book-entry sub-account will be transferred from the Undeliverable Property Trust Account to the Unsecured Claims Trust Account for redistribution to holders of Allowed Unsecured Claims entitled to distributions therefrom.

3.6 Tax Treatment. The Distribution Trust (which consists of the Distribution Trust Expenses Account, the Priority Claims Trust Account, the Unsecured Claims Trust Account and the Undeliverable Cash Trust Account) is intended to be treated, in part, for federal income Tax purposes as a liquidating trust, within the meaning of Treasury Regulations section 301.7701-4(d), for the benefit of holders of Allowed Claims entitled to distributions of Pending Payments and otherwise is intended to be treated for federal income Tax purposes as one or more disputed ownership funds, within the meaning of Proposed Treasury Regulations section 1.468B-9(a). The Distribution Trustee will act as the "administrator," within the meaning of Proposed Treasury Regulations section 1.468B-9(b)(1), of such funds. The Disputed Claims Reserves will be subject to the continuing jurisdiction of the Bankruptcy Court, and, as a result, no money or property can be paid or distributed from the Disputed Claims Reserves to, or on behalf of, a "claimant" or the "transferor" (as such terms are defined in Proposed Treasury Regulations section 1.468B-9(b)(2)) except if, as and when Claims become Allowed Claims (or Distribution Trust Expenses) pursuant to the procedures for allowing Claims (or incurring and paying Distribution Trust Expenses) and making distributions prescribed in the Plan.

ARTICLE IV

ADMINISTRATION OF THE DISTRIBUTION TRUST

4.1 Rights, Powers and Privileges. The Distribution Trustee will have only the rights, powers and privileges to act on behalf of the Distribution Trust expressly provided in the Plan and this Agreement and as provided by law in the event that the Plan or this Agreement

does not reference any such right, power or privilege. Unless otherwise expressly limited or restricted by the Plan or this Agreement, so long as such actions are, in the Distribution Trustee's best judgment, necessary to manage the affairs of the Distribution Trust and safeguard the interest of the Beneficiaries, the Distribution Trustee will have the right, power and privilege, and obligation, to:

- (a) execute all agreements, instruments and other documents and effect all other actions necessary to implement the Plan;
- (b) establish, maintain and administer the Trust Accounts;
- (c) accept, preserve, receive, collect, manage, invest, supervise and protect the Distribution Trust Assets (directly or through one or more third-party Disbursing Agents), each in accordance with the Plan and this Agreement;
- (d) liquidate, transfer or otherwise dispose of the Distribution Trust Assets or any part thereof or any interest therein upon such terms as the Distribution Trustee determines to be necessary, appropriate or desirable, pursuant to the procedures for allowing Claims and making distributions prescribed in the Plan, and otherwise consistent with the terms of the Plan;
- (e) calculate and make distributions of the Distribution Trust Assets to holders of Allowed Claims pursuant to the procedures for allowing Claims and making distributions prescribed in the Plan;
- (f) review, reconcile, settle or object to Claims and resolve any such objections as set forth in the Plan and this Agreement;
- (g) comply with the Plan and exercise its rights and fulfill its obligations thereunder;
- (h) investigate and, if appropriate, pursue any Recovery Actions or other available causes of action (including any actions previously initiated by the Debtors and pending as of the Effective Date) and raise any defenses in any adverse actions or counter-claims;
- (i) retain and compensate, without further order of the Bankruptcy Court, the services of professionals or other persons or entities to represent, advise and assist the Distribution Trustee in the fulfillment of its responsibilities in connection with the Plan and this Agreement;
- (j) take such steps as are necessary, appropriate or desirable, to coordinate with representatives of the estates of the Other Kaiser Debtors;

(k) take such actions as are necessary, appropriate or desirable, to close the Chapter 11 Cases;

(l) file appropriate Tax returns on behalf of the Distribution Trust and the Debtors and pay Taxes or other obligations owed by the Distribution Trust;

(m) take such actions as are necessary, appropriate or desirable, to cause the transfer of any attorney-client privilege, work-product privilege or other privilege or immunity of the Debtors attaching to any documents or communications (whether written or oral) to the Distribution Trust (which privileges and immunities are intended to be transferred to the Distribution Trust);

(n) purchase insurance with such coverage and limits as it determines, in its reasonable discretion, to be necessary, appropriate or desirable (including insurance covering the Indemnified Parties for liabilities incurred in connection with the performance of duties under the Plan and this Agreement);

(o) determine the manner of ascertainment of income and principal of the assets in the Distribution Trust, and the apportionment of income and principal among such assets;

(p) enforce, waive, assign or release rights, powers, privileges and immunities of any kind of the Debtors, except to the extent expressly limited by, or otherwise contrary to its duties established by, the Plan or this Agreement;

(q) exercise the rights, and fulfill the obligations, of KAAC under the QAL Purchase Agreement, including with respect to any claim for indemnification thereunder;

(r) appear and participate in any proceeding before the Bankruptcy Court with respect to any matter regarding or relating to the Plan, this Agreement, the Distribution Trust, the Distribution Trust Assets or the Debtors;

(s) sue, defend and participate, as a party or otherwise, in any judicial, administrative, arbitral or other proceeding relating to the Plan, this Agreement, the Distribution Trust, the Distribution Trust Assets or the Debtors;

(t) consult with the Beneficiaries at such times and with respect to such issues relating to the conduct of the Distribution Trust as the Distribution Trustee determines, in its reasonable discretion, to be necessary, appropriate or desirable;

(u) pay all Distribution Trust Expenses using the Distribution Trust Expenses Account;

(v) undertake any action or perform any obligation of the Distribution Trustee and the Debtors provided for or required by the Plan, including production of documents and providing of testimony, with respect to any investigation, subpoena or inquiry into the Debtors or the Debtors' financial affairs;

(w) execute, deliver and perform such other agreements and documents or exercise such other powers and duties as the Distribution Trustee determines, in its reasonable discretion, to be necessary, appropriate or desirable, to accomplish and implement the purposes and provisions of the Distribution Trust as set forth in the Plan and this Agreement;

(x) take such actions as are necessary, appropriate or desirable to terminate the existence of the Debtors under the laws of Australia or any political subdivision thereof;

(y) take such actions as are necessary, appropriate or desirable with respect to the KFC Claim; and

(z) terminate this Distribution Trust in accordance with the terms of the Plan and this Agreement.

4.2 Limitation on Investigations; Delivery of Documents and Related Matters.

The Distribution Trustee will be entitled to rely upon Exhibit B as a true and complete schedule of Distribution Trust Assets existing immediately prior to the Effective Date. The Distribution Trustee will have no obligation to investigate or to determine the existence of any Distribution Trust Asset other than those identified on Exhibit B. If, notwithstanding the foregoing, the Distribution Trustee becomes aware of a potential cause of action with apparent value to the Distribution Trust, it will take such reasonable steps as it determines, in its reasonable discretion, to be appropriate to investigate such cause of action. The Distribution Trustee may reasonably rely upon any document or record that the Debtors deliver to it and will be protected in acting or refraining from acting on any such document based upon such reasonable reliance. Prior to their dissolution as contemplated in Section 4.4, the Debtors will cooperate with the Distribution Trustee in providing it with pertinent documents and business records or access thereto. In fulfilling their obligations in the preceding sentence, the Debtors will undertake, in good faith, to locate and deliver to the Distribution Trustee documents currently in the Debtors' physical possession that they believe, in their reasonable discretion, are relevant to any Claims currently in dispute or to any asset or liability being transferred to the Distribution Trust; provided,

however, that (a) none of the Debtor Parties will have any liability if, despite their good faith efforts, the Debtors are unable to locate or deliver to the Distribution Trustee any such relevant documents referred to above or if any additional relevant documents are identified later that were not delivered by the Debtors to the Distribution Trustee and (b) no party (including the Distribution Trustee) will have recourse against the Debtor Parties or their respective assets with respect to such matters under any circumstances.

4.3 No Personal Liability. None of the provisions in the Plan or this Agreement will be construed to require the Distribution Trustee to expend or risk its own funds or otherwise incur personal liability in the performance of its duties or in the reasonable exercise of its rights, powers and privileges hereunder if there are reasonable grounds for the Distribution Trustee to believe that the repayment of any such validly expended funds or adequate indemnity against such risk of liability is not reasonably assured. Notwithstanding the foregoing, nothing in this Section 4.3 will relieve the Distribution Trustee of any liability for any action or omission resulting from bad faith, fraud, willful misconduct, gross negligence or breach of its fiduciary duties.

4.4 Dissolution of the Debtors. Notwithstanding anything to the contrary in this Agreement, the Distribution Trustee will take all such actions (including making necessary filings) and pay all such amounts (using funds available in the Distribution Trust Expenses Account) as are necessary, appropriate or desirable to complete the dissolution of the Debtors in accordance with applicable state law as expeditiously as possible.

4.5 Agents and Professionals. Except as otherwise provided in the Plan or this Agreement: (a) the Distribution Trustee may consult with independent legal counsel to be selected by it and the advice or opinion of such counsel will be full and complete personal protection to the Distribution Trustee and agents of the Distribution Trustee in respect of any

action taken or suffered by it in good faith and in reliance on, or in accordance with, such advice or opinion; and (b) persons (including any professionals retained by the Distribution Trustee) dealing with the Distribution Trustee will look only to the Distribution Trust Assets to satisfy any liability incurred by the Distribution Trustee to such person in carrying out the terms of the Plan or this Agreement, and (subject to Section 8.2 of this Agreement with respect to liabilities resulting from the Distribution Trustee's bad faith, fraud, willful misconduct, gross negligence or breach of its fiduciary duties) the Distribution Trustee will have no personal or individual obligation to satisfy any such liability.

4.6 Authentication of Documents. The Distribution Trustee will not be responsible for the title, validity or genuineness of any property or evidence of title thereto received by it or delivered by it pursuant to this Agreement and will be held harmless and will be fully indemnified (pursuant to Section 8.3) by the Distribution Trust in acting upon any document believed by it to be genuine and delivered by the proper party or parties.

4.7 Investment Guidelines. The Distribution Trustee will invest the Distribution Trust Assets only in Permitted Investments; provided, however, that, notwithstanding anything to the contrary in this Agreement, the scope of any such Permitted Investments will be limited to include only those investments that a liquidating trust, within the meaning of Treasury Regulations section 301.7701-4(d) and Internal Revenue Service Revenue Procedure 94-45 may be permitted to hold, pursuant to any amendment or addition to the Internal Revenue Code or to the Treasury Regulations, or any modification in Internal Revenue Service guidelines whether set forth in Internal Revenue Service rulings, other Internal Revenue Service pronouncements or otherwise. Such investments will mature in such amounts and at such times as, in the reasonable discretion of the Distribution Trustee at the times such investments are made, are necessary, appropriate or desirable with a view to providing funds when needed to

make payments from the Distribution Trust Assets. Notwithstanding the foregoing, if the Distribution Trustee determines, in its reasonable discretion, that the administrative costs associated with such investment will exceed the return on such investment, it may direct that such Cash not be invested. The Beneficiaries entitled to receive Pending Payments will be responsible for reporting their respective share of the income on investments of such amounts in the Trust Accounts and paying the applicable Taxes thereon in accordance with Section 10.4.2. The Distribution Trustee will be responsible for reporting all other income in each of the Trust Accounts and paying any applicable Taxes thereon in accordance with Section 10.4.3. The Distribution Trustee will be under no liability to accrue interest or produce income on any monies received by it hereunder and held for distribution or payment to the Beneficiaries, except as such interest is actually received by the Distribution Trustee.

4.8 Disputed Claims. Notwithstanding anything to the contrary in the Plan and this Agreement, no payments or distributions will be made on account of a Disputed Claim unless and until such Claim becomes an Allowed Claim. A holder of a Disputed Claim that ultimately becomes an Allowed Claim will have recourse only to the undistributed Cash held in the Disputed Claims Reserve of the applicable Trust Account (net of Taxes on such Disputed Claims Reserves) for the satisfaction of such Allowed Claim and not to any other Trust Account or any assets previously distributed on account of any Allowed Claim.

4.9 Trade or Business. The Distribution Trustee will not at any time, on behalf of the Distribution Trust or the Beneficiaries, operate as a business entity within the meaning of Treasury Regulations section 301.7701-2, or engage in any trade or business as proscribed by Treasury Regulations section 301.7701-4(d), and the Distribution Trustee will not use or dispose of any part of the Distribution Trust Assets in furtherance of any trade or business. Notwithstanding the foregoing, the Distribution Trustee will not be prohibited from engaging in

any trade or business for its own account, provided that such activity does not interfere with the Distribution Trustee's administration of the Distribution Trust.

4.10 Court Approval of Distribution Trustee Actions.

4.10.1 Court Approval Generally Not Required. Except as otherwise provided in Plan or this Agreement, the Distribution Trustee will not be required to obtain the order or approval of the Bankruptcy Court or any other court of competent jurisdiction in, or account to the Bankruptcy Court or any other court of competent jurisdiction for, the exercise of any right, power or privilege conferred hereunder.

4.10.2 Right to Seek Court Approval. Notwithstanding the foregoing, where the Distribution Trustee determines, in its reasonable discretion, that it is necessary, appropriate or desirable, the Distribution Trustee will have the right to submit to the Bankruptcy Court or any other court of competent jurisdiction any question or questions regarding any specific action proposed to be taken by the Distribution Trustee with respect to the Plan, this Agreement, the Distribution Trust, the Distribution Trust Assets or the Debtors, including the administration and distribution of the Distribution Trust Assets. Pursuant to the Plan, the Bankruptcy Court has retained jurisdiction for such purposes and may approve or disapprove any such proposed action upon motion by the Distribution Trustee.

4.10.3 Court Direction Absent Express Procedures. For the avoidance of doubt, in the event that this Agreement does not expressly establish procedures governing the obligations of the Distribution Trustee established by the Plan or this Agreement, the Distribution Trustee will take direction from the Bankruptcy Court or any other court of competent jurisdiction with respect to the fulfillment of such obligations, including management of the Distribution Trust Assets, the creation of reserves, the distribution of Distribution Trust Assets to satisfy Claims and the recognition of Beneficiaries.

4.10.4 No Liability. The Distribution Trustee will have no liability for taking any action approved by the Bankruptcy Court or any other court of competent jurisdiction or for otherwise complying with an order of the Bankruptcy Court or any other court of competent jurisdiction.

ARTICLE V

DISTRIBUTIONS FROM THE DISTRIBUTION TRUST

5.1 Method of Distributions to Holders of Allowed Claims. The Distribution Trustee will make all distributions of Cash and other property required under the Plan. The Distribution Trustee will serve without bond and may employ or contract with other entities to assist in or make the distributions required by the Plan and this Agreement. Unless the context otherwise requires, all references to the Distribution Trustee contained in this Article V will be deemed to be references to the Distribution Trustee in its capacity as Disbursing Agent and, in the event it employs or contracts with one or more other entities to assist in or make the distributions required by the Plan and this Agreement as contemplated by the immediately preceding sentence, to any such third-party Disbursing Agent in its capacity as such. Notwithstanding anything to the contrary in this Agreement, the Distribution Trustee itself will act as the Disbursing Agent for the Distribution Trust Expenses Account.

5.2 Delivery of Distributions.

5.2.1 Generally. Except as otherwise provided in the Plan, distributions in respect of Allowed Claims will be made to holders of such Claims as of the Distribution Record Date at the addresses set forth in the applicable Claims Report. Prior to making any distribution to a Beneficiary, the Distribution Trustee may request written notification of the Beneficiary's federal taxpayer identification number or social security number if the Distribution Trustee determines, in its reasonable discretion, that such information (a) is

necessary to fulfill its Tax reporting and withholding obligations and (b) has not been provided in the applicable Claims Report or otherwise. The Distribution Trustee, in its reasonable discretion, may suspend distributions to any Beneficiary that has not provided its federal taxpayer identification number or social security number, as the case may be, after a request is made pursuant to and in accordance with the terms of this Section 5.2.1.

5.2.2 Distributions to Holders of Public Note Claims. All distributions to holders of Allowed Public Note Claims will be made to the applicable Indenture Trustee for distribution to holders of the Allowed Public Note Claims as of the Distribution Record Date.

5.2.3 Quarterly Distributions. On or as promptly as practicable after each Quarterly Distribution Date, the Distribution Trustee will make distributions to holders of Disputed Claims that have become Allowed Claims during the immediately preceding calendar quarter; provided, however, that if the Distribution Trustee determines, in its reasonable discretion, that the amount of any quarterly distribution is too small to justify the administrative costs associated with such distribution, the Distribution Trustee may postpone such quarterly distribution until the next Quarterly Distribution Date. The Distribution Trustee will have no obligation to notify Beneficiaries of such determination.

5.2.4 Undeliverable Distributions.

(a) No Further Attempts At Delivery. If any distribution to a holder of an Allowed Unsecured Claim is returned to the Distribution Trustee as undeliverable, then unless and until the Distribution Trustee is notified in writing of the holder's then-current address: (i) subject to Section 5.2.4(b), such undeliverable distribution will remain in the possession of the Distribution Trustee as provided in Section 3.5 and no further attempt will be made to deliver such distribution and (ii) no attempt will be made to deliver subsequent distributions to such holder and any such

distributions that such holder would otherwise be entitled to receive instead will be treated as provided in Section 3.5.

(b) Forfeiture and Redistribution. Any holder of an Allowed Unsecured Claim that does not assert a claim for an undeliverable distribution by delivering to the Distribution Trustee a written notice setting forth such holder's then-current address within 180 days after the later of (i) the Effective Date and (ii) the last date on which a distribution was deliverable to the holder will have its claim for undeliverable distributions discharged and will be forever barred from asserting such claim or any claim for subsequent distributions against the Debtors, the Distribution Trustee or their respective properties, including the Trust Accounts, whereupon all Cash and other property contained in the book-entry sub-account in the Undeliverable Property Trust Account created for the benefit of such holder will be transferred to the Unsecured Claims Trust Account for redistribution to holders of Allowed Unsecured Claims entitled to distributions therefrom. For purposes of any such redistribution, each Allowed Claim in respect of which a claim for undeliverable distributions has been discharged as contemplated by this Section 5.2.4(b) will be deemed disallowed in its entirety.

(c) No Requirement to Attempt to Locate Holders. Nothing contained in the Plan will require the Debtors or the Distribution Trustee to attempt to locate any holder of an Allowed Claim.

5.2.5 Annual Distributions of Net Income. The Distribution Trustee will distribute at least annually to the Beneficiaries (as such may have been determined at such time) the net income of the Distribution Trust (net of any payment of or provisions for Taxes),

except for amounts retained as reasonably necessary to maintain the value of the Distribution Trust Assets or to meet claims and contingent liabilities (including Disputed Claims).

5.3 Means of Cash Payments. Except as otherwise provided in the Plan or this Agreement, Cash payments made pursuant to the Plan will be in United States currency by checks drawn on the applicable Trust Accounts or, at the option of the Distribution Trustee, by wire transfer from a domestic bank; provided, however, that Cash payments to foreign holders of Allowed Claims may be made, at the option of the Distribution Trustee, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction. If a check included in a distribution to a holder of an Allowed Unsecured Claim is not cashed within 180 days of the issuance thereof, the Distribution Trustee will void such check and such distribution will be treated as undeliverable in accordance with Section 5.2.4(a).

5.4 Timing and Calculation of Amounts to Be Distributed.

5.4.1 Allowed Claims Other Than Unsecured Claims in Subclass 3A, Subclass 3C and Subclass 3D; Certain Payments From the Subclass 3A Distributable Consideration. On or as promptly as practicable after the Effective Date, the Distribution Trustee will: (a) make distributions to holders of Secured Claims, Administrative Claims, Priority Claims and Priority Tax Claims allowed as of the Effective Date; (b) if, and only if, Subclass 3B votes to accept the Plan, as provided in Section 2.4(c)(ii) of the Plan, make distributions to holders of Allowed Claims in Subclass 3B; and (c) make the payments to be deducted from the Subclass 3A Distributable Consideration as contemplated by Section 2.4(c)(i) of the Plan. On or as promptly as practicable after each Quarterly Distribution Date, the Distribution Trustee will make distributions to holders of Disputed Secured Claims, Disputed Administrative Claims, Disputed Priority Claims and Disputed Priority Tax Claims that were allowed during the immediately preceding calendar quarter. If the determination contemplated

by clause (a) of Section 2.4(c)(i) of the Plan has not been made by the Bankruptcy Court prior to the Effective Date, then, in order to ensure funding of any payment that may be required upon such determination, on the Effective Date the Distribution Trustee will reserve from the Subclass 3A Distributable Consideration any amount that may be ordered by the Bankruptcy Court to be so reserved pending such determination.

5.4.2 Allowed Unsecured Claims in Subclass 3A, Subclass 3C and Subclass 3D.

(a) Initial Distributions. Subject to the provisions of Section 2.9 of the Plan, on or as promptly as practicable after the Effective Date, the Distribution Trustee will make distributions to holders of Unsecured Claims in Subclass 3A, Subclass 3C and Subclass 3D allowed as of the Effective Date; provided that the amount of such distributions will be calculated as if each Disputed Unsecured Claim in Subclass 3D were an Allowed Unsecured Claim in its Face Amount as of the Effective Date; provided further, however, that no distribution will be made on account of any Disputed Unsecured Claim in Subclass 3D unless and until it becomes an Allowed Unsecured Claim and amounts withheld for Disputed Unsecured Claims in Subclass 3D will remain in the Unsecured Claims Trust Account as part of the Disputed Claims Reserve.

(b) Quarterly Distributions. Subject to the provisions of Section 2.9 of the Plan, on or as promptly as practicable after each Quarterly Distribution Date, the Distribution Trustee will distribute to each holder of an Unsecured Claim in Subclass 3A, Subclass 3C or Subclass 3D allowed prior to such Quarterly Distribution Date a distribution from the Unsecured Claims Trust Account (net of provision for Taxes payable in accordance with Section 10.4.3) in an amount

equal to: (i) the amount of Cash and, if applicable, other property that such holder would have been entitled to receive pursuant to the Plan if such Claim and all other such Claims had been an Allowed Unsecured Claim as of the Effective Date (with such amount to be calculated in the manner provided in Section 5.4.2(a)) minus (ii) the aggregate amount of Cash and, if applicable, other property previously distributed on account of such Claim. Notwithstanding the foregoing, if the Distribution Trustee determines, in its reasonable discretion, that the amount of any quarterly distribution is too small to justify the administrative costs associated with such distribution, the Distribution Trustee may postpone such quarterly distribution until the next Quarterly Distribution Date. The Distribution Trustee will have no obligation to notify Beneficiaries if it determines, in its reasonable discretion, that any quarterly distribution will be postponed. In the event of the disallowance of a Disputed Unsecured Claim in Subclass 3D, any amounts held in respect thereof will be released from the Disputed Claims Reserve for distribution in accordance with this Section 5.4.2(b).

5.4.3 De Minimis Distributions. The Distribution Trustee will not be required to distribute Cash to the holder of an Allowed Unsecured Claim if the total aggregate amount of Cash to be distributed on account of such Claim is less than \$25. Any holder of an Allowed Unsecured Claim on account of which the total aggregate amount of Cash to be distributed is less than \$25 will have its claim for such distribution deemed satisfied, waived and released and will be forever barred from asserting any such Claim against the Debtors, the Distribution Trustee or their respective property, including the Trust Accounts. Any Cash not distributed with respect to Allowed Unsecured Claims as a result of this Section 5.4.3, including dividends or other distributions made on account of securities held in the Unsecured Claims

Trust Account, will be retained in the Unsecured Claims Trust Account for redistribution to other holders of Allowed Unsecured Claims entitled to distributions from the Unsecured Claims Trust Account.

5.4.4 Compliance with Tax Requirements. To the extent applicable, the Distribution Trustee will comply with all Tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. The Distribution Trustee will be authorized to take any actions that it determines, in its reasonable discretion, to be necessary, appropriate or desirable, to comply with such withholding and reporting requirements, including but not limited to requiring recipients to fund the payment of such withholding as a condition to delivery or entering into arrangements for the sale (subject to any applicable restrictions on transfer) of non-Cash property otherwise to be distributed to a recipient subject to a withholding requirement in order to generate net proceeds sufficient to fund the payment of any such withholding. Notwithstanding any other provision of the Plan or this Agreement, each entity receiving a distribution of Cash or other property pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding and other Tax obligations.

5.4.5 Setoffs. Except with respect to claims of a Debtor released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Distribution Trustee may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim) the claims, rights and causes of action of any

nature that the applicable Debtor may hold against the holder of such Allowed Claim; provided, however, that neither the failure to effect a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the applicable Debtor of any claims, rights and causes of action that the Debtor or Debtors may possess against such a Claim holder, which are preserved under the Plan.

5.5 Compensation and Reimbursement for Services Related to Distributions.

If the Distribution Trustee employs or contracts with a third-party Disbursing Agent, such Disbursing Agent will receive, without the need for further Bankruptcy Court approval, reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services. These payments will be made on terms agreed to with Distribution Trustee and will be paid to such Disbursing Agent from funds in the Distribution Trust Expenses Account. To assist in making distributions under the Plan, notwithstanding any other provision of this Agreement, the applicable Trust Accounts (other than the Distribution Trust Expenses Account) may be held in the name of one or more such Disbursing Agents. Any such Disbursing Agent will invest the Cash in the Trust Accounts as directed by the Distribution Trustee, who will direct such Disbursing Agent to invest such Cash only in Permitted Investments; provided, however, that should the Distribution Trustee determine, in its reasonable discretion, that the administrative costs associated with such investment will exceed the return on such investment, it may direct such Disbursing Agent to not invest such Cash.

5.6 Payments Limited to Trust Accounts. All payments or other distributions to be made by the Distribution Trustee in accordance with the Plan or this Agreement will be made only from the Trust Accounts.

5.7 Insufficient Assets. Provided that the Distribution Trustee has not acted in bad faith, engaged in fraud, willful misconduct or gross negligence or breached its fiduciary duties, if the Distribution Trust Assets at any point prove insufficient to pay all Beneficiaries of the Priority Claims Trust Account in full or all Beneficiaries of the Unsecured Claims Trust Account in accordance with the terms of the Plan, the Distribution Trustee will have no obligation to seek disgorgement from any Beneficiary, but may seek the guidance of the Bankruptcy Court or another court of competent jurisdiction consistent with Section 4.10.2.

5.8 Distributions of Securities.

5.8.1 Voting of Securities. Pending the distribution of any voting securities, the Distribution Trustee will cause all such securities held in the Trust Accounts to be (a) represented in person or by proxy at each meeting at which the holder of such securities is entitled to vote, (b) voted in any election of directors for the nominees recommended by the board of directors of the issuer of such securities, and (c) voted with respect to any other matter as recommended by the board of directors of the issuer of such securities.

5.8.2 Dividends and Distributions. Any distribution of securities will include, to the extent applicable: (a) any dividends or other distributions that were previously paid to the Distribution Trust in respect of the securities included in such distribution; and (b) any income or interest generated by the investment of such dividends or other distributions (net of provision for Taxes owing in respect of such amounts in accordance with Section 10.4.3).

5.8.3 No Fractional Securities. Notwithstanding any provision of the Plan, only whole numbers of securities will be distributed. When any distribution on account of an Allowed Unsecured Claim would otherwise result in the distribution of a number of securities that is not a whole number, the number of securities to be so distributed will be rounded to a

whole number on an equitable basis to be determined by the Distribution Trustee in order to ensure that all such securities are distributed and are so distributed only in whole numbers.

ARTICLE VI

BENEFICIARIES

6.1 Beneficial Interest. Ownership of a beneficial interest in the Distribution Trust will not be evidenced by any certificate, security or receipt or in any other form or manner whatsoever, except as maintained on the books and records of the Distribution Trust by the Distribution Trustee. No claimant will have a beneficial interest in the Distribution Trust Assets until such time as the claimant's related Claim becomes an Allowed Claim pursuant to the mechanism for determining Allowed Claims prescribed in the Plan. Except as expressly provided in Section 12.1, payments under this Agreement may not be assigned, alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

6.2 Exemption From Registration. The parties hereto intend that the rights of the Beneficiaries arising under this Distribution Trust will not be "securities" under applicable laws, but none of the parties hereto represent or warrant that such rights will not be securities or that their issuance under the Plan will be entitled to exemption from registration under applicable securities laws. If such rights constitute securities, the parties hereto intend for the exemptions from registration provided by section 1145 of the Bankruptcy Code and by other applicable law to apply to their issuance under the Plan.

ARTICLE VII

CERTAIN RIGHTS OF THE DISTRIBUTION TRUSTEE

7.1 Causes of Action. Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Distribution Trustee will retain and may enforce any claims, demands, rights and causes of action that either Estate may hold against any entity, including the Recovery Actions, to the extent not released under the Plan. Without intending to limit the generality of the foregoing, the Distribution Trustee will retain the right to File and pursue any adversary proceedings available to the Debtors in connection with the Purchase Agreement and the Intercompany Claims Settlement.

7.2 Objections to Claims. The Distribution Trustee, on behalf of the Distribution Trust, with the prior consent of the Steering Committee, acting through a majority thereof, will have the authority to File, settle, compromise, withdraw or litigate to judgment objections to Claims, including pursuant to any alternative dispute resolution or similar procedures approved by the Bankruptcy Court. The Distribution Trustee, with the prior consent of the Steering Committee, acting through a majority thereof, may settle or compromise any Disputed Claim without approval of the Bankruptcy Court in accordance with this Agreement.

7.3 KFC Claim. The Distribution Trustee, on behalf of the Distribution Trust as holder of the KFC Claim, with the prior consent of the Steering Committee, acting through a majority thereof, will have the authority to accept or reject a plan of reorganization for KACC.

ARTICLE VIII

THIRD PARTY RIGHTS AND LIMITATION OF LIABILITY

8.1 Parties Dealing With the Distribution Trustee. In the absence of actual knowledge to the contrary, any person dealing with the Distribution Trust or the Distribution

Trustee will be entitled to rely on the authority of the Distribution Trustee or any of its agents to act in connection with the Distribution Trust Assets. There is no obligation on any person dealing with the Distribution Trustee to inquire into the validity or propriety of any transaction by the Distribution Trustee or any agent of the Distribution Trustee.

8.2 Limitation of Liability. Notwithstanding anything to the contrary in this Agreement, in exercising the rights granted hereunder, the Distribution Trustee will use the same degree of care and skill as an individual of ordinary prudence, discretion and judgment would exercise or use in such individual's own affairs. The Debtors, the Distribution Trust, the Distribution Trustee and their respective directors, officers, employees, agents, professionals and other representatives, acting in such capacity, will neither have nor incur any liability to any entity for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement, this Agreement or any contract, instrument, release or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan or this Agreement; provided, however, that the foregoing provisions of this paragraph will have no effect on (a) the liability of any entity that would otherwise result from the failure to perform or pay any obligation or liability under the Plan, this Agreement or any contract, instrument, release or other agreement to be entered into or delivered in connection with the Plan or (b) the liability of any such entity that otherwise would result from any such act or omission to the extent that such act or omission is determined in a Final Order to have constituted bad faith, fraud, willful misconduct, gross negligence or a breach of fiduciary duty.

8.3 Indemnification. The Indemnified Parties will be indemnified by the Distribution Trust from the Distribution Expenses Trust Account for any losses, claims, damages, liabilities or expenses, including reasonable attorneys' fees, disbursements and related

expenses, that the Indemnified Parties may incur or to which the Indemnified Parties may become subject in connection with any action, suit, proceeding or investigation brought by or threatened against one or more of the Indemnified Parties on account of the acts or omissions of the Distribution Trustee in its capacity as such, including acts or omissions with respect to the Disputed Claims; provided, however, that the Distribution Trust will not be liable to indemnify any Indemnified Party for any action or omission constituting bad faith, fraud, willful misconduct, gross negligence or a breach of fiduciary duty; provided further that (except as provided in the preceding proviso) nothing in this Section 8.3 will be deemed to restrict the Distribution Trustee's right to receive an indemnity based on any act or omission taken in accordance with the provisions of this Agreement. Notwithstanding anything to the contrary in this Agreement, the Indemnified Parties will be entitled to obtain advances from the Distribution Expenses Trust Account to cover their expenses of defending themselves in any action brought against them as a result of the acts or omissions, actual or alleged, of the Distribution Trustee in its capacity as such; provided, however, that the Indemnified Parties receiving such advances provide an undertaking to repay the amounts so advanced to the Distribution Expenses Trust Account upon the entry of a Final Order finding that such Indemnified Parties were not entitled to any indemnity under the provisions of this Section 8.3.

ARTICLE IX

SELECTION, REMOVAL AND COMPENSATION OF THE DISTRIBUTION TRUSTEE

9.1 Initial Distribution Trustee. The initial Distribution Trustee will be [_____].

9.2 Term of Service. The Distribution Trustee will serve until (a) termination of the Distribution Trust in accordance with this Agreement or (b) the Distribution Trustee's resignation or removal.

9.3 Removal of the Distribution Trustee. Any person serving as the Distribution Trustee may be removed at any time by a Final Order of the Bankruptcy Court. The removal will be effective on the date specified in such Final Order.

9.4 Resignation of the Distribution Trustee. The Distribution Trustee may resign at any time by giving the Bankruptcy Court at least 30 days' written notice of the Distribution Trustee's intention to do so. In the event of a resignation, the resigning Distribution Trustee (or the successor Distribution Trustee) will render to the Bankruptcy Court a full and complete accounting of monies and assets received, disbursed and held during the term of office of the resigning Distribution Trustee. The resignation will be effective on the latest of (a) the date specified in the notice; (b) the date that is 30 days after the date the notice is delivered; (c) the date the accounting described in the preceding sentence is delivered; and (d) the date the successor Distribution Trustee accepts its appointment as such.

9.5 Appointment of Successor Distribution Trustee. Prior to the resignation or removal of the Distribution Trustee, the Indenture Trustees and the PBGC together will (a) identify a successor Distribution Trustee to fill the vacancy and (b) request the Bankruptcy Court's approval of the identity and terms of engagement of such successor Distribution Trustee. To the extent the Indenture Trustees and the PBGC cannot agree on a successor Distribution Trustee, each Indenture Trustee and the PBGC will submit a proposed successor Distribution Trustee to the Bankruptcy Court, and the Bankruptcy Court will select the successor Distribution Trustee from such proposals to fill the vacancy. Except as otherwise ordered by the Bankruptcy Court, any successor Distribution Trustee so appointed must consent to and accept in writing the

terms of this Agreement and agree that the provisions of this Agreement are binding upon and inure to the benefit of the successor Distribution Trustee and all of such successor Distribution Trustee's heirs and legal and personal representatives, successors or assigns. If the Indenture Trustees and the PBGC do not make a request to appoint a successor Distribution Trustee within 30 days of the delivery of the notice of resignation to the Indenture Trustees and the PBGC, the resigning Distribution Trustee will have the right to request the Bankruptcy Court's approval of a successor Distribution Trustee.

9.6 Powers and Duties of Successor Distribution Trustee. A successor Distribution Trustee will have all the rights, powers, privileges and duties of its predecessor.

9.7 Trust Continuance. The resignation or removal of the Distribution Trustee will not terminate the Distribution Trust or revoke any existing agency created pursuant to this Agreement or invalidate any action theretofore taken by the Distribution Trustee.

9.8 Compensation and Costs of Administration. The Distribution Trustee will receive fair and reasonable compensation for its services, which will be a charge against and paid out of the Distribution Trust Expenses Account. The Distribution Trustee's fees are as set forth in the Engagement Letter. In addition, all reasonable costs, expenses and obligations incurred by the Distribution Trustee in administering the Distribution Trust, in carrying out its other responsibilities under this Agreement or in any manner connected, incidental or related thereto (including the cost of professionals that may, in accordance with this Agreement, be employed by the Distribution Trustee) will be paid, at the direction of the Distribution Trustee, from the Distribution Trust Expenses Account. The terms of the Engagement Letter are incorporated herein by reference and for all purposes are deemed to be an integral part of this Agreement to the same extent as if restated in full herein.

ARTICLE X

MAINTENANCE OF RECORDS; REPORTING

10.1 Books and Records. The Distribution Trustee will maintain books and records containing a description of all property from time to time constituting the Distribution Trust Assets (which assets will be valued consistently for all federal income Tax purposes) and an accounting of all receipts and disbursements. Such books and records will be open to inspection by any Beneficiary or the Bankruptcy Court at any reasonable time during normal business hours. The fiscal year of the Distribution Trust will be the calendar year.

10.2 Reports to be Filed with the Bankruptcy Court.

10.2.1 Quarterly Reports. Within 45 days after the end of each of the first three calendar quarters of each calendar year, the Distribution Trustee, on behalf of the Distribution Trust, will File a Quarterly Receipts/Disbursements Report with the Bankruptcy Court.

10.2.2 Annual Reports. Within 90 days after the end of each calendar year, the Distribution Trustee, on behalf of the Distribution Trust, will File an Annual Receipts/Disbursements Report with the Bankruptcy Court.

10.2.3 Current Reports. In the event of developments affecting the Distribution Trust in any material respect (as determined by the Distribution Trustee in its reasonable discretion), the Distribution Trustee, on behalf of the Distribution Trust, will File promptly with the Bankruptcy Court a Current Report.

10.2.4 Form of Reports. Any report required by this Section 10.2 will be in such form as required or approved by the United States Trustee.

10.2.5 Reports Available on Request. The Distribution Trustee will furnish or otherwise make available to any then-current Beneficiary, upon written request, a copy

of (a) the most recent Annual Receipts/Disbursements Report, (b) any Quarterly Receipts/Disbursements Report for any period subsequent to the period covered by the most recent Annual Receipts/Disbursements Report (or, if no Annual Receipts/Disbursements Report has yet been Filed, for any period subsequent to the Effective Date), or (c) any Current Report Filed subsequent to the period covered by the most recent Annual Receipts/Disbursements Report (or, if no Annual Receipts/Disbursements Report has yet been Filed, subsequent to the Effective Date).

10.3 Compliance with Federal Securities Laws. If the Distribution Trustee determines, based on the advice of counsel, that the Distribution Trust is required to comply with the registration and reporting requirements of the Securities Exchange Act of 1934, as amended, or the Investment Company Act of 1940, as amended, then the Distribution Trustee will take any and all actions to comply with such requirements.

10.4 Tax Returns and Payments.

10.4.1 General. The Distribution Trustee will be responsible for filing all foreign, federal, state and local Tax returns for the Distribution Trust and the Debtors and for the timely preparation and distribution to the Beneficiaries of any necessary foreign, federal, state or local information returns.

10.4.2 Pending Payments. The Distribution Trustee will timely file Tax returns for the Trust Accounts as a grantor trust and/or a liquidating trust under Treasury Regulations section 1.671-1(a) and/or Treasury Regulations section 301.7701-4(d) and related regulations with respect to Pending Payments. Pursuant to such provisions, for federal income Tax purposes the Distribution Trustee will allocate to Beneficiaries entitled to receive Pending Payments, their pro rata shares of any income or loss of the Trust Accounts, and such Beneficiaries will be subject to Tax on the Trust Accounts' taxable income on a current basis.

10.4.3 Trust Accounts Exclusive of Pending Payments. With respect to the Trust Accounts (excluding amounts constituting Pending Payments), the Distribution Trustee will timely (a) file such income Tax and other returns and statements as are required to comply with (i) the applicable provisions of the Internal Revenue Code and the Treasury Regulations promulgated thereunder, including the requirements set forth in Proposed Treasury Regulations section 1.468B-9(c)(1), and (ii) any applicable state and local law and the regulations promulgated thereunder and (b) pay from the applicable Trust Account any Taxes reported as owing on such returns and statements.

ARTICLE XI

DURATION OF THE DISTRIBUTION TRUST

11.1 Duration. The Distribution Trust will become effective upon the Effective Date. Thereupon, the Distribution Trust and its provisions herein will remain and continue in full force and effect until the Distribution Trust is terminated as contemplated in this Article XI.

11.2 Termination Upon Distribution of All Distribution Trust Assets. The Distribution Trustee will liquidate (including objecting to Claims and determining the proper recipients and amounts of distributions to be made from the Distribution Trust) and distribute the Distribution Trust Assets to the Beneficiaries that are determined to hold Allowed Claims and take such steps as are necessary, appropriate or desirable to close the Bankruptcy Cases. Upon (a) the payment of all costs, expenses and obligations incurred in connection with administering the Distribution Trust; (b) the distribution of all remaining Distribution Trust Assets and/or proceeds therefrom in accordance with the provisions of the Plan, the Confirmation Order and this Agreement; (c) the closure of the Bankruptcy Cases; and (d) the completion of any necessary or appropriate reports, Tax returns or other documentation, the Distribution Trust will terminate and the Distribution Trustee will have no additional responsibility in connection therewith except

as may be required to effectuate such termination under relevant law and except as described in Section 11.4.

11.3 Termination After Two Years. If the Distribution Trust has not been previously terminated pursuant to Section 11.2, on the second anniversary of the Effective Date, unless otherwise extended by the Bankruptcy Court due to the Distribution Trust's necessity to complete its claims resolution and liquidating purpose, and provided such extension does not adversely affect the status of the Distribution Trust for federal income Tax or federal securities law purposes, the Distribution Trustee will distribute all of the Distribution Trust Assets to the Beneficiaries in accordance with the Plan and this Agreement. Immediately after (a) the payment of all costs, expenses and obligations incurred in connection with administering the Distribution Trust; (b) the distribution of all remaining Distribution Trust Assets and/or proceeds therefrom in accordance with the provisions of the Plan, the Confirmation Order and this Agreement; (c) the closure of the Bankruptcy Cases; and (d) the completion of any reports, Tax returns or other documentation determined by the Distribution Trustee, in its reasonable discretion, to be necessary, appropriate or desirable, the Distribution Trust will terminate and the Distribution Trustee will have no further responsibility in connection therewith except as may be required to effectuate such termination under relevant law and except as described in Section 11.4.

11.4 Other Termination Procedures. The Distribution Trustee will at all times endeavor to liquidate expeditiously the Distribution Trust Assets, and in no event will the Distribution Trustee unduly prolong the duration of the Distribution Trust. On termination of this Distribution Trust, the Distribution Trustee will advise the Bankruptcy Court in writing of the Distribution Trust's termination. Notwithstanding the foregoing, after the termination of the Distribution Trust, the Distribution Trustee will have the power to exercise all the powers,

authorities and discretion herein conferred solely for the purpose of liquidating and winding up the affairs of the Distribution Trust. For a period of five years after the distribution of all of the Distribution Trust Assets, the Distribution Trustee will retain the books, records and files that have been delivered to or created by the Distribution Trustee, at which time the Distribution Trustee may dispose of such books, records and files in any manner that the Distribution Trustee deems appropriate.

11.5 No Reversions. Notwithstanding anything to the contrary in the Plan or this Agreement, in no event will any of the Distribution Trust Assets revert to the Debtors upon termination of the Distribution Trust.

ARTICLE XII

MISCELLANEOUS

12.1 Limitation on Transferability.

12.1.1 No Transfer of Beneficial Interests. Except as otherwise expressly provided in the Plan, it is understood and agreed that the beneficial interests in the Distribution Trust will be non-transferable during the term of this Agreement except with respect to a transfer by will or under the laws of descent and distribution. Such transfers will not be effective until appropriate written notification and proof thereof is submitted to the Distribution Trustee, and the Distribution Trustee may continue to pay all amounts to or for the benefit of the Beneficiaries until receipt of proper written notification and proof of any such transfer. The Distribution Trustee may rely upon such written proof without the requirement of any further investigation.

12.1.2 No Assignment. Neither the Debtors nor the Distribution Trustee may assign this Agreement without the prior written consent of the other.

12.2 Notices. All notices to be given to Beneficiaries may be given by regular mail, electronic transmission or delivered personally, to the holders at the addresses appearing on the books kept by the Distribution Trustee. Any notice or other communication which may be or is required to be given, served or sent to the Debtors, the Distribution Trustee, the Creditors' Committee or United States Trustee will be in writing and will be sent by registered or certified mail, return receipt requested (postage prepaid), transmitted electronically, sent by hand delivery or sent by facsimile (if receipt is confirmed), addressed as follows:

1. The Debtors:

Edward F. Houff, Esq.
Vice President and General Counsel
KAISER ALUMINUM CORPORATION
5847 San Felipe, Suite 2500
Houston, Texas 77006
Facsimile: (713) 332-4605

Daniel J. DeFranceschi, Esq.
RICHARD, LAYTON & FINGER, P.A.
One Rodney Square
P.O. Box 551
Wilmington, Delaware 19899
Facsimile: (302) 651-7701

Gregory M. Gordon, Esq.
Henry L. Gompf, Esq.
Daniel P. Winikka, Esq.
JONES DAY
2727 N. Harwood Street
Dallas, Texas 75201
Facsimile: (214) 969-5100

Erica Ryland, Esq.
JONES DAY
222 East 41st Street
New York, New York 10017
Facsimile: (212) 755-7306

(Counsel to the Debtors)

2. The Distribution Trustee:

3. The Creditors' Committee:

Lisa G. Beckerman, Esq.
AKIN GUMP STRAUSS HAUER & FELD LLP
590 Madison Avenue
New York, New York 10022
Facsimile: (212) 872-1002

William P. Bowden, Esq.
ASHBY & GEDDES
222 Delaware Avenue
P.O. Box 1150
Wilmington, Delaware 19899
Facsimile: (302) 654-2067

(Counsel to the Creditors' Committee)

4. The United States Trustee:

Frank J. Perch, Esq.
OFFICE OF THE UNITED STATES TRUSTEE
District of Delaware
844 King Street, Suite 2313
Lockbox 35
Wilmington, Delaware 19801
Facsimile: (302)543-6497

or to such other address as may from time to time be provided in a written notice to each party.

12.3 No Bond. Notwithstanding any state law to the contrary, the Distribution Trustee (including any successor) and the Disbursing Agent will be exempt from giving any bond or other security in any jurisdiction.

12.4 Governing Law; Submission to Jurisdiction; Service of Process. This Agreement will be construed in accordance with and governed by the internal substantive law of the State of Delaware regardless of the laws that might otherwise govern under principles of conflict of laws applicable thereto. The Bankruptcy Court will have exclusive jurisdiction over any dispute arising out of or in connection with the transactions contemplated by this Agreement. The parties to this Agreement consent to the exclusive jurisdiction of the Bankruptcy Court (and of the appropriate appellate courts therefrom) in any such dispute and irrevocably waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the laying of the venue of any such dispute in the Bankruptcy Court or that any such dispute brought in the Bankruptcy Court has been brought in an inconvenient forum. This Agreement is subject to any order or act of the Bankruptcy Court applicable hereto. Process may be served on any party anywhere in the world, whether within or without the jurisdiction of any court to which the parties have submitted herein. Without limiting the foregoing, each party to this Agreement agrees that service of process on that party may be made upon the designated Person at the address provided in Section 12.2 and will be deemed to be effective service of process on that party.

12.5 Successors and Assigns. This Agreement will inure to the benefit of and will be binding upon the parties hereto and their respective successors and permitted assigns.

12.6 No Execution. All funds in the Distribution Trust will be deemed *in custodia legis* until such times as the funds have actually been paid to or for the benefit of a Beneficiary, and no Beneficiary or any other person can execute upon, garnish or attach the

Distribution Trust Assets or the Distribution Trust in any manner or compel payment from the Distribution Trust except by order of the Bankruptcy Court. Payment will be solely governed by the Plan and this Agreement.

12.7 Amendment. This Agreement may be amended only by order of the Bankruptcy Court.

12.8 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement (or are deemed to have so executed this Agreement) as of the day and year written above.

KAISER ALUMINA AUSTRALIA CORPORATION

By:
Its:

KAISER FINANCE CORPORATION

By:
Its:

[_____]

By: _____,
as Distribution Trustee

ENGAGEMENT LETTER

See attached engagement letter

LIST OF DISTRIBUTION TRUST ASSETS