

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

In re:)	
	)	Chapter 11
SP NEWSPRINT HOLDINGS LLC, <u>et al.</u> , ¹	)	Case No. 11-13649 (CSS)
Debtors.	)	Jointly Administered
	)	Hearing Date: June 4, 2012 at 10:00 a.m. (EDT)
	)	Objection Deadline: May 29, 2012 at 4:00 p.m. (EDT)

**DEBTORS' MOTION FOR ORDER AUTHORIZING
AMENDMENT TO DIP LOAN AGREEMENT**

The above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), by and through their undersigned attorneys, hereby file this motion (the “Motion”) for entry of an order, pursuant to Bankruptcy Code §§ 105, 363, and 364 and in accordance with the Final DIP Order (as defined below), authorizing them to enter into an amendment (the “DIP Loan Agreement Amendment”) to the DIP Loan Agreement (as defined below), substantially in the form attached hereto as Exhibit A.² In support of the relief requested in this Motion, the Debtors respectfully represent as follows:

JURISDICTION

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue of these cases and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief requested herein are Bankruptcy Code §§ 105(a), 363(b), and 364.

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each of the Debtors’ tax identification numbers, are: SP Newsprint Holdings, LLC (6180); SP Newsprint Co. LLC (7779); SP Recycling Corporation (2936); and SEP Technologies, L.L.C. (2955).

² Prior to any hearing to consider this Motion, the Debtors may file a modified version of the DIP Loan Agreement Amendment, with the prior consent of the DIP Agent and the DIP Lenders, which could include, among other things, an increase in availability under the DIP Facility, and the Debtors would seek the approval of such modified version.

INTRODUCTION³

2. On November 15, 2011 (the “Petition Date”), the Debtors filed with this Court separate, voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On November 17, 2011, this Court entered an order [ECF No. 57] directing the joint administration of these Chapter 11 cases.

3. The Debtors continue to manage their properties and operate their business as debtors-in-possession pursuant to Bankruptcy Code §§ 1107 and 1108. No trustee or examiner has been appointed in these cases.

4. On November 29, 2011 the United States Trustee appointed an official committee of unsecured creditors (the “Committee”) for these cases.

5. SP Newsprint Co., LLC, is one of the largest producers of newsprint in North America, operating two newsprint mills located in Dublin, Georgia, and Newberg, Oregon. SP Recycling Corporation was established in 1980 as a means for the Debtors to secure a ready supply of recycled fiber, a key raw material for newsprint, and currently has 23 recycling centers in nine states.

6. Like other companies in the newsprint and paper-related industries, a variety of external factors have led to a decline in the Debtors’ revenue over the last several years, while at the same time the cost of necessary raw materials has increased. In response, the Debtors undertook cost-cutting and other measures, but nonetheless, they fell out of compliance with certain covenants under their pre-petition credit agreement and have otherwise been in default thereunder since June 2011.

³ More information about the Debtors and these Chapter 11 cases can be found by visiting www.gcginc.com/cases/snp.

7. The Debtors are currently conducting a going-concern sale process in an attempt to maximize enterprise value for the benefit of their creditors and other parties-in-interest.

FACTUAL BACKGROUND

8. On December 15, 2011, the Debtors filed the *Motion for Entry of Interim and Final Orders (I) Authorizing Debtors (A) to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105,341,362,364, and 507; and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; (II) Granting Liens and Super-Priority Claims; (III) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 363, and 364; and (IV) Scheduling Final Hearing Pursuant to Bankruptcy Rule 4001* (the “DIP Motion”) [ECF No. 197], seeking, among other things, authority to enter into the DIP Credit Agreement. On December 16, 2012, this Court approved the DIP Motion on an interim basis, authorizing the Debtors’ to incur immediately up to \$12 million in post-petition financing, and scheduled a hearing to consider final approval.

9. On December 22, 2011, in accordance with the Interim DIP Order, the Debtors closed on the *Senior Secured Priming and Superpriority Debtor-in-Possession Credit Agreement* (the “DIP Credit Agreement”) and filed with this Court the *Notice of Filing of Executed Senior Secured Priming and Super-Priority Debtor-in-Possession Credit Agreement* [ECF No. 232], attaching the execution version of the DIP Credit Agreement.

10. On January 25, 2012, this Court entered the *Final Order (I) Authorizing Debtors (A) To Obtain Post-Petition Secured Financing and (B) To Utilize Cash Collateral; (II) Granting Liens and Super-Priority Claims; and (III) Granting Adequate Protection to Pre-Petition Secured Parties* (the “Final DIP Order”)⁴ [ECF No. 388] approving the DIP Motion on a final

⁴ Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Final DIP Order.

basis and authorizing the Debtors to incur up to (a) \$20 million in post-petition financing, with the ability to increase such amount to \$25 million, without the need for further Court approval, plus (b) other additional amounts necessary to cover interest on pre-petition loans and certain lender professional fees. The current amount outstanding under the DIP Facility, including approximately \$8 million related to such interest on pre-petition loans, is approximately \$33 million.

11. The DIP Facility is scheduled to expire on June 19, 2012. The DIP Loan Agreement Amendment would extend the Scheduled Termination Date by 90 days until September 17, 2012.

RELIEF REQUESTED

12. Paragraph 21(i) of the Final DIP Order requires Court approval of any change to the Scheduled Termination Date, and thus, the Debtors hereby seek approval of, and authority to enter into, the DIP Loan Agreement Amendment and an extension of the Scheduled Termination Date for 90 days.

BASIS FOR RELIEF REQUESTED

13. Bankruptcy Code § 363(b)(1) provides, in pertinent part, that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” Although the Bankruptcy Code does not specify a standard for determining when it is appropriate for a court to authorize out-of-the-ordinary-course transactions, courts have required that such transactions be based upon the sound business judgment of the debtor. *See, e.g., In re Martin*, 91 F.3d 389, 394-395 (3d Cir. 1996); *In re Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 143, 145-47 (3d Cir. 1986) (adopting the “articulated business justification” test set forth in *In re Lionel Corp.*, 722 F.2d 1063, 1070-71

(2d Cir. 1983)); In re Fed. Mogul Global, Inc., 293 B.R. 124, 126 (D. Del. 2003); In re Del. & Hudson Ry. Co., 124 B.R. 169, 178 (D. Del. 1991); In re Allegheny Int'l, Inc., 117 B.R. 171, 176 (W.D. Pa. 1990); see also In re Montgomery Ward Holding Corp., 242 B.R. 147, 153 (D. Del. 1999); In re Delaware & Hudson Ry. Co., 124 B.R. 169, 175-76 (D. Del. 1991) (concluding that the Third Circuit adopted a “sound business purpose” test in Abbotts Dairies).

14. To determine whether the business judgment test is met under Bankruptcy Code § 363, the court “is required to examine whether a reasonable business person would make a similar decision under similar circumstances.” In re Exide Techs., Inc., 340 B.R. 222, 239 (Bankr. D. Del. 2006). Once a debtor articulates a valid business justification, it is presumed that “in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company.” In re Integrated Res., Inc., 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)).

15. The business judgment rule shields a debtor’s management from judicial second-guessing, and mandates that a court approve a debtor’s business decision unless that decision is a product of bad faith or gross abuse of discretion. See Lubrizol Enters., Inc. v. Richmond Metal Finishers, Inc., 756 F.2d 1043, 1047 (4th Cir. 1985), cert. denied, 475 U.S. 1057 (1986); see also In re Bridgeport Holdings, Inc., 388 B.R. 548, 567 (Bankr. D. Del. 2008).

16. Moreover, Bankruptcy Code § 364 authorizes a debtor to incur post-petition debt, and the bases for the Debtors’ entering into the DIP Financing was detailed in the DIP Motion.

17. Finally, Bankruptcy Code § 105(a), which empowers a court to issue “any order, process, or judgment that is necessary or appropriate to carry out the provisions of” the

Bankruptcy Code, is further justification the relief requested herein. The purpose of Section 105(a) is to ensure a bankruptcy court's power to take whatever action "is appropriate or necessary in aid of the exercise of [its] jurisdiction." 2 Collier on Bankruptcy, ¶ 105.01 (16th rev. ed. 2012); see also In re Joint E. & S. Dist. Asbestos Litig., 129 B.R. 710, 843 (S.D.N.Y. 1991).

18. The Debtors believe that the facts and circumstances of these cases justify their entry into the DIP Loan Agreement Amendment as a sound and prudent exercise of their business judgment. The primary need (which at the same time serves as justification) for the proposed amendment to the DIP Loan Agreement is that the Debtors' sales process has taken longer than expected, and without the DIP Loan Agreement Amendment, the Debtors could soon be in default under the DIP Loan Agreement.

19. As such, authorizing entry into and approving the DIP Loan Agreement Amendment would not prejudice or harm, in any way, other parties-in-interest, which would likely benefit from the continuation of the Debtors' Chapter 11 cases. Indeed, the reasons set forth in the DIP Motion supporting entry into the DIP Financing also justify the extension of the term of the DIP Loan Agreement provided for by the DIP Loan Agreement Amendment.

20. Accordingly, for the reasons set forth above, the Debtors submit that the relief requested herein is in their best interests and the best interests of their estates and creditors and, therefore, should be granted.

NOTICE

21. Notice of this Motion has been given via e-mail, overnight delivery, facsimile, and/or hand delivery, as appropriate, to the United States Trustee, counsel to the Committee, counsel to the agent for the Debtors' lenders, and any parties that have requested

service of notice in these cases pursuant to Bankruptcy Rule 2002. The Debtors submit that no other or further notice need be given in light of the circumstances of these cases and the nature of the relief requested herein.

NO PREVIOUS APPLICATION

22. No previous request for the relief sought herein has been made to this or to any other Court.

[remainder of page intentionally left blank]

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter an order, substantially in the form attached hereto as Exhibit B, granting the relief requested herein and such other and further relief as is just and proper under the circumstances.

Dated: May 18, 2012
Wilmington, Delaware

Respectfully submitted,

/s/ Lee E. Kaufman

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Lee E. Kaufman (No. 4877)
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Debtors-in-Possession*

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

In re:	)	) Chapter 11
)	
SP NEWSPRINT HOLDINGS LLC, <u>et al.</u> , ¹	)	) Case No. 11-13649 (CSS)
)	
Debtors.	)	) Jointly Administered
)	
	)	) Hearing Date: June 4, 2012 at 10:00 a.m. (EDT)
	)	) Objection Deadline: May 29, 2012 at 4:00 p.m. (EDT)

NOTICE OF MOTION AND HEARING

PLEASE TAKE NOTICE that, on May 18, 2012, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) filed the **Debtors’ Motion for Order Authorizing Amendment to DIP Loan Agreement** (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

PLEASE TAKE FURTHER NOTICE that any objections to the Motion must be filed in writing with the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801, and served upon and received by the undersigned counsel for the Debtors prior to **May 29, 2012 at 4:00 p.m. (EDT)**.

PLEASE TAKE FURTHER NOTICE that if any objections to the Motion are received, the Motion and such objections shall be considered at a hearing before The Honorable Christopher S. Sontchi at the Bankruptcy Court, 824 N. Market Street, 5th Floor, Courtroom 6, Wilmington, Delaware 19801, on **June 4, 2012 at 10:00 a.m. (EDT)**.

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each of the Debtors’ tax identification numbers, are: SP Newsprint Holdings, LLC (6180); SP Newsprint Co. LLC (7779); SP Recycling Corporation (2936); and SEP Technologies, L.L.C. (2955).

PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: May 18, 2012
Wilmington, Delaware

/s/ Lee E. Kaufman
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*Attorneys for the Debtors and
Debtors-in-Possession*

EXHIBIT A

DIP Loan Agreement Amendment

**FOURTH AMENDMENT
TO SENIOR SECURED PRIMING AND SUPERPRIORITY DEBTOR-IN-POSSESSION
CREDIT AGREEMENT**

THIS FOURTH AMENDMENT TO SENIOR SECURED PRIMING AND SUPERPRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT (this “Amendment”) is dated as of May [●], 2012 and is entered into by and among SP NEWSPRINT CO., LLC, a Georgia limited liability company and a Debtor and Debtor-In-Possession under the Bankruptcy Code (the “Borrower”), SP NEWSPRINT HOLDINGS LLC, a Delaware limited liability company and a Debtor and Debtor-In-Possession under the Bankruptcy Code (“Holdings”), SP RECYCLING CORPORATION, a Georgia corporation and a Debtor and Debtor-In-Possession under the Bankruptcy Code, SEP TECHNOLOGIES, L.L.C., a Georgia limited liability company and a Debtor and Debtor-In-Possession under the Bankruptcy Code and the Lenders party hereto and, for purposes of Section IV hereof, the Guarantors listed on the signature pages hereto, and is made with reference to that certain Senior Secured Priming and Superpriority Debtor-In-Possession Credit Agreement dated as of December 22, 2011 (as amended through the date hereof, the “Credit Agreement”) by and among the Borrower, Holdings, the subsidiaries of the Borrower named therein, the Lenders and the Administrative Agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement after giving effect to this Amendment.

RECITALS

WHEREAS, the Loan Parties have requested that the Lenders agree to amend certain provisions of the Credit Agreement as provided for herein; and

WHEREAS, subject to the terms and conditions set forth herein, the Lenders are willing to agree to such amendment relating to the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION I. AMENDMENTS TO CREDIT AGREEMENT

1.1 Amendments to Section 1: Definitions.

Section 1.1 of the Credit Agreement is hereby amended by adding the following definitions in proper alphabetical sequence:

“**Fourth Amendment**” means that certain Fourth Amendment to Senior Secured Priming and Superpriority Debtor-In-Possession Credit Agreement dated as of May [●], 2012 among the Borrower, Holdings, and the financial institutions and Guarantors listed on the signature pages thereto.

“**Fourth Amendment Effective Date**” means the date of satisfaction of the conditions referred to in Section II of the Fourth Amendment, which date is May [●], 2012.

Section 1.1 of the Credit Agreement is hereby amended by deleting the word “180 days” in the definition of “Scheduled Termination Date”, and substituting the following words therefor: “270 days”.

SECTION II. CONDITIONS TO EFFECTIVENESS

This Amendment shall become effective as of the date hereof only upon the satisfaction of all of the following conditions precedent (the date of satisfaction of such conditions being referred to herein as the “Fourth Amendment Effective Date”):

A. Execution. Administrative Agent shall have received a counterpart signature page of this Amendment duly executed by (i) each of the Loan Parties and (ii) each of the Lenders.

B. Necessary Consents. Each Loan Party shall have obtained all material consents necessary or advisable in connection with the transactions contemplated by this Amendment.

C. Representations and Warranties; No Defaults or Events of Default. The representations and warranties contained in Section III of this Amendment are and will be true and correct in all material respects on and as of the Fourth Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date. Both before and after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

D. Bankruptcy Court Order. The Bankruptcy Court shall have entered an order permitting the amendments to the Credit Agreement contemplated by this Amendment, including the extension of the Scheduled Termination Date to a date that is 270 days after the Closing Date.

E. Other Documents. Administrative Agent and Lenders shall have received such other documents, information or agreements regarding Loan Parties as the Administrative Agent may reasonably request.

SECTION III. REPRESENTATIONS AND WARRANTIES

In order to induce Lenders to enter into this Amendment and to amend the Credit Agreement in the manner provided herein, each Loan Party which is a party hereto represents and warrants to each Lender that the following statements are true and correct in all material respects:

A. Corporate Power and Authority. Each Loan Party, which is party hereto, has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, the Credit Agreement as amended by this Amendment (the “Amended Agreement”) and the other Credit Documents.

B. Authorization of Agreements. The execution and delivery of this Amendment and the performance of the Amended Agreement and the other Credit Documents have been duly authorized by all necessary action on the part of each Loan Party.

C. No Conflict. The execution and delivery by each Loan Party of this Amendment and the performance by each Loan Party of the Amended Agreement and the other Credit Documents do not and will not (i) violate (A) any provision of any law, statute, rule or regulation, or of the certificate or articles of incorporation or partnership agreement, other constitutive documents or by-laws of Holdings, the Borrower or any Loan Party or (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any Contractual Obligation of the applicable Loan Party, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section III.C., individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, (iii) except as permitted under the Amended Agreement, result in or require the creation or imposition of any Lien upon any of the properties or assets of each Loan Party (other than any Liens created under any of the Credit Documents in favor of Administrative Agent on behalf of Lenders), or (iv) require any approval of stockholders or partners or any approval or consent of any Person under any Contractual Obligation of each Loan Party, except for such approvals or consents which will be obtained on or before the Fourth Amendment Effective Date and except for any such approvals or consents the failure of which to obtain will not have a Material Adverse Effect.

D. Governmental Consents. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the execution and delivery by each Loan Party of this Amendment and the performance by the Borrower and Holdings of the Amended Agreement and the other Credit Documents, except for such actions, consents and approvals the failure to obtain or make which could not reasonably be expected to result in a Material Adverse Effect or which have been obtained and are in full force and effect.

E. Binding Obligation. This Amendment and the Amended Agreement have been duly executed and delivered by each of the Loan Parties party thereto and each constitutes a legal, valid and binding obligation of such Loan Party to the extent a party thereto, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

F. Incorporation of Representations and Warranties from Credit Agreement. The representations and warranties contained in Article IV of the Amended Agreement are and will be true and correct in all material respects on and as of the Fourth Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date.

G. Absence of Default. No event has occurred and is continuing or will result from the consummation of the transactions contemplated by this Amendment that would constitute an Event of Default or a Default.

SECTION IV. ACKNOWLEDGMENT AND CONSENT

Each Guarantor hereby acknowledges that it has reviewed the terms and provisions of the Credit Agreement and this Amendment and consents to the amendment of the Credit Agreement effected pursuant to this Amendment. Each Guarantor hereby confirms that each Credit Document to which it is a party or otherwise bound and all Collateral encumbered thereby will continue to guarantee or secure, as the case may be, to the fullest extent possible in accordance with the Credit Documents the payment and performance of all “Obligations” under each of the Credit Documents to which is a party (in each case as such terms are defined in the applicable Credit Document).

Each Guarantor acknowledges and agrees that any of the Credit Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment. Each Guarantor represents and warrants that all representations and warranties contained in the Amended Agreement and the Credit Documents to which it is a party or otherwise bound are true and correct in all material respects on and as of the Fourth Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date.

Each Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Guarantor is not required by the terms of the Credit Agreement or any other Credit Document to consent to the amendments to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Credit Document shall be deemed to require the consent of such Guarantor to any future amendments to the Credit Agreement.

SECTION V. MISCELLANEOUS

A. Reference to and Effect on the Credit Agreement and the Other Credit Documents.

(i) On and after the Fourth Amendment Effective Date, each reference in the Credit Agreement to “this Amendment”, “hereunder”, “hereof”, “herein” or words of like import referring to the Agreement, and each reference in the other Credit Documents to the “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(ii) Except as specifically amended by this Amendment, the Credit Agreement and the other Credit Documents shall remain in full force and effect and are hereby ratified and confirmed.

(iii) The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of any Agent or Lender under, the Credit Agreement or any of the other Credit Documents.

B. Headings. Section and Subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

C. Applicable Law. **THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

D. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

SP NEWSPRINT CO., LLC, AS
BORROWER

By: _____
Name:
Title:

SP NEWSPRINT HOLDINGS LLC, AS
GUARANTOR

By: _____
Name:
Title:

SP RECYCLING CORPORATION, AS
GUARANTOR

By: _____
Name:
Title:

SEP TECHNOLOGIES, L.L.C., AS
GUARANTOR

By: _____
Name:
Title:

GENERAL ELECTRIC CAPITAL
CORPORATION,
AS LENDER

By: _____

Name:

Title:

AVENUE INVESTMENTS, LP, AS LENDER

By: _____

Name:

Title:

SP NEWSPRINT CO., LLC FOURTH AMENDMENT
TO SENIOR SECURED PRIMING AND SUPERPRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT

HAMBLIN WATSA INVESTMENT COUNSEL
on behalf of LOMBARD GENERAL
INSURANCE CO, AS LENDER

By: _____

Name:

Title:

EXHIBIT B

Proposed Form of Order

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

In re:)	
	)	Chapter 11
SP NEWSPRINT HOLDINGS LLC, <u>et al.</u> , ¹	)	Case No. 11-13649 (CSS)
)	
Debtors.	)	Jointly Administered
)	
	)	Re: ECF Nos. 388 and _____

ORDER AUTHORIZING AMENDMENT TO DIP LOAN AGREEMENT

Upon consideration of the motion (the “Motion”)² of the Debtors for entry of an order, pursuant to Bankruptcy Code §§ 105, 363, and 364 and in accordance with the Final DIP Order, authorizing them to enter into the DIP Loan Agreement Amendment; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all other parties-in-interest and that entry into the DIP Loan Agreement Amendment, the terms of which appear to be fair and reasonable and justified, is a sound and prudent exercise of the Debtors’ business judgment and necessary for the continued efficient administration of these cases; and upon consideration of the justification set forth on behalf of the Debtors in support of entry into the DIP Financing; and upon the record of these cases and of any hearing held to consider the Motion; and after due deliberation and sufficient cause appearing therefor; and it appearing that notice of the Motion was sufficient under the circumstances of these cases and the situation, and no other or further notice being necessary or required

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each of the Debtors’ tax identification numbers, are: SP Newsprint Holdings, LLC (6180); SP Newsprint Co. LLC (7779); SP Recycling Corporation (2936); and SEP Technologies, L.L.C. (2955).

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

IT IS HEREBY ORDERED THAT

1. The Motion is granted as set forth herein.
2. The DIP Loan Agreement Amendment, substantially in the form presented to this Court, is approved, and the Debtors are authorized to execute the DIP Loan Agreement Amendment. The Debtors shall file an executed version of the DIP Loan Agreement Amendment promptly after execution thereof.
3. To the extent the DIP Loan Agreement Amendment modifies the terms of the Final DIP Order, the Final DIP Order is deemed amended thereby.
4. The Debtors are authorized and empowered to take any and all actions necessary to implement the terms of this Order.
5. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
6. This Court shall retain jurisdiction over all matters arising from or related to the interpretation and implementation of this Order and the DIP Loan Agreement Amendment.

Dated: _____, 2012
Wilmington, Delaware

THE HONORABLE CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE