

**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 A PLAN OF COMPROMISE
OR ARRANGEMENT OF SMURFIT-STONE
CONTAINER CANADA INC., STONE CONTAINER
FINANCE COMPANY OF CANADA II, 3083527 NOVA
SCOTIA COMPANY, MBI LIMITED, 639647 BRITISH
COLUMBIA LTD., B.C. SHIPPER SUPPLIES LTD.,
SPECIALTY CONTAINERS INC., FRANCOBEC
COMPANY AND 605681 N.B. INC.**

APPLICANTS

**FIRST REPORT OF THE MONITOR
DATED FEBRUARY 23, 2009**

INTRODUCTION

- 1) By Order of this Honourable Court dated January 26, 2009 (the “**Initial Order**”), Smurfit-Stone Container Canada Inc. (“**SSC Canada**”), Stone Container Finance Company of Canada II (“**SC Finance Canada**”), 3083527 Nova Scotia Company, MBI Limited, 639647 British Columbia Ltd., B.C. Shipper Supplies Ltd. (“**B.C. Shippers**”), Specialty Containers Inc., Francobec Company and 605681 N.B. Inc. (collectively, the “**Applicants**”) obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The Initial Order also granted relief in respect of certain affiliated partnerships of the Applicants, namely Smurfit-MBI and SLP Finance General Partnership (the “**Partnerships**” and, with the Applicants, the “**CCAA Entities**”) and recognized the Chapter 11 Proceedings as a “foreign proceeding” under section 268 of the *Bankruptcy and Insolvency Act*, R.S.C., c. B-3, as amended (the “**BIA**”). The CCAA proceedings of the CCAA Entities are referred to herein as the “**CCAA Proceedings**”.

- 2) Pursuant to the Initial Order, Deloitte & Touche Inc. ("**Deloitte**") was appointed monitor of the CCAA Entities as part of the CCAA Proceedings (the "**Monitor**").
- 3) On January 28, 2009, this Honourable Court issued an Amended and Restated Initial Order (the "**Amended and Restated Initial Order**") that amended and restated the Initial Order to, *inter alia*, recognize the U.S. DIP Order (as defined below) and to provide that, in aid of the recognition of the U.S. DIP Order, the DIP Lenders Charge applied in respect of the assets and property of the Partnerships.
- 4) The Initial Order and the Amended and Restated Initial Order, together with related Court documents, the Pre-Filing Report of Deloitte in its capacity as the Proposed Monitor of the CCAA Entities dated January 26, 2009 (the "**Pre-Filing Report**"), and the Notice to Creditors dated February 3, 2009, are posted on the Monitor's website at www.deloitte.com/ca/smurfitstonecanada (the "**Monitor's Website**"). The Monitor has also established a toll free number at 1-866-859-6954 (the "**Toll Free Number**") for creditors and other interested parties to call with any questions or concerns in regards to the CCAA Proceedings.
- 5) Each of the CCAA Entities also filed for protection in the Chapter 11 Proceedings along with Smurfit-Stone Container Corporation ("**SSCC**") and certain other Smurfit-Stone entities. SSCC, together with its direct and indirect subsidiaries, are referred to herein as the "**Company**" or "**Smurfit-Stone**".
- 6) The purpose of this report ("**First Report**") is to provide this Honourable Court with an update in respect of the following:
 - (a) the ongoing operations;
 - (b) the Chapter 11 Proceedings;
 - (c) review of the security documents of the Secured Lenders;
 - (d) the DIP facility;
 - (e) critical suppliers and pre-CCAA expenses;

- (f) pension and other employee matters;
 - (g) the cash flow forecast and results relative to forecast;
 - (h) creditor notification and communication with stakeholders;
 - (i) restructuring efforts to date; and
 - (j) the Monitor's recommendations.
- 7) Unless otherwise provided, capitalized terms not defined in this First Report are as defined in the Pre-Filing Report or, if not defined therein, the Amended and Restated Initial Order.

TERMS OF REFERENCE

- 8) In preparing this First Report, the Monitor has relied upon unaudited financial information, the Company's books and records, the financial information prepared by the Company and its advisors, and discussions with management, legal counsel and financial advisors of the Company. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this First Report.
- 9) Certain of the information referred to in this First Report consists of forecasts and/or projections. An examination or review of financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future oriented financial information referred to in this First Report was prepared by the Company and its advisors based on management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and, even if the assumptions materialize, the variations could be significant.
- 10) Unless otherwise noted, all dollar amounts contained in this First Report are expressed in U.S. dollars.

BACKGROUND

- 11) Based in St. Louis and Chicago, Smurfit-Stone is a leading North American producer of paperboard products, market pulp, corrugated containers and other specialty packaging products. It is also one of the world's largest recyclers of paper. The Company currently holds approximately 18% of the North American containerboard market. SSC Canada and Smurfit-MBI are the principal Canadian operating companies. SSC Canada directly operates mills and plants producing linerboard (a component of corrugated containerboard), corrugating medium (a further component of corrugated containerboard) and foodboard (coated corrugated cardboard). Smurfit-MBI is a converting operation that produces corrugated containers using, amongst other inputs, linerboard and medium from Smurfit-Stone's mills. The CCAA Entities currently employ approximately 2,600 people (both non-unionized and unionized) across Canada. Further background on the CCAA Entities and Smurfit-Stone is contained in the Pre-Filing Report and the Jones Affidavit, and is available on the Monitor's Website.

- 12) On January 26, 2009, SSCC and certain of its direct and indirect subsidiaries, including Smurfit-Stone Container Enterprises Inc. ("**SSC U.S.**") and the CCAA Entities (collectively, the "**U.S. Debtors**"), filed for bankruptcy protection pursuant to Chapter 11 of the *United States Bankruptcy Code* in the United States Bankruptcy Court (the "**U.S. Court**") for the district of Delaware (the "**Chapter 11 Proceedings**" and, with the CCAA Proceedings, the "**Proceedings**"). Information concerning the Chapter 11 Proceedings can be found at <http://chapter11.epiqsystems.com/smurfit> (the "**Epiq Website**"). Further information regarding Smurfit-Stone's restructuring activities can be found on the Company's website at <http://www.smurfit.com/content/company/restructuring/> (the "**Smurfit Website**"). Smurfit-Stone has also established a hotline at 1-877-264-9638 (the "**Smurfit Hotline**") for creditors and other interested parties to call with any questions or concerns in regards to the Company.

ONGOING OPERATIONS

- 13) Since January 26, 2009, the CCAA Entities have worked diligently to stabilize their operations and have maintained operations in the normal course during the CCAA

Proceedings. Smurfit-Stone continues to sell products to its customers and has, for the most part, obtained the necessary supplies from its suppliers. The status of certain Canadian critical suppliers along with the payments and post-filing arrangements made with them is discussed in more detail later in this First Report. There have been no significant changes in the workforce and the Company has secured the necessary financing, through the DIP Facility, to continue operations while it attempts to restructure.

CHAPTER 11 PROCEEDINGS

- 14) The Chapter 11 Proceedings have been consolidated for administrative purposes under SSCC's case (Case No. 09-10235). The Chapter 11 Proceedings are being heard by Judge Brendan L. Shannon.
- 15) As noted previously, the Chapter 11 Proceedings in respect of the CCAA Entities have been recognized by this Honourable Court as a "foreign proceeding" under section 268 of the BIA. In addition, this Honourable Court recognized and gave full effect in Canada to the U.S. DIP Order (as defined below) in respect of the Partnerships under s. 268 of the BIA.
- 16) On January 27, 2009, the U.S. Court granted certain "first day" motions made by the U.S. Debtors (collectively, the "**U.S. Orders**") including, *inter alia*:
 - (a) an Interim Order authorizing the U.S. Debtors to continue to pay and honour certain pre-petition claims for wages, salaries, commissions, employee benefits and employee business expenses, to remit certain pre-filing payroll and tax deductions, and to continue the pre-filing employee benefit plan (the "**U.S. Employee Order**");
 - (b) an Interim Order authorizing the U.S. Debtors to continue to use their existing cash management systems and bank accounts, and to pay intercompany payables and extend intercompany credit as necessary;
 - (c) an Interim Order providing the U.S. Debtors with certain relief in respect of their utility providers;

- (d) an Interim Order authorizing the payment of certain pre-filing amounts owing to shippers and warehousemen (to an aggregate maximum of \$33 million) and to certain equipment lien claimants;
 - (e) an Interim Order authorizing the payment of certain pre-filing amounts owing to critical suppliers, to an aggregate maximum of \$50 million; and
 - (f) an Interim Order authorizing the U.S. Debtors to enter into the DIP Facility and approving initial advances under the DIP Facility up to an aggregate principal amount of \$550 million-(the “**U.S. DIP Order**”).
- 17) On February 5, 2009, the United States Trustee in the Chapter 11 Proceedings (the “**U.S. Trustee**”) appointed the following creditors of the U.S. Debtors to the committee of unsecured creditors (the “**UCC**”):
- (a) Wilmington Trust Company (as successor indenture trustee of the Senior Unsecured Notes);
 - (b) United Steelworkers;
 - (c) Pension Benefit Guaranty Corporation;
 - (d) UMB Bank, N.A.;
 - (e) Aegon USA Investment Management LLC;
 - (f) Corn Products International, Inc.; and
 - (g) Voith Paper Fabrics U.S. Sales, Inc.
- 18) The final hearing before the U.S. Court in respect of the interim U.S. Orders noted above occurred on February 23, 2009 (the “**Final Hearing Date**”).
- 19) We are advised by U.S. counsel to Smurfit-Stone that on the Final Hearing Date, the U.S. Debtors received final approval of, *inter alia*:
- (a) the full amount of the \$750 million DIP Facility; and

- (b) the continuation of the Debtors' prepetition employee severance programs.
- 20) In addition, the Monitor understands that the U.S. Debtors filed a motion on February 20, 2009, to seek approval by the U.S. Court of a Cross-Border Insolvency Protocol (the "**Protocol**"). The hearing date for this motion has been scheduled for March 10, 2009. Accordingly, the Monitor anticipates that the Applicants will seek this Honourable Court's approval of the Protocol at some time in the near future.
- 21) The Monitor has reviewed a recent draft of the Protocol and has had positive discussions with the Applicants and their legal counsel with respect to the Protocol. The Monitor will report further once the motion for this Honourable Court's approval has been filed.
- 22) Copies of the U.S. Orders and other documents in the Chapter 11 Proceedings are posted on the Epiq Website. A link to the Epiq Website is also available from the Monitor's Website.

REVIEW OF THE SECURITY DOCUMENTS OF THE SECURED LENDERS

- 23) As noted in the Pre-Filing Report, the Monitor asked its counsel, Goodmans LLP ("**Goodmans**"), to review the various security documents executed by certain of the CCAA Entities, namely SSC Canada, 3083527 Nova Scotia Company, MBI Limited ("**MBI**"), Francobec Company and MBI in its capacity as general partner of Smurfit-MBI (collectively, the "**Canadian Obligors**") in favour of the Secured Lenders in connection with the Secured Credit Facility (collectively, the "**Security Documents**"). Goodmans has completed a preliminary review and, subject to certain standard assumptions, exceptions, qualifications and the presumption that the Security Documents are valid and enforceable in accordance with their terms, has advised the Monitor that:
- (a) the Security Documents create valid security interests in substantially-all of the personal property of the Canadian Obligors (collectively, the "**Charged Property**") to which the *Personal Property Security Act* (Ontario) (the "**Ontario PPSA**") applies;

- (b) the security interests created by the Security Documents have been registered, filed or recorded in all public offices where the registration, filing or recording thereof is required under the laws of the Province of Ontario to perfect the security interests created by the Security Documents in the applicable Charged Property to which the Ontario PPSA applies;
 - (c) the Security Documents create a valid charge in certain real property owned by the Canadian Obligors located in Ontario (collectively, the “**Ontario Charged Real Property**”); and
 - (d) the charges in the Ontario Charged Real Property have been registered, filed or recorded on title to the Ontario Charged Real Property.
- 24) In addition to conducting Ontario searches, Goodmans retained agents to conduct personal property security registration searches and real property searches in all provinces and jurisdictions in Canada other than Quebec (collectively, the “**Other Jurisdictions**”). Although Goodmans is not qualified to practice law in the Other Jurisdictions, the Monitor understands that these searches revealed that financing statements have been registered by the Secured Lenders against the Canadian Obligors in the Other Jurisdictions where the Canadian Obligors are located and/or have material assets located and that charges are registered in favour of the Secured Lenders against certain real property owned by the Canadian Obligors in the Other Jurisdictions.
- 25) The Monitor, with the assistance of Goodmans, engaged local counsel in the Province of Quebec to review the Security Documents and opine on the validity of the Secured Lenders’ security in respect of the Canadian Obligors in Quebec. Quebec local counsel has delivered its opinion to the Monitor and, subject to certain standard assumptions, exceptions and qualifications, has concluded that the Secured Lenders have valid and properly registered security in the Province of Quebec.

DIP FACILITY

- 26) As outlined in the Pre-Filing Report, the Company entered into the DIP Credit Agreement with the DIP Lenders. The DIP Facility provides for an aggregate of \$750 million in DIP financing for Smurfit-Stone as follows:
- (a) a \$250 million revolving credit facility for SSC U.S. and/or SSC Canada;
 - (b) a \$65 million revolving credit facility for SSC Canada and/or SSC U.S.;
 - (c) a \$400 million term loan facility for SSC U.S.; and
 - (d) a \$35 million term loan facility for SSC Canada.
- 27) The Amended and Restated Initial Order authorized and empowered the CCAA Entities to enter into the DIP Credit Agreement provided that the initial borrowings under the DIP Facility did not exceed the principal amount of \$350 million, unless permitted by a further order of this Honourable Court. As noted above, the U.S. Court authorized the U.S. Debtors to borrow, on an interim basis (the “**Interim Period**”), up to an aggregate principal amount of \$550 million under the DIP Facility (consisting of a \$400 million term loan for borrowings by SSC U.S., a \$35 million term loan for borrowings by SSC Canada, a \$100 million revolving loan for borrowings by SSC U.S. and/or SSC Canada, and a \$15 million revolving loan for borrowings by SSC Canada and/or SSC U.S.). The Interim Period is effective through to and including the earlier of the entry of a final U.S. DIP Order, or March 13, 2009. The final U.S. DIP Order will allow the Company to access all of the \$750 million in borrowings available under the DIP Facility, which is the remaining borrowings of \$150 million on the revolving loan for SSC U.S. and/or SSC Canada and the remaining borrowings of \$50 million, for a total of \$65 million, for SSC Canada and/or SSC U.S. Both the SSC U.S. and SSC Canada revolving loans are subject to borrowing base availability. SSC Canada is permitted to access the undrawn availability from the SSC U.S. \$250 million revolving credit facility for additional borrowings if necessary.
- 28) As outlined in the Pre-Filing Report, the obligations of SSC U.S. under the DIP Credit Agreement are unconditionally guaranteed by SSCC, most U.S. subsidiaries of SSC U.S.

(together with SSCC and SSC U.S., the “**U.S. Loan Parties**”), and SSC Canada. The direct obligations of SSC Canada under the DIP Credit Agreement are unconditionally guaranteed by the U.S. Loan Parties and the CCAA Entities. In addition, the Amended and Restated Initial Order provided that the obligations of SSC U.S. under the DIP Credit Agreement are secured by a court ordered super-priority charge over all of the assets and property of the U.S. Loan Parties and SSC Canada and that the obligations of SSC Canada under the DIP Credit Agreement are secured by a court ordered super-priority charge over all of the assets and property of the CCAA Entities (the “**DIP Lenders Charge**”). The DIP Lenders Charge ranks behind only the Administration Charge, to the extent of \$1 million, and the Directors’ Charge, to the extent of \$8.6 million. The Amended and Restated Initial Order amended and restated the Initial Order to, *inter alia*, recognize the U.S. DIP Order and to provide that the DIP Lenders Charge applies in respect of the assets and property of the Partnerships.

- 29) The current borrowings of \$40 million by SSC Canada under the DIP Facility are comprised of the following amounts:
 - (a) the \$5 million borrowed on the Canadian revolving facility represents funds used for working capital, general corporate purposes, and transaction costs; and
 - (b) the \$35 million outstanding on the Canadian term loan facility represents funds used to fully repay and unwind the Canadian A/R Securitization Program plus interest, fees and expenses related to the DIP Facility.
- 30) The current borrowings of \$400 million by SSC U.S. on the term loan facility represents funds used to fully repay and unwind the U.S. accounts receivable securitization program plus interest, fees and expenses related to the DIP Facility.
- 31) The DIP Credit Agreement requires that the Company provide a weekly and monthly combined Borrowing Base Certificate (as defined in the DIP Credit Agreement) to the DIP Agent for both the Canadian Loan Parties and U.S. Loan Parties. The Borrowing Base Certificate determines the available borrowing base (which includes certain qualifying accounts receivable, inventory and property plant and equipment) to support

the borrowings by the Canadian Loan Parties and the U.S. Loan Parties under the DIP Facility.

- 32) The DIP Credit Agreement includes various conditions of lending, affirmative covenants and negative covenants which must be reported on to the DIP Agent by Smurfit-Stone within certain timeframes. This reporting includes the submission of weekly and monthly Borrowing Base Certificates, a weekly cash flow variance analysis, a monthly priority payable listing, and a monthly financial statement analysis, in addition to other items. Pursuant to Section 24(d) of the Amended and Restated Initial Order, the Monitor has reviewed the information provided by Smurfit-Stone to the DIP Agent to date of and has not been made aware of any events of default with respect to the DIP Credit Agreement.

CRITICAL SUPPLIERS AND PRE-CCAA EXPENSES

- 33) Paragraph 6(c)(i) of the Amended and Restated Initial Order permits the CCAA Entities, with the consent of the Monitor and the DIP Agent, to pay for goods and services supplied to the Applicants and Partnerships prior to January 26, 2009, by railways, trucking companies and other carriers and customs brokers. As at the date of this First Report, the Monitor has consented to total payments of approximately \$64,000, which were paid during the period January 26, 2009 to February 6, 2009.
- 34) Paragraph 6(c)(ii) of the Amended and Restated Initial Order permits the CCAA Entities, with the consent of the Monitor and the DIP Agent, to pay pre-filing amounts owed to other suppliers up to \$11.6 million if, in the opinion of the CCAA Entities, the supplier is critical to the business and ongoing operations of the CCAA Entities. As at the date of this First Report, the Monitor has consented to payments to critical suppliers in the approximate amount of \$130,000, of which \$93,000 was paid during the period January 26, 2009, to February 6, 2009.

PENSION AND OTHER EMPLOYEE MATTERS

- 35) Since the commencement of the Proceedings and as discussed previously, there have been no significant changes in the workforce for the CCAA Entities and there have been no labour disruptions. The Matane Mill in Quebec remains temporarily shut down since

November 2008. The B.C. Shippers collective bargaining agreement (“**CBA**”) with the Pulp, Paper and Woodworkers of Canada union expired December 31, 2008, and is in the process of being re-negotiated by the Company. The Company will also have to re-negotiate five additional CBAs that expire during 2009, three of which come due in April 2009.

- 36) SSC Canada permanently closed its Pontiac pulp mill located in Portage-du-Fort, Quebec on October 31, 2008, and approximately 220 jobs were impacted. Total severance owing to the non-union employees was approximately CDN \$2.2 million, of which approximately CDN \$1.5 million was paid prior to the CCAA Proceedings. The remaining severance amount of CDN \$0.7 million remains unpaid and outstanding to several non-union employees that have been retained to assist with the closure of the mill. There were also substantial severance amounts owing to the 185 affected unionized employees with the Communications, Energy and Paperworkers Union of Canada (“**CEP**”) at the mill (the “**Pontiac Union Employees**”). The CBA in place outlined the calculation and timing of the severance amounts owing to the Pontiac Union Employees which totalled approximately CDN \$4.9 million as at the date of the commencement of the Proceedings. The first payment of CDN \$2.7 million was due and paid by the Company on February 19, 2009, and the second and final severance payment of CDN \$2.2 million owed to the Pontiac Union Employees is scheduled for payment on April 2, 2009. The Company is permitted to pay these pre-filing obligations pursuant to Section 6(a) of the Amended and Restated Initial Order. The Monitor understands that the severance amounts have been calculated in accordance with the CBA existing at the time of the closure of the Pontiac pulp mill and that payment will assist to maintain the Company’s relationships with the other members of the CEP continuing to work at other Company locations.
- 37) As outlined in the Pre-Filing Report and as addressed in the Amended and Restated Initial Order, the CCAA Entities have various pension and other employee benefit plans in place for their current and former employees. The status of the payments under these plans since the commencement of the CCAA Proceedings is as follows:

- (a) SSC Canada and Smurfit-MBI have continued to make current service contributions in respect of their defined benefit registered pension plans during the CCAA Proceedings, but have not made and are not planning to make any Special Payments during the pendency of the CCAA stay;
 - (b) the CCAA Entities have not made any benefit payments related to the Supplementary Executive Retirement Plans. As described in the Pre-Filing Report, obligations under two of these plans are secured by letters of credit. The Monitor anticipates that the trustees of these two plans will be making draw requests on these letters of credit forthwith;
 - (c) SSC Canada has continued to match employee contributions to group registered retirement savings plans and intends to make all employer contributions to defined contribution registered pension plans. These plans are in place for certain active employees of both SSC Canada and Smurfit-MBI; and
- 38) SSC Canada and Smurfit-MBI plan to pay certain outstanding pre-filing obligations with respect to the various benefit programs in place for their active employees and retirees.
- 39) SSC Canada and Smurfit-MBI are also working with their advisors to address issues related to the Funding Deficiency for the Plans as this is impacting their ability to transfer the commuted value of accrued pensions to terminated employees given that current actuarial valuations are not available and that the Company is currently not making any Special Payments. In addition, there have been several pending amendments to the Plans along with pending partial wind-ups and other changes that require additional funding, actuarial valuations and/or filings with the pension regulators. The Monitor will provide a further status update on these issues in its next report.

CASH FLOW FORECAST AND RESULTS RELATIVE TO FORECAST

- 40) As noted in the Jones Affidavit dated January 25, 2009, the Company uses a Centralized Cash Management System to collect funds and pay expenses associated with its operations. Since January 26, 2009, the Company has continued to use its existing Centralized Cash Management System and bank accounts. The Centralized Cash

Management System is managed using the oversight procedures and controls that were implemented by Smurfit-Stone's centralized treasury operations ("Treasury") in Creve Coeur, Missouri. Therefore, individual entities, except for B.C. Shippers, do not have the ability to make payments on their own. Prior to the CCAA Proceedings, management had established an implementation date of February 28, 2009, for the integration of B.C. Shippers into the Centralized Cash Management System. As a result of the CCAA Proceedings, the implementation date has been postponed. Treasury continues to provide oversight on the daily expenditures of B.C. Shippers.

- 41) The one change in the Centralized Cash Management System since the Proceedings was the termination of the zero based accounts by the Bank of Nova Scotia on January 26, 2009. This now requires Treasury to determine the daily cash position each morning in order to allow the Company sufficient time to notify the DIP Agent regarding the use of the revolving facilities in accordance with the DIP Facility.
- 42) Prior to the CCAA Proceedings, the Company did not charge back the various entities within Smurfit-Stone for the use of centralized services. Management has calculated that the total charge for centralized services to the CCAA Entities is \$15 million per year, or \$1.25 million per month. The first payment by SSC Canada to SSC U.S. for its allocated share of the costs of centralized services is scheduled for March 6, 2009, for services provided in the month of February.
- 43) The CCAA Entities cash receipts and disbursements for the period January 26, 2009 to February 6, 2009 (the "**Variance Period**"), are presented below with a comparison to the cash flow forecast filed with this Honourable Court in connection with the commencement of the CCAA Proceedings.

SSC Canada Inc.
Schedule of Actual Versus Forecasted Cash Flow
For the Two Week Period Ended February 6, 2009
(in US \$000's)
(Unaudited)

Description	Actual	Forecast	Variance - Favourable (Unfavourable) (\$)
Operating Cash Receipts			
Collection of Accounts Receivables - Third party	19,022	21,584	(2,563)
Collection of Accounts Receivables - Intercompany	-	-	-
Other Receipts - Third party	2,594	-	2,594
Total Operating Receipts	21,616	21,584	32
Operating Cash Disbursements			
Purchases - Container Board	(98)	(360)	261
Purchases of other raw materials and supplies	(2,686)	(11,350)	8,664
Non inventory purchases and overheads	(5,194)	(9,010)	3,816
Employee related costs and benefits	(6,111)	(9,602)	3,491
Capital Expenditures	-	(98)	98
Non operational mill costs	(15)	(905)	890
Restructuring Professional Fees	-	(244)	244
Applicant's share of centralized services costs	-	-	-
Other Disbursements	(1,268)	-	(1,268)
Total Operating Cash Disbursements	(15,372)	(31,569)	16,196
Net Operating Cash Inflow (Outflow)	6,244	(9,984)	16,228
Financing Cash Receipts			
Canadian DIP Loan Advance (Repayment)	40,000	41,562	(1,562)
Total Financing Cash Receipts	40,000	41,562	(1,562)
Financing Cash Disbursements			
Pre-Filing Secured Debt Interest	(292)	(419)	127
DIP Loan Fees and Interest	(5,302)	(1,000)	(4,302)
Repayment of A/R securitization loan	(31,600)	(30,864)	(736)
Total Financing Cash Disbursements	(37,194)	(32,283)	(4,911)
Net Financing Cash Inflow (Outflow)	2,806	9,278	(6,472)
Net Total Cash Inflow (Outflow)	9,050	(706)	9,756
Opening Cash Balance	6,041	705	5,336
FX Impact on Opening Cash	12	-	12
Closing Cash Balance	15,103	-	15,103

- 44) Overall there is a \$15 million favourable variance between the actual and forecasted cash balance during the Variance Period. The material components of this overall variance are outlined below.

Accounts receivable

- 45) There was an overall favourable variance of cash receipts of \$32,000. The collection of accounts receivable from third parties was \$2.6 million lower than forecast as some customers withheld payment pending discussions with management regarding the receipt of volume rebates. Sales tax refunds of \$1.4 million was received earlier than anticipated. In addition, as SSC U.S. does not have a Canadian dollar bank account, SSC Canada paid an expense of SSC U.S. for GST and duty on cross border shipments in the amount of CDN \$1.4 million which was required to be paid in Canadian dollars. SSC U.S. reimbursed the amount the following day and this amount is included as part of other receipts.

Purchases of container board, other raw materials and supplies

- 46) The combined favourable variance of \$8.9 million is primarily related to fibre purchases. Materials in inventory at the Matane mill were shipped to the La Tuque mill rather than being purchased externally. The positive variance was also the result of lower than expected payments to critical vendors; however, this is considered to be a timing difference.

Non inventory purchases and overheads

- 47) The positive variance of \$3.8 million is primarily related to suppliers providing credit.,

Employee related costs and benefits

- 48) The primary reason for the positive variance of \$3.5 million relates to timing differences as to when source deductions withheld from employees are remitted to the Government.

Non operational mill costs

- 49) The positive variance of \$890,000 is largely a timing difference relating to carrying costs associated with dormant mills.

Restructuring professional fees

- 50) The positive variance of \$244,000 is a timing difference which will reverse once ***professional fee invoices are rendered and*** paid by the CCAA Entities.

DIP Loan fees and interest

- 51) There is an unfavourable permanent variance of \$4.3 million which is attributable to fees and costs related to the DIP Facility which followed the final determination of an appropriate allocation to the CCAA Entities.

Opening cash balance

- 52) There is a favourable permanent variance of \$5.3 million which reflects a tax refund of CDN \$1.3 million being received which had not been forecast during the period, as well as unforecast additional accounts receivable collections of CDN \$2.5 million. The remaining permanent difference is a result of less than forecast accounts payable cheques clearing the bank when the accounts were frozen as part of the CCAA Proceedings.

CASH FLOW FORECAST AND RESULTS RELATIVE TO FORECAST

- 53) The Company and its financial advisor have provided the Monitor with a 12-week cash flow forecast ("**Revised Cash Flow Forecast**") which is attached hereto as Schedule "1".
- 54) The Revised Cash Flow Forecast projects that SSC Canada's initial draw on the DIP Facility of \$40.0 million will increase by an additional \$25.1 million to a total of \$65.0 million at the end of April, 2009.
- 55) During the cash flow period from February 9, 2009 to May 1, 2009, there are two monthly payments of \$1.25 million to SSC U.S. for SSC Canada's allocated share of the costs of centralized services.
- 56) In the Revised Cash Flow Forecast, the Company has forecast payments to suppliers who are, in the opinion of the CCAA Entities, critical to the CCAA Entities' business.
- 57) The Revised Cash Flow Forecast includes payments for current service obligations of the

various pension plans.

- 58) The Revised Cash Flow Forecast indicates that the Company will settle the intercompany balance during the weeks of March 6, 2009 and April 3, 2009 for post-filing sales and purchases.

CREDITOR NOTIFICATION AND COMMUNICATION WITH STAKEHOLDERS

- 59) Smurfit-Stone engaged the services of Epiq Bankruptcy Solutions, LLC (“**Epiq**”), a leading U.S. bankruptcy services company, to send notice of the Chapter 11 Proceedings to all of Smurfit-Stone’s creditors owed more than \$1,000. Due to the joint filings in Canada and the U.S., as well as the difficulty the Company has in separating out the creditors in the Chapter 11 Proceedings versus creditors in the CCAA Proceedings due to the integrated nature of its operations, the Monitor, Smurfit-Stone, and their respective legal counsel agreed to have Epiq perform one mailing which included notices of both the Chapter 11 Proceedings and the CCAA Proceedings.
- 60) Epiq caused to be served by first class mail the CCAA Notice in both French and English and the Section 341 Notice pursuant to the U.S. Bankruptcy Code for the Chapter 11 Proceedings on February 4, 2009 (the “**Notices**”). The Monitor was advised by the financial advisor to Smurfit-Stone that Epiq was provided with the names and addresses of all parties that Smurfit-Stone had issued payments to within eighteen months preceding the date of the Initial Order. Attached as Appendix “**A**” is the Affidavit of Mailing of Brian Hunt, an Associate Consultant employed by Epiq, attaching the Notices (excluding the list of names and addresses) sworn on February 5, 2009, and filed in the U.S. Court. The list of parties who received the mailing can be obtained from the Epiq Website.
- 61) Some current and former employees have expressed concerns to the Company and the Monitor with respect to the impact of the CCAA Proceedings on their pensions and other benefits. The Monitor has responded to a significant number of calls and emails received directly from these individuals through the Toll Free Number and the Monitor Website. Many of these individuals had questions related to their specific pensions and/or benefit plans and the Monitor has directed these individuals to the Smurfit Hotline.

- 62) The Monitor has responded to all email, telephone and written inquiries from other creditors of the CCAA Entities and, where appropriate, has directed these inquiries to the Company, or its financial, investment banking or legal advisors.

RESTRUCTURING EFFORTS TO DATE

- 63) Since the commencement of the CCAA Proceedings, the Company has undertaken the following initiatives and actions in connection with its restructuring efforts:
- (a) Smurfit-Stone has secured the DIP Facility which has provided it with the necessary interim financing to allow it to continue to operate in the normal course while restructuring;
 - (b) the Company has continued its efforts to sell the following closed facilities:
 - Pontiac mill in Portage-du-Fort, Quebec;
 - the mill in New Richmond, Quebec;
 - the mill in Bathurst, New Brunswick; and
 - the corrugated container plant in Whitby, Ontario.
 - (c) the Monitor has been advised that communication with the financial advisors of the UCC has been commenced;
 - (d) the Company has advised the Monitor of its intention to disclaim its lease relating to its office premises at 630 Rene-Levesque Blvd. West, Montreal, Quebec and on February 20, 2009, filed a motion with the U.S. Court for approval of the disclaimer of this lease, together with a number of other executory contracts and unexpired leases of nonresidential real and personal property. The hearing date for this motion has been scheduled for March 10, 2009; and
 - (e) the Company has set up the Smurfit Website and the Smurfit Hotline in order to accommodate stakeholder enquiries and requests for information.

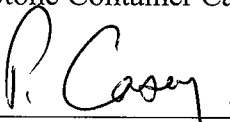
MONITOR'S RECOMMENDATIONS

- 64) The stay provided by the Amended and Restated Initial Order expires on February 25, 2009. In order to allow the Company sufficient time to continue the restructuring of its business and to formulate a plan of arrangement, the Applicants are requesting a further stay to April 30, 2009.
- 65) The Monitor observes that Company management is working to realize on its non-core assets, reduce its costs, and manage the financial and operational aspects of the Company with a view to enhancing the long term viability of the Company and develop a restructuring plan. The Company is operating in a manner consistent with its business plan and financial projections and the Monitor is not aware of any material changes to its operations in Canada or the U.S. since the commencement of the Proceedings.
- 66) The Monitor is of the view that the Company has acted, and is acting, in good faith and with due diligence. Accordingly, the Monitor respectfully recommends that this Honourable Court approve the extension of the stay period to April 30, 2009.

All of which is respectfully submitted at Toronto, Ontario this 23rd day of February, 2009.

DELOITTE & TOUCHE INC.
in its capacity as the Monitor
of Smurfit-Stone Container Canada Inc., *et al.*

Per:



Paul M. Casey, CA-CRP
Senior Vice-President

SCHEDULE "1"

SSC Canada Inc.

Combined Cash Flow Forecast for the 12 week period February 9 to May 1, 2009

SSC Canada Inc.
 Combined Cash Flow Forecast for the 12 week period February 9 to May 1, 2009
 (Unaudited)
 (In \$USD)

	Forecast												12 week total	
	13-Feb	20-Feb	27-Feb	6-Mar	13-Mar	20-Mar	27-Mar	3-Apr	10-Apr	17-Apr	24-Apr	1-May		
Receipts														
Collection of Accounts Receivables - Third party	10,500	11,442	10,987	11,397	13,093	10,395	10,432	10,564	10,646	11,066	11,084	11,028	132,635	Note 1
Collection of Accounts Receivables - Intercompany	-	-	-	36,753	-	-	-	30,313	-	-	-	-	67,066	Note 2
Other Receipts - Third party	90	-	-	-	-	-	-	-	-	-	-	-	90	
Total Receipts	10,590	11,442	10,987	48,150	13,093	10,395	10,432	40,877	10,646	11,066	11,084	11,028	199,791	
Disbursements														
Purchases - Container Board	(81)	(321)	(270)	(28,056)	(302)	(302)	(302)	(24,636)	(265)	(265)	(265)	(261)	(55,326)	Note 3
Purchases of other raw materials and supplies	(2,542)	(5,398)	(7,398)	(7,652)	(5,694)	(5,694)	(5,694)	(5,959)	(6,311)	(6,311)	(6,311)	(6,104)	(71,068)	Note 4
Non inventory purchases and overheads	(1,944)	(3,115)	(6,928)	(7,779)	(6,011)	(2,695)	(2,695)	(3,180)	(5,137)	(2,776)	(2,575)	(3,168)	(48,002)	Note 5
Employee related costs and benefits	(2,963)	(4,082)	(7,073)	(1,890)	(6,915)	(1,015)	(3,269)	(4,723)	(4,857)	(2,925)	(3,108)	(2,925)	(45,744)	Note 6
Capital Expenditures	(110)	(273)	(273)	(273)	(753)	(48)	(48)	(48)	(48)	(278)	(48)	(48)	(2,251)	Note 7
Non operational mill costs	-	(594)	(342)	(430)	(403)	(403)	(403)	(401)	(400)	(400)	(400)	(398)	(4,825)	Note 8
Restructuring Professional Fees	-	-	(342)	(342)	(200)	-	(200)	(401)	(200)	-	(200)	-	(1,484)	Note 9
Applicant's share of centralized services costs	-	-	-	(1,250)	-	-	-	(1,250)	-	-	-	-	(2,500)	Note 10
Other Disbursements	(19)	-	-	-	-	-	-	-	-	-	-	-	(19)	
Pre-Filing Secured Debt Interest	-	(260)	(317)	(2,544)	(160)	(260)	-	(676)	-	-	-	(699)	(4,600)	Note 11
DIP Loan Fees and Interest	(30)	-	(317)	(2,000)	-	-	(340)	(1,000)	-	-	(424)	-	(4,111)	Note 12
Total Disbursements	(7,690)	(14,044)	(23,196)	(52,216)	(20,438)	(10,418)	(12,952)	(41,873)	(17,218)	(12,955)	(13,330)	(13,604)	(239,931)	
Net cash flow	2,901	(2,602)	(12,208)	(4,066)	(7,345)	(23)	(2,519)	(996)	(6,572)	(1,889)	(2,246)	(2,576)	(40,141)	
Repayment of A/R securitization loan														
Forecast Opening Cash Balance	15,103	17,983	15,381	3,173									15,103	Note 13
Opening FX Adjustment	(20)												(20)	Note 14
Canadian DIP Loan Advance/(repayment)				893	7,345	23	2,519	996	6,572	1,889	2,246	2,576	25,058	Note 15
Closing Cash Balance	17,983	15,381	3,173	-	-	-	-	-	-	-	-	-	-	

This cash flow forecast must be read in conjunction with the Notes and Summary of Assumptions attached hereto

**SSC Canada Inc.
Combined Cash Flow Forecast for the 12 week period February 9 to May 1, 2009
Notes and Summary of Assumptions**

- 1 Collection of trade accounts receivable are in connection with sales made to third parties. Collections have been estimated based on payment terms for the top ten customers and average payment terms for the balance, net of an allowance for potential bad debts.
- 2 Intercompany receipts reflect collection of intercompany sales made by SSCCI to a related company in the US. Collection of intercompany sales will commence in the first week of March for all post-petition intercompany sales in January and February. For all subsequent months, settlement will continue to occur in the first week of the month following the deliveries.
- 3 Container board is the principal raw material used in the production of containers and packaging. It is principally purchased from a related company in the US. The first settlement is expected to occur in the first week of March for all post-petition purchases in January and February. Settlements thereafter will continue to occur in the first week of each month for purchases in the preceding month.
- 4 Purchases of other raw materials (including wood) and other converting costs represent raw materials and services purchased from third parties and used in the manufacturing process of container board, containers and packaging. An estimate of the amount of post-filing credit that has been provided by these suppliers is reflected in the forecast.
- 5 Non-inventory purchases and overhead costs represent all other operating costs (except payroll) associated with production and sale of the products and administration of the business, including rent (for leased premises), utilities, freight, office and selling costs. An estimate of the amount of post-filing credit that has been provided by these suppliers is reflected in the forecast.
- 6 Employee costs represent salaries, wages, vacation pay, pension and other benefit costs. Disbursements in respect of the various pension plans are only being made on account of current service; payments in respect of past service costs are assumed to not be made, pending finalization of the restructuring plan. Severance payments in connection with the recent closure of the Pontiac mill have been included.
- 7 Maintenance capital expenditures are assumed to be made on a COD basis and are based on estimates of actual capital expenditures necessary in the post-filing period.
- 8 Non-operating mill costs represent occupancy and other non-manufacturing costs associated with the four non-operating mills.
- 9 Restructuring professional fees represents the estimated fees of the Applicants' legal advisers, the Monitor and its legal counsel only, that are forecast to be paid in the period ending May 1, 2009. The post-filing professional fees of the Applicants' Canadian financial advisors and any other restructuring costs are assumed to be paid after May 1, 2009.
- 10 The US parent provides an extensive range of services that benefit the Applicants, including accounting, treasury, procurement and senior management. The cost of the Applicants' share of these services provided during each month will be invoiced to the Applicants in the following month and paid shortly thereafter.
- 11 Pursuant to the Canadian DIP agreement, the DIP Charge will rank in priority to the Pre-Filing Credit Agreement security. It is therefore proposed that interest and fees (not principal) will be paid to the Pre-Filing Credit
- 12 The DIP agreement requires payment of interest on a monthly basis. Fees of US\$2,000,000 and US\$1,000,000 are payable in the first week of March and April respectively, that reflect recharges of amounts paid by SSCCI's parent that relate to the SSCCI DIP loan.
- 13 This is the projected opening cash balance as at February 9, 2009.
- 14 This represents the impact of the change in the US\$ exchange rate between the beginning and end of each week on the opening cash balance.
- 15 DIP loan advances represent advances to the Applicants pursuant to the DIP Loan Financing agreement, which is subject to the availability cap described in Note 16.
- 16 The DIP Loan availability is subject to a margining formula based on actual accounts receivable and inventory balances. During the interim period of the US proceedings, with respect to the DIP Financing Order (expected to be finalized in the week ended February 27, 2009), the Canadian DIP Loan availability is restricted to a maximum of US\$50M.
- 17 The Can\$/US\$ foreign exchange rate is assumed to be constant at C\$1.2428:US\$1 throughout the period.

APPENDIX "A"

**Affidavit of Mailing sworn by Brian Hunt, Epiq Bankruptcy Solutions, LLC with attached
Notices**

by causing true and correct copies of 341 Notice, CCAA English Letter, and CCAA French Letter, enclosed securely in separate postage pre-paid envelopes, to be delivered by first class mail to those parties listed on the annexed Exhibit D.

3. All envelopes utilized in the service of the foregoing contained the following legend:
“LEGAL DOCUMENTS ENCLOSED. PLEASE DIRECT TO ATTENTION OF
ADDRESSEE, PRESIDENT OR LEGAL DEPARTMENT.”

Sworn to before me this
5th day of February, 2009

/s/ Janice E. Livingstone

Notary Public, State of Connecticut
My Commission Expires
August 31, 2011

/s/ Brian Hunt

Brian Hunt

Exhibit A

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

In re:

SMURFIT-STONE CONTAINER
CORPORATION, et al.,

Debtors.

Chapter 11

Case No. 09-10235 (BLS)

Jointly Administered

**NOTICE OF COMMENCEMENT OF CHAPTER 11 BANKRUPTCY CASES,
MEETING OF CREDITORS AND FIXING OF CERTAIN DATES**

On **January 26, 2009**, the above-captioned debtors and debtors-in-possession (each a “Debtor” and collectively, the “Debtors”) filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”). The Debtors and their respective addresses, case numbers, and federal tax identification numbers are as follows:

DEBTOR (Other names, if any, used by the Debtor in the last 8 years)	ADDRESS	CASE NO.	EIN
SMURFIT-STONE CONTAINER CORPORATION	150 North Michigan Avenue Chicago, IL 60601	09-10235	43-1531401
SMURFIT-STONE CONTAINER ENTERPRISES, INC. (Stone Container Corporation; Jefferson Smurfit Corporation (U.S.); JSCE, Inc.; Innovative Packaging Corp.; Smurfit- Stone Recycling Company)	150 North Michigan Avenue Chicago, IL 60601	09-10236	36-2041256
CALPINE CORRUGATED, LLC (Produce Container, LLC)	3366 E. Muscat Avenue Fresno, CA 93725	09-10237	11-3740470
CAMEO CONTAINER CORPORATION	Six CityPlace Drive Creve Coeur, MO 63141	09-10238	36-2425701
LOT 24D REDEVELOPMENT CORPORATION	Six CityPlace Drive Creve Coeur, MO 63141	09-10239	37-1356747
ATLANTA & SAINT ANDREWS BAY RAILWAY COMPANY	Six CityPlace Drive Creve Coeur, MO 63141	09-10240	63-6000093
STONE INTERNATIONAL SERVICES CORPORATION	Six CityPlace Drive Creve Coeur, MO 63141	09-10241	36-3599630
STONE GLOBAL, INC.	Six CityPlace Drive Creve Coeur, MO 63141	09-10242	36-4200806
STONE CONNECTICUT PAPERBOARD PROPERTIES, INC.	Six CityPlace Drive Creve Coeur, MO 63141	09-10243	36-3498038
SMURFIT-STONE PUERTO RICO, INC. (Packaging Unlimited, Inc.)	Amelia Industrial Park, 47 Amelia Street Guaynabo, Puerto Rico 00968	09-10244	66-0665984
SMURFIT NEWSPRINT CORPORATION	Six CityPlace Drive Creve Coeur, MO 63141	09-10245	93-0361650
SLP FINANCE I, INC.	Six CityPlace Drive Creve Coeur, MO 63141	09-10246	43-1898169
SLP FINANCE II, INC.	Six CityPlace Drive Creve Coeur, MO 63141	09-10247	43-1903935

DEBTOR (Other names, if any, used by the Debtor in the last 8 years)	ADDRESS	CASE NO.	EIN
SMBI INC.	Six CityPlace Drive Creve Coeur, MO 63141	09-10248	13-4182567
SMURFIT-STONE CONTAINER CANADA INC. (Emballages Smurfit-Stone Canada Inc.)	800 Rene Levesque Blvd. West Montreal, Quebec CANADA H3B 1Y9	09-10249	98-0443988
STONE CONTAINER FINANCE COMPANY OF CANADA II	Six CityPlace Drive Creve Coeur, MO 63141	09-10250	98-0431587
3083527 NOVA SCOTIA COMPANY	630 Blvd. Rene Levesque West, Suite 3000 Montreal, Quebec CANADA H3B 5C7	09-10251	98-0418836
MBI LIMITED/LIMITÉE	7120 Hurontario Street Suite 200 Mississauga, Ontario CANADA L5W 0A9	09-10252	98-0606565
SMURFIT-MBI	7120 Hurontario Street Suite 200 Mississauga, Ontario CANADA L5W 0A9	09-10253	98-0171869
639647 BRITISH COLUMBIA LTD.	1302 Derwent Way Delta, British Columbia CANADA V3M 6C4	09-10254	98-0607733
B.C. SHIPPER SUPPLIES LTD.	1302 Derwent Way Delta, British Columbia CANADA V3M 6C4	09-10255	98-0607418
SPECIALTY CONTAINERS INC.	1302 Derwent Way Delta, British Columbia CANADA V3M 6C4	09-10256	98-0606564
SLP FINANCE GENERAL PARTNERSHIP	1155 Rene Levesque Blvd. 40th Floor Montreal, Quebec CANADA H3B 3V3	09-10257	98-0229525
FRANCOBEC COMPANY (Société Francobec)	630 Blvd. Rene Levesque West, Suite 3000 Montreal, Quebec CANADA H3B 5C7	09-10258	98-0607735
605681 N.B. INC.	630 Blvd. Rene Levesque West, Suite 3000 Montreal, Quebec CANADA H3B 5C7	09-10259	98-0421898

DATE, TIME AND LOCATION OF MEETING OF CREDITORS. FEBRUARY 24, 2009 AT 11:00 A.M. (ET), J. CALEB BOGGS FEDERAL BUILDING, 844 NORTH KING STREET, 5TH FLOOR, ROOM 5209, WILMINGTON, DELAWARE 19801.

MEETING OF CREDITORS. The Debtors' representative, as specified in Rule 9001(5) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), is required to appear at the meeting of creditors on the date and at the place set forth above for the purpose of being examined under oath. Attendance by creditors at the meeting is welcomed, but not required. At the meeting, creditors may examine the Debtors and transact such other business as may properly come before the meeting. The meeting may be continued or adjourned from time-to-time by notice at the meeting, without further written notice to the creditors.

COMMENCEMENT OF CASES. Petitions under chapter 11 of the Bankruptcy Code have been filed in the United States Bankruptcy Court for the District of Delaware (the "Court") by each of the Debtors listed above, and orders for relief have been entered. You will not receive notice of all documents filed in these cases. All documents filed with the Court, including lists of the Debtors' property and debts, are available for inspection at the Office of the Clerk of the Court (the "Clerk's Office"). In addition, such documents may be available at www.deb.uscourts.gov or <http://chapter11.epiqsystems.com/smurfit>.

DEADLINE TO FILE A PROOF OF CLAIM. Notice of this deadline will be sent by and through a separate notice.

NAME, ADDRESS AND TELEPHONE NUMBER OF TRUSTEE. None appointed to date.

COUNSEL FOR THE DEBTORS.

James F. Conlan, Esq.
Matthew A. Clemente, Esq.
Dennis M. Twomey, Esq.
Bojan Guzina, Esq.
Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603
Telephone: (312) 853-7000
Facsimile: (312) 853-7036

Robert S. Brady, Esq.
Edwin J. Harron, Esq.
Edmon L. Morton, Esq.
Matthew B. Lunn, Esq.
Young Conaway Stargatt & Taylor, LLP
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, Delaware 19899-0391
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

PURPOSE OF CHAPTER 11 FILING. Chapter 11 of the Bankruptcy Code enables a debtor to reorganize or liquidate pursuant to a plan. A plan is not effective unless approved by the Court at a confirmation hearing. Creditors will be given notice concerning any plan, or in the event the case is dismissed or converted to another chapter of the Bankruptcy Code. The Debtors will remain in possession of their property and will continue to operate their businesses unless a trustee is appointed.

CREDITORS MAY NOT TAKE CERTAIN ACTIONS. A creditor is anyone to whom a debtor owes money or property. Under the Bankruptcy Code, a debtor is granted certain protections against creditors. Common examples of prohibited actions by creditors are contacting a debtor to demand repayment, taking action against a debtor to collect money owed to creditors or to take property of a debtor, and starting or continuing foreclosure actions or repossessions. If unauthorized actions are taken by a creditor against the Debtors, the Court may penalize that creditor. A creditor who is considering taking action against the Debtors or the Debtors' property should review section 362 of the Bankruptcy Code and may wish to seek legal advice. **The staff of the Clerk's Office is not permitted to give legal advice.**

CLAIMS. Schedules of creditors will be filed pursuant to Bankruptcy Rule 1007. Any creditor holding a scheduled claim, which is not listed as disputed, contingent, or unliquidated as to amount, may, but is not required to, file a proof of claim in these cases. Creditors whose claims are not scheduled or whose claims are listed as disputed, contingent, or unliquidated as to amount and who desire to participate in these cases or share in any distribution must file their proofs of claim. A creditor who desires to rely on the schedules of creditors has the responsibility for determining that its claim is listed accurately. **Separate notice of the deadlines to file proofs of claim and proofs of claim forms will be provided to the Debtors' known creditors.** Proofs of claim forms are also available in the clerk's office of any bankruptcy court, from the Court's web site at www.deb.uscourts.gov and from the website of Epiq Bankruptcy Solutions, LLC, the Debtors' noticing and claims agent, at <http://chapter11.epiqsystems.com/smurfit>.

DISCHARGE OF DEBTS. Confirmation of a chapter 11 case may result in a discharge of debts, which may include all or part of your debt. See 11 U.S.C. § 1141(d). A discharge means that you may never try to collect the debt from the debtors, except as provided in the plan.

Dated: February 3, 2009

For the Court: /s/ David D. Bird
Clerk of the United States Bankruptcy Court for the District of Delaware

EXHIBIT B

Deloitte.

Deloitte & Touche LLP.
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Fax: 416-601-6690
www.deloitte.ca

February 3, 2009

TO THE CREDITORS OF SMURFIT-STONE CONTAINER CANADA INC. AND THE COMPANIES AND PARTNERSHIPS LISTED BELOW (COLLECTIVELY, THE "COMPANIES")

Dear Sir or Madam,

TAKE NOTICE that on January 26, 2009, the Honourable Madam Justice Pepall of the Ontario Superior Court of Justice (Commercial List) (the "Court") granted an Initial Order (the "CCAA Order") in respect of the Companies under the *Companies' Creditors Arrangement Act*. Pursuant to the CCAA Order, Deloitte & Touche Inc. was appointed monitor of the Companies (the "Monitor"). Pursuant to the CCAA Order, all proceedings against the Companies are stayed and may not be commenced or continued without the consent of the Companies and the Monitor, or the Court. At this time, the Companies are pursuing all of their restructuring alternatives and the Companies have advised that operations are continuing in the normal course.

Information updates will be periodically available at the Companies' website (<http://www.smurfit-stone.ca/SSCanadaEn/restructuring.html>). A copy of the CCAA Order and certain other Court documents are available on the Monitor's website at www.deloitte.com/ca/smurfitstonecanada. As of February 2, 2009, there has not been a claims process to call for claims in Canada. Notice of any claims process will be posted on the Monitor's website. We recommend that you continue to access this website for future information and reports. If you are unable to access this site, please contact the Monitor at 416-601-5999, or toll-free at 1 866-859-6954, and we would be pleased to send you a copy of the CCAA Order.

Yours truly,

DELOITTE & TOUCHE INC.
In its capacity as Court-Appointed Monitor
of Smurfit-Stone Container Canada Inc. et al.

Per: 

Paul M. Casey CA•CIRP
Senior Vice-President

Companies:

Smurfit-Stone Container Canada Inc.
Smurfit-MBI
3083527 Nova Scotia Company
MBI Limited/Limitée
Francobec Company
639647 British Columbia Ltd.

B.C. Shipper Supplies Ltd.
Speciality Containers Inc.
605681 N.B. Inc.
Stone Container Finance Company of Canada II
SLP Finance General Partnership

EXHIBIT C

Deloitte.

Deloitte & Touche LLP.
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Fax: 416-601-6690
www.deloitte.ca

Le 3 février 2009

AUX CRÉANCIERS DE SMURFIT-STONE CONTAINER CANADA INC. (EMBALLAGES SMURFIT-STONE CANADA INC.) ET LES COMPAGNIES ET AFFILIATIONS INSCRITES CI-DESSOUS (COLLECTIVEMENT APPELÉES « COMPAGNIES »)


Madame, Monsieur,

VEUILLEZ PRENDRE NOTE que le 26 janvier 2009, l'Honorable Juge Pepall de la Cour Supérieure de l'Ontario (Division commerciale) (la « Cour ») a émis une Ordonnance Initiale (« l'Ordonnance ») en vertu de la *Loi sur les Arrangements avec les Créanciers des Compagnies* (« LACC »). En vertu de l'Ordonnance, Deloitte & Touche Inc. a été nommée Contrôleur des Compagnies (le « Contrôleur »). L'Ordonnance prévoit aussi que toutes procédures contre les Compagnies soient suspendues et ne peuvent être intentées ou continuées sans le consentement des Compagnies et du Contrôleur ou de la Cour. En ce moment, la Compagnie explore toutes les possibilités de restructuration et les Compagnies ont avisé que les opérations d'exploitation continuent dans le cours normal des affaires.

Des mises à jour seront périodiquement publiées sur le site des Compagnies à l'adresse suivante : <http://www.smurfit-stone.ca/restructuration.html> . Une copie de l'Ordonnance ainsi que d'autres documents déposés à la Cour sont disponibles sur le site Web du Contrôleur à l'adresse suivante : www.deloitte.com/ca/smurfitstonecanada . Au 2 février 2009, aucun processus de réclamation faisant appel au dépôt de réclamations n'a été instauré. L'avis d'un tel processus de réclamation sera affiché sur le site Web du Contrôleur. Nous vous invitons à visiter ce site régulièrement pour toute information additionnelle. Si vous êtes incapable d'accéder à ce site, n'hésitez pas à contacter les représentants du Contrôleur au 416-601-5999, ou sans frais au 1 866-859-6954; il nous fera plaisir de vous faire parvenir une copie de l'Ordonnance par la poste.

Veuillez agréer, Madame, Monsieur, l'expression de nos sentiments les meilleurs.

DELOITTE & TOUCHE INC.
En sa qualité de Contrôleur de
Smurfit-Stone Container Canada Inc. et al.


Paul M. Casey CA, CIRP
Vice-président Senior

Compagnies:

Smurfit-Stone Container Canada Inc.
Smurfit-MBI
3083527 Nova Scotia Company
MBI Limited/Limitée
Francobec Company
639647 British Columbia Ltd.

B.C. Shipper Supplies Ltd.
Speciality Containers Inc.
605681 N.B. Inc.
Stone Container Finance Company of Canada II
SLP Finance General Partnership