

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Cellu Tissue-CityForest LLC		03/21/2007	LIMITED LIABILITY COMPANY: MINNESOTA
RECEIVING PARTY DATA			
Name:	JPMorgan Chase Bank, N.A., as US Administrative Agent		
Street Address:	P.O. Box 2558		
City:	Houston		
State/Country:	TEXAS		
Postal Code:	77252		
Entity Type:	National Banking Association:		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Registration Number:	2326010		
Registration Number:	2321203	CITYFOREST	
CORRESPONDENCE DATA			
Fax Number:	(212)455-2502		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	(212) 455-7609		
Email:	ksolomon@stblaw.com		
Correspondent Name:	Kirstie Howard, Esq.		
Address Line 1:	Simpson Thacher & Bartlett LLP		
Address Line 2:	425 Lexington Avenue		
Address Line 4:	New York, NEW YORK 10017		
ATTORNEY DOCKET NUMBER:	509265/1142		
NAME OF SUBMITTER:	Kirstie Howard		
Signature:	/kh/		

OP \$65.00 2326010

Date:

04/19/2007

Total Attachments: 7

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**GRANT OF
SECURITY INTEREST IN U.S. TRADEMARK RIGHTS**

THIS GRANT OF SECURITY INTEREST IN U.S. TRADEMARK RIGHTS ("Agreement"), dated as of March 21, 2007 is made by Cellu Tissue-CityForest LLC, a Minnesota limited liability company (the "Grantor"), in favor of JPMorgan Chase Bank, N.A., a national banking association, as US Administrative Agent (the "Agent") for the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Credit Agreement, dated as of June 12, 2006 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Cellu Paper Holdings, Inc., Cellu Tissue Holdings, Inc. (the "US Borrower"), Interlake Acquisition Corporation Limited (the "Canadian Borrower"); together with the US Borrower, the "Borrowers"), the Loan Guarantors party thereto, the Lenders party thereto, the Agent, and JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent.

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make Loans and other extensions of credit to the Borrowers, upon the terms and subject to the conditions set forth therein; and

WHEREAS, in connection with the Credit Agreement, an affiliated group of companies that includes the Borrowers executed and delivered a Pledge and Security Agreement, dated as of June 12, 2006, in favor of the Agent (together with all amendments and modifications, if any, from time to time thereafter made thereto, the "Pledge and Security Agreement");

WHEREAS, the US Borrower acquired the Grantor pursuant to the Merger Agreement, dated as of February 26, 2007 among the US Borrower, Cellu City Acquisition Corporation, Wayne Gullstad as the Shareholders' Representative and the Grantor;

WHEREAS, the Grantor became a party to the Pledge and Security Agreement upon the execution and delivery of the Assumption Agreement, dated as of March 21, 2007 (the "Assumption Agreement"), by the Grantor in favor of the Agent;

WHEREAS, pursuant to the Pledge and Security Agreement and the Assumption Agreement, the Grantor pledged and granted to the Agent for the benefit of the Agent and the Lenders a continuing third priority security interest in all Intellectual Property owned or thereafter acquired by itself or its subsidiaries; and

WHEREAS, Grantor has duly authorized the execution, delivery and performance of this Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and in order to induce the Lenders to make Loans and other financial

accommodations to the Borrowers pursuant to the Credit Agreement, Grantor agrees, for the benefit of the Agent and the Lenders, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided or provided by reference in the Credit Agreement and the Pledge and Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby pledges and grants a continuing third priority security interest in the Trademarks listed on Schedule A hereto, to the Agent for the benefit of the Agent and the Lenders to secure the prompt and complete payment and performance when due of the Grantor's Obligations.

SECTION 3. Purpose. This Agreement has been executed and delivered by the Grantor for the purpose of recording the grant of security interest herein with the United States Patent and Trademark Office. The security interest granted hereby has been granted to the Lenders in connection with the Pledge and Security Agreement and is expressly subject to the terms and conditions thereof. The Pledge and Security Agreement (and all rights and remedies of the Lenders hereunder) shall remain in full force and effect until expiration or termination thereof in accordance with its terms.

SECTION 4. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Lenders with respect to the security interest in the Trademarks granted hereby are more fully set forth in the Credit Agreement and the Pledge and Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein. In the event of any conflict or inconsistency between the terms and conditions of this Agreement and the terms and conditions of the Pledge and Security Agreement, the Pledge and Security Agreement shall prevail.

SECTION 5. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together constitute one and the same original.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized signatories as of the day and year first above written.

CELLU TISSUE-CITYFOREST LLC

By: Dianne M. Schen
Name: Dianne M. Schen
Title: Senior Vice President and
Chief Financial Officer

JPMORGAN CHASE BANK, N.A.
as Administrative Agent for the Lenders


By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized signatories as of the day and year first above written.

CELLU TISSUE-CITYFOREST LLC

By: _____
Name:
Title:

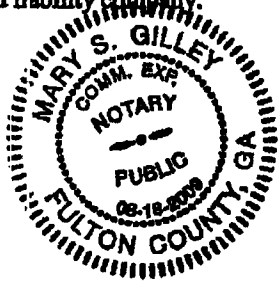
JPMORGAN CHASE BANK, N.A.
as Administrative Agent for the Lenders

By: 
Name: JOHN M. HARCEVI
Title: VICE PRESIDENT

[Signature Page to CityForest TM Security Agreement]

STATE OF Georgia)
COUNTY OF Fulton) ss

On the 20 day of March, 2007, before me personally came Dianne M. Scherr who is personally known to me to be the Senior VP and CFO of Cellu Tissue-CityForest LLC, a Minnesota limited liability company; who, being duly sworn, did depose and say that she/he is the Senior VP and CFO in such corporation, the corporation described in and which executed the foregoing instrument; that she/he executed and delivered said instrument pursuant to authority given by the board of directors of such limited liability company; and that she/he acknowledged said instrument to be the free act and deed of said limited liability company.



Mary S. Gilley
Notary Public

(PLACE STAMP AND SEAL ABOVE)

STATE OF New York)
COUNTY OF Monroe) ss

On the 20 day of March, 2007, before me personally came JOHN M. HARICZYI
who is personally known to me to be the VICE PRESIDENT of
JPMorgan Chase Bank, N.A., a national banking association; who, being duly sworn, did depose
and say that she/he is a VICE PRESIDENT in such association, the association described
in and which executed the foregoing instrument; that she/he executed and delivered said
instrument pursuant to authority given by the management entity of such association; and that
she/he acknowledged said instrument to be the free act and deed of said association.

Lizabeth D. Spalding
Notary Public

LIZABETH D. SPALDING
Notary Public, STATE OF NEW YORK
Qualified in Monroe County
Commission Expires January 20, 2010

(PLACE STAMP AND SEAL ABOVE)

SCHEDULE A

U.S. Trademark Registrations

DESIGN ONLY, Trademark Registration No. 2,326,010 registered March 7, 2000

"CITYFOREST", Trademark Registration No. 2,321,203 registered February 22, 2000

509265-1142-11121-NY01.2635917.3