UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the Year Ended December 31, 2006

Commission File Number 000-51215

THE TRUST FOR CERTAIN CREDITORS OF CONSOLIDATED FREIGHTWAYS CORPORATION AND CERTAIN AFFILIATES

Organized under the laws of the State of Washington
I.R.S. Employer Identification No. 32-0129155

805 Broadway, Suite 205, Vancouver, WA 98660
Telephone Number (360) 448-4000

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: Not Applicable.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDING DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports to be filed by Section 12, 13 or 15(d) of the Securities and Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court: Yes ☒ No ☐

DOCUMENTS INCORPORATED BY REFERENCE: None

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PART I

ITEM 1. BUSINESS

(a) Background

On September 3, 2002, Consolidated Freightways Corporation, Consolidated Freightways Corporation of Delaware, Redwood Systems, Inc., CF Airfreight Corporation, Leland James Service Corporation and CF MovesU.com, (collectively the "Debtors") filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court") (jointly administered under case number RS-02-24284 MG). On December 13, 2004 (the "Effective Date"), The Trust for Certain Creditors of Consolidated Freightways Corporation and Certain Affiliates (the "CFC Trust" or the "Trust") was established pursuant to the Consolidated Plan of Liquidation dated July 1, 2004 (as Amended) (the "Plan"). The terms of the CFC Trust are set forth in a liquidation trust agreement dated as of December 8, 2004 (The "Trust Agreement"). The CFC Trust is the transferee of the assets of the Debtors (the "Trust Property"). Pursuant to the Plan, the CFC Trust is obligated to make payments on account of the debts owed by the Debtors as set forth in the Plan. The Plan was confirmed by the Bankruptcy Court by order entered November 22, 2004 (the "Order"). The terms of the Plan are described in the Second Amended Disclosure Statement for Debtors' Consolidated Plan of Liquidation dated July 1, 2004 (as Amended) (the "Disclosure Statement"), which was filed with the Bankruptcy Court on August 24, 2004. The Plan obtained the required acceptances from each necessary class of claims to support confirmation.

The Bankruptcy Court has retained jurisdiction over the CFC Trust and its assets as provided in the Plan, including the determination of all controversies and disputes arising under or in connection with the CFC Trust to the extent legally permissible. For example, the Court has retained jurisdiction to (i) consider and adjudicate claims and causes of action, (ii) resolve matters relating to the assumption and assignment or rejection of contracts and leases, (iii) enter orders approving post-Effective Date assets sales, (iv) hear and adjudicate matters relating to, or arising under the Plan, the Trust Agreement or otherwise involving the Trust and (v) enter an order concluding the cases.

On the Effective Date, all assets of the Debtors were transferred to the CFC Trust. The sole purpose of the CFC Trust is to liquidate the Trust Property as promptly as reasonably possible in accordance with Treasury Regulation § 301.7701-4(d) with no objective to continue or engage in the conduct of a trade or business. The CFC Trust property included all real and personal property held by Debtors as of the Effective Date, as well as all claims and causes of action, cash, deposits and preference and other receivables. Specifically, activities of the CFC Trust are to:

- Liquidate, sell or otherwise dispose of the Trust Property.
- Cause all proceeds of the Trust Property to be deposited into the CFC Trust in accordance with the Plan and Trust Agreement.
- Control, defend, prosecute, settle, and/or pursue the resolution of litigation or all claims, rights avoidance actions, and other causes of action included in the Trust Property in accordance with the Plan and Trust Agreement.
- Oversee and where appropriate, initiate actions to resolve any remaining issues regarding the allowance and payment of claims, including, as necessary, initiation and/or participation in proceedings before the Bankruptcy Court.
- Make distributions of cash to the beneficiaries of the CFC Trust.
- Take such actions that are necessary and useful to maximize the value of the CFC Trust, including without limitation, the retention of employees.

The Trustee of the CFC Trust is K. Morgan Enterprises, Inc. (the "CF Trustee"). Kerry Morgan, an individual, is personally responsible and legally obligated for the performance of the duties, obligations and responsibilities of K. Morgan Enterprises, Inc. as trustee under the Trust Agreement.

As of December 31, 2006, Trust Property included primarily cash and cash equivalents and miscellaneous receivables.

The CFC Trust will continue in effect until the earlier of (a) the date that all Trust Property has been liquidated, all proceeds have been converted to cash or distributed in kind, all Trust expenses have been paid, all claims to be paid under the Plan have been paid, all distributions to be made with respect to the Trust Beneficial Interests (defined below) have been made, all litigation to which the Trust is a party has been concluded by an order issued by the court in which such litigation is pending and such order has become final and the Chapter 11 cases have been closed, and (b) 5 years from the Effective Date, unless the Bankruptcy Court approves an extension of that deadline of up to an additional 5 years. If the Trust remains in existence 3 years after the Effective Date, the Trust will seek “no action” relief from the Securities and Exchange Commission in respect of continued limited reporting in substantially the form included herein.

Pursuant to the Plan, an Oversight Committee has been designated and consists of: Central States, Southeast and Southwest Areas Pension Fund; New York State Teamsters Conference Pension and Retirement Fund & New York State Teamsters Council Health & Hospital Fund; Chicago Truck Drivers, Helpers and Warehouse Worker Union (Ind.) Pension Fund; International Brotherhood of Teamsters; and CNA Surety Corporation. The Oversight Committee shall constitute a representative of the Trust Beneficiaries (defined below) for the purposes of, inter alia, monitoring the implementation of the Plan and the Trust Agreement and the distributions of funds to the Trust Beneficiaries, in accordance with the terms of the Plan, the Confirmation Order and the Trust Agreement.

The CFC Trust is structured as a qualified liquidating trust and treated as a grantor trust for U.S. federal and state income tax purposes. As such, the Trust is not a taxable entity and its tax attributes are passed through directly to the beneficial interest holders. Pursuant to Revenue Procedure 94-45, 1994-2 C.B. 684 the following sequence of events is deemed to occur in establishing and maintaining the CFC Trust as a qualified liquidating trust for U.S. federal income tax purposes: (i) the transfer of the assets to the Trust by the Consolidated Freightways debtor entities was treated first as a transfer to the holders of allowed Class 4 claims and the Reserve for Disputed Claims (as defined in the Plan) followed by a contribution of the assets to the Trust, and (ii) such holders and the Reserve for Disputed Claims are considered the trust grantors and deemed owners of the Trust assets.

For financial reporting and income tax return purposes, it has been assumed that the CFC Trust will be respected as a grantor trust by virtue of compliance with Revenue Procedure 94-45. However, there is no guaranty of this status, as no advance ruling from the Internal Revenue Service (IRS) has been requested concerning the tax status of the CFC Trust as a qualified liquidating trust. If the IRS were to successfully challenge such classification, the income tax consequences to the Trust, holders of allowed Class 4 claims, Reserve for Disputed Claims (as defined in the Plan), and the Consolidated Freightways debtor entities could materially differ from those described herein.

(b) Employees

The Trust had 7 full time employees at December 31, 2006.

(c) Claims Information

Pursuant to the Plan, the claims against the Debtors and interests in the Debtors were placed into the following classes:

Administrative Claims: Administrative Claims are claims filed against the Debtors for goods or services provided to the Debtor during the Chapter 11 cases. Allowed administrative claims will be paid in full.

Class 1 and 2 claims are the Secured and Priority Non-Tax Claims against the Debtors which arose prior to the commencement of the Chapter 11 cases. The Class 1 and 2 claims will be paid out at 100% of their allowed amounts. Claims in these classes are either secured or among the specific liabilities granted priority treatment under the Bankruptcy Code, including certain tax claims and employee wages claims up to $4,650. The holders of Class 1 and 2 claims are creditors of the CFC Trust and will have no ownership interest in the CFC Trust.

Convenience Class claims (Class 3 claims) consist of all general unsecured pre-petition claims that are allowed in an amount equal to or less than $100.00 and all unsecured claims that are allowed in an amount greater than $100.00 but which the holders elect to reduce to $100.00. These claims will be paid in full up to a maximum of $100.00.

Class 4 claims consist of all general unsecured pre-petition claims other than Convenience Class claims, Subordinated Pension Fund Claims and other Subordinated Claims. Holders of allowed Class 4 claims will not be paid in full for amounts owed to them as of the Bankruptcy filing. Pursuant to the Plan, with certain exceptions, each holder of an allowed Class 4 claim receives a beneficial interest in the Trust (the “Trust Beneficial Interests” or “Trust Interests”) which entitles the holder to distributions of funds from the liquidation of Trust Property. The holders of Trust Interests are referred to herein as the “Trust Beneficiaries.” Holders of allowed Class 4 Claims are deemed to hold a pro rata Beneficial Interest in the CFC Trust equal to the amount of the allowed Class 4 claim held by the holder as compared to the total amount of all Claims ultimately allowed in Class 4. Each holder will share pro-rata in all distributions made to Trust Beneficiaries pursuant to provisions of the Plan. Pro Rata means proportionately so that, with respect to any Class, the ratio of (a) the amount of consideration distributed on account of a particular Allowed Claim to (b) the amount of Allowed Claim, is the same as the ratio of (x) the amount of consideration distributed on account of all Allowed Claims in the Class in which the particular Allowed Claim is included to (y) the aggregate amount of all Allowed Claims of that Class. Holders of Disputed Class 4 Claims receive Trust Beneficial Interests upon resolution of the disputed claim and to the extent such claim becomes allowed. The Trust Beneficial Interests represent equity interests in the Trust. The Trust Interests do not entitle the holder to any title in or to any of the assets of the Trust and do not represent obligations of the Trust to pay a certain amount. Therefore, the value of the Trust Interests is speculative and subject to change based upon the net cash ultimately realized by the Trust. The Trust Interests shall be noted on the books and records of the Trust, shall not be evidenced by a writing and may not be transferred or sold, assigned, hypothecated or pledged, except that they may be assigned or transferred by will, intestate succession, or operation of law.

As of December 31, 2004 there were approximately 1,400 unliquidated claims. Unliquidated claims are claims where the value of the claim is undeterminable or subject to certain contingencies. The CFC Trust analyzed these claims as of December 31, 2004 and estimated the value of these claims to be approximately $10.0 million. During 2005 and 2006, the CFC Trust either liquidated the majority of the claims or expunged the claims in full through the bankruptcy court. As of December 31, 2006, there remained an insignificant number of unliquidated claims. The CFC Trust still estimates the value of these claims, including those liquidated during 2005 and 2006, at $10.0 million.

Class 5 and 6 claims consist of Subordinated Pension Fund Claims and other Subordinated Claims. Holders of Class 5 claims will not receive any distribution until holders of Class 4 claims are paid in full. Holders of Class 6 claims will not receive any distribution until holders of Class 5 claims are paid in full.

Claims in Classes 7 through 16 include certain debts owed by the Debtors to affiliated entities and all equity interests. All of the debts and equity interests in these classes were cancelled pursuant to the Plan and no distributions will be made on account of these debts and equity interests.

The CFC Trust is required to pay all debts owed by the Debtors to the extent such debts are valid and such payment is required by the Plan and to the extent Bankruptcy Court approval of any debt is required, such approval has been obtained. This includes (a) Administrative Claims, (b) Professional Claims, (c) Priority tax claims, (d) Trust fund claims, (e) Priority non-tax claims, (f) Convenience class claims (as defined above), and (f) Secured Claims.

The Debtors scheduled approximately $1.2 billion of valid pre-petition general unsecured claims with the Bankruptcy Court as of the commencement of the Chapter 11 cases in September 2002 including amounts for certain pension funds and the Pension Benefit Guaranty Corporation (referred to in this Form 10-K as the PBGC). All but approximately $30.0 million of the filed schedules were matched against subsequently filed claims or subordinated per the Plan. As of December 31, 2006, approximately 21,500 claims had been filed by creditors asserting $9.3 billion of pre-petition general unsecured claims. Upon allowance, including the resolution of any objections asserted to any of these claims, each allowed claim will constitute an allowed Class 4 claim under the Plan and the holder will be a “Trust Beneficiary” to the extent of the allowed claim. Through December 31, 2006, approximately 7,100 claims asserting $8.7 billion have been reduced to an allowed amount, disallowed for cause, found to be duplicative or otherwise disallowed. As of the present, there remain approximately 14,400 claims asserting $0.6 billion of pre-petition value to be resolved. The Trust estimates that a majority of these claims will be objected to, in whole or in part. The estimated aggregate distribution to holders of Allowed Class 4 Claims, as set forth in the Disclosure Statement, was 12 to 20 cents and the Trustee has not formally changed that estimate.

Summary of Payment Rights of Holders of Allowed Claims Under the Plan

Type of Allowed Claim	Class of Claim per the Plan	Payment Rights per the Plan for Allowed Claims
Liabilities incurred after the bankruptcy filing..	Administrative Claims	Paid in full
Liabilities incurred before the bankruptcy filing that are secured..........................	Class 1 Claims	Paid in full
Liabilities incurred before the bankruptcy that are granted priority under the Bankruptcy Code.	Class 2 Claims	Paid in full
Other liabilities incurred before the bankruptcy totaling $100.00 or less and liabilities reduced by the holder to $100.00	Class 3 Claims (Convenience Class)	Paid in Full to a maximum of $100.00
General Unsecured Claims arising prior to the commencement of the Chapter 11 cases, other than Convenience Class Claims in Class 3, Subordinated Pension Fund Claims (which are in Class 5) and Subordinated Claims (which are in Class 6)	Class 4 Claims	See Below
Subordinated Pension Fund Claims and Subordinated Claims...........................	Classes 5 and 6 Claims	See Below

The following chart summarizes the payment rights of the Trust Beneficiaries pursuant to the Plan:

Summary of Payment Rights of Trust Beneficiaries under the Plan

Type of Impaired Claim	Class of Claim per the Plan	Payment Rights per the Plan
Unsecured Claims....................................	Class 4	Payable Pro Rata, based upon Allowed amount of each Claim.
Subordinated Pension Fund Claims..........	Class 5	Payable Pro Rata. No payment rights until Class 4 claims are paid in full. No payments are expected to be made on account of Class 5 Claims as Class 4 Claims are not expected to be paid in full.
Subordinated Claims................................	Class 6	Payable Pro Rata. No payment rights until Class 4 and 5 Claims are paid in full. No payments are expected to be made on account of Class 6 Claims as Class 4 Claims and Class 5 Claims are not expected to be paid in full.

Pro Rata means proportionately so that, with respect to any Class, the ratio of (a) the amount of consideration distributed on account of a particular Allowed Claim to (b) the amount of the Allowed Claim, is the same as the ratio of (x) the amount of consideration distributed on account of all Allowed Claims in the Class in which the particular Allowed Claim is included to (y) the aggregate amount of all Allowed Claims of that Class.

Holders of claims or equity interests in classes 7 through 16 under the Plan are not entitled to any distributions of property or money from the CFC Trust.

(d) Distributions

During the period January 1, 2006 through December 31, 2006, the Trust made approximately $11.0 million of distributions, which were comprised of the following: $2.5 million to certain pension funds and the PBGC pursuant to the Consolidation Stipulation (discussed in Item 7 of the Annual Report on Form 10-K); $7.2 million on allowed Administrative, Secured and Priority claims (Class 1 and 2 claims), including $3.7 million of priority wage payments, $1.5 million of administrative payments, $1.2 million of priority tax payments and an $0.8 million draw made against a cash collateralized letter of credit by Reliance Insurance Company (in Liquidation) ("Reliance"), the holder of a Class 1 claim; $0.8 million on Unsecured Claims covered by the ACC settlement (discussed below); and $0.5 million of payments to settle certain Unsecured Claims (Class 4 claims).

During the period January 1, 2005 through December 31, 2005, the Trust made approximately $64.8 million of distributions, which were comprised of the following: $27.8 million to certain pension funds and the PBGC ($22.8 million from proceeds on sale of Canadian assets and $5.0 million from sale of real estate) pursuant to the Consolidation Stipulation (discussed in Item 7 of the Annual Report on Form 10-K); $20.9 million on allowed Unsecured Claims (Class 4 claims) to Trust Beneficial Interest holders; $14.6 million on allowed Administrative, Secured and Priority claims (Class 1 and 2 claims), including $10.2 million of priority tax payments, a $2.9 million draw made against a cash collateralized letter of credit by Reliance, the holder of a Class 1 claim, administrative and reclamation payments of $1.0 million and priority wage payments of $0.5 million; and $1.5 million on Unsecured Claims covered by the ACC settlement (discussed below).

The $20.9 million distribution made to Trust Beneficial Interest holders in 2005 represented an approximately 5.2% distribution on allowed non-employee Class 4 claims of approximately $400 million. Further distributions on claims will be made once certain priority and unsecured issues related to employee claims, which represent a significant number of the unresolved claims, are resolved. A reserve of approximately 5.2% on disputed Class 4 claims is included in Cash Held in Reserve for Disputed Clams on the Statement of Net Assets in Liquidation. At the time the next interim distribution is made to holders of allowed Class 4 claims, a distribution of approximately 5.2% will be made to all holders of such allowed claims who did not receive the interim distribution in 2005.

American Casualty Company: In 2004, the Bankruptcy Court approved a settlement between certain of the Debtors and American Casualty Company of Reading, Pennsylvania ("ACC") concerning certain pre-petition surety bonds issued by ACC on the Debtors' behalf. The bonds indemnify certain claimants, up to the dollar amounts in the bond (not to exceed $5,000), whose "non-contract" claim consists of, or includes, shortage and/or damage claims to the value of their lost, shorted, and/or damaged cargo as provided in the pricing and agreements from which the shipment was routed. Under the settlement, the Debtors received a payment of approximately $4.0 million from ACC which included reimbursement of non-contract claims totaling approximately $2.7 million with the remainder as reimbursement for the cost of administering the non-contract claims as well as the cost to the Trust of indemnifying ACC should an action on a non-contract claim be filed directly against ACC. During 2006 and 2005, the CFC Trust made payments to holders of allowed claims covered by the settlement of approximately $0.8 million and $1.5 million, respectively.

During the period December 13, 2004 (the Effective Date) through December 31, 2004, the CFC Trust made payments of approximately $35.0 million to approximately 18,100 holders of allowed priority wage claims (Class 2 claims). Some of the holders of these priority wage claims may also hold pre-petition General Unsecured Claims under Class 4 and therefore may also be "Trust Beneficiaries." Additionally, the CFC Trust made payments of approximately $323,000 on approximately 4,700 Convenience Class Claims (Class 3 claims). However, the payment on account of each Convenience Class Claim was in final satisfaction of any rights on the holder of that claim unless that holder has other allowed claims. The CFC Trust did not make any distributions to holders of Trust Beneficial Interests during the period December 13, 2004 through December 31, 2004. Also during the period from the Effective Date through December 31, 2004, Reliance, the holder of a secured claim (Class 1 claim), made an approximately $1.0 million draw against a cash collateralized letter of credit.

ITEM 1A. RISK FACTORS

Not Applicable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

The CFC Trust did not own any real property as of December 31, 2006. During 2006, the Trust sold its last 2 remaining properties: a truck terminal in Charlotte, NC and an administrative office building located in Menlo Park, CA. The Trust received proceeds of approximately $20.8 million from these sales.

During 2005, the CFC Trust sold 4 truck terminals, receiving net proceeds of approximately $9.0 million.

During the period from the Effective Date through December 31, 2004, the CFC Trust received proceeds of approximately $1.8 million from the pre-Effective Date sale of a truck terminal. Also during the period from the Effective Date through December 31, 2004, the CFC Trust sold a truck terminal, the proceeds of which were received in January 2005, for approximately $4.1 million, of which $3.2 million was cash and the remainder was title to a truck terminal which was sold by the Trust for approximately $900,000.

Prior to the Effective Date, the Trust sold 3 truck terminals for which escrow had not closed as of December 31, 2004. The proceeds to be received were recorded as receivables on the CFC Trust's books as of December 31, 2004. Proceeds of $14.2 million from these sales were received in 2005.

The CFC Trust is currently leasing administrative office space in Vancouver, WA, where it maintains its principal office.

ITEM 3. LEGAL PROCEEDINGS

(a) Collection Actions

As of the Effective Date, the Debtors were pursuing collection claims and legal actions against approximately 100 parties. Such claims include both pre-petition and post-petition claims, collection agency claims filed in state courts, claims filed in the Bankruptcy Court, judgments, and some claims that had not yet been filed in any court (collectively, "Collection Actions"). The Trust has succeeded to the interests of the Debtors in the Collection Actions. Pursuant to the Collection Actions, the Trust was seeking to recover $0.6 million in the aggregate from the defendants/debtors. During the years ended December 31, 2006, 2005 and 2004 approximately $22,000, $466,000 and $77,000 was recovered, respectively, on account of the Collection Actions. The Trust estimates that outstanding Collection Action receivables as of December 31, 2006 were approximately $55,000.

(b) Preference Receivables

The Bankruptcy Code allows a trustee or debtor-in-possession to recover certain payments or transfers of property to unsecured creditors during the 90 days prior to commencement of the bankruptcy case ("Preferential Transfers") in order to redistribute such transfers more evenly among creditors. Creditors who are entitled to priority payment through bankruptcy, such as secured creditors and holders of priority claims, are protected from being subject to preference claims. The Bankruptcy Code also provides creditors with several potential defenses to preference claims.

As of January 1, 2005, there were approximately 200 lawsuits and judgments pending which were commenced by the Debtors prior to the Effective Date to recover preferential transfers (the "Preference Actions"). The Trust succeeded to the interests of the Debtors in the Preference Actions. Pursuant to the Preference Actions, the Trust was seeking to recover $2.5 million in the aggregate, net of recovery costs, from the defendants as of the Effective Date. During the period January 1, 2005 to December 31, 2005, more than 100 Preference Actions were settled or resolved, resulting in recoveries of approximately $0.4 million, which was received by the Trust in 2005. Also in 2005, the Trust decreased its estimated preference collections by approximately $1.8 million due to anticipated claim waivers and estimated lower cash collections. During 2006, the Trust recovered approximately $0.2 million from the Preference Actions. The Trust also decreased its estimated preference collections by $33,000 during 2006 due to lower estimated cash collections. The Trust estimates that outstanding Preference Action receivables as of December 31, 2006 were approximately $10,000.

(c) Reliance Insurance Company (in liquidation)

On February 14, 2007, the CF Trustee commenced an adversary proceeding against Reliance in the Bankruptcy Court (the "Reliance Action"). The Reliance Action relates to insurance policies issued by Reliance which cover portions of claims against the Debtors based upon auto and general liability and workers compensation exposure arising from the Debtors pre-bankruptcy business. Over 630 Reliance related insurance claims in the approximate amount of $47.7 million have been filed for which Reliance might assert liability against the Debtors and therefore the Trust ("Deductible Claims"). The obligation of the Trust to pay or reimburse Reliance for Deductible Claims is supported by a letter of credit obtained by the Debtors in favor of Reliance in the original principal amount of $55 million (the "Reliance Letter of Credit") and by a surety bond issued by CNA Surety Corporation in the original amount of $45 million (the "Surety Bond"). The Trust's obligation to reimburse the bank which issued the Reliance Letter of Credit is secured by cash. In order to maintain the status quo pending resolution of the adversary proceeding, the Trust contemporaneously filed a motion seeking entry of a temporary restraining order and a preliminary injunction.

The Reliance Action concerns the efforts by the Trust to enforce the duty on the part of Reliance to make draws under the Surety Bond to reimburse Reliance for payments it makes with respect to Deductible Claims before Reliance makes draws under the Reliance Letter of Credit. On or about December 8, 2004, Reliance and CNA Surety entered into a letter agreement (the "Reliance Letter Agreement") under which Reliance and CNA Surety purportedly agreed that Reliance would draw down on the Surety Bond for 45% of its total claims and the Reliance Letter of Credit for the remaining 55% of its remaining claims. The Debtors and the Trust were not parties to the Reliance Letter Agreement. The Trust asserts that the Reliance Letter Agreement is unenforceable and seeks to avoid it, and to compel Reliance to draw all amounts available under the Surety Bond before Reliance makes any draws under the Reliance Letter of Credit. Also pursuant to the Reliance Action, the Trust seeks to adjudicate all Deductible Claims as general unsecured claims against the Trust, and to limit distributions on account of the Deductible Claims to the amounts due to holders of such claims based upon distributions to all similarly-situated general unsecured claims against the Trust.

(d) Norfolk Southern

On February 7, 2003, Norfolk Southern Railway Company ("Norfolk") filed a complaint against certain of the Debtors seeking an order from the Bankruptcy Court declaring and establishing a trust over approximately $2 million of payments made by transportation customers to the Debtors for transportation services provided by Norfolk. On May 22, 2003, the Bankruptcy Court granted the Debtors' motion to dismiss in part, without leave to amend. In July 2003, Norfolk appealed the order of the Bankruptcy Court to the District Court. In March 2004, the District Court affirmed the Court's Order dismissing the Norfolk complaint. Norfolk appealed the District Court's decision to the United States Court of Appeals for the Ninth Circuit (the "Ninth Circuit"). In December 2005 oral arguments on the appeal by Norfolk were heard by the Ninth Circuit. On April 10, 2006, the Ninth Circuit affirmed the holding of the District Court and issued an opinion rejecting Norfolk 's attempt to create a federal common law rule imposing a constructive trust for the payment of interline balances.

Norfolk did not seek review of the Ninth Circuit decision by the United States Supreme Court by the deadline to seek such review. Therefore, the decision of the Ninth Circuit is final.

(e) Burlington Northern & Santa Fe Railway Company

On February 26, 2003, Burlington Northern & Santa Fe Railway Company ("BNSF") filed a complaint against one of the Debtors and GE Capital Corporation ("GE Capital"), which provided pre-petition financing and Debtor-in-Possession financing, seeking an order from the Bankruptcy Court declaring and establishing a constructive trust over certain payments made by customers to the Debtors for transportation services provided by BNSF. On June 19, 2003, the Court granted the Debtors' motion to dismiss in part, without leave to amend. Thereafter, BNSF amended its complaint to allege the existence of a resulting trust under federal common law and Kansas State law. Following the filing of the amended complaint, the Debtors negotiated, and the Bankruptcy Court approved, a partial settlement of the action under which an escrow arrangement has been established, which permitted GE Capital to be dismissed from this action. Under the partial settlement, GE Capital deposited approximately $6.4 million of the Debtors' cash collateral into a segregated account, and the Debtors deposited an additional approximately $1.2 million into the segregated account. The parties settled this matter in 2005. BNSF was allowed an administrative expense claim in the amount of $425,000 and an unsecured claim in the amount of $5.5 million. In return, BNSF released any claims to the $7.6 million in the segregated account. BNSF was paid $425,000 on account of its administrative claim in October 2005.

(f) Laura Koscki

Ms. Koscki ("Koscki") filed numerous claims against the Debtors based upon alleged federal civil rights violations, violations of the California Labor Code, hostile environment, and other theories, asserting a pre-petition claim in the amount of not less than $240 million (the "Koscki Claim"). Koscki also commenced an adversary proceeding relating to the foregoing in the Bankruptcy Court in or about July 2004 (the "Koscki Action"), seeking judgment in her favor on the Koscki Claim. On a motion by the Debtors, the Koscki Action was removed to the District Court. During February 2005, the District Court dismissed the Koscki Action with prejudice, except the right of Koscki to pursue any administrative proceedings before the National Labor Relations Board with respect to Koscki's charge of sexual discrimination. Koscki has appealed the dismissal to the Ninth Circuit and the Trust has filed a responsive brief. During July 2005, the Bankruptcy Court set a maximum value of $5.7 million on the Koscki claim for purposes of estimation. In December 2006, the Bankruptcy Court disallowed two additional claims filed by Koscki against the Debtors in 2006 and ordered Koscki not to file any additional claims against the Debtors or pleadings in the Bankruptcy Court, except to the extent necessary to assert any claims or causes of action upheld by the Ninth Circuit. In February 2007, the Ninth Circuit issued an order affirming the dismissal of the Koscki Action, without a hearing. Unless Koscki seeks Supreme Court review of the Ninth Circuit order on or before April 2007 and the Supreme Court grants such review, the Ninth Circuit order will become final. In that event, Koscki will not have any allowable claims against the Trust and the Koscki claim, which was estimated during July 2005, will be expunged.

(g) Objections to Claims

For a discussion of the status of objections by the Trust to Class 4 claims, see Item 1 (c) above.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF TRUST BENEFICIARIES

None

PART II

ITEM 5. MARKET FOR BENEFICIAL INTERESTS

The Trust Beneficial Interests were issued and are being issued as claims are allowed pursuant to the Plan and their issuance was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 1145 of the Bankruptcy Code. The Trust Beneficial Interests are not listed on any exchange or market. There is no public market for the Trust Beneficial Interests.

As of December 31, 2006, the Trust had approximately 9,220 Trust Beneficial Interest holders of record.

Pursuant to the Plan, Trust Beneficial Interests may not be transferred, sold, assigned, hypothecated or pledged by any holder except that they may be assigned or transferred by will, interstate succession or operation of law.

ITEM 6. SELECTED FINANCIAL DATA

The Selected Financial Data disclosures required by Item 301 of Regulation S-K (§229.301), which are intended to highlight certain significant trends in the CFC Trust's financial condition and results of operations, are not relevant in a liquidating environment and are therefore omitted. The limited, unaudited financial information being provided to the Bankruptcy Court and our creditors pursuant to the Liquidation Trust Agreement is set forth under Item 15(a).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On the Effective Date, the CFC Trust was established pursuant to the terms of the Plan and all assets of Debtors were transferred to the CFC Trust. The CFC Trust is obligated to make payments on account of the debts owed by the Debtors as set forth in the Plan. The CFC Trust believes that the following discussion fairly describes material activity and operations consistent with its purpose and in accordance with Treasury Regulation 301.7701-4(d). In this context, reference is made to the Consolidated Statements of Net Assets in Liquidation as of December 31, 2005 and December 31, 2006; the Consolidated Statement of Changes in Net Assets in Liquidation for the period from December 13, 2004 through December 31, 2004 and for the years ended December 31, 2005 and December 31, 2006; and the Consolidated Statement of Cash Receipts and Disbursements for the period December 13, 2004 through December 31, 2004 and for the years ended December 31, 2005 and December 31, 2006. These statements were prepared using the liquidation basis of accounting and are unaudited.

A. Changes in net assets in liquidation

Net assets in liquidation are subject to material change when either (1) Distributions to holders of Allowed Class 4 Claims are authorized, or (2) estimates of the fair value of the Liquidation Trust's assets and /or liabilities change. Both the authorization of Distributions and changes in estimates are non-cash changes.

Most cash transactions, on the other hand, such as collection of receivables, payments of accrued liabilities and Distributions, cause offsetting changes in the associated components of assets and liabilities, but do not change net assets in liquidation. The Consolidated Statements of Cash Receipts and Disbursements shows the results of these transactions, which are also discussed later under the heading "Cash Receipts and Disbursements."

The following table summarizes the significant changes in net assets in liquidation for the period indicated:

(Dollars in thousands)	For the year ended December 31, 2006 Unaudited	For the year ended December 31, 2005 Unaudited	For the period from December 13, 2004 (Effective Date) through December 31, 2004 Unaudited
Distributions authorized and made	$ (1,328)	$ (22,358)	$ —
Changes in estimates – Increase/(decrease) in net assets in liquidation			
Fair value of preference receivables	(33)	(1,800)	—
Pension fund and PBGC liability	(2,680)	(5,000)	
Unimpaired claims payable	12,367	(443)	—
Net increase (decrease) due to changes in estimates	9,654	(7,243)	—
Net other increases	11,792	7,037	171
Net increase (decrease) in net assets in liquidation	$ 20,118	$ (22,564)	$ 171

1. Distributions authorized and made

Distributions totaling $1.3 million were made during the period January 1, 2006 through December 31, 2006 and consisted of $0.8 million to holders of allowed Unsecured Claims (Class 4 claims) covered by the ACC settlement and $0.5 million to settle certain other Unsecured Claims (Class 4 claims).

Distributions totaling $22.4 million were made during the period January 1, 2005 through December 31, 2005 and consisted of a $20.9 million distribution to holders of allowed Unsecured Claims (Class 4 claims) and $1.5 million to holders of allowed Unsecured Claims (Class 4 claims) covered by the ACC settlement. No distributions were authorized for the period from the Effective Date through December 31, 2004.

2. Changes in estimate – estimated fair value of preference receivables.

A reduction of $33,000 was made in the estimated fair value of preference receivable during the period January 1, 2006 through December 31, 2006 due to estimated lower cash collections. A reduction $1.8 million in the estimated fair value of preference receivables was made during the period January 1, 2005 through December 31, 2005 due to anticipated claim waivers and estimated lower cash collections. No such change was made during the period from the Effective Date through December 31, 2004.

3. Changes in estimate – estimated pension fund and PBGC liability.

Increases of $2.7 million and $5.0 million in the estimated pension fund and PBGC liability were made during the periods January 1, 2006 through December 31, 2006 and January 1, 2005 through December 31, 2005, respectively, based upon higher proceeds from sales of real estate assets. No such change was made during the period from the Effective Date through December 31, 2004.

4. Change in estimate – estimated unimpaired claim liability

A reduction of $12.4 million was made in the estimated allowed unimpaired claims during the period January 1, 2006 through December 31, 2006 due primarily to $10.5 million reduction in anticipated allowed priority tax claims, the withdrawal of an approximately $6.1 million secured claim, a $1.1 million reduction in anticipated allowed administrative claims partially offset by a $5.7 million increase for potential priority wages claims. A $0.4 million increase was made in the amount of estimated allowed unimpaired claims during the period January 1, 2005 through December 31, 2005 based upon a review of claim liability. No such change was made for the period from the Effective Date through December 31, 2004.

5. Other increases

Other net increases for the period January 1, 2006 through December 31, 2006 totaled $11.8 million and consisted mainly of $10.5 million of interest income on cash and cash equivalents and $1.1 million of gains on sale of property. Other net increases for the period January 1, 2005 through December 31, 2005 totaled $7.0 million and consisted mainly of $6.9 million of interest income on cash and cash equivalents. Other net increases for the period from the Effective Date through December 31, 2004 were $171,000 and consisted of $139,000 of interest income on cash and cash equivalents and gains on sale of property of $32,000.

B. Cash Receipts and Disbursements

The following table summarizes cash receipts and disbursements for the periods as indicated:

(Dollars in thousands)	For the year ended December 31, 2006 Unaudited	For the year ended December 31, 2005 Unaudited	For the period from December 13, 2004 (Effective Date) through December 31, 2004 Unaudited
Cash receipts	$ 35,197	$ 40,465	$ 2,103
Trust operating expenses	2,283	6,882	376
Legal and professional fees	2,896	7,063	446
Claims payments	10,969	64,792	36,342
Total disbursements	16,148	78,737	37,164
Net increase (decrease) in cash and cash equivalents	$ 19,049	$ (38,272)	$ (35,061)

1. Cash receipts

Cash receipts for the period January 1, 2006 through December 31, 2006 of $35.2 million consisted mainly of $20.9 million of proceeds on the sales of property. Of the $20.9 million, $20.8 million was from sales of property in 2006 while $0.1 million was from sale of the CF.com domain name. Cash receipts in 2006 also included interest income on cash and cash equivalents of $10.5 million, collections of $1.3 million, tax refunds of $0.1million and other receipts of $2.4 million.

Cash receipts for the period January 1, 2005 through December 31, 2005 of $40.5 million consisted mainly of $26.4 million of proceeds on the sales of property. Of the $26.4 million, $9.0 million was from sales of property in 2005 while $17.4 million was from sales in 2004 for which the cash was received in 2005. Cash receipts in 2005 also included interest income on cash and cash equivalents of $6.9 million, tax refunds of $2.5 million, collections of $1.5 million and other receipts of $3.2 million.

Cash receipts of $2.1 million in the period from the Effective Date through December 31, 2004 consisted mainly of $1.8 million of proceeds from the sale of one real estate property with the remainder coming from accounts receivable and other recoveries.

2. Trust operating expenses

Trust operating expenses consisted mainly of salaries, taxes, insurance and rent expense. Trust operating expenses for the period January 1, 2006 through December 31, 2006 and January 1, 2005 through December 31, 2005 were $2.3 million and $6.9 million, respectively. Trust operating expenses were $0.4 million for the period from the Effective Date through December 31, 2004.

3. Legal and professional fees

Legal and professional fees reflect payments for services consistent with ongoing bankruptcy and liquidation efforts. Legal and professional fees for the period January 1, 2006 through December 31, 2006 and January 1, 2005 through December 31, 2005 were $2.9 million and $7.1 million, respectively. Legal and professional fees were $0.4 million for the period from the Effective Date through December 31, 2004.

4. Claims payments

During the period January 1, 2006 through December 31, 2006, the Trust made approximately $11.0 million of distributions, which were comprised of the following: $2.5 million to certain pension funds and the PBGC pursuant to the Consolidation Stipulation (discussed below); $7.2 million on allowed Administrative, Secured and Priority claims (Class 1 and 2 claims), including $3.7 million of priority wage payments, $1.5 million of administrative payments, $1.2 million of priority tax payments and an $0.8 million reduction in cash collateral as a result of draws made against a cash collateralized letter of credit by Reliance, the holder of a Class 1 claim; $0.8 million on Unsecured Claims covered by the ACC settlement (discussed below) and approximately $0.5 million of payments to settle certain Unsecured Claims (Class 4 claims).

During the period January 1, 2005 through December 31, 2005, the Trust made approximately $64.8 million of distributions, which were comprised of the following: $27.8 million to certain pension funds and the PBGC pursuant to a Consolidation Stipulation (discussed below) ($22.8 million from proceeds on sale of Canadian assets and $5.0 million from sale of real estate); $20.9 million on allowed Unsecured Claims (Class 4 claims); $14.6 million on allowed Administrative, Secured and Priority claims (Class 1 and 2 claims), including $10.2 million of priority tax payments, a $2.9 million draw made against a cash collateralized letter of credit by the holder of a Class 1 claim, administrative and reclamation payments of $1.0 million and priority wage payments of $0.5 million; and $1.5 million on Unsecured Claims covered by the ACC settlement.

During the period from the Effective Date through December 31, 2004, payments of Class 1 and 2 claims totaled $36.0 million. Those payments consisted of $23.0 million for priority wage damages to former union employees in satisfaction of claims asserted under the WARN Act; $12.0 million of priority vacation owed to former union and non-union employees; and an approximately $1.0 million draw against a cash collateralized letter of credit by a holder of a secured claim (Class 1 claim). The CFC Trust also made Class 3 payments of approximately $0.3 million in the same period. No Class 4 distributions were made for the period from the Effective Date through December 31, 2004.

C. <u>Cash and Reserves</u>

1. Cash and cash equivalents

The CFC Trust's cash and cash equivalents balance was $236.1 million as of December 31, 2006, a $19.0 million increase over the $217.1 million as of the December 31, 2005. The increase resulted primarily from proceeds from sale of real property and interest income partially offset by distributions on claims and disbursements associated with the costs of liquidation.

The CFC Trust's cash and cash equivalents balance is classified as either: (a) Reserved, (b) Restricted, (c) Cash Available for Distributions to Holders of Allowed Class 4 Claims or (d) Cash Held in Reserve for Disputed Claims. Under the terms of the Plan, the CFC Trust is not required to segregate funds for reserves.

a. Reserved Cash is held to assure payment of the Liquidation Trust's obligations. Under the terms of the Plan, Reserved Cash is intended to provide for (a) operating expenses of the CFC Trust and (b) estimated payments to holders of Administrative Claims, Allowed Class 1 and 2 Claims as well as Class 3 Claims in accordance with the Plan.

Reserved Cash decreased by approximately $23.4 million from December 31, 2005 to December 31, 2006 due primarily to a $12.4 million decrease in the Estimated Reserve for Unimpaired Claims based upon lower than expected claims liability, net Trust operating, legal and professional expenses of $3.9 million and distributions to allowed Administrative and Class 1 and 2 claims of $7.1 million.

Reserved Cash decreased by approximately $24.0 million from December 31, 2004 to $103.1 million as of December 21, 2005 due primarily to net Trust operating, legal and professional expenses of $13.9 million and distributions to allowed Administrative and Class 1 and 2 claims of $14.6 million, offset by an increase in the estimate of Unimpaired Claims of $0.4 million and collections of $4.1 million.

Reserved Cash decreased by $37.1 million from the Effective Date to December 31, 2004 to a balance of $127.1 million, as a result of distributions made to holders of Allowed 2 Claims ($35.0 million); a draw on a cash collateralized letter of credit ($1.0 million) (as more fully described in the following paragraph); distributions to holders of allowed Class 3 Claims ($0.3 million) and operating expenses ($0.8 million).

Reserved Cash as of December 31, 2006 includes $39.8 million of cash collateral to reimburse the issuer of a letter of credit held by Reliance in connection with insurance policies under which the Debtors were the insured. During the periods from January 1, 2006 through December 31, 2006 and January 1, 2005 through December 31, 2005, Reliance made draws of $0.8 million $2.9 million, respectively, against the letter of credit. During the period from the Effective Date through December 31, 2004, Reliance made a $1.0 million draw against the letter of credit. Cash collateral remaining, if any, after Reliance reimburses itself for all claims which may be paid in future years, is expected to revert back to the Trust. The respective rights and duties of the CFC Trust and Reliance are the subject of litigation pending in the Bankruptcy Court, as described in Item 3(c) above.

b. Restricted Cash as of the December 31, 2006 was $14.0 million and consisted mainly of the following: $12.1 million of cash restricted pursuant to a Consolidation Stipulation between the CFC Trust and the LLC Creditors as defined below and $1.9 million to be used for payment of certain allowed pre-petition non-contract cargo claims pursuant to a settlement agreement between the CFC Trust and ACC. Restricted cash decreased $0.6 million in 2006 primarily due to payments pursuant to the Consolidation Stipulation of $2.5 million and payments under the ACC settlement of $0.8 million, offset by an increase in the Estimate Pension Fund and PBGC Liability of $2.7 million based upon higher than anticipated proceeds from property sales.

Restricted Cash as of the December 31, 2005 was $14.6 million and consisted mainly of the following: $11.9 million of cash restricted pursuant to a Consolidation Stipulation between the CFC Trust and the LLC Creditors as defined below and $2.6 million to be used for payment of certain allowed pre-petition non-contract cargo claims pursuant to a settlement agreement between the CFC Trust and ACC. Restricted cash decreased $30.6 million in 2005 primarily due to payments pursuant to the Consolidation Stipulation ($27.8 million) and payments under the ACC settlement ($1.5 million). Additionally, approximately $6.4 million of cash collateral classified as Restricted Cash as of December 31, 2004 was reclassified as Cash Available for Distribution of Holders of Allowed Class 4 Claims as of December 31, 2005. These decreases were offset by an increase in the estimated pension fund liability ($5.0 million).

Consolidation Stipulation: In March 2003, the Debtors filed a motion (the "Consolidation Motion") in the Bankruptcy Court seeking to substantively consolidate with the Debtors the chapter 11 estates of four affiliates who were also the subject of chapter 11 cases at that time: CFCD 2002 LLC, CFCD 2002 Member LLC, CFCD 2002A LLC and CFCD 2002A Member LLC (collectively, the "LLC Affiliates"). The Consolidation Motion was opposed by sixteen multi-employer pension plan funds which asserted withdrawal liability claims against the Debtors and the LLC Affiliates (the "Pension Funds") and the PBGC (together with the Pension Funds, the "LLC Creditors"). Subsequently in November 2003, the Debtors entered into a stipulation with the LLC Creditors and certain other parties to settle the issues relating to the Consolidation Motion (the "Consolidation Stipulation"). Pursuant to the Consolidation Stipulation, (i) the Debtors agreed to withdraw the Consolidation Motion and not seek to consolidate the estates of the LLC Affiliates with the Debtors, (ii) the Debtors and the LLC Creditors agreed to share the net proceeds from the liquidation of the assets of the LLC Affiliates and the sale of the assets of certain affiliates of the Debtors in Canada (the "Canada Assets") on the terms set forth in the Consolidation Stipulation, including, among other consideration, that (a) the Debtors would receive seventy-three percent (73%) of the net proceeds (as calculated pursuant to the Consolidation Stipulation) from sales of the LLC Affiliates' real estate assets and twenty percent (20%) of the net proceeds (as calculated pursuant to the Consolidation Stipulation) from the sale of the Canada Assets, (b) the LLC Creditors would receive twenty-seven percent (27%) of the net proceeds from sales of the LLC Affiliates' real estate assets and eighty percent (80%) of the net proceeds from the sale of the Canada Assets, and (iii) the LLC Affiliates' chapter 11 cases would be dismissed. The Court approved the Consolidation Stipulation at a hearing on February 25, 2004 and entered its Order on April 27, 2004.

The CFC Trust has received proceeds of the sale of the LLC Affiliates real estate assets and the sale of the Canada assets and, in accordance with the Consolidation Stipulation, the Trust holds the funds as Restricted Cash remaining to be distributed to the LLC Creditors. As of December 31, 2005, the amount was $11.9 million for which the CFC Trust recorded an $11.9 million liability in the Consolidated Statements of Net Assets in Liquidation. During 2006, the CFC Trust made payments to the Pension Funds and the PBGC totaling $2.5 million related to the final sales of real estate. During 2006, the Trust increased its estimated liability to the Pension Funds and the PBGC by $2.7 million based upon higher proceeds from sales of real estate assets. As of December 31, 2006, the liability to the Funds was $12.1 million in the Consolidated Statements of Net Assets in Liquidation.

c. Cash Available for Distribution to Holders of Allowed Class 4 Claims increased by $58.7 million in 2006 to a balance of $111.2 million due primarily to proceeds from the sale of real property of $20.8 million, $15.6 million from a reclass of cash from Held in Reserve for Disputed Claims due to resolution of disputed status, $12.4 million from the decrease in Estimated Unimpaired Claims Liability due to lower anticipated claims exposure, interest income of $10.4 million; $2.7 million of other collections and receipts, offset by an increase in the estimated pension fund liability of $2.7 million and $0.5 million of payments to settle certain Unsecured Claims (Class 4)

Cash Available for Distribution to Holders of Allowed Class 4 Claims increased in 2005 to a balance of $52.5 million due primarily to proceeds from the sale of real property of $26.4 million, interest income of $6.8 million; reclassification of cash collateral from Restricted Cash of $6.4 million and other collections and receipts of $3.0 million, offset by a Class 4 distribution of $20.9 million and increases in the estimated pension fund liability of $5.0 million and estimated unimpaired claims of $0.4 million.

d. Cash Held in Reserve for Disputed Claims reflects an approximate 5.2% distribution reserve for currently disputed Class 4 claims. Cash Held in Reserve for Disputed Claims decreased by $15.6 million in 2006 as the disputed status of certain claims was resolved. The $15.6 million was reclassed to Cash Available for Distribution to Holders of Allowed Class 4 Claims.

2. Reserves

The estimated amounts of the operating expenses of the CFC Trust and estimated allowed and disputed amounts for Class 1, 2 and 3 Claims in accordance with the Plan are recorded as liabilities in the Consolidated Statements of Net Assets in Liquidation. These reserves currently reduce the availability of cash for distributions to holders of Beneficial Interests. Significant other reserves include:

a. Pension Fund Reserve: Refer to discussion of the Consolidation Stipulation in subsection C.1.b above.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The CFC Trust does not have any existing debt and does not expect to incur any additional indebtedness other than ordinary course expenses of administering and operating the CFC Trust. The CFC Trust only invests cash assets in Treasury & related securities in accordance with the United States Trustee Office's Guidelines. Accordingly, the CFC Trust does not believe that future interest rate fluctuations will have a material effect on the CFC Trust.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by Item 8 are included in Item 15 of this Form 10-K. Any other information which has been omitted is either inapplicable or not required. The limited, unaudited financial information being provided to the Bankruptcy Court and our creditors pursuant to the Liquidation Trust Agreement is set for under Item 15(a).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Trust did not employ independent accountants to perform an audit on the financial statements contained in this Form 10-K.

ITEM 9A. CONTROLS AND PROCEDURES

The Trust maintains a system of disclosure controls to ensure that the information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and regulations. These controls and procedures are also designed to ensure that such information is communicated to the Trustee, to allow him to make timely decisions about required disclosures.

Based on the Trust's evaluation (with the participation of the Trustee), as of the end of the period covered by this report, the Trustee has concluded that the Trust's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")) are effective to ensure that information required to be disclosed by the Trust in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There were no changes in the Trust's internal controls over financial reporting during 2006 that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting.

There were no significant changes in internal controls or in other factors that have materially affected, or were reasonably likely to materially affect, the internal controls subsequent to the date of the Trustee's evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 9B. OTHER INFORMATION

Not Applicable.

PART III

ITEM 10. MANAGEMENT

The CFC Trust does not have any directors or executive officers. The Trustee of the CFC Trust is K. Morgan Enterprises, Inc. (the "CF Trustee"). Kerry K. Morgan, an individual, is personally responsible and legally obligated for the performance of the duties, obligations and responsibilities of K. Morgan Enterprises, Inc. as trustee under the Trust agreement. Kerry K. Morgan previously served as vice president and treasurer of CFC since July 2000.

All of the management and executive authority over the CFC Trust resides with the Trustee, who has the full right and power and discretion to manage the Trust, subject to the terms of the Trust Agreement. The CFC Trust assigns and grants the following significant duties and powers, among others, to the Trustee:

- Liquidate, sell or otherwise dispose of the Trust Property.
- Cause all proceeds of the Trust Property to be deposited into the CFC Trust in accordance with the Plan and Trust Agreement.
- Control, defend, prosecute, settle, and/or pursue the resolution of litigation or all claims, rights avoidance actions, and other causes of action included in the Trust Property in accordance with the Plan and Trust Agreement.
- Oversee and where appropriate, initiate actions to resolve any remaining issues regarding the allowance and payment of claims, including, as necessary, initiation and/or participation in proceedings before the Bankruptcy Court.
- Make distributions of cash to the beneficiaries of the CFC Trust.
- Take such actions that are necessary and useful to maximize the value of the CFC Trust, including without limitation, the retention of employees.

Pursuant to the Plan, an Oversight Committee has been designated and consists of: Central States, Southeast and Southwest Areas Pension Fund; New York State Teamsters Conference Pension and Retirement Fund & New York State Teamsters Council Health & Hospital Fund; Chicago Truck Drivers, Helpers and Warehouse Worker Union (Ind.) Pension Fund; International Brotherhood of Teamsters; and CNA Surety Corporation. The Oversight Committee shall constitute a representative of the Trust Beneficiaries for the purposes of, inter alia, monitoring the implementation of the Plan and the Trust Agreement and the distributions of funds to the Trust Beneficiaries, in accordance with the terms of the Plan, the Confirmation Order and the Trust Agreement.

Code of Ethics

The CFC Trust has adopted a formal code of ethics in accordance with Item 406 of Regulation S-K and will provide to any person, without charge, a copy of such code of ethics upon the written request of such person. All such requests, to be effective, must be made in writing and will be deemed to have been duly given or made when actually delivered, or in the case of a written request by facsimile transmission, when received and telephonically confirmed. The Trust’s address and facsimile number are: 805 Broadway, Suite 205, Vancouver, WA 98660. Telephone: (360) 448-4000; Facsimile; (360) 448-4344.

ITEM 11. EXECUTIVE COMPENSATION

During 2006, K. Morgan Enterprises, Inc. was paid a fee of $27,083.34 per month pursuant to a Trustee Services Agreement (the “Agreement”), as amended. In addition, $4,166.66 accrued and was reserved monthly toward the stay bonus of $50,000.00 making the total monthly compensation equal to $31,250.00.

Pursuant to a subsequent amendment to the Agreement in October 2006, the term of the Agreement was extended until September 30, 2007 (extended term). The December 31, 2006 earned stay bonus of $50,000 was deferred to the end of the extended term. Since the stay bonus is fully funded and has been deferred to the end of the new term, there is no longer a need to accrue and reserve from the monthly compensation the stay-bonus amount. Therefore, the total monthly fee of $31,250.00 will be paid beginning January 1, 2007. If the Trustee completes the extended term, the Trustee will be entitled to the fully funded and reserved $50,000 retention bonus.

The Oversight Committee, at its sole discretion, may extend the Agreement on such terms and conditions as may be mutually agreed upon by the Trustee and the Oversight Committee. The Trustee is entitled to reimbursement for reasonable out of pocket travel, lodging, communication and necessary business expenditures actually incurred on behalf of or in connection with the affairs of the Trust.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Trust Beneficial Interests were issued and are being issued as claims are allowed pursuant to the Plan and their issuance was exempt from the registration requirements of the Securities Exchange Act of 1933, as amended, pursuant to Section 1145 of the Bankruptcy Code. There is no public market for the Trust Beneficial Interests of the Trust.

Trust Beneficial Interests do not represent securities that vote for the election of the Trustee and, consequently, the Trust does not have any "voting securities" within the meaning of the Exchange Act of 1934, as amended, and the regulations there under applicable to the disclosure of 5% of voting securities.

As of December 31, 2006, the Trust had approximately 9,220 Trust Beneficial Interest holders of record.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The Trust did not employee independent accountants to perform an audit on the financial statements included in this Form 10-K.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Financial Statements

(b) Reports on Form 8-K

None

(c) Exhibits

Exhibit Number	Description
2.1	Second Amended Disclosure Statement for Consolidated Plan of Liquidation under Chapter 11 of the United States Bankruptcy Code, dated July 1, 2004, including as its Exhibit A, the Consolidated Plan of Liquidation. (Filed as exhibit 2.1 to the Trust's Form 10-K for the period December 13, 2004 (the Effective Date) through December 31, 2004.
4.1	Liquidation Trust Agreement, dated as of December 8, 2004, by and among Consolidated Freightways Corporation of Delaware, et al, the Official Committee of Creditors Holding Unsecured Claims, the Oversight Committee, K. Morgan Enterprises, Inc., as the Liquidation Trustee, and Kerry K. Morgan. (Filed as exhibit 4.1 to the Trust's Form 10-K for the period December 13, 2004 (the Effective Date) through December 31, 2004.
4.2	First Amendment to Liquidation Trust Agreement, dated as of November 1, 2005. (Filed as Exhibit 4.2 to the Trust's Form 10-K for the year ended December 31, 2005.)
4.3	Second Amendment to Liquidation Trust Agreement, dated as of October 1, 2006.
31.1	Certification of Liquidation Trustee
99.1	Order Confirming Consolidated Plan of Liquidation. (Filed as exhibit 99.1 to the Trust's Form 10-K for the period December 13, 2004 (the Effective Date) through December 31, 2004.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE TRUST FOR CERTAIN CREDITORS OF CONSOLIDATED FREIGHTWAYS
CORPORATION AND CERTAIN AFFILIATES
(Registrant)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

March 23, 2007	/s/ Kerry K. Morgan
	Kerry K. Morgan, President of K. Morgan Enterprises Inc., Trustee for the Registrant

THE TRUST FOR CERTAIN CREDITORS OF CONSOLIDATED FREIGHTWAYS CORPORATION
AND CERTAIN AFFILIATES
FORM 10-K
For the Year Ended December 31, 2006

INDEX TO INFORMATION INCORPORATED BY REFERENCE

Not Applicable

INDEX TO FINANCIAL INFORMATION

The Trust for Certain Creditors of Consolidated Freightways Corporation
and Certain Affiliates
Statements of Net Assets in Liquidation
(In thousands)
Unaudited

	As of December 31, 2006	As of December 31, 2005
Assets		
Cash and cash equivalents		
Reserved	$ 79,683	$ 103,129
Restricted	14,047	14,618
Available for Distribution to Holders of Allowed Class 4 Claims	111,185	52,519
Held in Reserve for Disputed Claims	31,200	46,800
Total cash and cash equivalents	236,115	217,066
Preference claims receivables (net of costs of recovery)	10	250
Other receivables	568	660
	578	910
Property, Plant and Equipment, net		
Land and Building	—	19,750
Equipment	99	89
	99	19,839
Other Assets	17	2,022
Total Assets	$ 236,809	$ 239,837
Liabilities		
Administrative, Class 1 and Class 2 Claims	$ 59,153	$ 78,667
Class 3 Claims	48	48
Pension Fund and PBGC Liability	12,100	11,913
Estimated costs of liquidation	20,482	24,413
Other liabilities	1,426	1,314
Total Liabilities	93,209	116,355
Net Assets in Liquidation	$ 143,600	$ 123,482

See accompanying notes to financial statements

The Trust for Certain Creditors of Consolidated Freightways Corporation
and Certain Affiliates
Statement of Changes in Net Assets in Liquidation
(In thousands)
Unaudited

	For the year ended December 31, 2006	For the year ended December 31, 2005	For the period from December 13, 2004 (Effective Date) through December 31, 2004
Increases in Net Assets in Liquidation			
Interest income	$ 10,508	$ 6,875	$ 139
Decrease (increase) in Estimated Unimpaired Claims	12,367	(443)	—
Other increases	1,284	162	32
Total increases	24,159	6,594	171
Decreases in Net Assets in Liquidation			
Increase in Estimated Pension Fund and PBGC Liability	(2,680)	(5,000)	—
Decrease in Estimated Preference Receivables	(33)	(1,800)	—
Total decreases	(2,713)	(6,800)	—
Net increase (decrease) in Net Assets in Liquidation before distributions	21,446	(206)	171
Distributions	(1,328)	(22,358)	—
Net increase (decrease) in Net Assets in Liquidation	20,118	(22,564)	171
Net Assets in Liquidation at beginning of period	123,482	146,046	145,875
Net Assets in Liquidation at end of period	$ 143,600	$ 123,482	$ 146,046

See accompanying notes to financial statements

The Trust for Certain Creditors of Consolidated Freightways Corporation
and Certain Affiliates
Statement of Cash Receipts and Disbursements
(In thousands)
Unaudited

	For the year ended December 31, 2006	For the year ended December 31, 2005	For the period from December 13, 2004 (Effective Date) through December 31, 2004
Cash Receipts			
Proceeds on sale of property, net of cost of sale	$ 20,880	$ 26,416	$ 1,804
Interest income	10,508	6,875	19
Tax refunds	145	2,492	—
Collections	1,296	1,458	—
Other receipts	2,368	3,224	280
Total Cash Receipts	35,197	40,465	2,103
Cash Disbursements			
Trust operating expenses	2,283	6,882	376
Legal and professional fees	2,896	7,063	446
Class 1 and 2 Clams	7,148	14,627	36,019
Class 3 Claims	—	—	323
Pension Fund Claims	2,493	27,807	—
Total Cash Disbursements	14,820	56,379	37,164
Increase (Decrease) in Cash and Cash Equivalents Before Distributions Paid	20,377	(15,914)	(35,061)
Distributions Paid	(1,328)	(22,358)	—
Increase (Decrease) in Cash and Cash Equivalents	19,049	(38,272)	(35,061)
Cash and Cash Equivalents at Beginning of Period	217,066	255,338	290,399
Cash and Cash Equivalents at End of Period	$ 236,115	$ 217,066	$ 255,338

See accompanying notes to financial statements

The Trust for Certain Creditors of Consolidated Freightways Corporation
and Certain Affiliates
Notes to Consolidated Financial Statements
Unaudited

1. Background

The Trust for Certain Creditors of Consolidated Freightways Corporation and Certain Affiliates (the "CFC Trust") was created for the benefit of certain creditors of Consolidated Freightways Corporation, Consolidated Freightways Corporation of Delaware, Redwood Systems, Inc., CF Airfreight Corporation, Leland James Service Corporation and CF MovesU.com (collectively the "Debtors"). The CFC Trust was created pursuant to the Consolidated Freightways' Consolidated Plan of Liquidation dated July 1, 2004, (as Amended) (the "Plan") which was confirmed by the Bankruptcy Court by order entered November 22, 2004. The terms of the Plan are described in the Second Amended Disclosure Statement for Debtors' Consolidated Plan of Liquidation dated July 1, 2004 (as Amended) (the "Disclosure Statement") which was filed with the Bankruptcy Court on August 24, 2004. The Disclosure Statement should be read in conjunction with these financial statements to fully understand the factors that may affect the ultimate distributions to creditors.

On December 13, 2004 (the "Effective Date"), all assets of the Debtors were transferred to the CFC Trust (the "Trust Property"). Pursuant to the Plan, the CFC Trust is obligated to make payments on account of debts owed by the Debtors as set forth in the Plan. The sole purpose of the CFC Trust is to liquidate the Trust Property as promptly as reasonably possible in accordance with Treasury Regulation § 301.7701-4(d) with no objective to continue or engage in the conduct of a trade or business. The Trust Property includes all real and personal property held by the Debtors as well as claims and causes of action, cash, deposits and preference and other receivables.

Specifically, the CFC Trust will: (a) liquidate, sell or otherwise dispose of the Trust Property; (b) cause all proceeds of the Trust Property to be deposited into the CFC Trust in accordance with the Plan and the Liquidation Trust Agreement dated as of December 8, 2004 (The "Trust Agreement"); (c) control, defend, prosecute, settle, and/or pursue the resolution of litigation or all claims, rights avoidance actions, and other causes of action included in the Trust Property in accordance with the Plan and Trust Agreement; (d) oversee and where appropriate, initiate actions to resolve any remaining issues regarding the allowance and payment of claims, including, as necessary, initiation and/or participation in proceedings before the Bankruptcy Court; (e) make distributions of cash to the beneficiaries of the CFC Trust; and (f) take such actions that are necessary and useful to maximize the value of the CFC Trust, including without limitation, the retention of employees.

The CFC Trust will continue in effect until the earlier of (a) the date that all Trust Property has been liquidated, all proceeds have been converted to cash or distributed in kind, all CFC Trust expenses have been paid, all claims to be paid under the Plan have been paid, all distributions to be made with respect to the Trust Beneficial Interests (defined below) have been made, all litigation to which the CFC Trust is a party has been concluded by an order issued by the court in which such litigation is pending and such order has become final and the Chapter 11 cases have been closed, and (b) 5 years from the Effective Date, unless the Bankruptcy Court approves an extension of that deadline for up to an additional 5 years. If the CFC Trust remains in existence 3 years after the Effective Date, the CFC Trust will seek "no action" relief from the Securities and Exchange Commission in respect of continued limited reporting in substantially the form included herein.

2. Significant Accounting Policies

Principles of Consolidation: The accompanying financial statements include the accounts of the CFC Trust and its wholly-owned subsidiaries, Consolidated Canada Liquidation Corporation, Consolidated Freightways Canada Corporation, CFCD 2002 LLC, CF Mexico A-LLC, CF Mexico B-LLC and CF Grupo SA de RL. All significant intercompany transactions have been eliminated.

Basis of Presentation: The accompanying financial statements have been prepared on the liquidation basis of accounting. The carrying value of the assets are presented at estimated net realizable value and all liabilities are presented at estimated settlement amounts, including estimated costs associated with completing the liquidation of the Trust Property, in accordance with accounting principles generally accepted in the United States of America.

Certain prior year amounts have been reclassified to conform with current year presentation.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Trustee to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The actual values realized for assets and settlement of liabilities may differ materially from the amounts estimated.

Cash and Cash Equivalents: The CFC Trust considers highly liquid investments that are readily convertible into cash with original maturities of three months or less to be cash equivalents.

Reserved Cash is cash that is held by the CFC Trust to ensure payment of (a) operating expenses of the CFC Trust and (b) estimated payments to holders of Administrative Claims, Class 1 and 2 Claims and Class 3 Claims (Convenience Class claims).

Restricted Cash includes cash held pursuant to a stipulation entered into by the Debtors in November 2003 with certain multi-employer pension plan funds (the “Pension Funds”), the Pension Benefit Guaranty Corporation (the “PBGC”) and certain other parties (the “Consolidation Stipulation”); The Bankruptcy Court approved the Consolidation Stipulation by an Order entered on April 27, 2004 and cash held as collateral for certain claims whose secured status is in dispute.

Cash Held in Reserve for Disputed Claims reflects an approximate 5.2% distribution reserve for currently disputed Class 4 claims.

Preference Receivables: The Bankruptcy Code allows a trustee or debtor-in-possession to recover certain payments or transfers of property to unsecured creditors during the 90 days prior to commencement of the bankruptcy case (“Preferential Transfers”) in order to redistribute such transfers more evenly among creditors. Creditors who are entitled to priority payment through bankruptcy, such as secured creditors and holders of priority claims, are protected from being subject to preference claims. The Bankruptcy Code also provides creditors with several potential defenses to preference claims. Preference receivables are stated at estimated fair value, net of estimated recovery costs. Please refer to Note 4 for more information on preference actions.

Other Receivables: Other receivables consists of proceeds to be received as a result of the sale of property, collection actions and miscellaneous receivables. Other receivables are stated at estimated net realizable value. Please refer to Note 4 for more information on collection actions.

Property and Equipment: Property and equipment is stated at estimated net realizable value, less estimated costs of sale. The CFC Trust did not own any real property as of December 31, 2006. During 2006, the Trust sold its last 2 remaining properties: a truck terminal in Charlotte, NC and an administrative office building located in Menlo Park, CA. The Trust received proceeds of approximately $20.8 million from these sales.

During 2005, the CFC Trust sold 4 truck terminals, receiving net proceeds of approximately $9.0 million.

Other Assets: Other Assets consists of a rent deposit on the Trust’s leased office space. Other Assets as of December 31, 2005 also included a $2 million deposit with an insurance company as collateral for an insurance policy covering the CFC Trust’s potential liability for environmental liabilities associated with its existing real estate. Pursuant to the terms of the policy, the $2 million deposit was refunded to the CFC Trust in 2006 since no claims are made under the policy.

Administrative, Class 1 and Class 2 Claims: Administrative, Class 1 and Class 2 Claims includes the Trust’s estimate of allowed administrative, priority and secured claims. Please refer to Note 3 “Classes of Claims and Payment Rights” below.

Estimated Costs of Liquidation: Under liquidation accounting, the CFC Trust is required to estimate and accrue the costs associated with executing the plan of liquidation. These amounts can vary significantly due to, among other things, the costs of retaining personnel to oversee the liquidation, professional fees, costs of insurance, the timing and amounts associated with discharging known and contingent liabilities and the costs associated with cessation of the CFC Trust’s operations. These costs are estimates and are expected to be paid out over the liquidation period. As of the December 31, 2006, the Reserve for Estimated Costs of Liquidation was $20.5 million. During the period from the January 1, 2006 through December 31, 2006, the CFC Trust made net payments against the reserve totaling $3.9 million.

Pension Fund and PBGC Liabilities: The Pension Fund Liabilities are obligations of the Trust to pay to the Pension Funds and the PBGC a portion of the net proceeds from the liquidation of the assets of CFCD 2002 LLC, CFCD 2002 Member LLC, CFCD 2002A LLC and CFCD 2002A Member LLC, which are affiliates of the Debtors (collectively, the “LLC Affiliates”) and the sale of the assets of certain affiliates of the Debtors in Canada (the “Canada Assets”). Pursuant to the Consolidation Stipulation, the Debtors agreed to share the net proceeds of the LLC Affiliates and the Canada Assets on the terms set forth in the Consolidation Stipulation. During 2006, the CFC Trust made payments to the Funds and the PBGC totaling $2.5 million related to the final sales of real estate. Also during 2006, the Trust increased its estimated liability to the Funds by $2.7 million based upon higher proceeds from sales of real estate assets. As of December 31, 2006, the liability to the Funds was $12.1 million in the Consolidated Statements of Net Assets in Liquidation.

Consolidation Stipulation: In March 2003, the Debtors filed a motion (the "Consolidation Motion") in the Bankruptcy Court seeking to substantively consolidate with the Debtors the chapter 11 estates of four affiliates who were also the subject of chapter 11 cases at that time: CFCD 2002 LLC, CFCD 2002 Member LLC, CFCD 2002A LLC and CFCD 2002A Member LLC (collectively, the "LLC Affiliates"). The Consolidation Motion was opposed by sixteen multi-employer pension plan funds which asserted withdrawal liability claims against the Debtors and the LLC Affiliates (the "Pension Funds") and the PBGC (together with the Pension Funds, the "LLC Creditors"). Subsequently in November 2003, the Debtors entered into a stipulation with the LLC Creditors and certain other parties to settle the issues relating to the Consolidation Motion (the "Consolidation Stipulation"). Pursuant to the Consolidation Stipulation, (i) the Debtors agreed to withdraw the Consolidation Motion and not seek to consolidate the estates of the LLC Affiliates with the Debtors, (ii) the Debtors and the LLC Creditors agreed to share the net proceeds from the liquidation of the assets of the LLC Affiliates and the sale of the assets of certain affiliates of the Debtors in Canada (the "Canada Assets") on the terms set forth in the Consolidation Stipulation, including, among other consideration, that (a) the Debtors would receive seventy-three percent (73%) of the net proceeds (as calculated pursuant to the Consolidation Stipulation) from sales of the LLC Affiliates' real estate assets and twenty percent (20%) of the net proceeds (as calculated pursuant to the Consolidation Stipulation) from the sale of the Canada Assets, (b) the LLC Creditors would receive twenty-seven percent (27%) of the net proceeds from sales of the LLC Affiliates' real estate assets and eighty percent (80%) of the net proceeds from the sale of the Canada Assets, and (iii) the LLC Affiliates' chapter 11 cases would be dismissed. The Court approved the Consolidation Stipulation at a hearing on February 25, 2004 and entered its Order on April 27, 2004.

Income Taxes: For financial reporting and income tax purposes, based on the criteria outlined in Revenue Procedure 94-45 re a qualified liquidating trust in a Chapter 11 bankruptcy, the CFC Trust is treated as a grantor trust, with the holders of beneficial interests as the grantors. Each beneficiary is treated as owning a pro rata share of the undivided assets of the trust. Accordingly, their respective shares of the income, gains, losses, deductions and credits of the CFC Trust are passed through to the holders of beneficial interests and recognized by such holders.

As a grantor trust, the CFC Trust is not subject to income taxes on the income earned or gain realized on the disposition of the CFC Trust assets. It will, however, pay the federal, state, and local income taxes on the taxable income and gain allocated to the Reserve for Disputed Claims (as defined in the Plan) on behalf of the holders of such claims. Consequently, when disputed claims are ultimately resolved, holders of such claims which are ultimately allowed, under the terms of the Bankruptcy Code, will receive distributions from the CFC Trust, net of taxes that were previously paid on their behalf.

As a qualified liquidation trust, the CFC Trust does not recognize taxable income (loss) or gain (loss) on its own behalf. Instead, such tax attributes realized from the CFC Trust assets are passed through to the current beneficiaries and the Reserve for Disputed Claims. Therefore, no related tax provision for income taxes or accrual of deferred taxes for post-Effective Date activity has been recorded in the CFC Trust's financial statements.

3. Classes of Claims and Payment Rights

Pursuant to the Plan, the claims against the Debtors and interests in the Debtors were placed into the following classes:

Administrative Claims: Administrative Claims are claims filed against the Debtors for goods or services provided to the Debtor during the Chapter 11 cases. Allowed administrative claims will be paid in full.

Class 1 and 2 claims are the Secured and Priority Non-Tax Claims against the Debtors which arose prior to the commencement of the Chapter 11 cases. The Class 1 and 2 claims will be paid out at 100% of their allowed amounts. Claims in this category are either secured or among the specific liabilities granted priority treatment under the Bankruptcy Code, including certain tax claims and employee wages claims up to $4,650. The holders of Class 1 and 2 claims are creditors of the CFC Trust and will have no ownership interest in the CFC Trust.

Class 3 Claims (Convenience Class claims) consist of all general unsecured pre-petition claims that are allowed in an amount equal to or less than $100.00 and all unsecured claims that are allowed in an amount greater than $100.00 but which the holders elect to reduce to $100.00. These claims will be paid in full up to a maximum of $100.00.

Class 4 claims consist of all general unsecured pre-petition claims other than Convenience Class claims and claims in Class 5 Subordinated Pension Fund Claims or Class 6 Subordinated Claims. Holders of allowed Class 4 claims will not be paid in full for amounts owed to them as of the Bankruptcy filing. Pursuant to the Plan, with certain exceptions, each holder of an allowed Class 4 claim will receive a beneficial interest in the CFC Trust (the "Trust Beneficial Interests" or "Trust Interests") which entitle the holder to distributions of funds from the liquidation of the Trust Property. The holders of Trust Interests are referred to herein as the "Trust Beneficiaries." Holders of allowed Class 4 Claims are deemed to hold a pro rata Beneficial Interest in the CFC Trust equal to the amount of the allowed Class 4 claim held by the holder as compared to the total amount of all Claims ultimately allowed in Class 4. Each holder will share pro-rata in all distributions made to Trust Beneficiaries pursuant to provisions of the Plan. Pro Rata means proportionately so that, with respect to any Class, the ratio of (a) the amount of consideration distributed on account of a particular Allowed Claim to (b) the amount of Allowed Claim, is the same as the ratio of (x) the amount of consideration distributed on account of all Allowed Claims in the Class in which the particular Allowed Claim is included to (y) the aggregate amount of all Allowed Claims of that Class. Holders of Disputed Class 4 Claims receive Trust Beneficial Interests upon resolution of the disputed claim and to the extent such claim becomes allowed. The Trust Beneficial Interests represent equity interests in the CFC Trust. The Beneficial Interests do not entitle the holder to any title in or to any of the assets of the CFC Trust and do not represent obligations of the CFC Trust to pay a certain amount. Therefore, the value of the Beneficial Interests is speculative and subject to change based upon the net cash ultimately realized by the CFC Trust. The Beneficial Interests shall be noted on the books and records of the CFC Trust, shall not be evidenced by a writing and may not be transferred or sold, assigned, hypothecated or pledged, except that they may be assigned or transferred by will, intestate succession, or operation of law.

Class 5 and 6 claims consist of Subordinated Pension Fund Claims and Subordinated Claims. Holders of Class 5 claims will not receive any distribution until holders of Class 4 claims are paid in full. Holders of Class 6 claims will not receive any distribution until holders of Class 5 claims are paid in full. Since Class 4 claims will not be paid in full, holders of Class 5 and 6 claims will not receive any payment.

Claims in Classes 7 through 16 include certain debts owed by the Debtors to affiliated entities and all equity interests. All of the debts and equity interests in these classes were cancelled pursuant to the Plan and no distributions will be made on account of these debts and equity interests.

The Debtors scheduled approximately $1.2 billion of valid pre-petition general unsecured claims with the Bankruptcy Court as of the commencement of the Chapter 11 cases in September 2002 including amounts for certain pension funds and the Pension Benefit Guaranty Corporation (referred to in this Form 10-K as the PBGC). All but approximately $30.0 million of the filed schedules were matched against subsequently filed claims or subordinated per the Plan. As of December 31, 2006, approximately 21,500 claims had been filed by creditors asserting $9.3 billion of pre-petition general unsecured claims. Upon allowance, including the resolution of any objections asserted to any of these claims, each allowed claim will constitute an allowed Class 4 claim under the Plan and the holder will be a “Trust Beneficiary” to the extent of the allowed claim. Through December 31, 2006, approximately 7,100 claims asserting $8.7 billion have been reduced to an allowed amount, disallowed for cause, found to be duplicative or otherwise disallowed. As of the present, there remain approximately 14,400 claims asserting $0.6 billion of pre-petition value to be resolved. The Trust estimates that a majority of these claims will be objected to, in whole or in part. The estimated aggregate distribution to holders of Allowed Class 4 Claims, as set forth in the Disclosure Statement, was 12 to 20 cents and the Trustee has not formally changed that estimate.

During the period January 1, 2006 through December 31, 2006, the Trust made approximately $11.0 million of distributions, which were comprised of the following: $3.7 million of priority wage payments, $2.5 million to certain pension funds and the PBGC pursuant to the Consolidation Stipulation (discussed in Note 2 “Significant Accounting Policies” above), administrative claim payments of $1.5 million, priority tax payments of $1.2 million, a $0.8 million draw made against a cash collateralized letter of credit by Reliance Insurance Company (in Liquidation) (“Reliance”), $0.8 million on Unsecured Claims covered by the ACC settlement (discussed below) and $0.5 million to settle certain Unsecured Claims (Class 4 claims).

During the period January 1, 2005 through December 31, 2005, the Trust made approximately $64.8 million of distributions, which were comprised of the following: $27.8 million to certain pension funds and the PBGC pursuant to the Consolidation Stipulation (discussed in Note 2 “Significant Accounting Policies” above) ($22.8 million from proceeds on sale of Canadian assets and $5.0 million from sale of real estate); $20.9 million on allowed Unsecured Claims (Class 4 claims) to Trust Beneficial Interest holders; $14.6 million on allowed Administrative, Secured and Priority claims (Class 1 and 2 claims), including $10.2 million of priority tax payments, a $2.9 million draw made against a cash collateralized letter of credit by Reliance Insurance Company (in Liquidation) (“Reliance”), the holder of a Class 1 claim, administrative and reclamation payments of $1.0 million and priority wage payments of $0.5 million; and $1.5 million on Unsecured Claims covered by the ACC settlement (discussed below).

The $20.9 million distribution made to Trust Beneficial Interest holders in 2005 represented an approximate 5.2% distribution on allowed non-employee Class 4 claims of approximately $400 million. Further distributions on claims will be made once certain priority and unsecured issues related to employee claims, which represent a significant number of the unresolved claims, are resolved. A reserve of approximately 5.2% on disputed Class 4 claims is included in Cash Held in Reserve for Disputed Clams on the Statement of Net Assets in Liquidation. At the time the next interim distribution is made to holders of allowed Class 4 claims, a distribution of approximately 5.2% will be made to all holders of such allowed claims who did not receive the interim distribution in 2005.

American Casualty Company: In 2004, the Bankruptcy Court approved a settlement between certain of the Debtors and American Casualty Company of Reading, Pennsylvania (“ACC”) concerning certain pre-petition surety bonds issued by ACC on the Debtors' behalf. The bonds indemnify certain claimants, up to the dollar amounts in the bond (not to exceed $5,000), whose "non-contract" claim consists of, or includes, shortage and/or damage claims to the value of their lost, shorted, and/or damaged cargo as provided in the pricing and agreements from which the shipment was routed. Under the settlement, the Debtors received a payment of approximately $4.0 million from ACC which included reimbursement of non-contract claims totaling approximately $2.7 million with the remainder as reimbursement for the cost of administering the non-contract claims as well as the cost to the Trust of indemnifying ACC should an action on a non-contract claim be filed directly against ACC. During 2006 and 2005, the CFC Trust made payments to holders of allowed claims covered by the settlement of approximately $0.8 million and $1.5 million, respectively.

During the period December 13, 2004 (the Effective Date) through December 31, 2004, the CFC Trust made payments of approximately $35.0 million to approximately 18,100 holders of allowed priority wage claims (Class 2 claims). Additionally, the CFC Trust made payments of approximately $323,000 on approximately 4,700 Convenience Class Claims (Class 3 claims). Some of the holders of these priority wage claims may also hold pre-petition General Unsecured Claims under Class 4 and therefore may also be "Trust Beneficiaries." However, the payment on account of each Convenience Class Claim was in final satisfaction of any rights on the holder of that claim unless that holder has other allowed claims. The CFC Trust did not make any distributions to holders of Trust Beneficial Interests during the period December 13, 2004 through December 31, 2004. Also during the period from the Effective Date through December 31, 2004, the holder of a secured claim (Class 1 claim) made an approximately $1.0 million draw against a cash collateralized letter of credit.

4. Litigation

As of the Effective Date, the Debtors were pursuing collection claims and legal actions against approximately 100 parties. Such claims include both pre-petition and post-petition claims, collection agency claims filed in state courts, claims filed in the Bankruptcy Court, judgments, and some claims that had not yet been filed in any court (collectively, "Collection Actions"). The Trust has succeeded to the interests of the Debtors in the Collection Actions. Pursuant to the Collection Actions, the Trust was seeking to recover $0.6 million in the aggregate from the defendants/debtors During the years ended December 31, 2006, 2005 and 2004 approximately $22,000, $466,000 and $77,000 was recovered, respectively, on account of the Collection Actions. The Trust estimates that outstanding Collection Action receivables as of December 31, 2006 were approximately $55,000.

The Bankruptcy Code allows a trustee or debtor-in-possession to recover certain payments or transfers of property to unsecured creditors during the 90 days prior to commencement of the bankruptcy case ("Preferential Transfers") in order to redistribute such transfers more evenly among creditors. Creditors who are entitled to priority payment through bankruptcy, such as secured creditors and holders of priority claims, are protected from being subject to preference claims. The Bankruptcy Code also provides creditors with several potential defenses to preference claims.

As of January 1, 2005, there were approximately 200 lawsuits and judgments pending which were commenced by the Debtors prior to the Effective Date to recover preferential transfers (the "Preference Actions"). The Trust succeeded to the interests of the Debtors in the Preference Actions. Pursuant to the Preference Actions, the Trust was seeking to recover $2.5 million in the aggregate, net of recovery costs, from the defendants as of the Effective Date. During the period January 1, 2005 to December 31, 2005, more than 100 Preference Actions were settled or resolved, resulting in recoveries of approximately $0.4 million, which was received by the Trust in 2005. Also in 2005, the Trust decreased its estimated preference collections by approximately $1.8 million due to anticipated claim waivers and estimated lower cash collections. During 2006, the Trust recovered approximately $0.2 million from the Preference Actions. The Trust also decreased its estimated preference collections by $33,000 during 2006 due to lower estimated cash collections. The Trust estimates that outstanding Preference Action receivables as of December 31, 2006 were approximately $10,000.

On February 14, 2007, the CF Trustee commenced an adversary proceeding against Reliance in the Bankruptcy Court (the "Reliance Action"). The Reliance Action relates to insurance policies issued by Reliance which cover portions of claims against the Debtors based upon auto and general liability and workers compensation exposure arising from the Debtors pre-bankruptcy business. Over 630 Reliance related insurance claims in the approximate amount of $47.7 million have been filed for which Reliance might assert liability against the Debtors and therefore the Trust ("Deductible Claims"). The obligation of the Trust to pay or reimburse Reliance for Deductible Claims is supported by a letter of credit obtained by the Debtors in favor of Reliance in the original principal amount of $55 million (the "Reliance Letter of Credit") and by a surety bond issued by CNA Surety Corporation in the original amount of $45 million (the "Surety Bond"). The Trust's obligation to reimburse the bank which issued the Reliance Letter of Credit is secured by cash. In order to maintain the status quo pending resolution of the adversary proceeding, the Trust contemporaneously filed a motion seeking entry of a temporary restraining order and a preliminary injunction.

The Reliance Action concerns the efforts by the Trust to enforce the duty on the part of Reliance to make draws under the Surety Bond to reimburse Reliance for payments it makes with respect to Deductible Claims before Reliance makes draws under the Reliance Letter of Credit. On or about December 8, 2004, Reliance and CNA Surety entered into a letter agreement (the "Reliance Letter Agreement") under which Reliance and CNA Surety purportedly agreed that Reliance would draw down on the Surety Bond for 45% of its total claims and the Reliance Letter of Credit for the remaining 55% of its remaining claims. The Debtors and the Trust were not parties to the Reliance Letter Agreement. The Trust asserts that the Reliance Letter Agreement is unenforceable and seeks to avoid it, and to compel Reliance to draw all amounts available under the Surety Bond before Reliance makes any draws under the Reliance Letter of Credit. Also pursuant to the Reliance Action, the Trust seeks to adjudicate all Deductible Claims as general unsecured claims against the Trust, and to limit distributions on account of the Deductible Claims to the amounts due to holders of such claims based upon distributions to all similarly-situated general unsecured claims against the Trust.

On February 7, 2003, Norfolk Southern Railway Company ("Norfolk") filed a complaint against certain of the Debtors seeking an order from the Bankruptcy Court declaring and establishing a trust over approximately $2 million of payments made by transportation customers to the Debtors for transportation services provided by Norfolk. On May 22, 2003, the Bankruptcy Court granted the Debtors' motion to dismiss in part, without leave to amend. In July 2003, Norfolk appealed the order of the Bankruptcy Court to the District Court. In March 2004, the District Court affirmed the Court's Order dismissing the Norfolk complaint. Norfolk appealed the District Court's decision to the United States Court of Appeals for the Ninth Circuit (the "Ninth Circuit"). In December 2005 oral arguments on the appeal by Norfolk were heard by the Ninth Circuit. On April 10, 2006, the Ninth Circuit affirmed the holding of the District Court and issued an opinion rejecting Norfolk's attempt to create a federal common law rule imposing a constructive trust for the payment of interline balances.

Norfolk did not seek review of the Ninth Circuit decision by the United States Supreme Court by the deadline to seek such review. Therefore, the decision of the Ninth Circuit is final.

On February 26, 2003, Burlington Northern & Santa Fe Railway Company ("BNSF") filed a complaint against one of the Debtors and GE Capital Corporation ("GE Capital"), which provided pre-petition financing and Debtor-in-Possession financing, seeking an order from the Bankruptcy Court declaring and establishing a constructive trust over certain payments made by customers to the Debtors for transportation services provided by BNSF. On June 19, 2003, the Court granted the Debtors' motion to dismiss in part, without leave to amend. Thereafter, BNSF amended its complaint to allege the existence of a resulting trust under federal common law and Kansas State law. Following the filing of the amended complaint, the Debtors negotiated, and the Bankruptcy Court approved, a partial settlement of the action under which an escrow arrangement has been established, which permitted GE Capital to be dismissed from this action. Under the partial settlement, GE Capital deposited approximately $6.4 million of the Debtors' cash collateral into a segregated account, and the Debtors deposited an additional approximately $1.2 million into the segregated account. The parties settled this matter in 2005. BNSF was allowed an administrative expense claim in the amount of $425,000 and an unsecured claim in the amount of $5.5 million. In return, BNSF released any claims to the $7.6 million in the segregated account. BNSF was paid $425,000 on account of its administrative claim in October 2005.

Ms. Koscki ("Koscki") filed numerous claims against the Debtors based upon alleged federal civil rights violations, violations of the California Labor Code, hostile environment, and other theories, asserting a pre-petition claim in the amount of not less than $240 million (the "Koscki Claim"). Koscki also commenced an adversary proceeding relating to the foregoing in the Bankruptcy Court in or about July 2004 (the "Koscki Action"), seeking judgment in her favor on the Koscki Claim. On a motion by the Debtors, the Koscki Action was removed to the District Court. During February 2005, the District Court dismissed the Koscki Action with prejudice, except the right of Koscki to pursue any administrative proceedings before the National Labor Relations Board with respect to Koscki's charge of sexual discrimination. Koscki has appealed the dismissal to the Ninth Circuit and the Trust has filed a responsive brief. During July 2005, the Bankruptcy Court set a maximum value of $5.7 million on the Koscki claim for purposes of estimation. In December 2006, the Bankruptcy Court disallowed two additional claims filed by Koscki against the Debtors in 2006 and ordered Koscki not to file any additional claims against the Debtors or pleadings in the Bankruptcy Court, except to the extent necessary to assert any claims or causes of action upheld by the Ninth Circuit. In February 2007, the Ninth Circuit issued an order affirming the dismissal of the Koscki Action, without a hearing. Unless Koscki seeks Supreme Court review of the Ninth Circuit order on or before April 2007 and the Supreme Court grants such review, the Ninth Circuit order will become final. In that event, Koscki will not have any allowable claims against the Trust and the Koscki claim, which was estimated during July 2005, will be expunged.

INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Second Amended Disclosure Statement for Consolidated Plan of Liquidation under Chapter 11 of the United States Bankruptcy Code, dated July 1, 2004, including as its Exhibit A, the Consolidated Plan of Liquidation. (Filed as exhibit 2.1 to the Trust's Form 10-K for the period December 13, 2004 (the Effective Date) through December 31, 2004.
4.1	Liquidation Trust Agreement, dated as of December 8, 2004, by and among Consolidated Freightways Corporation of Delaware, et al, the Official Committee of Creditors Holding Unsecured Claims, the Oversight Committee, K. Morgan Enterprises, Inc., as the Liquidation Trustee, and Kerry K. Morgan. (Filed as exhibit 4.1 to the Trust's Form 10-K for the period December 13, 2004 (the Effective Date) through December 31, 2004.
4.2	First Amendment to Liquidation Trust Agreement dated November 1, 2005. (Filed as Exhibit 4.2 to the Trust's Form 10-K for the year ended December 31, 2005.)
4.3	Second Amendment to Liquidation Trust Agreement, dated as of October 1, 2006.
31.1	Certification of Liquidation Trustee
99.1	Order Confirming Consolidated Plan of Liquidation. (Filed as exhibit 99.1 to the Trust's Form 10-K for the period December 13, 2004 (the Effective Date) through December 31, 2004.

Exhibit 4.3

SECOND AMENDMENT TO LIQUIDATION TRUST AGREEMENT

This Second Amendment to Liquidation Trust Agreement and Term Sheet for Trustee Services (this "Second Amendment") is entered into as of October 1, 2006 by and between the Oversight Committee, as that term is defined in the Trust Agreement (defined below), K. Morgan Enterprises, Inc., in its capacity as trustee (the "Trustee") of the Trust for Certain Creditors of Consolidated Freightways Corporation and Certain Affiliates (the "CFC Trust") and Kerry K. Morgan ("Morgan").

1. Recitals

A. The CFC Trust was created pursuant to that certain Liquidation Trust Agreement, entered into as of December 8, 2004 (the "Trust Agreement"), by and among Consolidated Freightways Corporation of Delaware, Consolidated Freightways Corporation, Redwood Systems, Inc., Leland James Service Corporation, CF Airfreight Corporation and CF MovesU.Com Incorporated (collectively, the "Debtors"), the Official Committee of Creditors Holding Unsecured Claims, in its Capacity as Representative of the Holders of Allowed Class 4 Claims Against the Debtors, the Oversight Committee, the Trustee and Morgan. Creation of the CFC Trust was required under the Debtors' Consolidated Plan of Liquidation Dated July 1, 2004 (As Amended Through the Petition Date) (the "Plan") which was confirmed by the Bankruptcy Court (as defined in the Plan) on November 22, 2004.

B. The Trustee was appointed trustee for the CF Trust on the terms set forth in the Trust Agreement and the Term Sheet for Trustee Services (the "Term Sheet"), which was attached to Exhibit "A" to the Trust Agreement.

C. The Trustee, the CFC Trust and Morgan entered into a First Amendment to Liquidation Trust Agreement dated as of November 1, 2005 (the "First Amendment"). Pursuant to the First Amendment, the Trust Agreement and the Term Sheet were amended, among other things, to give the Oversight Committee the right to extend the Initial Term (as defined in the Term Sheet) into one or more Renewal Terms (as defined in the Term Sheet) on such terms and conditions as may be mutually agreed upon by the Trustee and the Oversight Committee prior to the expiration of the term of the Trustee's employment.

D. The parties hereto have engaged in negotiations concerning the extension of the Trustee's term of employment on behalf of the Trust and wish to modify the provisions of the Trust Agreement and the Term Sheet with respect thereto.

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The Term Sheet shall be amended to include the following in the definitions section:

"**Extended Term**": The period beginning upon the expiration of the First Renewal Term and continuing through and including September 30, 2007.

2. The Trustee's term of employment shall be extended in accordance with the Trust Agreement and the Term Sheet, as both have been amended by the First Amendment, through the Extended Term.

3. Section 2.1 of the Term Sheet shall be deleted in its entirety and replaced by the following:

2.1 General. Subject to the Retention Bonus provisions of Section 5, during the Extended Term, the Trustee shall be paid as trustee fees monthly installments in advance of $31,250.00. Such payments will be due within the first five days of each calendar month during the Extended Term.

4. Section 5.1(a) of the Term Sheet shall be deleted in its entirety and shall be replaced by the following:

5.1 Amount and Timing of Retention Bonuses. (a) In addition to the compensation described in Section 2.1, Trustee will be paid (i) a Retention Bonus in the amount of $50,000 at the end of the Initial Term provided Trustee has continued to serve as Trustee through the end of the Initial Term and (ii) a Retention Bonus in the amount of $50,000 at the end of the Extended Term provided Trustee has continued to serve as Trustee through the end of the Extended Term.

5. Except as expressly amended hereby, all remaining terms of the Trust Agreement, the Term Sheet and the First Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed as of the day and year first above written to evidence their consent and agreement with the terms and provisions of this Amendment.

K. Morgan Enterprises, Inc.
By: /s/ Kerry K. Morgan
Kerry K. Morgan
Its: President

Oversight Committee, on behalf of Trust for Certain Creditors of Consolidated Freightways Corporation and certain Affiliates, and as evidence of its consent to the terms hereof

By: /s/ Robert A. Coco
Robert A. Coco
Its: Chairman

Kerry K. Morgan

/s/ Kerry K. Morgan

Exhibit 31.1

Certification of Liquidation Trustee

I, Kerry K. Morgan, President of K. Morgan Enterprises, Inc., Trustee of the Liquidation Trust of Consolidated Freightways Corporation and its jointly-administered debtor affiliates (the "Liquidation Trust"), certify that:

1. I have reviewed this annual report on Form 10-K of the Liquidation Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, changes in financial condition and cash flows of the Liquidation Trust as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Liquidation Trust and have:

    Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Liquidation Trust, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

    Evaluated the effectiveness of the Liquidation Trust's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    Disclosed in this report any change in the Liquidation Trust's internal control over financial reporting that occurred during the Liquidation Trust's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Liquidation Trust's internal control over financial reporting; and

5. This report discloses, based on my most recent evaluation of internal control over financial reporting:

    All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Liquidation Trust's ability to record, process, summarize and report financial information; and

    Any fraud, whether or not material, that involves management or other employees who have a significant role in the Liquidation Trust's internal control over financial reporting.

6. I have indicated in this report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

March 23, 2007

/s/ Kerry K. Morgan

Kerry K. Morgan