

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re,
AMERICAN TISSUE, INC., et al.¹
Debtor,

Case No. 01-10370 (JWV)

(Jointly Administered)

Chapter 11

**ORDER APPROVING FIRST AND
FINAL APPLICATION FOR
COMPENSATION AND
REIMBURSEMENT OF EXPENSES AS
SPECIAL COUNSEL FOR
MARKWOOD, LLC FOR THE PERIOD
FROM SEPTEMBER 18, 2002
THROUGH DECEMBER 31, 2002**

The First and Final Application For Compensation And Reimbursement of Expenses As Special Counsel For Markwood, LLC (the "Debtor" or "Markwood") For The Period From September 18, 2002 Through December 31, 2002 came on for hearing on July 22, 2003 at 11:00 a.m. before the Honorable Jerry W. Venters. Ali M.M. Mojdehi and Jose M. Larroque appeared telephonically on behalf of Baker & McKenzie ("B&M"), Arthur J. Spector and Brian G. Rich appeared on behalf of the Debtor, Laurie Selber Silverstein and Ira R. Abel appeared on behalf of American Paper Corporation, and Teresa K. D. Currier appeared on behalf of Nourollah Elghanayan.

The Court, having considered the Application, the Supplemental Affidavit of Jose M. Larroque, the Response of American Paper Corporation to Compensation and Reimbursement of Expenses Sought by B&M filed June 16, 2003, the Reply of B&M to Response of American Paper Corporation to Compensation and Reimbursement of Expenses Sought by B&M, and the

¹ The following entities are Debtors: American Tissue, Inc., 100 Realty Management LLC, American Cellulose Mill Corp., Tissue Corporation, American Tissue Mills of Greenwich LLC, American Tissue Mills of Neenah, LLC, American Tissue Mills of New Hampshire, Inc., American Tissue Mills of New York, Inc., American Tissue Mills of Oregon, Inc., American Tissue Mills of Tennessee LLC, American Tissue Mills of Wisconsin, Inc., American Tissue-New Hampshire Electric, Inc., Berlin Mills Railway, Inc., Callexico Tissue Company LLC, Comm Realty LLC, Engineers Road, LLC, Gilpin Realty Corp., Grand LLC, Hydro of America LLC, Landfill of America LLC, Markwood LLC, Paper of America LLC, Pulp & Paper of America LLC, Railway of America LLC, Saratoga Realty LLC, Tagsons Papers. Inc., Unique Financing LLC.

1 Withdrawal of Response of American Paper Corporation to Compensation and Reimbursement of
2 Expenses Sought by B&M, having taken evidence and having heard the representations of counsel,
3 and after finding that:

4 1. Over six years ago B&M was contacted by the law firm of Mandel and Resnik P.C.
5 ("M&R") to assist in connection with a transaction involving the purchase of outstanding shares of a
6 Mexican company, Fabricaciones Metalicas Mexicanas, S.A. ("FMM"). The work undertaken by
7 B&M was on behalf of Markwood, and not the former principals of the Debtor.

8 2. In approximately November, 1997, M&R again contacted B&M to secure an
9 enforcement opinion with respect to a loan made by LaSalle National Bank to American Tissue
10 Corporation ("ATC"). The financing was to be secured by ATC's assets, part of which were being
11 held by American Tissue de Mexico, S.A. de C.V. ("ATM").

12 3. In approximately November, 1997, M&R again contacted B&M to provide advice
13 about the possible tax ramifications of ATC entering into a financing agreement with GE Capital
14 under which ATM would act as guarantor.

15 4. B&M's invoices were issued to M&R in connection with the Markwood transactions
16 and ATC in connection with the financing transitions. B&M's client was solely Markwood in
17 connection with the purchase of FMM shares and solely ATC in connection with the financing
18 transactions. B&M did not represent ATM.

19 5. The Bankruptcy Court has vested control of ATC and Markwood in new management
20 which is the holder of the attorney-client privilege.

21 6. Some of the time itemized in B&M's fee application was excessive for the services
22 performed; some was for nonreimbursable travel; and some provided benefit to parties other than the
23 estate. The totality of such billed services comes to \$4,358.00.

24 Based on the foregoing,

25 IT IS HEREBY ORDERED AND ADJUDGED that:

26 1. B&M does not have any conflict of interest with respect to its representation of
27 Markwood and FMM, as was suggested by American Paper Corporation;

28 2. The Application is approved, as modified by this Order;

1 3. Baker & McKenzie's fees in the reduced amount of \$56,125.00 and costs in the
2 amount of \$2,993.27 are approved; and

3 4. Debtor is authorized and directed to pay Baker & McKenzie an aggregate sum of
4 \$59,118.27.

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7 Dated: _____, 2003

8 Jerry W. Venters
9 United States Bankruptcy Judge
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