

**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"

Applicants

**MOTION RECORD  
(Returnable January 24, 2011)**

January 19, 2011

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Sean F. Dunphy LSUC#: 24941J**  
Tel: (416) 869-5662

**Alexander Rose LSUC#: 49415P**  
Tel: (416) 869-5261

**Sarah Clarke LSUC#: 57377M**  
Tel: (416) 869-6853  
Fax: (416) 861-0445

Lawyers for the Applicants

**TO: THE ATTACHED SERVICE 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"

**SERVICE LIST**  
 Last updated on February 8, 2010

<i>Lawyers</i>	<i>Telephone</i>	<i>Fax</i>	<i>Lawyers For</i>
<b>ANDRITZ (USA) INC.</b> 1115 Northmeadow Parkway Roswell, Georgia 30076  DEBORAH B. ZINK (Senior Counsel) E-mail: <a href="mailto:Deborah.Zink@andritz.com">Deborah.Zink@andritz.com</a>	770.640.2591	770.640.2598	Andritz Ltd. (Brampton)
<b>AURELIUS CAPITAL MANAGEMENT, LP</b>  DAN GROPPER E-mail: <a href="mailto:dgropper@aurelius-capital.com">dgropper@aurelius-capital.com</a>  GABRIELLA SKIRNICK E-Mail: <a href="mailto:GSkirnick@aurelius-capital.com">GSkirnick@aurelius-capital.com</a>			Aurelius Capital Management, LP
<b>BEARD WINTER LLP</b> Barristers and Solicitors 130 Adelaide St. West Suite 701 Toronto, Ontario M5H 2K4  ROBERT C. HARASON E-mail: <a href="mailto:rharason@beardwinter.com">rharason@beardwinter.com</a>	416.593.5555         416.306.1707	416.593.7760	Modern Railings & Metalcraft Ltd.
<b>BENNETT JONES LLP</b> 3400 One First Canadian Place P.O. Box 130 Toronto, Ontario M5X 1A4  KEVIN J. ZYCH E-mail: <a href="mailto:zychk@bennettjones.com">zychk@bennettjones.com</a>  S. RICHARD ORZY E-mail: <a href="mailto:orzyr@bennettjones.com">orzyr@bennettjones.com</a>  DEREK FRUEH E-mail: <a href="mailto:fruehd@bennettjones.com">fruehd@bennettjones.com</a>  RAJ SAHNI E-mail: <a href="mailto:sahnir@bennettjones.com">sahnir@bennettjones.com</a>  GAVIN H. FINLAYSON E-mail: <a href="mailto:finlaysong@bennettjones.com">finlaysong@bennettjones.com</a>	416.777.5738  416.777.5737  416.777.6237  416.777.4804  416.777.5762	416.863.1716	Canadian Counsel for the Official Committee of Unsecured Creditors of Smurfit-Stone Container Corporation, <i>et al</i>

<i>Lawyers</i>	<i>Telephone</i>	<i>Fax</i>	<i>Lawyers For</i>
<b>BLAKE, CASSELS &amp; GRAYDON LLP</b> Box 25, Commerce Court West 199 Bay Street, Suite 2800, Toronto ON M5L 1A9 Canada  SUSAN M. GRUNDY E-mail: <a href="mailto:susan.grundy@blakes.com">susan.grundy@blakes.com</a>  LINC ROGERS E-mail: <a href="mailto:linc.rogers@blakes.com">linc.rogers@blakes.com</a>	416.863.2400  416.863.2572  416.863.4168	416.863.2653	JPMorgan Chase Bank, N.A., Toronto Branch and DIP Facility Lender (Canada)
<b>BRYAN CAVE LLP</b> 211 N. Broadway, Suite 3600 St. Louis, MO 63102  GREG WILLARD E-mail: <a href="mailto:gdwillard@bryancave.com">gdwillard@bryancave.com</a>  HAL BURROUGHS E-mail: <a href="mailto:hrburroughs@bryancave.com">hrburroughs@bryancave.com</a>  BART WALL E-mail: <a href="mailto:bdwall@bryancave.com">bdwall@bryancave.com</a>  KAREN FRIES E-mail: <a href="mailto:kwfries@bryancave.com">kwfries@bryancave.com</a>  JAMES BUELL E-mail: <a href="mailto:jgbuell@bryancave.com">jgbuell@bryancave.com</a>	314.259.2000  314.259.2370  314.259.2706  314.259.2765  314.259.2635  314.259.2373	314.259.2020	DIP Facility Lender (US)
<b>CALEYWRAY LABOUR/EMPLOYMENT LAWYERS</b> 1600-65 Queen Street West Toronto, ON, M5H 2M5  HAROLD F. CALEY E-mail: <a href="mailto:caleyh@caleywrap.com">caleyh@caleywrap.com</a>  JESSE B. KUGLER Email: <a href="mailto:kuglerj@caleywrap.com">kuglerj@caleywrap.com</a>	416.775.4672  416).775.4677	416.366.3293	Communications, Energy and Paperworkers Union of Canada (CEP)
<b>CASSELS BROCK &amp; BLACKWELL LLP</b> 2100 Scotia Plaza, 40 King Street West Toronto, Ontario, M5H 3C2  JOHN N. BIRCH E-mail: <a href="mailto:jbirch@casselsbrock.com">jbirch@casselsbrock.com</a>	416.860.5225	416.640.3057	Chemtrade Logistics Inc.

<i>Lawyers</i>	<i>Telephone</i>	<i>Fax</i>	<i>Lawyers For</i>
<b>COLUMBUS HILL CAPITAL MANAGEMENT, L.P.</b> 830 Morris Turnpike 2nd FL Short Hills, NJ 07078  DAVID W. AMBROSIA E-mail: <a href="mailto:david.ambrosia@columbushill.com">david.ambrosia@columbushill.com</a>	973.921.3425	973.921.3455	Noteholders of Stone Container Finance Company of Canada II
<b>DELOITTE &amp; TOUCHE INC.</b> 181 Bay Street Brookfield Place, Suite 1400 Toronto, Ontario M5J 2V1  PAUL CASEY E-mail: <a href="mailto:paucasey@deloitte.ca">paucasey@deloitte.ca</a>  CATHERINE HRISTOW E-mail: <a href="mailto:christow@deloitte.ca">christow@deloitte.ca</a>	416.601.5999 1-866-859-6954  416.775.7172  416.775.8831	416.601.6690	Monitor
<b>FLUXGOLD IZSAK JAEGER LLP</b> 100 York Blvd., Suite 220 Richmond Hill, ON L4B 1J8  BRUCE R. JAEGER E-mail: <a href="mailto:bjaeger@fijlaw.com">bjaeger@fijlaw.com</a>	905.763.3770  Ext. 212	905.763.3772	Torbram Electric Supply Corporation
<b>FRASER MILNER CASGRAIN LLP</b> 1 First Canadian Place 100 King Street West Toronto, ON M5X 1B2  NEIL S. RABINOVITCH E-mail: <a href="mailto:neil.rabinovitch@fmc-law.com">neil.rabinovitch@fmc-law.com</a>  JANE O. DIETRICH E-mail: <a href="mailto:jane.dietrich@fmc-law.com">jane.dietrich@fmc-law.com</a>	416 863-4656  416 863-4467	416 863-4592	Appeal Counsel for Aurelius Capital Management, L.P. and Columbus Hill Capital Management, L.P.
<b>FRAM PROFESSIONAL CORPORATION.</b> 810 Meadow Wood Road Mississauga, Ontario, L5J 2S6  DAVID A. FRAM E-mail: <a href="mailto:david@davidfram.com">david@davidfram.com</a>	905.916.0130	905.916.1600	Master Lift Truck Service
<b>FTI CONSULTING</b> Suite 2733, TD Canada Trust Tower 161 Bay Street Toronto, ON, M5J 2S1  NIGEL D. MEAKIN E-mail: <a href="mailto:nigel.meakin@fficonsulting.com">nigel.meakin@fficonsulting.com</a>	416.572.2285	416.572.2201	Financial advisor to the unsecured creditors' committee

<i>Lawyers</i>	<i>Telephone</i>	<i>Fax</i>	<i>Lawyers For</i>
<b>GOODMANS LLP</b> Bay Adelaide Centre 333 Bay Street, Suite 3400 Toronto, ON M5H 2S7  ROB CHADWICK E-mail: <a href="mailto:rchadwick@goodmans.ca">rchadwick@goodmans.ca</a>  CHRIS ARMSTRONG E-mail: <a href="mailto:carmstrong@goodmans.ca">carmstrong@goodmans.ca</a>	416.979.2211  416.597.4285  416.849.6013	416.979.1234	Deloitte & Touche Inc.
<b>GOWLING LAFLEUR HENDERSON LLP</b> 1 Place Ville Marie 37th floor Montréal, QC H3B 3P4  LOUISE LALONDE E-mail: <a href="mailto:louise.lalonde@gowlings.com">louise.lalonde@gowlings.com</a>	514.878.9641  514.392.9557	514.878.1450	Industries Wajax
<b>HARRISON PENZA LLP</b> 450 Talbot Street P.O. Box 3237 London, ON N6A 4K3  MICHAEL CASSONE E-mail: <a href="mailto:mcassone@harrisonpenza.com">mcassone@harrisonpenza.com</a>	519.679.9660  519.661.6765	519.667.3362	
<b>KOSKIE MINSKY LLP</b> 20 Queen Street West, Suite 900 Toronto, Ontario M5H 3R3  ANDREW J. HATNAY E-mail: <a href="mailto:ahatnay@kmlaw.ca">ahatnay@kmlaw.ca</a>  ANDREA MCKINNON E-mail: <a href="mailto:amckinnon@kmlaw.ca">amckinnon@kmlaw.ca</a>	416.977.8353  416.595.2083	416.977.3316  416.204.2872	Smurfit-Stone SERP Retirees Protection Committee

<i>Lawyers</i>	<i>Telephone</i>	<i>Fax</i>	<i>Lawyers For</i>
<b>KRAMER LEVIN NAFTALIS &amp; FRANKEL LLP</b> 1177 Avenue of the Americas New York, NY 10036 U.S.A.  ROBERT T. SCHMIDT E-mail: <a href="mailto:rschmidt@kramerlevin.com">rschmidt@kramerlevin.com</a>  DOUGLAS MANNAL E-mail: <a href="mailto:dmannal@kramerlevin.com">dmannal@kramerlevin.com</a>  JENNIFER SHARRET E-mail: <a href="mailto:jsharret@kramerlevin.com">jsharret@kramerlevin.com</a>  JASON RAPPAPORT E-mail: <a href="mailto:jrappport@kramerlevin.com">jrappport@kramerlevin.com</a>	  212.715.9527  212.715.9313  212.715.9516  212.715.9364	212.715.8000	U.S. Counsel for the Official Committee of Unsecured Creditors of Smurfit-Stone Container Corporation, <i>et al</i>
<b>LOOPSTRA NIXON LLP</b> Suite 600 Woodbine place, 135 Queens Plate Drive Toronto, ON M9W 6V7  MICHAEL B. MCWILLIAMS E-mail: <a href="mailto:mncwilliams@loonix.com">mncwilliams@loonix.com</a>	416.748.4766	416.746.8319	Preferred Polymer Coatings Ltd.
<b>MACLEOD DIXON LLP</b> Canadian Pacific Tower The Toronto-Dominion Centre 100 Wellington Street West, Suite 500 Toronto, ON M5K 1H1  ROBERT FRANK E-mail: <a href="mailto:robert.frank@macleoddixon.com">robert.frank@macleoddixon.com</a>	416.202.6741	416.360.8277	Shell Energy North America (Canada), Inc.
<b>MARTIN SHEPPARD FRASER LLP</b> Downtown Professional Building 4701 St. Clair Avenue, 2nd Floor P.O. Box 900, Niagara Falls ON L2E 6v7  GARY H. ENSKAT E-mail: <a href="mailto:enskat@martinshep.com">enskat@martinshep.com</a>	905.354.1611	905.354.5540	Pacific Northern Rail Contractors Inc.

<i>Lawyers</i>	<i>Telephone</i>	<i>Fax</i>	<i>Lawyers For</i>
<b>MCCARTHY TÉTRAULT LLP</b> Suite 5300, Toronto Dominion Bank Tower Toronto ON M5K 1E6  KEVIN MCELCHERAN E-mail: <a href="mailto:kmcclcheran@mccarthy.ca">kmcclcheran@mccarthy.ca</a>  MALCOLM M. MERCER E-mail: <a href="mailto:mmercer@mccarthy.ca">mmercer@mccarthy.ca</a>  HEATHER L. MEREDITH E-mail: <a href="mailto:hmeredith@mccarthy.ca">hmeredith@mccarthy.ca</a>	  416.601.7539  416.763.0832  416.601.7856	416.868.0673	Aurelius Capital Management, LP and Columbus Hill Capital Management, L.P.
<b>MINISTRY OF THE ATTORNEY            GENERAL            LEGAL SERVICES BRANCH            FINANCIAL SERVICES COMMISSION OF            ONTARIO</b> 17th Floor - Box 85 5160 Yonge Street Toronto ON M2N 6L9  MARK BAILEY E-mail: <a href="mailto:mbailey@fsco.gov.on.ca">mbailey@fsco.gov.on.ca</a>	416.590.7555	416.590.7070	Superintendent of Financial Services
<b>ONTARIO MINISTRY OF REVENUE</b> 6-33 King St W Oshawa, ON L1H 8H5  CHANTALE BOURRE E-mail: <a href="mailto:chantale.bourre@ontario.ca">chantale.bourre@ontario.ca</a>	1.866.668.8297  Ext. 18515	905.436.4524	Province of Ontario
<b>PRICEWATERHOUSECOOPERS INC.</b> 77 King Street West, Toronto, ON, M5K 1G8  JOHN MCKENNA E-mail: <a href="mailto:john.p.mckenna@ca.pwc.com">john.p.mckenna@ca.pwc.com</a>	416.941.8314	416.814.3210	Advisor to the Applicants and Partnerships
<b>SEPB QUEBEC</b> 1200, avenue Papineau Bureau 250 Montréal, Québec H2K 4R5  PIERRE GINGRAS E-mail: <a href="mailto:pgingras@sepb.qc.ca">pgingras@sepb.qc.ca</a>	514.522.6511	514.522.9000	SEPB Quebec

<i>Lawyers</i>	<i>Telephone</i>	<i>Fax</i>	<i>Lawyers For</i>
<b>SIDLEY AUSTIN LLP</b> One South Dearborn Street Chicago, IL 60603  <b>JAMES F. CONLAN</b> E-mail: <a href="mailto:jconlan@sidley.com">jconlan@sidley.com</a>  <b>MATTHEW A. CLEMENTE</b> E-mail: <a href="mailto:mclemente@sidley.com">mclemente@sidley.com</a>  <b>DENNIS M. TWOMEY</b> E-mail: <a href="mailto:dtwomey@sidley.com">dtwomey@sidley.com</a>  <b>BOJAN GUZINA</b> E-mail: <a href="mailto:bguzina@sidley.com">bguzina@sidley.com</a>	312.853.7000  312.853.6890  312.853.7539  312.853.7438  312.853.7323	312.853.7036	Smurfit-Stone Container Corporation (US counsel)
<b>SIMPSON THACHER &amp; BARTLETT LLP</b> 425 Lexington Avenue New York, NY 10017-3954 USA  <b>STEFANIE BIRKMANN</b> E-mail: <a href="mailto:sbirkmann@stblaw.com">sbirkmann@stblaw.com</a>  <b>PETER V. PANTALEO</b> E-mail: <a href="mailto:ppantaleo@stblaw.com">ppantaleo@stblaw.com</a>	212.455.2000  212.455.2694  212.455.2220	212.455.2502	Pre-petition lenders (US counsel)
<b>SPEIGEL NICHOLS FOX LLP</b> Barristers & Solicitors Suite 400 30 Eglinton Ave. W. Mississauga, ON L5R 3E7  <b>JEFFREY W. TIGHE</b> E-mail: <a href="mailto:jeffrey@ontlaw.com">jeffrey@ontlaw.com</a>	905.366.9700 ext. 274	905.366.9707	Wolfedale Electric Ltd.
<b>STEWART MCKELVERY</b> Barrister, Solicitors and Trademark Agents Suite 900 Purdy's Wharf Tower 1 1959 Upper Water Street P.O. Box 997 Halifax, NS B3J 2X2  <b>MAURICE P. CHIASSON, Q.C.</b> E-mail: <a href="mailto:mchiasson@smss.com">mchiasson@smss.com</a>	902.420.3200  902.420.3300	902.496.6176	Maritime Paper Products Limited

<i>Lawyers</i>	<i>Telephone</i>	<i>Fax</i>	<i>Lawyers For</i>
<b>STIKEMAN ELLIOT LLP</b> 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9  SEAN DUNPHY E-mail: <a href="mailto:sdunphy@stikeman.com">sdunphy@stikeman.com</a>  ALEXANDER ROSE E-mail: <a href="mailto:arose@stikeman.com">arose@stikeman.com</a>	416.869.5500  416.869.5662  416.869.5261	416.947.0866	Smurfit-Stone Container Canada Inc.
<b>SUPERINTENDENT OF FINANCIAL SERVICES</b> <b>FINANCIAL SERVICES COMMISSION OF ONTARIO</b> <b>PENSION PLANS BRANCH</b> 5160 Yonge Street, 4th Floor P.O. Box 85 North York, ON M2N 6L9  ANNA VANI E-mail: <a href="mailto:Anna.Vani@fSCO.gov.on.ca">Anna.Vani@fSCO.gov.on.ca</a>	416.226.7793	416.226.7777	Superintendent of Financial Services
<b>THORNTONGROUTFINNIGAN LLP</b> Suite 3200, Canadian Pacific Tower 100 Wellington Street West Toronto, Canada, M5K 1K7  JOHN T. PORTER E-mail: <a href="mailto:jporter@tgf.ca">jporter@tgf.ca</a>  KIM G. FERREIRA E-mail: <a href="mailto:kferreira@tgf.ca">kferreira@tgf.ca</a>	416.304.1616  416.304-0778  416.304.0591	416.304.1313	Casco Inc. & Corn Products International, Inc.
<b>THORNTONGROUTFINNIGAN LLP</b> Suite 3200, Canadian Pacific Tower 100 Wellington Street West Toronto, Canada, M5K 1K7  ROBERT I THORNTON E-mail: <a href="mailto:rthornton@tgf.ca">rthornton@tgf.ca</a>  SEEMA AGGARWAL E-mail: <a href="mailto:saggarwal@tgf.ca">saggarwal@tgf.ca</a>	416.304.1616	416.304.1313	Manufacturers and Traders Trust Company, in its capacity as Indenture Trustee
<b>TRANSFORCE INC.</b> 8585 Trans-Canada Hwy, Suite 300 St. Laurent, QC H4S 1Z6  PATRICK-JAMES BLAINE E-mail: <a href="mailto:pblaine@transforce.ca">pblaine@transforce.ca</a>	514.331.4000  514.331.4154	514.337.4200	Besner Transport TFI 2 SEC Gregoire Transport (TFI 15 Sec) TFI Transport 2 L P TFI Transport 2 L P (Landry) Patriot Freight Services Inc. Transport Thibodeau

<i>Lawyers</i>	<i>Telephone</i>	<i>Fax</i>	<i>Lawyers For</i>
<b>UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION (UNITED STEELWORKERS)</b> 800-234 Eglinton Ave. East Toronto, ON M4P 1K7  <b>PAULA TURTLE</b> E-Mail: <a href="mailto:pturtle@usw.ca">pturtle@usw.ca</a>	416.487.1571         416.544.5980	416.482.5548         416.487.8826	United Steelworkers
<b>YOUNG CONAWAY STARGATT &amp; TAYLOR</b> The Brandywine Building 1000 West Street, 17th Floor P.O. Box 391 Wilmington, DE 19899-0391  <b>ROBERT S. BRADY</b> E-mail: <a href="mailto:rbrady@vcst.com">rbrady@vcst.com</a>  <b>EDMON L. MORTON</b> E-mail: <a href="mailto:emorton@vcst.com">emorton@vcst.com</a>	302.571.6600         302.571.6690         302.571.6637	302.571.1253         302.576.3283         302.576.3320	Smurfit-Stone Container Corporation (US counsel)

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IN THE MATTER OF THE *COMPANIES' CREDITORS  
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**BETWEEN:**

**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  
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**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**

**NOTICE OF MOTION  
(returnable January 24, 2011)**

Smurfit Stone Container Canada, L.P., Smurfit-Stone Container Canada Inc. ("Smurfit Canada") and the other Applicants listed on Schedule "A" hereto will make a motion before a Judge of the Ontario Superior Court of Justice, on Monday, January 24, 2010, at 9:30 am or as soon after that time as the motion can be heard, at 361 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

- (a) An Order amending the Sanction Order (as defined below) extending the Dissolution Date to February 28, 2011, *nunc pro tunc*; and
- (b) Such further and other relief as to this Honourable Court seems just.

**THE GROUNDS FOR THE MOTION ARE:**

1. Each of the Applicants is either a direct or indirect subsidiary of Smurfit-Stone Container Corporation, a Delaware corporation (“SSCC”). SSCC and certain of its direct and indirect subsidiaries (together, the “US Debtors”), including the Applicants and the Partnerships listed on Schedule “B” hereto, filed for protection from their creditors pursuant to Chapter 11 of Title 11 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1532, in the United States Bankruptcy Court for the District of Delaware on January 26, 2009.
2. On January 26, 2009, Smurfit-Stone Container Canada Inc. (“Smurfit Canada”) and the other Applicants and Partnerships (together, the “CCAA Entities”) obtained protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”), pursuant to an initial order of the Ontario Superior Court of Justice (the “Court”), as subsequently amended and restated (the “Initial Order”).
3. The Initial Order granted a stay of proceedings until February 25, 2009, or such later date as the Court may order (the “Stay Period”). The Stay Period has been extended on various occasions and pursuant to the terms of the Order of the Honourable Madam Justice Pepall, dated May 13, 2010 (the “Sanction Order”), is extended to the Dissolution Date.

4. On December 1, 2009, the U.S. Debtors filed the first draft of the Joint Plan of Reorganization of Smurfit-Stone Container Corporation and its Debtor Subsidiaries and Plan of Compromise and Arrangement for Smurfit-Stone Container Canada Inc. and Affiliated Canadian Debtors, as amended and supplemented from time to time (the "Plan"). The Plan was also accepted for filing by the Canadian Court pursuant to the Plan Filing and Meeting Order on February 10, 2010.
5. On May 13, 2010, pursuant to the Sanction Order, the Canadian Court approved and sanctioned the Plan.
6. Pursuant to an agreement between Smurfit Canada, the Minister of National Revenue (the "CRA") and the Ministère du Revenu (the "MRQ"), the Approving Debtors (defined as the CCAA Entites, other than Stone Container Finance Company of Canada II and 605681 N.B. Inc.) would be dissolved on September 30, 2010 (the "Dissolution Date"). The purpose of the Dissolution Date was to give the Approving Debtors time to file the certain tax returns for 2010.
7. As of September 30, 2010, the Approving Debtors had not completed the tax returns for 2010. On November 15, 2010, this Honourable Court amended the Sanction Order, extending the Dissolution Date to December 31, 2010, *nunc pro tunc* (the "December Dissolution Date").

8. Shortly before the December Dissolution Date, the Approving Debtors filed the 2010 tax returns. However, there was insufficient time to file the necessary materials with the appropriate public offices to effect the dissolution of the Approving Debtors. Extending the Dissolution Date to February 28, 2011 will allow them sufficient time to do so.
9. Rules 2.03, 3.02, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194 as amended.
10. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

1. The Affidavit of Dean Jones, sworn January 19, 2011, and the exhibits thereto;  
and
2. Such further and other materials as counsel may advise and this Honourable Court may permit.

January 19, 2011

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Sean F. Dunphy LSUC#: 24941J**  
Tel: (416) 869-5662

**Alexander Rose LSUC#: 49415P**  
Tel: (416) 869-5261

**Sarah Clarke LSUC#: 57377M**  
Tel: (416) 869-6853  
Fax: (416) 861-0445

Lawyers for the Applicants

**TO: THE ATTACHED SERVICE LIST**

**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

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**

Proceeding commenced at Toronto

**NOTICE OF MOTION  
(RETURNABLE January 24, 2011)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Sean F. Dunphy LSUC#: 24941J**  
Tel: (416) 869-5662

**Alexander D. Rose LSUC#: 49415P**  
Tel: (416) 869-5261

**Sarah Clarke LSUC#: 57377M**  
Tel: (416) 869-6835  
Fax: (416) 947-0866

Lawyers for the Applicants

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

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

**AFFIDAVIT OF DEAN JONES  
(sworn January 19, 2011)**

I, Dean Jones, of the City of Montreal, Province of Quebec, **MAKE OATH  
AND SAY:**

**I. INTRODUCTION**

1. I am the Senior Counsel, International Affairs & Assistant Secretary, of Smurfit-Stone Container Canada Inc. ("**Smurfit Canada**") and as such have knowledge of the matters to which I hereinafter depose, except where stated to be based on information and belief and, where so stated, I verily believe same to be true.

2. I swear this affidavit in support of a motion to further amend the Order of the Honourable Madam Justice Pepall, dated May 13, 2010 (the "**Sanction Order**"). A copy of the Sanction Order is attached hereto as **Exhibit "A"**.

3. On November 15, 2010 this Honourable Court issued an order extending the Dissolution Date from September 30, 2010 to December 31, 2010, *nunc pro tunc*, a copy of which is attached hereto as **Exhibit "B"**.

4. The Applicants and Partnerships now seek to extend the Dissolution Date from December 31, 2010 to February 28, 2011, *nunc pro tunc*.

## **II. BACKGROUND**

### **Insolvency Proceedings**

5. On January 26, 2009, Smurfit-Stone Container Corporation ("**SSCC**") and certain of its direct and indirect subsidiaries, including Smurfit-Stone Container Enterprises Inc. ("**SSCE**") and the Applicants and Partnerships (collectively, the "**U.S. Debtors**") filed for bankruptcy protection pursuant to Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. in the United States Bankruptcy Court (the "**U.S. Court**") for the district of Delaware (the "**Chapter 11 Proceedings**").

6. Later that day, the Applicants and the Partnerships (together, the "**CCAA Entities**") applied for, and obtained, protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "**CCAA**"), pursuant to an order of the Honourable Justice Pepall of the Ontario Superior Court

of Justice (Commercial List) dated January 26, 2009, as subsequently amended and restated (the "Initial Order"). A copy of the Initial Order is appended to this my affidavit as **Exhibit "C"**.

7. The Initial Order granted a stay of proceedings until February 25, 2009, or such later date as this Honourable Court may order (the "**Stay Period**"). The Stay Period has been extended on various occasions and, pursuant to the terms of the Sanction Order, is extended until the Dissolution Date.

### **Sanctioning the Plan**

8. On December 1, 2009, the U.S. Debtors filed the first draft of the Joint Plan of Reorganization of Smurfit-Stone Container Corporation and its Debtor Subsidiaries and Plan of Compromise and Arrangement for Smurfit-Stone Container Canada Inc. and Affiliated Canadian Debtors, as amended and supplemented from time to time (the "**Plan**"). The Plan was also accepted for filing by the Canadian Court pursuant to the Plan Filing and Meeting Order on February 10, 2010.

9. On May 13, 2010, pursuant to the Sanction Order, the Canadian Court approved and sanctioned the Plan.

### III. DISSOLUTION DATE

#### Agreement with the Revenue Authorities

10. Both the Minister of National Revenue (the “CRA”) and the Ministère du Revenu du Québec (the “MRQ” and together with the CRA, the “Revenue Authorities”) filed claims in the CCAA proceedings pursuant to the Initial Order and pursuant to the claims procedure order of the Court, dated June 25, 2009 (the “Claims Procedure Order”).

11. Subsequently, Smurfit Canada and the Revenue Authorities engaged in extensive negotiations regarding the claims filed by the CRA and the MRQ against Smurfit Canada and the other CCAA Entities, as well as amounts being held by the Revenue Authorities pending resolution of these claims. I was directly involved in these negotiations. On April 23, 2010, Smurfit Canada, the CRA and the MRQ entered into an agreement that, *inter alia*, resolved the CRA and MRQ’s claims, provided that such claims would be satisfied from the amounts held by the CRA and the MRQ, and that amounts primarily relating to post-filing GST and QST credits would be paid to Canadian Newco.

12. Pursuant to the agreement between Smurfit Canada and the Revenue Authorities, the Approving Debtors (defined as the CCAA Entities, other than Stone Container Finance Company of Canada II and 605681 N.B. Inc.) would be dissolved by operation of the Sanction Order.

13. The Sanction Order provides at paragraph 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 of 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.

14. As described in my affidavit sworn November 10, 2010, the dissolution of those entities was not to occur until September 30, 2010 (the "**Dissolution Date**") so as to give the Approving Debtors time to file certain 2010 tax returns.

15. As of September 30, 2010, the Approving Debtors had not completed their tax returns for 2010. I contacted the Revenue Authorities who consented to extend the Dissolution Date to December 31, 2010 to allow the returns to be filed.

16. As described above, on November 15, 2010 this Honourable Court amended the Sanction Order, extending the Dissolution Date to December 31, 2010, *nunc pro tunc* (the "**December Dissolution Date**").

17. Shortly before the December Dissolution Date, Smurfit Canada, along with the other Approving Debtors, filed the 2010 tax returns. However, insufficient time remained before the December Dissolution Date to file with the appropriate public offices the necessary materials to effect the dissolution, as contemplated by paragraph 30 of the Sanction Order. The Approving Debtors believe that extending the Dissolution Date to February 28, 2011 will allow them sufficient time to do so.

18. I contacted the Revenue Authorities, who consented to extend the December  
Dissolution Date to February 28, 2011.

SWORN BEFORE ME at the City of  
Montreal, Province of Quebec on  
January 19, 2011.

*Stephanie Larche*  
Commissioner for Taking Affidavits



*[Handwritten signature]*  
Dean Jones

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**

Proceeding commenced at Toronto

**AFFIDAVIT OF DEAN JONES  
(SWORN JANUARY 19, 2011)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
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Tel: (416) 869-5662

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Tel: (416) 869-5261

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Tel: (416) 869-6835  
Fax: (416) 947-0866

Lawyers for the Applicants

This is Exhibit "A" referred to in the  
affidavit of Dean Jones  
sworn before me, this 19th day of January, 2011

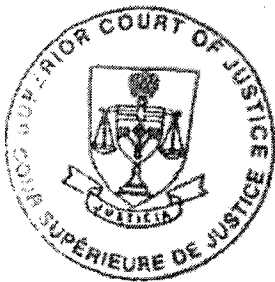
*Stephanie Larche*

A COMMISSIONER FOR TAKING AFFIDAVITS



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) THURSDAY, THE 13<sup>TH</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" (other than Stone Container Finance Company of Canada II) 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, counsel for Joseph Souccar and other retirees and the Independent Paperworkers of Canada, counsel for the United Steelworkers, the Department of Justice representing Canada Revenue Agency 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 and May 3, 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, and any applications for leave to appeal or appeals, if granted, 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 Finance II (against any person other than the Canadian Debtors, Canadian Newco, the Monitor and their respective predecessors, successors and assigns, whether by operation of law or otherwise) and against Finance II or any of its current and former members, partners, equityholders, officers, directors, employees, managers, shareholders, financial advisors, attorneys, accountants, investment bankers, consultants, agents and professionals, or other representatives, each acting in such capacity with respect to Finance II and any Person claiming by or through any of them 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 as reflected in the Reports.

#### **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 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 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, for greater certainty, the Monitor shall be deemed not to have taken possession or control of the funds in the SSC Canada Distribution Pool or the Smurfit-MBI Distribution Pool.
38. **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.
39. **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**

40. **THIS COURT ORDERS** that this order shall have full force and effect in all provinces and territories in Canada.
41. **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.

42. **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.
43. **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.

**SUSPENSION OF ORDER**

44. **THIS COURT ORDERS** that this Order is suspended for ten (10) days commencing on the date hereof.

  
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ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JUN 03 2010

PER / PAR: 

**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**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Sean Dunphy LSUC#: 24941J**  
Tel: (416) 869-5662  
**Alexander Rose LSUC#: 49415P**  
Tel: (416) 869-5261  
Fax: (416) 947-0866

Lawyers for the Applicants

This is Exhibit "B" referred to in the  
affidavit of Dean Jones  
sworn before me, this 19th day of January, 2011

*Stephanie Larche*

A COMMISSIONER FOR TAKING AFFIDAVITS



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



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) MONDAY, THE 15TH  
MADAM JUSTICE PEPALL ) DAY OF NOVEMBER, 2010

BETWEEN:

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

**AMENDED SANCTION ORDER**

**THIS MOTION**, made by Smurfit-Stone Container Canada, L.P., Smurfit-Stone Container Canada Inc. and the other Applicants listed on Schedule "A" hereto pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an order approving *inter alia* an extension of the stay of proceedings, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the material filed, including the Notice of Motion, and the Affidavit of Dean Jones, sworn November 10, 2010, and on hearing submissions of counsel to the Applicants and the Partnerships listed on Schedule "B" hereto, counsel to the Monitor and such other counsel as were present, and on being advised that the Applicants' Service List was served with the Notice of Motion herein:

1. **THIS COURT ORDERS** that the Dissolution Date referred to in the Sanction Order of the Honourable Justice Pepall dated May 13, 2010, is extended until December 31, 2010, *nunc pro tunc*.

  
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ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

NOV 15 2010

PER / PAR:

NB

**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**

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**

Proceeding commenced at Toronto

**ORDER  
(AMENDMENT TO SANCTION ORDER)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Sean F. Dunphy LSUC#: 24941J**  
Tel: (416) 869-5662

**Alexander Rose LSUC#: 49415P**  
Tel: (416) 869-5261

**Sarah Clarke LSUC#: 57377M**  
Tel: (416) 869-5261  
Fax: (416) 861-0445

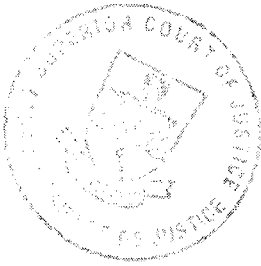
Lawyers for the Applicants

This is Exhibit "C" referred to in the  
affidavit of Dean Jones  
sworn before me, this 19th day of January, 2011

*Stephanie Larche*

A COMMISSIONER FOR TAKING AFFIDAVITS





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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE  
JUSTICE PEPALL

)  
)  
)

MONDAY, THE 26th  
DAY OF JANUARY, 2009

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

**INITIAL ORDER**

**THIS APPLICATION**, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Dean Jones sworn January 25, 2009 (the "Jones Affidavit") and the Exhibits thereto, the first report of Deloitte and Touche Inc. ("Deloitte") in its capacity as proposed monitor for the Applicants and on hearing the submissions of counsel for the Applicants, the DIP Agent (as defined below) and on reading the consent of Deloitte to act as the Monitor,

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

### **APPLICATION**

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not Applicants, those partnerships listed on Schedule "B" (the "Partnerships") shall enjoy the benefits of the protections provided by this Order.

### **PLAN OF ARRANGEMENT**

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan") between, *inter alia*, the Applicants and one or more classes of their secured and/or unsecured creditors as they deem appropriate.

### **POSSESSION OF PROPERTY AND OPERATIONS**

4. **THIS COURT ORDERS** that the Applicants and Partnerships shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicants and Partnerships shall continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property. The Applicants and Partnerships shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by them, with liberty to retain

such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants and Partnerships shall be entitled to continue to utilize the centralized cash management systems currently in place as described in the Jones Affidavit or replace them with other substantially similar central cash management system(s) (together, the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants or Partnerships of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants and Partnerships, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System. The Monitor shall review and monitor the Cash Management System and report to this Court from time to time.

6. **THIS COURT ORDERS** that the Applicants and Partnerships shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits and contributions, vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

- (b) the fees and disbursements of any Assistants retained or employed by the Applicants and Partnerships in respect of these proceedings, at their standard rates and charges; and
- (c) amounts owing for goods and services actually supplied to the Applicants and Partnerships, or to obtain the release of goods contracted for, prior to the date of this order:
  - (i) by railways, trucking companies and other carriers and customs brokers, with the consent of the Monitor and the DIP Agent; and
  - (ii) with the consent of the Monitor and the DIP Agent, up to US\$11.6 million by other suppliers if, in the opinion of the Applicants and Partnerships, the supplier is critical to the Business and ongoing operations of the Applicants and/or Partnerships.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants and Partnerships shall be entitled but not required to pay all reasonable expenses incurred by them in carrying on the Business in the ordinary course from and after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants and Partnerships following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants and Partnerships shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are

required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants and Partnerships in connection with the sale of goods and services by the Applicants and Partnerships, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants and Partnerships.

9. **THIS COURT ORDERS** that until such time as an Applicant or Partnership delivers a notice in writing to repudiate a real property lease in accordance with paragraph 11(c) of this Order (a "Notice of Repudiation"), the Applicants and Partnerships shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and Partnerships and the relevant landlords from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any arrears relating to the period commencing from and including the

date of this Order shall also be paid. Upon delivery of a Notice of Repudiation, the relevant Applicant or Partnership shall pay all Rent due for the notice period stipulated in paragraph 11(c) of this Order, to the extent that Rent for such period has not already been paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein or in the DIP Documents (as defined below), the Applicants and Partnerships are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants or Partnerships to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

#### **RESTRUCTURING**

11. **THIS COURT ORDERS** that the Applicants and Partnerships shall, subject to such covenants as may be contained in the DIP Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$2 million in any one transaction or \$25 million in the aggregate, subject to paragraph 11(c), if applicable;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as the relevant Applicant or Partnership deems appropriate on such terms as may be agreed upon between the relevant Applicant or Partnership and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;
- (c) in accordance with paragraphs 12 and 13, vacate, abandon or quit the whole but not part of any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than

fourteen (14) days notice in writing to the relevant landlord on such terms as may be agreed upon between the relevant Applicant or Partnership and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;

- (d) repudiate such of their arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicants or Partnerships deem appropriate on such terms as may be agreed upon between the relevant Applicant or Partnership and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan; and
- (e) pursue all avenues of refinancing and offers for material parts of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a), above),

all of the foregoing to permit the Applicants and Partnerships to proceed with an orderly restructuring of the Business (the "Restructuring").

12. **THIS COURT ORDERS** that the Applicants and Partnerships shall provide each of the relevant landlords with notice of the relevant Applicant's or Partnership's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's or Partnership's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant Applicant or Partnership, or by further Order of this Court upon application by the relevant Applicant or Partnership on at least two (2) days notice to such landlord and any such secured creditors. If an Applicant or Partnership repudiates the lease governing such leased premises in accordance with paragraph 11(c) of this

Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in paragraph 11(c) of this Order), and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a Notice of Repudiation is delivered, then (a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Applicant or Partnership and the Monitor 24 hours' prior written notice, and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant or Partnership in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant or Partnership of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

**NO PROCEEDINGS AGAINST THE APPLICANTS OR PARTNERSHIPS OR THE PROPERTY**

14. **THIS COURT ORDERS** that until and including February 25, 2009, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants, the Partnerships or the Monitor, or affecting the Business or the Property, except with the written consent of the applicable Applicant or Partnership, the DIP Agent and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants, the Partnerships or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants, the Partnerships or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the applicable Applicant or Partnership, the DIP Agent and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants and Partnerships to carry on any business which the Applicants or Partnerships are not lawfully entitled to carry on, (ii) exempt the Applicants and Partnerships from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH RIGHTS**

16. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants or Partnerships, except with the written consent of the relevant Applicant or Partnership, the DIP Agent and the Monitor, or leave of this Court.

**CONTINUATION OF SERVICES**

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with an Applicant or Partnership or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business, an Applicant or Partnership, are hereby restrained until further Order of

this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants or Partnerships, and that the Applicants and Partnerships shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants and Partnerships in accordance with normal payment practices of the Applicants or Partnerships or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants or Partnerships, the DIP Agent and the Monitor, or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

18. **THIS COURT ORDERS** that, notwithstanding anything else contained herein, no creditor of the Applicants and Partnerships shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants and Partnerships. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

19. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants or Partnerships whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants and Partnerships, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or Partnerships or this Court.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

20. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicants or Partnerships, after the date hereof, to make payments of the nature referred to in subparagraphs 6(a), 8(a), 8(b) and 8(c) of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

21. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$8.6 million, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 43 herein.

22. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

## **APPOINTMENT OF MONITOR**

23. **THIS COURT ORDERS** that Deloitte is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicants' and Partnerships' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and Partnerships and

their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants and Partnerships pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

24. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' and Partnerships' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Applicants, the Partnerships, Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants and Partnerships, to the extent required by the Applicants and Partnerships, in their dissemination, to the DIP Agent and its counsel of financial and other information as agreed to between the Applicants and Partnerships and the DIP Agent which may be used in these proceedings including reporting on a basis to be agreed with the DIP Agent and perform such other duties and exercise such powers as may be contemplated to be performed and exercised by the Monitor under the DIP Documents;
- (d) advise the Applicants and Partnerships in their preparation of the Applicants' and Partnerships' cash flow statements and reporting required by the DIP Agent, which information shall be reviewed with the Monitor and delivered to the DIP Agent and its counsel in compliance with the DIP Documents, or as otherwise agreed to by the DIP Agent;
- (e) advise the Applicants and Partnerships in their development of the Plan and any amendments to the Plan;

- (f) assist the Applicants and Partnerships, to the extent required by the Applicants and Partnerships, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the books, records and management, employees and advisors of the Applicants and the Partnerships and to the Business and the Property to the extent required to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan; and
- (j) perform such other duties as are required by this Order or by this Court from time to time.

25. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other

contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. **THIS COURT ORDERS** that the Monitor shall provide any creditor of an Applicant or Partnership with information provided by the Applicant or Partnership in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by an Applicant or Partnership is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant or Partnership may agree.

28. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and Canadian counsel to the Applicants and Partnerships shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants and

Partnerships as part of the costs of these proceedings. The Applicants and Partnerships are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and Canadian counsel for the Applicants and Partnerships on a twice-monthly basis and, in addition, the Applicants and Partnerships are hereby authorized to pay to the Monitor, counsel to the Monitor, and Canadian counsel to the Applicants and Partnerships, retainers in the amounts of \$400,000 each, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

30. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

31. **THIS COURT ORDERS** that the Monitor, Canadian counsel to the Monitor, if any, and the Applicants' and Partnerships' Canadian counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$5 million, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 43 hereof.

#### **DIP FINANCING**

32. **THIS COURT ORDERS** that the Applicants and Partnerships are hereby authorized and empowered to enter into, obtain and borrow under a credit facility (the "DIP Credit Agreement") among the Applicants and Partnerships, Smurfit-Stone Container Enterprises, Inc., Smurfit-Stone Container Corporation, the other "Loan Parties" thereto, the "Lenders" party thereto, JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent, and JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent and Canadian Collateral Agent (the

Canadian Administrative Agent and the Canadian Collateral Agent are, collectively, the "DIP Agent") substantially in the form attached as Exhibit "A" to the Jones Affidavit (subject to such non-material amendments and modifications as the parties may agree with a copy thereof being provided in advance to the Monitor), provided that borrowings under such credit facility shall not exceed the principal amount of US\$350 million unless permitted by further Order of this Court.

33. **THIS COURT ORDERS** that the Applicants and Partnerships are hereby authorized and empowered to execute and deliver the DIP Credit Agreement and such commitment letters, fee letters, credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "DIP Documents"), as are contemplated by the DIP Documents or as may be reasonably required by the DIP Agent pursuant to the terms thereof, and the Applicants and Partnerships are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Agent under and pursuant to the DIP Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. **THIS COURT ORDERS** that the DIP Agent, for and on behalf of the Secured Parties (as defined in the DIP Credit Agreement) (collectively, the "DIP Lenders") shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lenders Charge") on the Property, including without limitation the real property listed in Schedule "C" attached hereto, which charge shall not exceed the aggregate amount owed to the DIP Lenders under the DIP Documents.

35. **THIS COURT ORDERS** that the DIP Lenders Charge shall have the priority set out in paragraphs 40 and 43 hereof. The DIP Lenders Charge shall attach to all existing and after-acquired Property, as the case may be, including any lease, license, occupation permit, or other contract, notwithstanding any requirement for the consent of the lessor, licensor, or other party to such contract.

36. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Agent may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lenders Charge or any of the DIP Documents;
- (b) upon the occurrence of an event of default under the DIP Documents or the DIP Lenders Charge, the DIP Agent, upon five days notice to the Applicants and Partnerships and the Monitor, may exercise any and all of its rights and remedies on behalf of the DIP Lenders against the Applicants, the Partnerships or the Property under or pursuant to the DIP Documents and the DIP Lenders Charge, including without limitation, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and Partnerships and for the appointment of a trustee in bankruptcy of the Applicants, and upon the occurrence of an event of default under the terms of the DIP Documents, the DIP Agent shall be immediately entitled to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Agent to the Applicants against the obligations of the Applicants to the DIP Agent under the DIP Documents or the DIP Lenders Charge, seize and retain proceeds from the sale of the Property and the cash flow of the Applicants and Partnerships to repay amounts owing to the DIP Lenders in accordance with the DIP Documents and the DIP Lenders Charge, as the case may be, but subject to the priorities as set out in paragraphs 40 and 43 of this Order; and
- (c) the foregoing rights and remedies of the DIP Agent shall be enforceable against the Applicants and Partnerships and against any trustee in

bankruptcy, interim receiver, receiver or receiver and manager of the Applicants, the Partnerships or the Property.

37. **THIS COURT ORDERS AND DECLARES** that, notwithstanding paragraph 14, but subject to paragraph 36, the DIP Agent and the DIP Lenders shall be treated as unaffected by any stay created in these proceedings and the DIP Agent and the DIP Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the DIP Documents.

38. **THIS COURT ORDERS** that nothing in this Order shall be construed as relieving the Applicants and Partnerships from their obligations to comply with the DIP Documents and in particular the Budget (as defined in the DIP Credit Agreement).

39. **THIS COURT ORDERS** that the Applicants and the Partnerships party to the Receivables Agreement are authorized to terminate the Receivables Agreement and enter into and perform their obligations under the Termination and Reassignment Agreement, each as defined in the Jones Affidavit.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

40. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lenders Charge, as among them, shall be as follows:

First - Administration Charge (to the extent of \$1 million);

Second - Directors' Charge (to the extent of \$8.6 million);

Third - DIP Lenders Charge; and

Fourth - Administration Charge (for any amount greater than \$1 million, to a maximum of \$5 million).

41. **THIS COURT ORDERS** that any distribution in respect of the DIP Lenders Charge as amongst the beneficiaries thereto shall be governed by the DIP Documents.

42. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lenders Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

43. **THIS COURT ORDERS** that each of the Directors' Charge, the Administration Charge and the DIP Lenders Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person. The security granted by the DIP Documents charging the Property shall have the same priority as the DIP Lenders Charge.

44. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants and Partnerships shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants and Partnerships also obtain the prior written consent of the Monitor, the DIP Agent and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

45. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the DIP Documents and the DIP Lenders Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the

Charges (collectively, the "Chargees") and/or the DIP Agent thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, the Partnerships, or any of them, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Documents shall create or be deemed to constitute a breach by any of the Applicants or Partnerships of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants and Partnerships entering into the DIP Credit Agreement, the creation of the Charges, or the execution, delivery or performance of the DIP Documents; and
- (c) the payments made by the Applicants and the Partnerships pursuant to this Order or the DIP Credit Agreement or the other DIP Documents and the granting of the Charges do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

46. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the relevant Applicant's or Partnership's interest in such real property leases.

#### **RECOGNITION**

47. **THIS COURT ORDERS AND DECLARES** that the Partnerships are entities which are entitled to relief under section 268 of the BIA.

48. **THIS COURT ORDERS AND DECLARES** that the proceedings commenced on January 26, 2009 by the Applicants and Partnerships under chapter 11 of title 11 of the *United States Bankruptcy Code* in the United States Bankruptcy Court for the District of Delaware (the "US Bankruptcy Proceedings") be and hereby are recognized as a "foreign proceeding" as defined by section 267 of the BIA.

#### **SERVICE AND NOTICE**

49. **THIS COURT ORDERS** that (i) the Applicants and the Partnerships shall give notice to the Monitor concurrently with any request that any of them may submit to the DIP Lenders for release of any of the Collateral from the DIP Liens (each as defined in the DIP Documents) or for the release of proceeds of such Collateral; and (ii) in addition, the DIP Agent shall give notice to the Monitor promptly following any request from the Applicants or the Partnerships pursuant to the DIP Documents for the consent of the Lenders to release all or substantially all of the Collateral from the Liens (each as defined in the DIP Documents), or for the consent of the Supermajority Lenders to release any material part of the Collateral from the Liens or for the release of proceeds of such collateral.

50. **THIS COURT ORDERS** that the Applicants and Partnerships shall, within ten (10) business days of the date of entry of this Order, cause a notice to be sent to their known creditors, other than employees and creditors to which the Applicants and Partnerships owe less than \$1,000, whether separately or as part of a notice to all such

creditors pursuant to the US Bankruptcy Proceedings, at their addresses as they appear on the Applicants' and Partnerships' records notifying them of this filing and the address of the Monitor's website where a copy of this Order is posted, and shall promptly send a copy of this Order to any interested Person who requests a copy. The Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide a copy of this Order, but may assist the Applicants and Partnerships in sending the notice referred to above.

51. **THIS COURT ORDERS** that the Applicants and Partnerships and the Monitor be at liberty to serve any materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' and Partnerships' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and Partnerships and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. **THIS COURT ORDERS** that the Applicants and Partnerships, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on its website at [www.deloitte.com/ca/smurfitstonecanada](http://www.deloitte.com/ca/smurfitstonecanada).

#### **GENERAL**

53. **THIS COURT ORDERS** that the Applicants or Partnerships or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

54. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Partnerships, the Business or the Property.

55. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants and Partnerships, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and Partnerships and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and Partnerships and the Monitor and their respective agents in carrying out the terms of this Order.

56. **THIS COURT ORDERS** that each of the Applicants and Partnerships and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

57. **THIS COURT ORDERS** that any interested party (including the Applicants and Partnerships and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. **THIS COURT ORDERS** that, (a) notwithstanding paragraph 57, no order shall be made varying, rescinding or otherwise affecting the provisions of this Order with respect to the DIP Documents or the DIP Lenders Charge unless notice of a motion for such order is served on the Applicants and Partnerships, the Monitor and the DIP Agent returnable no later than February 18, 2009; and (b) subject to court order, prior to February 18, 2009, the amounts that can be borrowed by the Canadian Borrower under

the Canadian Revolving Commitment and the US Revolving Commitment (each as defined in the DIP Credit Agreement) shall be limited to the amounts set out in sections 2.2(a) and 2.3(a) of the DIP Credit Agreement.


59. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.

60. **THIS COURT ORDERS** that leave is reserved to the Applicants and Partnerships to apply for an Amended and Restated Initial Order on January 28, 2009 to seek, *inter alia*, recognition of any DIP Orders made in the US Bankruptcy Proceedings.



ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JAN 26 2009

PER / PAR:  Joanne Nicoara  
Registrar, Superior Court of Justice

**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"**

Québec Timberlands (approximately 960,000 acres) in Québec

1000 Chemin de l'Usine, La Tuque, Québec

90 Parc Industriel, Matane, Québec

15400 Sherbrooke Street East, Montreal, Québec

211 Route 301 Portage-du-Fort, Québec

150 chemin St-Edgar, New Richmond, Québec

819 Main Street, Bathurst, New Brunswick

747 Appleby Line, Burlington, Ontario

200 Chemin de la Rivière-au-Lait, Canton de Vallières, Haut Saint-Maurice, Québec

1115 34<sup>th</sup> Ave South East, Calgary, Alberta

8705 24<sup>th</sup> Street, Edmonton, Alberta

Foot of Gifford Street, New Westminster, British Columbia

1360 Inkster Boulevard, Winnipeg, Manitoba

730 Islington Ave., Toronto, Ontario

200 Water Street, Whitby, Ontario

390 Woodlawn Road, West, Guelph, Ontario

8150 Parkhill Drive, Milton, Ontario

1035 Hodge Street, Saint-Laurent, Québec

5550 Royalmount Ave, Town of Mount-Royal, Québec

1400, 1st Ave East, Regina, Saskatchewan

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36  
AND IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3  
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

**INITIAL ORDER**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Sean F. Dunphy LSUC#: 24941J**

Tel: (416) 869-5662

**Alexander D. Rose LSUC#: 49415P**

Tel: (416) 869-5261

Fax: (416) 947-0866

Lawyers for the Applicant



1. **THIS COURT ORDERS** that the Dissolution Date referred to in the Sanction Order of the Honourable Justice Pepall dated May 13, 2010, is extended until February 28, 2011, *nunc pro tunc*.
-

**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

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**

Proceeding commenced at Toronto

**ORDER  
(AMENDMENT TO SANCTION ORDER)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Sean F. Dunphy LSUC#: 24941J**  
Tel: (416) 869-5662

**Alexander Rose LSUC#: 49415P**  
Tel: (416) 869-5261

**Sarah Clarke LSUC#: 57377M**  
Tel: (416) 869-5261  
Fax: (416) 861-0445

Lawyers for the Applicants

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**

Proceeding commenced at Toronto

**MOTION RECORD  
(RETURNABLE January 24, 2011)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Sean F. Dunphy LSUC#: 24941J**  
Tel: (416) 869-5662

**Alexander D. Rose LSUC#: 49415P**  
Tel: (416) 869-5261

**Sarah Clarke LSUC#: 57377M**  
Tel: (416) 869-6835  
Fax: (416) 947-0866

Lawyers for the Applicants