

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 15
)	
FRASER PAPERS INC., <u>et al.</u> , ¹)	Case No. 09-12123(KJC)
)	
Debtors in Foreign Proceedings.)	Jointly Administered
)	
)	RE: D.I. <u>71</u>
)	

**ORDER PURSUANT TO §§ 105(a), 1520, 1521 AND 1525, RECOGNIZING INITIAL
ORDER AMENDED AND RESTATED AS OF JULY 15, 2009 IN THE UNITED STATES**

Upon the motion (the "Motion") of Fraser Papers Inc. ("Fraser") as foreign representative of Fraser and its affiliated captioned debtors and participants (collectively, with Fraser, the "Debtors") in 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"), pursuant to sections 105(a), 1520, 1521 and 1525 of title 11 of the United States Code (the "Bankruptcy Code"), for the entry of an order recognizing the Amended and Restated CCAA Order² in the United States; and all interested parties having due and proper notice of the Motion; and the Court having considered and reviewed the Motion; and based on the foregoing, the Court finds and concludes as follows:

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.

² All terms not defined herein shall have the meanings ascribed to them in the Motion or in the Amended and Restated CCAA Order.

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

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is granted and, pursuant to sections 105(a), 1521 and 1525 of the Bankruptcy Code, the Order and the Amended and Restated CCAA Order attached hereto as Exhibit A are each hereby recognized and given full force and effect in the United States and are each enforceable in accordance with their respective terms.

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

3. The Debtors are hereby authorized: (1) to borrow, repay and reborrow up to twenty million dollars (\$20,000,000) under and in accordance with the terms of the Amended DIP Term Sheet, the Definitive Documents, and the Amended DIP Facility; (2) to borrow, repay and reborrow under and in accordance with the terms of the Amended CIT Term Sheet and the CIT Credit Agreement, each in clauses (1) and (2) as defined in the Amended and Restated CCAA Order; and (3) to obtain and borrow up to nine million Canadian dollars (\$9,000,000) under and in accordance with the terms of the GNB Amending Agreement, as defined in the Amended and Restated CCAA Order.

4. CIT is hereby granted the CIT DIP Charge, as defined in the Amended and Restated CCAA Order, on all of the Debtors' United States assets in the amount of \$24,000,000, subject to the priorities, terms and conditions of the Amended and Restated CCAA Order, to

secure current and future amounts outstanding under the Amended CIT Term Sheet and the CIT Credit Agreement, both as defined in the Amended and Restated CCAA Order.

5. The DIP Lender, as defined in the Amended and Restated CCAA Order, is hereby granted the DIP Lender's Charge, as defined in the Amended and Restated CCAA Order, on all of the Debtors' United States assets, subject to the priorities, terms and conditions set forth in the Amended and Restated CCAA Order, to secure current and future amounts outstanding under the Amended DIP Term Sheet, the Definitive Documents, and the Amended DIP Facility, each as defined in the Amended and Restated CCAA Order.

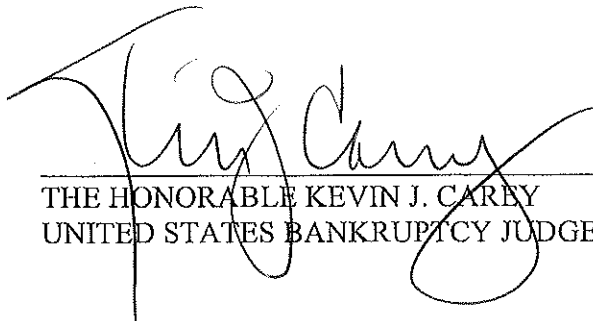
6. The Court recognizes that GNB, as defined in the Amended and Restated CCAA Order, has been granted the GNB's DIP Charge on the Plaster Rock fixed assets, each as defined in the Amended and Restated CCAA Order, subject to the priorities, terms and conditions set forth in the Amended and Restated CCAA Order, to secure current and future amounts outstanding under the GNB Amending Agreement, as defined in the Amended and Restated CCAA Order.

7. Pursuant to sections 105(a), 364(e), and 1521(a)(7) of the Bankruptcy Code, the validity of the indebtedness and the priority of the liens authorized by the Amended and Restated 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.

8. The Monitor and the Debtors are authorized and empowered to take such steps and perform such actions as may be necessary to implement and effectuate the terms of this Order.

9. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

Dated: Aug 3, 2009
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

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