

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) MONDAY, THE 3<sup>RD</sup>  
 )  
JUSTICE PEPALL ) DAY OF MAY, 2010

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS  
AMENDED

AND IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF SMURFIT-STONE  
CONTAINER CANADA INC. AND THE OTHER  
APPLICANTS LISTED ON SCHEDULE "A"

Applicants

**SANCTION ORDER**

**THIS MOTION** made by the Applicants listed on Schedule "A" and the Partnerships listed on Schedule "B" for an order sanctioning the Joint Plan of Reorganization for Smurfit-Stone Container Corporation and its Debtor Subsidiaries and Plan of Compromise and Arrangement for Smurfit-Stone Container Canada Inc. and Affiliated Canadian Debtors (the "**Plan**"), as approved by the required majorities of the classes of Affected Secured Creditors, the class of Affected Unsecured Creditors of SSC Canada and the class of Affected Unsecured Creditors of Smurfit-MBI (each as defined in the Plan) at a duly convened meeting held on April 6, 2010, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Thirteenth, Fifteenth and Sixteenth Reports of Deloitte & Touche Inc., as Court-appointed Monitor in these proceedings (the “**Monitor**”) and the affidavit of Dean Jones sworn February 5, 2010 and on hearing the submissions of counsel for the Applicants and Partnerships, the Monitor, the Committee (as defined in the Plan), Aurelius Capital Management, LP and Columbus Hill Capital Management, L.P. and Manufacturers and Traders Trust Company, in its capacity as Indenture Trustee, and such other counsel as were present,

### **DEFINITIONS**

1. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Plan, the Plan Filing and Meeting Order of the Honourable Mme. Justice Pepall dated February 10, 2010 regarding the filing of the Plan and calling of the CCAA Creditors’ Meeting (the “**CCAA Creditors’ Meeting Order**”) or the Asset Purchase Agreement (which term is defined in the Plan).

### **SERVICE**

2. **THIS COURT ORDERS** that there has been good and sufficient notice of the Plan and the amendments and supplements made to the Plan to date to all Affected Creditors.
3. **THIS COURT ORDERS** that there has been good and sufficient service of the Meeting Materials and notice of the CCAA Creditors’ Meeting to all Affected Creditors, and that the CCAA Creditors’ Meeting was duly called, held and conducted in conformity with the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and the CCAA Creditors’ Meeting Order.
4. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient service of notice of this sanction hearing, and this motion is

properly returnable today and any further service of the Amended Notice of Motion and the Motion Record upon any interested party is unnecessary and is hereby dispensed with.

### **SANCTION OF PLAN**

5. **THIS COURT ORDERS AND DECLARES** that the Plan has been approved by the Required Majorities of the Classes of Affected Secured Creditors, the Class of Affected Unsecured Creditors of SSC Canada and the Class of Affected Unsecured Creditors of Smurfit-MBI present and voting, either in person or by proxy, at the CCAA Creditors' Meeting, all in conformity with the CCAA and the terms of the CCAA Creditors' Meeting Order.
6. **THIS COURT ORDERS AND DECLARES** that the Plan was not approved by the Required Majority of the Class of Affected Unsecured Creditors of Stone Container Finance Company of Canada II ("**Finance II**") present and voting, either in person or by proxy, at the CCAA Creditors' Meeting and that the Holders of General Unsecured Claims against Finance II are therefore deemed to be Unaffected Creditors holding Excluded Claims against Finance II for purposes of the Plan and this Order.
7. **THIS COURT ORDERS** that the Plan, in the form attached to the Affidavit of Dean Jones, sworn February 5, 2010 as Exhibit "A" (as modified or supplemented by the Plan Supplement dated March 19, 2010, the Technical Supplementation of Certain Plan Supplement Documents dated April 13, 2010 and the Technical Modifications dated April 13, 2010, each filed with the Court, and as may be further altered, amended, modified or supplemented in accordance with the terms of the Plan or by the Confirmation Order in accordance with paragraph 14 below), including the transactions contemplated by the Asset Purchase Agreement, is hereby sanctioned and approved pursuant to section 6 of the CCAA.

**FINANCE II AND 605681 N.B. INC.**

8. **THIS COURT ORDERS** that the Monitor is hereby discharged as Monitor of Finance II and the stay of proceedings referred to in the CCAA Initial Order is lifted with respect to Finance II.
9. **THIS COURT ORDERS** that, for the avoidance of doubt and notwithstanding anything in the Plan to the contrary, 605681 N.B. Inc. (“605”) shall continue in existence after the Effective Date and shall not be deemed dissolved and Claims against 605 shall not be deemed settled, cancelled or extinguished.
10. **THIS COURT ORDERS** that 605 is authorized and directed to make an assignment into bankruptcy for the general benefit of its creditors forthwith.
11. **THIS COURT ORDERS AND DECLARES** that the Applicants and Partnerships and the other Debtors have waived any right to advance Intercompany Claim(s) against 605.
12. **THIS COURT ORDERS** that the Applicants and Partnerships other than Finance II and 605 are herein referred to as the “**Approving Debtors**”.

**EFFECTIVENESS**

13. **THIS COURT ORDERS AND DECLARES** that the implementation of the Plan remains conditional upon the fulfillment, satisfaction or waiver of the conditions listed in Section 4.5 of the Plan.
14. **THIS COURT ORDERS** that the Plan may be altered, amended, modified or supplemented by the Confirmation Order; provided, however, that no alteration, amendment, modification or supplement to Articles IV and V of the Plan will be effective for purposes of these CCAA Proceedings unless and until approved by this Court.

15. **THIS COURT ORDERS** that the Approving Debtors shall deliver to the Monitor and file with the Court a notice of the occurrence of the Effective Date as soon as practicable after the conditions described in Section 9.2 of the Plan have been satisfied or waived as described therein.

#### **PLAN IMPLEMENTATION**

16. **THIS COURT ORDERS** that the Approving Debtors and the Monitor, as the case may be, shall be and are hereby authorized to take all actions necessary or appropriate to implement the Plan in accordance with its terms, including, in the case of the Approving Debtors, by executing the Asset Purchase Agreement (as may be altered, amended, modified or supplemented from time to time in accordance with the Plan) and such other documents as may be necessary or desirable to complete the transactions contemplated by the Asset Purchase Agreement and seeking a Vesting Order with respect to the Acquired Assets, and in the case of the Monitor, by distributing the SSC Canada Distribution Pool and the Smurfit-MBI Distribution Pool as contemplated by the Plan.
17. **THIS COURT ORDERS** that, prior to the Effective Date, the Approving Debtors shall advise the Monitor of the order of the steps to be taken to implement the Plan and the order in which the various elements of the Plan become effective and, in consultation with the Monitor, the elements of the Plan shall be deemed to have become effective in such order.
18. **THIS COURT ORDERS** that, on the Effective Date, the compromises and arrangements under the Plan shall become effective; and the ability of an Affected Creditor to proceed against the Approving Debtors or Canadian Newco in respect of an Affected Claim shall be forever discharged, released and restrained and all proceedings with respect to, in connection with or relating to such Affected Claims are permanently stayed, subject only to the

- right of an Affected Creditor to receive payments or distributions pursuant to, and in accordance with, the Plan.
19. **THIS COURT ORDERS** that each Affected Creditor shall be deemed to have consented and agreed to all of the provisions of the Plan in their entirety and, in particular, each Affected Creditor shall be deemed:
- (a) to have executed and delivered to the Monitor and to Canadian Newco any consents, releases or agreements required to implement and carry out the Plan in its entirety; and
  - (b) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Approving Debtors and the provisions of this Plan, the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement shall be deemed to be amended accordingly.
20. **THIS COURT ORDERS** that any Affected Creditor that was required to but did not file a Proof of Claim or Proof of Subsequent Claim, or otherwise assert such Claim in accordance with the provisions of the Claims Procedure Order and the Claims Determination Order, whether or not it received notice of the claims procedures, shall be and is hereby forever barred from making such Claim against the Approving Debtors or their property and shall not be entitled to any payment or distribution under the Plan, and that such Claim is forever barred and extinguished.

**EFFECT OF FAILURE TO IMPLEMENT PLAN**

21. **THIS COURT ORDERS** that, in the event that the Effective Date does not occur, Affected Creditors of the Approving Debtors shall not be bound to the valuation, settlement or compromise of their Claims at the amount of their Proven Claims in accordance with the Plan, the Claims Procedure Order, the Claims Determination Order or the CCAA Creditors' Meeting Order. For greater certainty, nothing in the Plan, the Claims Procedure Order, the Claims

Determination Order, the CCAA Creditors' Meeting Order or in any settlement, compromise, agreement, document or instrument made or entered into in connection therewith or in contemplation thereof shall, in any way, prejudice, quantify, adjudicate, modify, release, waive or otherwise affect the validity, enforceability or quantum of any Claim against the Approving Debtors, including, without limitation, in the CCAA Proceedings or in any other proceeding or process, in the event that the Effective Date does not occur.

### **COURT-ORDERED CHARGES**

22. **THIS COURT ORDERS** that, upon the Effective Date, all charges against the Approving Debtors or their property created by the CCAA Initial Order or any subsequent orders shall be terminated, discharged and released.
23. **THIS COURT ORDERS** that all charges against Finance II and 605 or their property created by the Initial Order or any subsequent orders are hereby terminated, discharged and released immediately.

### **FEES AND DISBURSEMENTS**

24. **THIS COURT ORDERS AND DECLARES** that, on and after the Effective Date, the obligation to pay the reasonable fees and disbursements of the Monitor, counsel to the Monitor and counsel to the Applicants and Partnerships contained in paragraph 29 of the CCAA Initial Order, in each case at their standard rates and charges and including any amounts outstanding as of the Effective Date, in respect of the Plan and the implementation thereof shall become obligations of Canadian Newco.

## INITIAL ORDER AND STAY OF PROCEEDINGS

25. **THIS COURT ORDERS** that:

- (a) except to the extent that the CCAA Initial Order has been varied by or is inconsistent with this Order or any further Order of this Court, the provisions of the CCAA Initial Order, including the stay of proceedings, shall remain in full force and effect until the Dissolution Date (as defined below); provided that the protections granted in favour of the Monitor in the CCAA Initial Order (including, without limitation, in paragraphs 24 to 28 thereof) shall continue in full force and effect after the Dissolution Date; and
- (b) all other Orders made in the CCAA Proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by, or are inconsistent with, this Order or any further Order of this Court in the CCAA Proceedings; provided that the protections granted in favour of the Monitor shall continue in full force and effect after the Effective Date.

## RELEASES

26. **THIS COURT ORDERS** that, on the Effective Date, all Affected Creditors subject to the Plan, any other Persons asserting such Claims, and each of their respective Related Persons, shall, and shall be deemed to, completely and forever release, waive, void, extinguish and discharge unconditionally the Approving Debtors, Canadian Newco, the Monitor, and each of their respective Related Persons (collectively, the “**CCAA Released Parties**”) from any and all demands, claims, actions (including any class actions or proceedings before an administrative tribunal), causes of action, grievances, obligations, counterclaims, suits, debts, sums of money, accounts, covenants, damages, remedies, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any such Person may be entitled to assert, including, without limitation, any and all claims for accounting, reconciliation, contribution or indemnity, restitution or otherwise, as well as any claims in

respect of potential statutory liabilities of the former and present directors and officers of the Canadian Debtors, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing, termination, disclaimer, rescission or repudiation of any contract, lease or other agreement, whether written or oral, or other occurrence existing or taking place on or prior to the Effective Date relating to, arising out of or in connection with any Claim, trust, constructive trust or deemed trust, the business and affairs of the Approving Debtors, the Plan, the Canadian Asset Sale, or the CCAA Proceedings, provided that nothing herein shall release or discharge (i) any CCAA Released Party if such CCAA Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or (ii) any director of an Applicant for a Claim excluded by Section 5.1(2) of the CCAA.

27. **THIS COURT ORDERS** that, on the Dissolution Date, all past and present directors and officers of the Applicants and Partnerships other than Finance II shall be and hereby are discharged from any liability arising as a result of their acting as directors or officers, subject to Section 5.1(2) of the CCAA, and any and all steps or proceedings taken or that may be taken against such directors and officers shall be permanently stayed.
28. **THIS COURT ORDERS** that, on and after the Effective Date, the Approving Debtors shall be and hereby are released and discharged from any and all indebtedness, obligations and liabilities, other than in respect of Excluded Claims, including without limitation, any liability with respect to all Claims or any liability as an employer.

29. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order or in the Plan but subject to the December 11, 2009 Order of Mme. Justice Pepall relating to the nature and amount of the Finance II Intercompany Claim (as defined therein), entered January 29, 2010, any and all demands, claims, actions (including any class actions or proceedings before an administrative tribunal), causes of action, grievances, obligations, counterclaims, suits, debts, sums of money, accounts, covenants, damages, remedies, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature by or against Finance II and its officers and directors are expressly preserved and are not released, waived, voided, extinguished or discharged.

#### **DISSOLUTION OF THE APPLICANTS**

30. **THIS COURT ORDERS** that, on September 30, 2010 or such earlier date as the Approving Debtors may elect in consultation with the Monitor (the “**Dissolution Date**”), the Approving Debtors shall be deemed dissolved for all purposes without the necessity for any other or further action or any payments in connection therewith; provided, however, that the Debtors or the Reorganized Debtors shall file with the appropriate public office certificates of dissolution for such entities to the extent required by applicable non-bankruptcy law.
31. **THIS COURT ORDERS** that, from and after the Dissolution Date and subject to the proviso in paragraph 30, no document need be filed nor any other action taken to withdraw the business operations of the entities referenced in paragraph 30 from any province in which they previously conducted their business operations.

**APPROVAL OF THE MONITOR'S ACTIVITIES**

32. **THIS COURT ORDERS AND DECLARES** that the Reports of the Monitor and the activities of the Monitor and its legal counsel referred to therein are hereby approved and that the Monitor has satisfied all of its obligations as Monitor in the CCAA Proceedings up to and including the date of this Order.

**DISCHARGE OF MONITOR**

33. **THIS COURT ORDERS** that that the completion of the Monitor's duties, including, without limitation, the duties contemplated by paragraph 16 of this Order shall be evidenced, and its final discharge shall become effective, by the filing by the Monitor with this Court of a certificate in the form attached hereto as Schedule "C" upon, or as soon as practicable after, the final distribution of the SSC Canada Distribution Pool and the Smurfit-MBI Distribution Pool as contemplated by the Plan.
34. **THIS COURT ORDERS** that the Monitor shall be discharged with respect to 605 upon the appointment of a trustee in bankruptcy as contemplated by paragraph 10.
35. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, the Initial Order or any other Order of this Court, from and after the Effective Date, the obligations of the Monitor shall be solely to: (i) distribute the SSC Canada Distribution Pool and the Smurfit-MBI Distribution Pool in accordance with the Plan; (ii) to the extent required, to administer the claims process in accordance with the provisions of the Claims Procedure Order and the Claims Determination Order; and (iii) to the extent required, to assist with the dissolution of the Approving Debtors.

36. **THIS COURT ORDERS AND DECLARES** that any distributions under the Plan and this Order shall not constitute a “distribution” for the purposes of section 159 of the Income Tax Act (Canada), section 270 of the Excise Tax Act (Canada), section 107 of the Corporations Tax Act (Ontario), section 22 of the Retail Sales Tax Act (Ontario), section 117 of the Taxation Act, 2007 (Ontario) or any other similar federal, provincial or territorial tax legislation (collectively, the “**Tax Statutes**”), and the Monitor in making any such payments is not “distributing”, nor shall be considered to “distribute” nor to have “distributed”, such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of its making any payments ordered or permitted hereunder, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of payments made under the Plan and this Order and any claims of this nature are hereby forever barred.
37. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against Deloitte & Touche Inc. or its Related Persons (“**Deloitte**”) in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court and on ten days prior written notice to Deloitte, and upon further order securing, as security for costs, the costs of Deloitte on a full indemnity basis in connection with any such proposed action or proceeding.

38. **THIS COURT ORDERS** that (a) in carrying out the terms of this Order, the Monitor shall have all of the protections given to it by the CCAA and the Initial Order (including, without limitation, paragraphs 24 to 28 thereof) or as an officer of this Court, including the stay of proceedings in its favour, (b) the Monitor shall incur no liability or obligation as a result of the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, and (c) the Monitor shall be entitled to rely on the books and records of the Applicants and Partnerships, and shall not be liable for any claims or damages resulting from any errors or omissions in such books and records.

**ADDITIONAL PROVISIONS**

39. **THIS COURT ORDERS** that this order shall have full force and effect in all provinces and territories in Canada.
40. **THIS COURT ORDERS** that, subject to the Cross-Border Protocol attached as Exhibit A to the Order of Mme. Justice Pepall dated March 12, 2009, this Court shall retain exclusive jurisdiction over all matters described in Section 11.1 of the Plan.
41. **THIS COURT ORDERS** that the Approving Debtors and the Monitor may from time to time apply to this Court for advice and directions concerning the implementation of the Plan or the discharge of their duties thereunder.

42. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including, without limitation, the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court or any judicial, regulatory or administrative body of the United States of America and the states or other subdivisions of the United States of America and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this order.
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## SCHEDULE "A"

Smurfit-Stone Container Canada Inc.

3083527 Nova Scotia Company

MBI Limited/Limitée

639647 British Columbia Ltd.

B.C. Shipper Supplies Ltd.

Specialty Containers Inc.

605681 N. B. Inc.

Francobec Company

Stone Container Finance Company of Canada II

**SCHEDULE "B"**

Smurfit-MBI

SLP Finance General Partnership

**SCHEDULE "C"**

Court File No. CV-09-7966-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, C. C-36, AS AMENDED**

**AND IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.  
1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
SMURFIT-STONE CONTAINER CANADA INC. AND THE OTHER APPLICANTS  
LISTED ON SCHEDULE "A"**

**MONITOR'S CERTIFICATE**

**RECITALS**

(A) Pursuant to an Initial Order of the Honourable Mme. Justice Pepall of the Ontario Superior Court of Justice (the "**Court**") dated January 26, 2009, as amended and restated, Deloitte and Touche Inc. was appointed as the Monitor (the "**Monitor**") of the Applicants and Partnerships listed on Schedules "A" and "B" hereto.

(B) Pursuant to a Sanction Order of the Court dated May 3, 2010 (the "**Sanction Order**"), the Plan in respect of the Approving Debtors was sanctioned.

(C) Pursuant to the Sanction Order, the Monitor was discharged as the Monitor of Stone Container Finance Company of Canada II and 605681 N.B. Inc.

(D) The Effective Date for the Plan occurred on ●.

(E) Paragraph 33 of the Sanction Order provides that the completion of the Monitor's duties, including, without limitation, the duties contemplated by paragraph 16 of such Order, shall be evidenced, and its final discharge shall become effective, by the filing by the Monitor with the Court of a certificate upon, or as soon as practicable after, the final

distribution of the SSC Canada Distribution Pool and the Smurfit-MBI Distribution Pool as contemplated by the Plan.

(F) Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sanction Order.

**THE MONITOR CERTIFIES** the following:

1. The SSC Canada Distribution Pool and the Smurfit-MBI Distribution Pool have been finally distributed in accordance with the terms of the Plan.
2. This Certificate was delivered by the Monitor at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**DELOITTE AND TOUCHE INC.**  
solely in its capacity as monitor of  
Smurfit-Stone Container Canada Inc., *et.*  
*al.*

By: \_\_\_\_\_

Name: Paul Casey

Title: Senior Vice-President

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED AND IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SMURFIT-STONE CONTAINER CANADA INC. AND THE OTHER APPLICANTS LISTED ON SCHEDULE "A"**

Court File No: CV-09-7966-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SANCTION ORDER**

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