

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

Court File No. \_\_\_\_\_

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" (the "Applicants")

AMENDED AND RESTATED 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,

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[the following to be added to the Initial Order as signed on January 26, 2009 after the last paragraph thereof:]

....

59. THIS COURT ORDERS and DECLARES that with respect to the Partnerships, the Interim Order (1) Authorizing Debtors (A) to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) AND 364(e) AND (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. §363, (II) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363 AND 364 AND (III) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(B) AND (C) (the "US Order") made by the United States Bankruptcy Court for the District of Delaware, (the "US Court") on Tuesday January 27, 2009, a copy of which is attached hereto as Schedule "D", *inter alia*, authorizing and approving the DIP Facility provided for under the DIP Credit Agreement (both as defined in the US Order) is hereby recognized and given full effect in all provinces and territories of Canada, pursuant to section 268 of the BIA.

60. THIS COURT ORDERS that, in aid of the recognition of the US Order contained at paragraph 59 above, the provisions of this Amended and Restated Initial Order as they relate to the DIP Documents and the grant of the DIP Lenders Charge shall apply to the Partnerships and their assets as if they were Applicants herein, and the Partnerships are subject to all obligations and provisions in favour of the DIP Lenders contained in paragraphs 32 to 45 of this Amended and Restated Initial Order.

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**Form of Final Order**

**Exhibit A-3**

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**Form of Security and Pledge Agreement**

**Exhibit B-1**

## SECURITY AND PLEDGE AGREEMENT

THIS SECURITY AND PLEDGE AGREEMENT (as it may be amended or modified from time to time, the "Security Agreement") is entered into as of January \_\_, 2009 by and among SMURFIT-STONE CONTAINER CORPORATION, a Delaware corporation, each of its U.S. direct or indirect subsidiaries party to the Credit Agreement (as hereinafter defined) (the "Grantors"), each of which Grantors is a debtor and debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code, and JPMorgan Chase Bank, N.A., in its capacity as administrative agent (the "Administrative Agent") for the lenders party to the Credit Agreement referred to below.

### PRELIMINARY STATEMENT

The Grantors, SMURFIT-STONE CONTAINER ENTERPRISES, INC., a Delaware corporation (the "U.S. Borrower"), the Administrative Agent, the other Loan Parties which are party thereto, the Lenders party thereto and JPMORGAN CHASE BANK, N.A., TORONTO BRANCH, as Canadian administrative agent, are entering into a Credit Agreement dated as of even date herewith (as it may be restated, amended or modified from time to time, the "Credit Agreement"). Each Grantor is entering into this Security Agreement in order to induce the Lenders to enter into and extend credit to the U.S. Borrower and Smurfit-Stone Container Canada Inc., a corporation continued under the Companies Act (Nova Scotia) (the "Canadian Borrower"), together with the U.S. Borrower, collectively, the "Borrowers") under the Credit Agreement and to secure the Secured Obligations that it has agreed to guarantee pursuant to Article X of the Credit Agreement.

WHEREAS, it is a condition precedent to the making of Loans and the issuance of Letters of Credit that the Grantors shall have granted a security interest, pledge and lien on (x) all cash maintained in the Collateral Accounts pursuant to Section 364(c)(2) of the Bankruptcy Code and (y) certain of the Grantors' assets and properties and the proceeds thereof pursuant to Sections 364(c)(2), 364(c)(3) and 364(d)(1) of the Bankruptcy Code; and

WHEREAS, the grant of such security interest, pledge and lien has been authorized pursuant to Sections 364(c)(2), 364(c)(3) and 364(d)(1) of the Bankruptcy Code by the Interim Order, and, after the entry thereof, will have been so authorized by the Final Order (collectively, the "Orders"); and

WHEREAS, to supplement the Orders without in any way diminishing or limiting the effect of the Orders or the security interest, pledge and lien granted thereunder, the parties hereto desire to more fully set forth their respective rights in connection with such security interest, pledge and lien; and

WHEREAS, this Agreement has been approved by the Orders;

ACCORDINGLY, the Grantors and the Administrative Agent, on behalf of the Lenders, hereby agree as follows:

### ARTICLE I DEFINITIONS

1.1. Terms Defined in Credit Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

1.2. Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Security Agreement are used herein as defined in the UCC.

1.3. Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the Preliminary Statement, the following terms shall have the following meanings:

"Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Article" means a numbered article of this Security Agreement, unless another document is specifically referenced.

"Chattel Paper" shall have the meaning set forth in Article 9 of the UCC.

"Closing Date" means the date of the Credit Agreement.

"Collateral" shall have the meaning set forth in Article II.

"Collateral Deposit Account" shall have the meaning set forth in Section 7.1(a).

"Collateral Report" means any certificate (including any Borrowing Base Certificate), report or other document delivered by any Grantor to the Administrative Agent or any Lender with respect to the Collateral pursuant to any Loan Document.

"Concentration Account" shall have the meaning set forth in Section 7.1(b).

"Commercial Tort Claims" means the following existing commercial tort claims of the Grantors: (i) a matter filed by the U.S. Borrower in the Circuit Court of King William County, Virginia against the County of King William seeking a correction of the Machinery and Tools taxes which were assessed against and paid by the U.S. Borrower for the tax years 2004 through 2007; and (ii) the action styled *Smurfit-Stone Container Corporation vs. Southeast Fuels, Inc.*, filed in the United States District Court, Eastern District of Virginia, Richmond Division on September 19, 2008.

"Control" shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the UCC.

"Copyrights" means, with respect to any Person, all of such Person's right, title, and interest in and to the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all renewals of any of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Deposit Account Control Agreement" means an agreement, in form and substance satisfactory to the Administrative Agent, among any Loan Party, a banking institution holding such Loan Party's funds, and the Administrative Agent with respect to collection and control of all deposits and balances held in a deposit account maintained by any Loan Party with such banking institution.

"Deposit Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Documents" shall have the meaning set forth in Article 9 of the UCC.

"Equipment" shall have the meaning set forth in Article 9 of the UCC.

"Event of Default" means an event described in Section 5.1.

"Exhibit" refers to a specific exhibit to this Security Agreement, unless another document is specifically referenced.

"Fixtures" shall have the meaning set forth in Article 9 of the UCC.

"General Intangibles" shall have the meaning set forth in Article 9 of the UCC.

"Goods" shall have the meaning set forth in Article 9 of the UCC.

"Instruments" shall have the meaning set forth in Article 9 of the UCC.

"Inventory" shall have the meaning set forth in Article 9 of the UCC.

"Investment Property" shall have the meaning set forth in Article 9 of the UCC.

"Landlord Lien Waiver" means any landlord waiver or other agreement, in form and substance satisfactory to the Administrative Agent, between the Administrative Agent and any third party (including any bailee, consignee, customs broker, or other similar Person) in possession of any Collateral or any landlord of any Loan Party for any real property where any Collateral is located, as such landlord waiver or other agreement may be amended, restated, or otherwise modified from time to time.

"Lenders" means the lenders party to the Credit Agreement and their successors and assigns.

"Letter-of-Credit Rights" shall have the meaning set forth in Article 9 of the UCC.

"Licenses" means, with respect to any Person, all of such Person's right, title, and interest in and to (a) any and all licensing agreements or similar arrangements in and to its Patents, Copyrights, or Trademarks, (b) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, and (c) all rights to sue for past, present, and future breaches thereof.

"Lock Boxes" shall have the meaning set forth in Section 7.1(a).

"Lock Box Agreements" shall have the meaning set forth in Section 7.1(a).

"Patents" means, with respect to any Person, all of such Person's right, title, and interest in and to: (a) any and all patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (d) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements thereof; and (f) all rights corresponding to any of the foregoing throughout the world.

"Pledged Collateral" means all Instruments, Securities and other Investment Property of the Grantors, whether or not physically delivered to the Administrative Agent pursuant to this Security Agreement.

"Receivables" means the Accounts, Chattel Paper, Documents, Investment Property, Instruments and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"Required Secured Parties" means (a) prior to an acceleration of the Secured Obligations under the Credit Agreement, the Required Lenders, (b) after an acceleration of the Secured Obligations under the Credit

