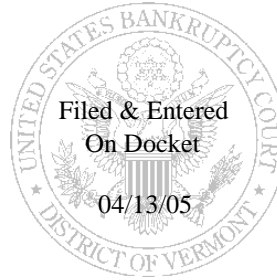


**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**

In re:

**FiberMark, Inc.,
FiberMark North America, Inc., and
FiberMark International Holdings, LLC,
Debtors.**



**Chapter 11 Cases
Jointly Administered
04-10463**

CASE MANAGEMENT ORDER

Until very recently, these jointly administered chapter 11 cases had been moving toward a rapid, consensual and successful reorganization. The cases now appear to be trapped in a quagmire of allegations, in-fighting among creditors and irreconcilable differences over the terms of reorganization. The Debtor, the Official Committee of Unsecured Creditors (the "Committee"), the Office of the United States Trustee (the "UST"), the four members of the Committee, and Alex Kwader, as the CEO of the Debtors, ("Kwader") (all of whom, together, are referred to herein as the "Parties") have each filed motions and/or responses to motions which seek to resolve various allegations of misconduct and address the rift that has arisen because of a dispute among members of the Committee over post-confirmation governance of the Debtors. There is a hearing set for April 19, 2005 at which the Court is scheduled to address the following:

1. the Debtors' Motion for an Order Establishing Expedited Procedures for, and Safeguarding Estate Resources Sought to be Used in Connection with, Resolving Claims Trading Issues that have Aggravated Intercreditor Dispute and Halted Plan Confirmation Process (doc. # 1333);
2. the Debtors' Motion for an Order Under 11 U.S.C. § 105 Reinstating Exclusive Periods with Respect to Chapter 11 Plans, or Alternatively, Establishing Procedures for the Filing and Prosecution of Plans of Reorganization by Non-Debtors (doc. # 1334);
3. Application of the Official Committee of Unsecured Creditors for an Order Authorizing and Approving the Retention *Nunc Pro Tunc* of Klee, Tuchin, Bogdanoff & Stern, LLP, as Special Counsel to the Committee (doc. # 1352);
4. the Court's *Sua Sponte* Order to Show Cause Why an Examiner Should Not Be Appointed (doc. # 1354); and
5. Various requests for alternate relief contained in the responses filed, including *inter alia*, a request that the Court mediate the dispute among the members of the Committee (doc. # 1375 at page 15).

Since all of the Parties have filed responses to these motions and prayers for relief, the Court finds it has sufficient information and input from the Parties to rule on several of these matters prior to the April 19th hearing. Therefore, pursuant to 11 U.S.C. § 105(b) and in the interest of expeditious and cost-effective administration of these bankruptcy cases, the Court enters today orders addressing several of the issues raised in the pending motions along with this Order setting forth the scope of the issues that remain to be addressed at the April 19th hearing.

Issues Addressed by Separate Orders Today

By separate orders issued today, the Court disposes of the following motions and hereby terminates the April 19th hearings as to these matters:

1. the Debtors' Motion for an Order Establishing Expedited Procedures for, and Safeguarding Estate Resources Sought to be Used in Connection with, Resolving Claims Trading Issues that have Aggravated Intercreditor Dispute and Halted Plan Confirmation Process (doc. # 1333);
2. Application of the Official Committee of Unsecured Creditors for an Order Authorizing and Approving the Retention *Nunc Pro Tunc* of Klee, Tuchin, Bogdanoff & Stern, LLP, as Special Counsel to the Committee (doc. # 1352); and
3. the request by AIG and Post that the Court mediate or order mediation of the dispute that has arisen among the members of the Committee (see doc. # 1375 at page 15).

**Direction that the UST Prepare, Circulate and File
a Statement Naming Person(s) Qualified to Serve as Examiner**

Since the Debtor, the UST, the Committee, Wilmington Trust, Silver Point, AIG and Post, and Kwader have all filed papers supporting (to varying extents) the appointment of an examiner (see docs # 1393, 1392, 1396, 1342 [fn 3], 1377, 1395, and 1399, respectively), it appears quite unlikely that any argument will be made at the hearing on the Order to Show Cause that will dissuade the Court from appointing an examiner. Although the Court will not rule on that until April 19th, in the interest of time and the expedient removal of the obstacles impeding confirmation herein, the Court directs the UST:

- (i) to inquire, on a preliminary basis only, as to the availability of any neutral and disinterested person who has the requisite expertise to investigate the issues that have been raised herein, and is available immediately to perform forthwith the duties of an examiner

under 11 U.S.C. § 1104(c)(1), and report his or her findings to the Court in an expeditious and cost-effective manner;¹

- (ii) to confer with the above-referenced Parties, GECC, and any other parties in interest it deems appropriate to consult, to ascertain and investigate any potential objections to the person(s) the UST has identified as a potential examiner in these cases; and
- (iii) to file a statement with the Court, by noon on April 18, 2005, setting forth the names of the disinterested person(s) it has identified as competent, qualified and available to serve as an examiner in this case and the steps the UST has taken pursuant to FED. R. BANKR. P. 2007.1 to verify the disinterestedness of such person(s).²


Matters to be Addressed at April 19th Hearing

At the April 19th hearing, the Court will address the following issues and motions:

1. the Debtors' Motion for Order under 11 U.S.C. § 105 Reinstating Exclusive Periods with Respect to Chapter 11 Plans, or Alternatively, Establishing Procedures for the Filing and Prosecution of Plans of Reorganization by Non-Debtors (doc. # 1334);
2. the Court's *Sua Sponte* Order To Show Cause Why an Examiner Should Not Be Appointed (doc. # 1354);
3. the UST's statement setting forth the names of the disinterested person(s) it has identified as competent, qualified and available to serve in the role of examiner in these cases; and
4. if the Court deems it appropriate to appoint an examiner, and approves a person identified in the UST's statement, then the Court will name the examiner, articulate the terms and scope of the examiner's appointment, and set forth the parameters it will consider in allocating the cost of the examiner.

SO ORDERED.

April 13, 2005
Rutland, Vermont



Colleen A. Brown
United States Bankruptcy Judge

¹ This approach was used in the Public Service Company of New Hampshire case, and seems equally appropriate and useful in the instant case. See 99 B.R. 177, 178-79 (Bankr. N.H. 1989).

² Given that time is of the essence, and short, and the fact that the UST statement shall be part of the record in this case upon filing (and thus immediately available electronically for viewing, downloading or printing), the UST shall have no obligation to serve its statement on any party.