

**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

**AFFIDAVIT OF DEAN JONES
(sworn February 5, 2010)**

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

I. OVERVIEW

1. I am the Senior Counsel, International Affairs & Assistant Secretary, of Smurfit-Stone Container Canada Inc. ("**SSC Canada**") and as such have knowledge of the matters to which I hereinafter depose.

2. This affidavit is made in support of a motion presently returnable February 10, 2010 for an order accepting the filing of a plan of compromise and arrangement concerning, affecting and involving the Applicants listed on Schedule "A" and the Partnerships listed on Schedule "B"; and an order authorizing and directing the

Applicants to convene a meeting of Affected Creditors entitled to consider and vote on the plan.

3. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan (defined below).

II. PLAN OF COMPROMISE AND ARRANGEMENT

Background

4. Each of the Applicants listed on Schedule "A" is either a direct or indirect subsidiary of Smurfit-Stone Container Enterprises, Inc., a Delaware corporation ("SSCE"). SSCE and its parent company, Smurfit-Stone Container Corporation ("SSCC"), and certain of its direct and indirect subsidiaries (together, the "U.S. Debtors"), including the Applicants and the Partnerships, filed for protection from their creditors under title 11 of chapter 11 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1532 (the "U.S. Bankruptcy Proceedings") in the United States Bankruptcy Court for the District of Delaware (the "U.S. Court") in the early hours of January 26, 2009.

5. Later on January 26, 2009, SSC Canada and the other Applicants and Partnerships were granted protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and an initial order of the Ontario Superior Court of Justice (the "Court"), as subsequently

amended, restated and extended, and Deloitte & Touche Inc. was appointed to act as monitor.

6. On or about December 1, 2009, the U.S. Debtors filed the first draft of a 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 with the U.S. Court. The Joint Plan, which has since been amended and includes provisions relating to the classification and treatment of Affected Claims against the Applicants in the CCAA Proceedings (Article IV) and the Canadian Asset Sale (Article V) and related provisions, also serves as the plan to be put before the meeting of Affected Creditors in these CCAA Proceedings (the “**Plan**”). A copy of the current version of the Plan, as amended, is appended to this my affidavit as **Exhibit “A”**. The Plan remains subject to further alteration, amendment, modification and/or supplement in accordance with its terms.

Classes of Affected Creditors

7. Section 4.2 of the Plan divides Affected Creditors into eight classes for purposes of voting on, and receiving distributions under, the Plan:

Affected Secured Creditors

- (a) Affected Secured Creditors of SSC Canada;
- (b) Affected Secured Creditors of Smurfit-MBI;

- (c) Affected Secured Creditors of MBI Limited;
- (d) Affected Secured Creditors of Francobec Company;
- (e) Affected Secured Creditors of 3083527 Nova Scotia Company;

Affected Unsecured Creditors

- (f) Affected Unsecured Creditors of SSC Canada;
- (g) Affected Unsecured Creditors of Smurfit-MBI; and
- (h) Affected Unsecured Creditors of Stone FinCo II.

8. For purposes of the Plan, the Class of Affected Unsecured Creditors of Smurfit-MBI includes the Holders of Affected Unsecured Claims against MBI Limited in its capacity as the general partner of Smurfit-MBI.

Asset Sale

9. The following is an overview of some of the principal features of the Plan as it relates to the Affected Creditors. It is not intended to be comprehensive and reference should be made to the Plan in its entirety, as well as to the Disclosure Statement that describes the Plan (referenced below).

10. As it relates to the Affected Creditors, the Plan is premised upon an offer by Canadian Newco to purchase the assets of Smurfit-Stone Container Canada Inc., Smurfit-MBI, MBI Limited, B.C. Shipper Supplies Ltd. and Francobec Company pursuant to an Asset Purchase Agreement described in Article V of the Plan in exchange for, amongst other things, the payment of the Prepetition Canadian Revolving Loans and Prepetition Canadian Term Loans and cash for the Distribution

Pools. Pursuant to Articles IV and V of the Plan, a sale will take place provided, amongst other conditions, that the Plan is approved by the Affected Secured Creditors by the Required Majority and is sanctioned by this Court. Under the terms of the Plan, approval of the Affected Unsecured Creditors is not required for a sale to occur. That having been said, Distribution Pools will be available to Affected Unsecured Creditors of SSC Canada and Smurfit-MBI if, amongst other things, both such Classes approve the Plan by the Required Majority.

11. Pursuant to section 5.1 of the Plan, Canadian Newco, which will be formed as an indirect wholly owned subsidiary of SSCE, will be deemed to have made an offer to purchase the Canadian Assets on the Effective Date, free and clear of all Liens, Claims, interests and encumbrances other than those liabilities that are expressly assumed, upon and in consideration for the following, as well as the assumption of certain liabilities:

- (a) the payment of cash in the amount necessary to repay the principal amount of the Prepetition Canadian Revolving Loans and the Prepetition Canadian Term Loans in full, plus any accrued but unpaid interest thereon payable at the non-default interest rate under the Prepetition Credit Agreement and all other amounts payable in connection therewith under the Plan;
- (b) the payment of cash in the amount necessary to pay the principal amount of all Other Secured Claims against SSC Canada, Smurfit-MBI, MBI Limited, B.C. Shipper Supplies Ltd. and Francobec Company in full, plus any accrued but unpaid interest thereon required to be paid under applicable law;
- (c) the payment of cash in the amount necessary to satisfy in full all Administrative Expense Claims, Post-Filing Claims and CCAA Charges against the Canadian Debtors, including, without limitation, any

monetary amounts by which each executory contract and unexpired lease to be assigned to Canadian Newco is in default;

- (d) the assumption by Canadian Newco of certain liabilities of SSC Canada, Smurfit-MBI, MBI Limited, B.C. Shipper Supplies Ltd. and Francobec Company as set forth in the Asset Purchase Agreement, including, without limitation, all existing and future obligations of SSC Canada, Smurfit-MBI, MBI Limited, B.C. Shipper Supplies Ltd. or Francobec Company under:
 - (i) the Canadian Collective Bargaining Agreements,
 - (ii) the Canadian Pension Plans (including all unfunded liabilities thereunder), and
 - (iii) the Canadian Employee Benefit Plans; and
- (e) the payment of cash in the amounts necessary to fund the SSC Canada Distribution Pool and the Smurfit-MBI Distribution Pool, which shall be available for distribution to Affected Unsecured Creditors of SSC Canada and Smurfit-MBI in accordance with Article IV of the Plan (described below); provided, however, that the SSC Canada Distribution Pool and the Smurfit-MBI Distribution Pool will not be available for distribution to the Holders of Affected Unsecured Claims if the Classes of Affected Unsecured Claims against either SSC Canada or Smurfit-MBI fail to accept the Plan.

12. Pursuant to section 5.1.5 of the Plan, if the Plan is approved by the Required Majority of the Affected Secured Creditors and the Affected Unsecured Creditors of both SSC Canada and Smurfit-MBI, the Plan is sanctioned and other conditions are met, the Canadian Assets shall be transferred to Canadian Newco on the Effective Date pursuant to a CCAA Vesting Order, the Confirmation Order in the Chapter 11 Cases and the CCAA Sanction Order.

13. Section 5.1.6 of the Plan governs the circumstance where either the Affected Unsecured Creditors of SSC Canada or the Affected Unsecured Creditors of Smurfit-

MBI, or both of them, fail to approve the Plan by the Required Majority. If (a) the Plan is not approved by the Required Majority of the Affected Unsecured Creditors of SSC Canada or by the Required Majority of the Affected Unsecured Creditors of Smurfit-MBI, (b) the Plan fails to be sanctioned by the Canadian Bankruptcy Court with respect to any Class of Affected Creditors, or (c) the Debtors so choose at any time prior to the Confirmation Hearing in consultation with the Committee, (i) the Debtors shall be permitted to pursue a marketing process for the Canadian Assets; and (ii) Canadian Newco's offer for the Canadian Assets described above shall be modified to exclude the cash in the amounts necessary to fund the SSC Canada Distribution Pool and the Smurfit-MBI Distribution Pool.

14. Under section 4.1.3 of the Plan, Affected Creditors in any Class that fails to accept the Plan by the Required Majority, or in respect of which the Plan is not sanctioned by the Canadian Bankruptcy Court, shall be deemed to be Unaffected Creditors for purposes of the Plan.

Marketing Process

15. If the conditions set forth in section 5.1.6 of the Plan are not satisfied (such conditions being generally described in paragraph 13 above), the Plan provides that the Debtors shall be permitted to engage in a marketing process for the Canadian Assets. The marketing process is set out in general terms in Section 5.1.6 of the Plan and provides that a "Competing Bid" must, amongst other things, consist of cash payable in the amount necessary to repay the principal amount of the Prepetition

Canadian Revolving Loans and the Prepetition Canadian Term Loans in full, plus any accrued but unpaid interest thereon payable at the non-default interest rate, and contain an unconditional commitment to assume all existing and future obligations of SSC Canada and Smurfit-MBI under the Canadian Collective Bargaining Agreements, the Canadian Pension Plans (including all unfunded liabilities thereunder), and the Canadian Employee Benefit Plans.

16. Pursuant to section 5.1.6 of the Plan, if no Competing Bids are submitted pursuant to the marketing process on or before the Competing Bid Deadline, the Canadian Assets shall be transferred to Canadian Newco on the Effective Date pursuant to the terms of the Asset Purchase Agreement described above (except that the consideration for the Canadian Assets will not include cash for the Distribution Pools). If any Competing Bids for the Canadian Assets are submitted on or before the Competing Bid Deadline, the Canadian Bankruptcy Court shall determine whether any such Competing Bid constitutes a Superior Competing Bid, in which case the Debtors shall conduct an auction for the Canadian Assets under the supervision of the CCAA Monitor. The Plan provides that Canadian Newco shall be entitled to participate in any bidding process and auction.

Treatment of Affected Secured and Affected Unsecured Claims

Treatment of Affected Secured Claims

17. The treatment of Affected Secured Claims, CCAA Charges and Priority Tax Claims is described in section 4.3 of the Plan. Amongst other things, on or as soon as reasonably practicable after the Effective Date, each Holder of an Allowed Prepetition Canadian Lender Claim shall receive a cash payment of 100% of the principal amount of such Allowed Prepetition Canadian Lender Claim, plus any accrued but unpaid interest thereon payable at the applicable non-default interest rate under the Prepetition Credit Documents and 100% of all unpaid or unreimbursed fees, costs and expenses payable to such Holder under the Prepetition Credit Documents.

Treatment of Unsecured Claims

18. The treatment of Affected Unsecured Claims is described in section 4.4 of the Plan. The treatment of Affected Unsecured Claims under the Plan depends on the identity of the Canadian Debtor against which such Affected Unsecured Claim is asserted.

Treatment of Unsecured Claims Against SSC Canada

19. If (a) the Classes of Affected Unsecured Creditors of SSC Canada and Smurfit-MBI approve the Plan by the Required Majority, (b) the Plan is sanctioned by the

Canadian Bankruptcy Court with respect to each such Class, and (c) the Canadian Assets are transferred to Canadian Newco as described above, then each Holder of a General Unsecured Claim against SSC Canada shall receive, on account of such General Unsecured Claim, its Pro Rata Share of the SSC Canada Distribution Pool of \$19,500,000.

Treatment of Unsecured Claims Against Smurfit-MBI

20. If (a) the Classes of Affected Unsecured Creditors of SSC Canada and Smurfit-MBI approve the Plan by the Required Majority, (b) the Plan is sanctioned by the Canadian Bankruptcy Court with respect to each such Class, and (c) the Canadian Assets are transferred to Canadian Newco as described above, then each Holder of a General Unsecured Claim against Smurfit-MBI shall receive, on account of such General Unsecured Claim, its Pro Rata Share of the Smurfit-MBI Distribution Pool of \$19,500,000.

Affected Unsecured Claims Against Stone FinCo II

21. If (a) the Class of Affected Unsecured Creditors of Stone FinCo II approves the Plan by the Required Majority, (b) the Plan is sanctioned by the Canadian Bankruptcy Court with respect to such Class, and (c) the Canadian Assets are transferred to Canadian Newco as described above, then, the Holders of General Unsecured Claims against Stone FinCo II shall receive their Pro Rata Share of any


shares of New SSCC Common Stock that Stone FinCo II shall be entitled to receive under the Plan on account of the Stone FinCo II Contribution Claim (if any).

III. APPROVAL OF THE DISCLOSURE STATEMENT IN THE CHAPTER 11 CASES AND DISTRIBUTION OF THE PLAN

22. On January 29, 2010, the U.S. Court heard a motion brought by the Debtors in the U.S. Bankruptcy Proceedings for an Order (i) approving the Disclosure Statement, (ii) establishing procedures for the solicitation and tabulation of votes to accept or reject the Debtors' Joint Plan of Reorganization, (iii) scheduling a hearing to consider confirmation of the Joint Plan of Reorganization and establishing notice and objection procedures in respect thereof, and (iv) granting related relief. Copies of the written motion material (without exhibits) filed in the U.S. Bankruptcy Proceedings, the Disclosure Statement, and the Order granted by the U.S. Court are appended to this my affidavit as **Exhibits "B", "C", and "D"**, respectively.

23. The Applicants intend to distribute the Plan, the Disclosure Statement and other materials to the Affected Creditors on or about February 15, 2010 and propose to hold a meeting in early April 2010 so that the Affected Creditors can consider and, if deemed appropriate, approve the Plan. Copies of the Notice of Meeting and Sanction Hearing and the forms of Proxy/Ballot, Master Proxy/Ballot and Beneficial Proxy/Ballot that will be distributed together with the Plan, as applicable, will be put before the Court at the return of the present motion on February 10, 2010.

SWORN BEFORE ME at the City of
Montreal, on February 5, 2010.



Commissioner for Taking Affidavits



Dean Jones



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

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

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SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**AFFIDAVIT OF DEAN JONES
(SWORN FEBRUARY 5, 2010)**

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