IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 15
	)	
FRASER PAPERS INC., *et al.*,[1]	)	Case No. 09-12123(KJC)
	)	
Debtors in Foreign Proceedings.	)	Jointly Administered
	)	
	)	RE: D.I. 7

ORDER GRANTING RECOGNITION AND RELIEF IN AID OF FOREIGN MAIN PROCEEDING PURSUANT TO 11 U.S.C. §§ 1515, 1517 AND 1520

Upon the petitions filed under chapter 15 of title 11 of the United States Code (the "Bankruptcy Code") and the required documents thereto (the "Chapter 15 Petitions") by Fraser Papers Inc. ("Fraser") and its affiliated captioned debtors and participants (collectively, with Fraser, the "Debtors"); the *Declaration of J. Peter Gordon, Chief Executive Officer of Fraser Papers Inc., in Support of (I) Petitions for Recognition of Canadian Proceeding Under 11 U.S.C. § 1515; (II) Debtors' Motion for Order Directing Joint Administration of Chapter 15 Bankruptcy Cases Under Fed. R. Bankr. P. 1015(b); and (III) Debtors' Motion for (A) Entry Of An Order Granting Recognition And Relief In Aid Of Foreign Main Proceeding Pursuant To 11 U.S.C. §§ 1515, 1517 And 1520 And (B) Temporary Restraining Order and, After Notice and a Hearing, a Preliminary Injunction Granting Provisional Relief Under 11 U.S.C. § 1519(a)* (the "Gordon Declaration"); and the *Memorandum Of Points And Authorities In Support Of Debtors' Motion For (A) Entry Of An Order Granting Recognition And Relief In Aid Of Foreign Main Proceeding*

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[1] These jointly administered cases are those of the following debtors: Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited, and Fraser N.H. LLC.

Pursuant To 11 U.S.C. §§ 1515, 1517 And 1520 And (B) A Temporary Restraining Order And, After Notice And A Hearing, A Preliminary Injunction Granting Provisional Relief Under 11 U.S.C. § 1519(a) (the "Memorandum") related to a proceeding (the "Canadian Proceeding") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pending before the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"); and the Court having considered and reviewed the Chapter 15 Petitions, the Gordon Declaration and the Memorandum; and upon the record of the statements made by interested parties; and after due deliberation and sufficient cause appearing therefor, the Court finds and concludes as follows:

a) This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334;

b) This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P);

c) Venue is proper in this District pursuant to 28 U.S.C. § 1410;

d) Fraser is duly appointed to act as the foreign representative (the "Foreign Representative") of the Debtors within the meaning of sections 101(24) and 1517(a)(2) of the Bankruptcy Code;

e) These chapter 15 cases were properly commenced in compliance with and pursuant to sections 1504 and 1515 of the Bankruptcy Code;

f) The Chapter 15 Petitions satisfy the requirements of section 1515 of the Bankruptcy Code;

g) The Canadian Proceeding is a foreign proceeding within the meaning of section 101(23) of the Bankruptcy Code and is entitled to recognition as a foreign proceeding by this Court pursuant to sections 1515 and 1517(a) of the Bankruptcy Code;

h) The Canadian Proceeding is entitled to recognition as a foreign main proceeding pursuant to sections 1502(4) and 1517(b)(1) of the Bankruptcy Code because the Debtors have their center of main interests in Canada; and

i) Recognition of the Canadian Proceeding as a foreign main proceeding is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, warranted pursuant to sections 1520 and 1521 of the Bankruptcy Code, and will not cause hardship to plaintiffs in litigation against the Debtors, if any, or any other parties-in-interest, that is not outweighed by the benefits of granting the relief set forth herein.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Canadian Proceeding is granted recognition pursuant to section 1517(a) of the Bankruptcy Code.

2. The Canadian Proceeding is recognized as a foreign main proceeding pursuant to section 1517(b)(1) of the Bankruptcy Code.

3. The order entered in the Canadian Proceeding by the Canadian Court on June 18, 2009 (as may be amended from time to time) (the "CCAA Order") is hereby enforced on a final basis and shall be given full force and effect in the United States.

4. All relief afforded a foreign main proceeding pursuant to section 1520 of the Bankruptcy Code is granted without limitation. Specifically, to the extent not inconsistent with the CCAA Order, the automatic stay of section 362 of the Bankruptcy Code applies with respect to the Debtors, any property of the Debtors that is within the territorial jurisdiction of the United States, and the Debtors' former, current, and future directors and officers; however, to the extent that any party in interest challenges the continuation of the automatic stay with respect to

the former, current, and future officers and directors of the Debtors, then, after notice and at any hearing thereupon, the burden of proof regarding continuing the automatic stay shall rest with the Debtors and/or those parties-in-interest advocating the continued effect of the automatic stay with respect to the former, current, and future directors and officers.

5. Additional relief pursuant to sections 1521(a)(5) and 1521(b) of the Bankruptcy Code, including, but not limited to, entrusting the administration, realization and distribution of the Debtors' assets located within the territorial jurisdiction of the United States to the Foreign Representative, is granted.

6. The Debtors are hereby authorized to enter into an amendment to the CIT Credit Agreement substantially on the terms of the CIT Term Sheet, both as defined in the CCAA Order.

7. The Debtors are hereby authorized to borrow, repay and reborrow up to twenty-two million dollars ($22,000,000) under and in accordance with the terms of the DIP Term Sheet and the DIP Facility, and to borrow, repay and reborrow under and in accordance with the terms of the CIT Term Sheet and the CIT Credit Agreement, each as defined in the CCAA Order.

8. CIT is hereby granted the CIT DIP Charge, as defined in the CCAA Order, on all of the Debtors' United States assets in the amount of $20,000,000 minus the amount outstanding from time to time under the DIP Facility, subject to the priorities, terms and conditions of the CCAA Order, to secure current and future amounts outstanding under the CIT Term Sheet and the CIT Credit Agreement, both as defined in the CCAA Order.

9. The DIP Lender, as defined in the CCAA Order, is hereby granted the DIP Lender's Charge, as defined in the CCAA Order, on all of the Debtors' United States assets,

subject to the priorities, terms and conditions set forth in the CCAA Order, to secure current and future amounts outstanding under the DIP Facility.

10. Pursuant to sections 105(a), 364(e), 1519(a)(3), and 1521(a)(7) of the Bankruptcy Code, the validity of the indebtedness and the priority of the liens authorized by the CCAA Order and made enforceable in the United States by this Order shall not be affected by any reversal or modification of this Order on appeal or the entry of an order modifying or terminating recognition of the Canadian Proceeding pursuant to section 1517 of the Bankruptcy Code.

11. No action taken by the Foreign Representative, the Debtors or each of their successors, agents, representatives, advisors or counsel, in preparing, disseminating, applying for, implementing or otherwise acting in furtherance of or in connection with the Canadian Proceeding, this Order or these chapter 15 cases or any adversary proceeding herein, or any further proceeding commenced hereunder, shall be deemed to constitute a waiver of the immunity afforded such person under sections 306 and 1510 of the Bankruptcy Code.

12. This Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order, any requests for additional relief or any adversary proceeding brought in and through these chapter 15 cases, and any request by an entity for relief from the provisions of this Order, for cause shown, that is properly commenced and within the jurisdiction of this Court.

Dated: July 13, 2009
Wilmington, Delaware

THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE