

Court File No. 08-CL-7375

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA")
PCL PACKAGING CORPORATION

SECOND REPORT OF THE MONITOR
SUBMITTED BY BDO DUNWOODY LIMITED

February 11, 2008

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1. Introduction and Background

1.1 On January 25, 2008 pursuant to an application made by PCL Packaging (“PCL” or “the Company”), the Court made an Order declaring that PCL is a company to which CCAA applies.

1.2 BDO Dunwoody Limited (“BDO” or the “Monitor”) was appointed Monitor under the Order to take a number of actions including monitoring PCL’S receipts and disbursements, assisting in dissemination of financial information and cash flows and advising on the development of a Plan of Arrangement.

1.3 The Monitor’s First Report dated February 4, 2008 was filed in support of the Company’s motion for the approval of a condensed going - concern marketing program. In addition, the possibility of an early transaction for the St. John facility was also discussed. A copy of the Monitor’s First Report is attached as **Appendix A**. A copy of the Order approving the marketing plan is attached as **Appendix B**.

Purpose of the Second Report

1.4 The purpose of the Second Report is to (1) provide the details of the Inteplast Bags and Films Corporation (“Inteplast”) offer to purchase the assets located in the leased facility in St. John, New Brunswick and (2) provide a comparison of the Inteplast going-concern offer to the estimated net realizations from an orderly liquidation of these same assets.

2. Inteplast Offer

The Monitor requests that Section 2 of the Second Report attached as Appendix E along with **Appendices C** and **B** be temporarily sealed.

3. Recommendation

3.1 As the St. John facility was thoroughly exposed to the market in 2007 by Mesirow and the Company, and based on the analysis presented herein, the Monitor recommends that the Court approve this transaction. The transaction is also supported by GMAC and the Second Lien Lenders.

3.2 The Monitor requests that **Appendices C, D** and **E** of the Second Report be temporarily sealed pending the completion of the proposed transaction.

All of which is respectfully submitted this 11th day of February 2008.

BDO DUNWOODY LIMITED
Monitor in the CCAA of
PCL Packaging Corporation
Per:



Blair F. Davidson, CA, CIRP, CBV
Senior Vice President

2. Inteplast Offer

The Monitor requests that Section 2 of the Second Report attached as **Appendix E** along with **Appendices C** and **D** be temporarily sealed.

3. Recommendation

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3.2 The Monitor requests that **Appendices C, D** and **E** of the Second Report be temporarily sealed pending the completion of the proposed transaction.

All of which is respectfully submitted this 11th day of February 2008.

BDO DUNWOODY LIMITED
Monitor in the CCAA of
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Per:



Blair F. Davidson, CA, CIRP, CBV
Senior Vice President

Court File No. 08-CL-7375

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA")
PCL PACKAGING CORPORATION**

**FIRST REPORT OF THE MONITOR
SUBMITTED BY BDO DUNWOODY LIMITED**

February 4, 2008

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Introduction and Background

1.1 On January 25, 2008 pursuant to an application made by PCL Packaging Corporation (“PCL” or “the Company”), the Court made an Order declaring that PCL is a company to which CCAA applies. A copy of the Order is attached as **Appendix A**.

1.2 BDO Dunwoody Limited (“BDO”) was appointed Monitor under the Order to take a number of actions including monitoring PCL’s receipts and disbursements, assisting in dissemination of financial information and cash flows and advising on the development of a Plan of Arrangement.

Purpose of the Report

- 1.3 The purpose of this first report to the Court is as follows:
- (a) update on events since the filing date of January 25, 2008;
 - (b) report on the Company’s proposed marketing plan and the Monitor’s role therein, and;
 - (c) advise the Court with respect to a possible sale of the St. John plant to Inteplast Bags and Films Corporation (“Inteplast”).

Background

1.4 Background on Business and Companies

1.4.1 PCL was founded in 1969 in Hamilton Ontario as a plastic recycler. PCL initially manufactured trash bags made from recycled

plastic. PCL is currently headquartered in Oakville, Ontario and is a large producer of polyethylene ("PE") bags and waste disposal bags. The Company offers a broad range of products in North America, including a complete line of plastic bag products made from both high density PE and low density PE.

1.4.2 In 2001, PCL embarked on a growth plan that involved expansion through acquisitions. Over the years, PCL expanded its operations to include five manufacturing facilities with three facilities located across Canada (Oakville, Ontario ("Oakville"), Saint John, New Brunswick ("Saint John"), and Delta, British Columbia ("Delta")) and two facilities located in the United States (North Dighton, Massachusetts ("North Dighton") and Pueblo, Colorado ("Pueblo")).

1.4.3 The Company serves supermarkets, retailers, convenience stores, quick services restaurants and food service distribution companies throughout Canada and the United States.

1.4.4 The Company has one unionized facility, that being the Oakville facility, which has 147 employees (122 unionized plant employees and 25 salaried office employees). The St. John facility has 9 salaried office employees and 47 hourly plant employees (non-union).

1.5 Causes of Financial Difficulty

1.5.1 The flexible packaging industry continues to mature with large players increasing their scale and capabilities while smaller players have been forced to either cost cut in order to complete or focus their efforts on regional and niche market opportunities.

1.5.2 PCL has experienced irregular sales growth since 2004 as a result of increased competition from large low cost producers in the market. This increased completion has resulted in the loss of key customers resulting in excess production capacity.

1.5.3 The raw material price environment has also been challenging for PCL as the cost of various plastic resins have risen dramatically over the past two years. The Company in many cases has been unable to pass through the raw material price fluctuations to their customers. Given the commodity-type product mix and intense competitive pressures, this has resulted in a further squeeze to PCL's already low operating margins.

1.5.4 Large volume customers dependence on using reverse internet auctions as a medium for tendering business accounted for a further decline or elimination of profits for the Company.

1.5.5 The strengthening of the Canadian dollar has also had a considerable impact on PCL as a significant amount of their Canadian production was being exported. In addition, increased

consumer consciousness of environmental issues is causing buyers to move towards the purchase of biodegradable or reusable packaging.

1.6 Sale of Plants

1.6.1 In an effort to re-focus the Company's business objectives and stream-line its product offering with a focus on more profitable product lines, management decided to downsize PCL's production capabilities to their two largest facilities, Oakville, and Saint John.

1.6.2 The Company canvassed several parties who had previously expressed interest in the machinery and equipment and inventory of the Pueblo, North Dighton and Delta facilities and those parties who would consider the facilities to be a strategic fit to their business.

1.6.3 In February 2007, the Company successfully completed the sale of the inventory and machinery and equipment of the Pueblo, facility. The sale resulted in net proceeds to the Company of approximately \$3.9 million which was higher than the appraisal value of the assets.

1.6.4 In May 2007, the Company successfully completed the sale of the inventory and equipment of the North Dighton and Delta facilities to Intoplast which resulted in net proceeds of approximately \$9.6 million.

1.7 Creditors

- 1.7.1 The Company entered into a Credit Agreement with GMAC Commercial Finance Corporation – Canada (the “Lender” or “GMAC”) on January 31, 2006. After certain events of default, the Company entered into a Forbearance Agreement with the Lender on January 30, 2007 which was to expire on April 30, 2007. The Company’s total secured indebtedness to GMAC at that time was approximately \$15.5 million, which consisted of a term loan of approximately \$6.4 million and a revolver loan of approximately \$9.1 million.
- 1.7.2 On April 30, 2007, the Lender extended the Forbearance Agreement to December 31, 2007.
- 1.7.3 Proceeds from the sales of the Pueblo, North Dighton and Delta facilities were applied to reduce the amount borrowed by the Company from the Lender. As at January 25, 2008 the Company’s total indebtedness to the Lender was \$6.1 million.
- 1.7.4 Certain of the Company’s shareholders and affiliates, 20325911 Ontario Inc., 1070155 Ontario Limited and Swinco Enterprise Inc., (collectively “the Second Lien Holders”) also hold secured loans totaling approximately \$5.1 million.
- 1.7.5 As at January 15, 2008, PCL had unsecured obligations to trade supplies of approximately \$4.9 million.

Monitor's Initial Activities

- 2.1 On the afternoon of January 25, 2008, the Monitor along with Mr. Ian Bell, Chief Financial Officer of PCL met with the Oakville salaried office employees, the Oakville plant hourly employees, representatives of the Communications, Energy and Paperworkers Union of Canada Local #593 and via conference call the St. John, New Brunswick office salaried employees.
- 2.2 PCL with the assistance of the Monitor implemented a telephone and written communications program to notify customers and suppliers. To date, support and co-operation from the employees, suppliers and customers has been excellent.
- 2.3 The Monitor has implemented controls to monitor receipts and disbursements and report thereon to GMAC and other parties as required by the Company. As of the date of this Report, the first week ending February 1, 2008 budget versus actual analysis was not available. The on-going financial position will be addressed in subsequent reports to the Court.
- 2.4 The Monitor participated in the Company's discussions with representatives of Inteplast on their offer to purchase of the St. John facility and on a marketing process for the Oakville facility.

Marketing Plan

- 3.1.1 Management of the Company has determined, and the Monitor and GMAC agree, that a condensed going-concern sale process is a worthwhile undertaking.
- 3.1.2 In May, 2007, PCL had engaged Mesirow Financial to seek going-concern buyers for the Oakville and St. John facilities. Over a period of several months they contacted 134 parties and distributed 17 copies of a Confidential Information Memorandum. The details of Mesirow's process are described in their report attached as **Appendix B**.
- 3.1.3 The result of Mesirow's efforts was that only one party expressed a serious interest. The offer was ultimately to dismantle the Oakville plant at what management believed was liquidation values. That offer was rejected.
- 3.1.4 Subsequently, Inteplast Group Inc. was approached by management and during the months of September, October and November of 2007, PCL attempted to negotiate a sale agreement, for both plants. The major stumbling block was a significant environmental issue at the Oakville facility. The environmental situation can be summarized as an acetone (nail polisher remover) leak from an underground tank which contaminated the ground water. Despite rigorous environmental testing and cleanup cost

analyses, Inteplast eventually decided they did not wish to acquire the Oakville plant.

3.1.5 Inteplast did continue to have an interest in acquiring the St. John facility and the basic business and financial terms were agreed to in December, 2007. However, the form of agreement including the various representations and warranties were not agreed to by the parties.

3.2 Inteplast Offer

3.2.1 Subsequent to the filing of the CCAA on January 25, 2008, negotiations with Inteplast continued and the Company hopes this will result in a signed sale agreement this week. Once the agreement is finalized, the Company will bring a motion seeking an order approving the proposed sale.

3.3 Marketing Plan for the Oakville Plant

3.3.1 Issues Affecting the Marketing Process

As noted in the previous section, Mesirow Financial conducted an extensive marketing program in the second half of 2007 with limited success.

3.3.2 Despite initial support from customers, any lengthy delay in the resolution of PCL's future will increase the risk of losing those customers or at least reduced sales as they seek additional suppliers.

3.3.3 On-going cash operating losses and the expenses associated with the CCAA process require a condensed timeframe for a marketing process.

3.3.4 PCL wishes to undertake a three week sale process which would seek going-concern buyers for the Oakville facility. In this process, offers from liquidators could also be sought so that if an orderly wind-down became the only option for the Company, then auction proposals would be available for consideration. This sale process will include the St. John facility if the Inteplast offer is not finalized this week.

3.3.5 Potential buyers for the Oakville real estate may be different from these who would want to acquire the plastic bag manufacturing business. Thus, the Company is of the view that a qualified commercial real estate agent should also be retained to list the property for sale.

3.4 **Recommended Sales Approach**

3.4.1 At the Company's request, the Monitor recommends that the Honourable Court authorize the Monitor to proceed with an "Invitation for Proposals" sales process (the "Marketing Plan") as follows:

Identification of Potential Purchasers

1. *Target Lists* - industry sources and parties identified by past marketing efforts will be used to develop a target list of potential buyers. These parties will be contacted in writing/email to present the opportunity ("tickler letter") with telephone follow-up.
2. *Newspaper Advertising* – Globe & Mail advertising for two days.
3. *Consultation with Management Stakeholders and their Advisors* – ask for potential purchases to be identified by this group. To date, two significant strategic buyers have contacted the Monitor as referrals from these sources.

Information for Potential Purchasers

Upon receipt of an executed Confidentiality Agreement, each potential purchaser will be provided with a Confidential Information Memorandum which will include a description of the operations, historical financial information, listing of fixed assets and other relevant items.

With the assistance of Management, the Monitor has prepared this document in draft and it will be finalized by the end of the week.

Other more detailed relevant information will be made available by the Monitor via an electronic Data Room. The Monitor will respond to reasonable additional requests for information from potential purchasers as well as arrange site tours.

Timeframe for Sale Process

It is the view of the Company and agreed by the Monitor and GMAC that the Business should be exposed to the market for a three week period, thus a deadline date for offers would be Wednesday, February 27, 2008.

Terms and Conditions of Sale

The proposed terms and conditions of sale are the usual terms used in the CCAA process such as:

- Sale on an "as-is where is" basis;
- Cash deposit which becomes non-refundable if the offer is accepted;
- Requirement of court-approval for the sale with closing of the transaction upon the provision of a Vesting Order; and
- Balance of the purchase price to be paid by certified cheque at the time of closing.

The Company had its legal counsel prepare a form of an Agreement of Purchase and Sale for use by potential purchasers.

Real Estate

The Company has requested listing proposals from Parallel Real Estate, CB Richard Ellis and Barnike. The Monitor will review these proposals with the Company and expect that the agent with the best combination of experience and cost (commission structure) will be engaged. The selected agent will be required to agree to an "exclusion" for going-concern buyers identified by the Monitor's sale process that wish to acquire both the business and the real estate.

Summary and Recommendation

5.1 The foregoing summarizes the activities of the Monitor from the date of the Appointment Order until February 4, 2008.

5.2 The Monitor respectfully recommends that this Honourable Court approve the Marketing Plan as outlined in this report.

All of which is respectfully submitted this 4th day of February 2008.

BDO DUNWOODY LIMITED
Monitor in the CCAA of
PCL Packaging Corporation

Per:

A handwritten signature in black ink, appearing to read 'BFD', with a stylized flourish extending to the right.

Blair F. Davidson, CA, CIRP, CBV
Senior Vice President

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) FRIDAY, THE TWENTY-FIFTH
)
JUSTICE COLIN CAMPBELL) DAY OF JANUARY, 2008



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 PCL PACKAGING CORPORATION,

INITIAL ORDER

THIS APPLICATION, made by the Applicant, 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 Ian Bell sworn January 24, 2008 (the "Bell Affidavit") and the Exhibits thereto and on hearing the submissions of counsel for PCL Packaging Corporation, (the "Applicant") and GMAC Commercial Finance Corporation ("GMAC"), no one else appearing and on reading the consent of BDO Dunwoody Limited ("BDO") 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 Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant 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 Applicant and one or more classes of its secured and/or unsecured creditors as it deems appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its 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 Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, brokers, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems 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 Applicant 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, vacation pay, broker commissions, 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; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after 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 Applicant following the date of this Order.

7. THIS COURT ORDERS that the Applicant 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 Applicant in connection with the sale of goods and services by the Applicant, 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 Applicant.

8. THIS COURT ORDERS that until such time as the Applicant repudiates a real property lease in accordance with paragraph 10(c) of this Order, the Applicant 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 by the Applicant from time to time ("Rent"), for the period commencing from and including the date of this Order, bi-weekly, in advance (but not in arrears).

9. THIS COURT ORDERS that, except as specifically permitted herein or as may be otherwise agreed to by the Monitor, the Applicant is 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 Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. THIS COURT ORDERS that the Applicant shall, subject to such covenants as may be contained in the Loan Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$1,000,000 in the aggregate, subject to paragraph 10(c), if applicable;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicant and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;

- (c) in accordance with paragraphs 11 and 12, vacate, abandon or quit any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days' notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicant and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;
- (d) repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant deems appropriate on such terms as may be agreed upon between the Applicant 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 its 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 Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

11. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant'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 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 Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant repudiates the lease governing such leased premises in accordance with paragraph 10(c) of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. THIS COURT ORDERS that if a lease is repudiated by the Applicant in accordance with paragraph 10(c) of this Order, 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 Applicant 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 in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant 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.

13. THIS COURT ORDERS that, subject to the other provisions of this Order (including the payment of Rent as herein provided) and any further Order of this Court, the Applicant shall be permitted to dispose of any or all of the Property located (or formerly located) at such leased premises without any interference of any kind from landlords (notwithstanding the terms of any leases) and, for greater certainty, the Applicant shall have the right to realize upon the Property and other assets in such manner and at such locations, including leased premises, as it deems suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. THIS COURT ORDERS that until and including February 23, 2008, 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 Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant 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 Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) exempt the Applicant 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 existing prior to the making of this order, 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 Applicant, except with the written consent of the Applicant 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 the Applicant 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 or the Applicant, 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 Applicant, and that the Applicant shall be entitled to the continued use of its 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 Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant 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 Applicant 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 Applicant; provided that GMAC shall make the advances contemplated by this Order to the extent provided for in the Forbearance Agreement and Loan Documents. 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 Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant 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 Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicant, from and after the date hereof, to make payments of the nature referred to in subparagraphs 5(a), 7(a), 7(b) and 7(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 Applicant 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 Applicant 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 \$1,000,000, as security for

the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 42 and 44 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 Applicant's 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 BDO is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicant's conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant 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 Applicant's 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 Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to GMAC, its counsel and its financial advisors on a weekly basis of financial and other information as agreed to between the Applicant and GMAC which may be used in these proceedings including reporting on a basis to be agreed with GMAC;

- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by GMAC, which information shall be reviewed with the Monitor and delivered to GMAC, its counsel and its financial advisors on a periodic basis, but not less than weekly, or as otherwise agreed to by GMAC;
- (e) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (f) advise the Applicant, to the extent required by the Applicant, 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 Applicant and to the Business and the Property to the extent required to perform its duties arising under this Order and the Monitor shall provide and shall be entitled to provide access to such documents to GMAC or any financial advisor to GMAC;
- (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 of the business or restructuring initiatives of the Applicant, upon the cash flow statements or upon 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 that the Monitor shall provide any creditor of the Applicant and GMAC with information provided by the Applicant 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 the Applicant 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 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 counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a bi-weekly basis.

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, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for their professional fees and disbursements incurred at the normal 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 42 and 44 hereof.

DIP FINANCING

32. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to continue to obtain and borrow, repay and re-borrow, additional monies under a credit facility from GMAC in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that the aggregate amount of borrowings outstanding under such credit facility at any time from and after the date of this shall not exceed the amounts set out in the Second Amended and Restated Forbearance Agreement between the Applicant, GMAC and the Guarantors, as defined therein, dated as of January 23, 2008 (the "Forbearance Agreement"), filed with this Court.

33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the Forbearance Agreement.

34. THIS COURT ORDERS that the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to GMAC under and pursuant to the Forbearance Agreement and the Loan Documents (as defined in the Credit Agreement entered into between GMAC and the Applicant dated as of January 31, 2006) whether arising before or after the making of this Order as and when the same become due and are to be performed, notwithstanding any other provision of this Order, but subject to the priority set out in paragraph 42 hereof.

35. THIS COURT ORDERS that GMAC shall be entitled to the benefits of and is hereby granted a charge (the "DIP Charge") on the Property, which charge shall not exceed the aggregate amount owed to GMAC under the Forbearance Agreement and the Loan Documents. The DIP Charge shall have the priority set out in paragraphs 42 and 44 hereof.

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

- (a) GMAC may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or any of the Loan Documents;
- (b) upon the occurrence of an event of default or an Intervening Event under the Forbearance Agreement, Loan Documents or the DIP Charge, GMAC, upon two (2) business days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Forbearance Agreement, Loan Documents and the DIP Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by GMAC to the Applicant against the obligations of the Applicant to GMAC under the Forbearance Agreement, the Loan Documents or the DIP Charge, 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 Applicant and for the appointment of a trustee in bankruptcy of the Applicant, and upon the occurrence of an event of default or an Intervening Event under the terms of the Forbearance Agreement or Loan Documents, GMAC shall be entitled to seize and retain proceeds from the sale of the Property and the cash flow of the Applicant to repay amounts owing to GMAC in accordance with the Forbearance Agreement, Loan Documents and the DIP Charge, but subject to the priorities as set out in paragraphs 42 and 44 of this Order; and
- (c) the foregoing rights and remedies of GMAC shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

37. THIS COURT ORDERS AND DECLARES that GMAC shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any

proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Forbearance Agreement or the Loan Documents.

38. THIS COURT ORDERS that notwithstanding any other provision of this Order, GMAC shall not be entitled without the prior consent of the Applicant and the Monitor or further Order of this Court to take any steps to realize on any of the pledge agreements executed in favour of GMAC by PCL Plastics Corporation, PCL Packaging Management Inc. or 1455409 Ontario Inc. as of January 31, 2006 in respect of the securities of the Applicant.

39. THIS COURT ORDERS that the Applicant is hereby authorized and directed to continue its existing bank account arrangements as provided for in the blocked account agreements included in the Loan Documents, and to deposit all receipts to the blocked accounts (the "Blocked Accounts") with The Toronto-Dominion Bank ("TD") and to perform all its obligations to TD and to GMAC under the existing agreements relating to such bank accounts (collectively the "Blocked Account Agreements").

40. THIS COURT ORDERS that subject to the terms of the Loan Documents and the Blocked Account Agreements, GMAC and TD are hereby authorized to debit, charge back and set-off from and against the balances in the accounts of the Applicant and to exercise their right of combination of accounts against such amounts as may be necessary to repay:

- (a) all overdrafts on the Blocked Accounts, whether on, before or after the date of this Order;
- (b) any deposits, whether on, before or after the date of this Order, made to the Blocked Accounts that are dishonoured on or after the date of this Order; and
- (c) all amounts from time to time owing to GMAC on account of amounts outstanding pursuant to the Forbearance Agreement and the Loan Documents;

free and clear of all present and future charges, liens, mortgages, hypothecs, security interests and all other encumbrances and security, including the Charges created by this Order.

41. THIS COURT ORDERS that, in respect of the Blocked Accounts, GMAC and TD, shall:

- (a) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken in the operation of the Blocked Accounts, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Blocked Accounts; and
- (b) be entitled to provide banking and credit services without any liability, whether statutory, contractual, trust, proprietary or otherwise, in respect thereof to any person, pursuant to the terms of the Loan Documents and the Blocked Account Agreements and this Order.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

First – Administration Charge;

Second – DIP Charge; and

Third – Directors' Charge.

43. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP 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.

44. THIS COURT ORDERS that each of the Charges 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.

45. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Charge, unless the Applicant also obtains the prior written

consent of the Monitor, GMAC and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

46. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the Forbearance Agreement, the Loan Documents and the DIP 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") 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 Applicant, 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 Forbearance Agreement or the Loan Documents shall create or be deemed to constitute a breach by the Applicant 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 Applicant entering into the Forbearance Agreement, the creation of the Charges, or the performance of the Loan Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Forbearance Agreement or the Loan 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.

SERVICE AND NOTICE

47. THIS COURT ORDERS that the Applicant shall, within ten (10) business days of the date of entry of this Order, send a copy of this Order to its known creditors, other than employees and creditors to which the Applicant owes less than \$250, at their addresses as they appear on the Applicant's records, and shall promptly send a copy of this Order (a) to all parties filing a Notice of Appearance in respect of this Application, and (b) to any other interested Person requesting a copy of this Order, and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

48. THIS COURT ORDERS that the Applicant and the Monitor be at liberty to serve this Order, any other 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 Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant 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.

49. THIS COURT ORDERS that the Applicant, 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.bdo.ca/pcl.

GENERAL

50. THIS COURT ORDERS that the Applicant 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.

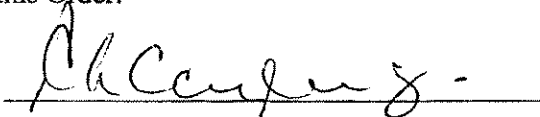
51. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

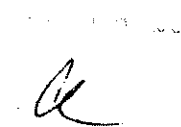
52. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant 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 Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

53. THIS COURT ORDERS that each of the Applicant 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.

54. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than ^{Four (4) days} ~~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.

55. 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.





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 PCL PACKAGING CORPORATION

(Short title of proceeding)

Court File No:

**ONTARIO
SUPERIOR COURT OF JUSTICE-
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

McMILLAN BINCH MENDELSON LLP
Barristers and Solicitors
BCE Place, Suite 4400
Bay Wellington Tower, 181 Bay Street
Toronto, Ontario
M5J 2T3

Daniel V. MacDonald LSUC#: 23125F
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Fax: (416) 865-7048

Solicitors for the Applicant

PCL Packaging Corporation – Marketing Process Overview

Mesirow Financial conducted a comprehensive and broad marketing campaign as part of the sale process for PCL Packaging Corporation (“PCL” or the “Company”). In addition, Mesirow worked with the Company to create a detailed confidential information memorandum (“CIM”) to be distributed to all interested parties. Mesirow contacted 134 buyers, including both prospective strategic and private equity acquirers, as part of the marketing process. After conversations with the potential buyers, Mesirow sent out a total of 134 confidentiality agreements for execution. In total, 17 potential buyers executed the confidentiality agreement and received the detailed CIM.

Mesirow Financial selected the potential buyers through a detailed search using various company databases as well as our in-depth knowledge of the flexible packaging industry. The parties contacted varied from public and private packaging and manufacturing companies, qualified private investment firms and high net worth former packaging executives. All of the buyers were contacted at the highest levels (CEO, CFO, Head of Business Development) via the phone by Mesirow professionals.

Subsequent to providing the CIM to interested parties, Mesirow Financial and management were made available to answer any questions and provide relevant information to interested parties in anticipation of the submission of preliminary indications of interest. Only Atlantic Packaging Products, Ltd. (“Atlantic”) submitted a written indication of interest to purchase the assets of PCL.

Parties who chose to decline the opportunity were concerned with overall industry trends, particularly environmental concerns relating to plastic bag usage in Canada. Potential buyers also voiced concerns regarding the deteriorating financial performance of the Company as well as the lack of an established management team.

In total, representatives from three companies, Atlantic, Newcastle Logistics and Inteplast Group Ltd. met or spoke with PCL management regarding a potential sale. In addition, Sigma Plastics (“Sigma”) received additional information regarding the Company in the form of a management presentation. Al-Pack Enterprises Ltd (“Al-Pack”) also expressed verbal interest in acquiring PCL’s Saint John facility. Subsequently, Mesirow supplied each party which demonstrated continuing interest additional detailed business and financial information relating to PCL. Again, management was made available to all interested parties to answer any questions.

Atlantic had clearly conducted the most due diligence prior to submission of its bid, and offered the greatest speed and certainty to close of all the remaining potential buyers. In addition, Atlantic presented a strong strategic rationale for the acquisition of PCL as well as a strong plan and high level of certainty in getting a transaction completed on an expedited basis.

Al-Pack and Sigma Plastics provided verbal indications of value, but neither party submitted an offer in writing. Several issues surrounded both parties’ verbal offers. Sigma’s verbal valuation was substantially lower than the par value of the Company’s debt. Al-Pack provided a wide valuation range (\$2-\$3 million) for the Saint John facility based on very limited due diligence. The prospect of a timely due diligence process and certainty of closing involving Al-Pack, while maintaining their valuation expectations, was not promising. Questions surrounding Al-Pack’s financial wherewithal (less than \$20 million in sales) were also a concern.

Based on industry experience, discussions held throughout the PCL sale process, and evaluation of the Atlantic offer, Mesirow Financial believes that the offer from Atlantic represents the highest value received from an interested party throughout the sale process. Attached to this document is a summary of the Mesirow sale process.

PCL Packaging Corporation – Marketing Process Overview

About Mesirow Financial Investment Banking:

Mesirow Financial is an employee-owned securities firm established in 1937 with headquarters in Chicago and 29 offices and over 1,100 employees across the country and Puerto Rico. Mesirow Financial's Corporate Investment Banking is a full service investment banking group. The corporate investment banking group specializes in merger advisory, particularly in the packaging sector. Mesirow Financial's Corporate Investment Banking has competed over 50 packaging transactions in recent years.

| Company Name | Contact Name | Contacted | C/A and Teaser Sent | Declined After Reviewing Teaser | Book Sent | Declined After Reviewing Book | Received IOI |
|---|------------------|-------------------------------------|-------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Received IOI | | | | | | | |
| Atlantic Packaging Products, Ltd. | Bernie Jadd | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> |
| Declined After Reviewing CIM | | | | | | | |
| Al-Pack Corporation (expressed verbal interest) | Stephen Beaty | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Command Packaging | Pete Grande | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Industrial Opportunity Partners | Adam Gottlieb | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Inteplast Group Ltd. | John D. Young | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Lake Park Capital LLC | Mark Polinsky | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Longroad Asset Management | Trevor Winstead | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Marlin Equity Partners | P.J. Nachman | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| McKenna Gale Capital Inc. | Craig Ferguson | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Merturn Partners, LLC | Lee C. Hansen | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Monomoy Capital Partners | Daniel Collin | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Newcastle Logistics | Alan Fracassi | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Republic Financial Corporation | Ravi Bhagavatula | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Sigma Plastics (expressed interest at a value significantly lower than par) | Andrew Teo | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Superior Capital | Mark Carroll | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Trinity Packaging Corporation, Inc. | John Freund | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| Valor Equity Partners | Antonio Gracias | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |

PCL Packaging Corporation – Marketing Process Overview

| Company Name | Contact Name | Contacted | C/A and Teaser Sent | Declined After Reviewing Teaser | Book Sent | Declined After Reviewing Book | Received IOI |
|--|-------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------|-------------------------------|--------------|
| Declined After Reviewing Teaser | | | | | | | |
| ACAS Special Situations | Myung Yi | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| AEP Industries Inc. | Paul M. Feeney | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Alpha Capital Partners | Andrew Kalrow | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Ampac Packaging LLC | Jon Dill | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Angelo, Gordon & Co. | Min Kim | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Apollo Management, L.P. | Robert V. Seminara | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Argo Management Partners, LLC | Daniel Campbell | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Atlantis Plastics, Inc. | Bud Philbrook | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Bay Packaging, Inc. | Robert Berman | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Birch Hill Equity Partners | Kevin Godwin | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| BlackEagle Partners | Garrett P. Kanehann | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Blue Wolf Capital | Adam Blumenthal | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Brynwood Partners | Joan McCabe | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Cello-Pack Corporation | William Donley | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Champion Products | Ashok Sood | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Chrysalis Capital Partners, L.P. | John Buck | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Clondalkin Group plc | Paul Hogan | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| CoBe Capital LLC | Neal S. Cohen | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Comvest Investments Partners | Geoffrey Alexander | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Dauntless Capital Partners, LLC | David Teed | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| DCM Acquisition | Don McCann | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Dewberry Cesinger Holdings | Phil Collins | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Dimeling, Schreiber & Park | Peter D. Schreiber | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Dunsin Partners, LLC | Brian Dunsin | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Duro Bag Manufacturing | Charles Shor | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Et-En Packaging Co. Ltd. | Mark Lichtblau | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Euro Packaging plc | Afzal Majid | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Flexstar Packaging, Inc. | Douglas Pulver | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Georgia-Pacific Corporation | Matt Denton | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Great Pacific Enterprises, Inc. | Jeff Boomer | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Hamburg Holdings | Matt Lambert | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Hamilton Robinson LLC | Phillip J. Cagnassola | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Hammond, Kennedy, Whitney & Company | James Futterknecht | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Harbert Management Corporation | Winston H. Gillum, Jr. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Heritage Bag Co. | Martin Lowe | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| HIG Capital | Charles J. Hanemann | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Hilco Equity Management, LLC | John W. Tomes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Hood Packaging Corporation | Larry Davis | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Hunt Special Situations Group, LP | Philip Arra | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Illinois Tool Works Inc. | Hugh Zentmeyer | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Imperial Capital | Jonathan Sherman | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Industrial Renaissance Inc. | Eric R. Hamburg | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Integrated Asset Management Corp. | George Engman | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Intertape Polymer Group Inc. | Melbourne F. Yull | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| ISO Poly Films Inc. | Jon McClure | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Ken Fowler Enterprises Ltd. | Ken Fowler | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Kensington Capital Partners Ltd. | Humberto Aquino | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Keystone Capital, Inc. | Scott L. Gwilliam | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Klimer Capital Partners | Jason Berenstein | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Laud Collier & Company, LLC | Colby Collier | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Littlejohn & Co., L.L.C. | Angus C. Littlejohn Jr. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Madison Capital Partners | John Udelhofen | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| MCG Global, LLC | Thomas J. Golon | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| MCM Capital Partners | James C. Poffenberger I | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Mid Oaks Investments, LLC | Michael A. Kocourek | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Milestone Merchant Partners | Murry Gunty | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| MTN Capital Partners | Dan Negrea | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Multifilm Packaging Corp. | Olie Mannertorp | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| New Trier Merchant Partners, LLC | Bob Goldstein | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Nordena North America | William R. Burke | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Packaging Dynamics Corporation | Patrick T. Chambliss | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Pender West Capital Partners | Bruce Hodge | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Pensier Capital Corporation | Sanford Pensier | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Pinnacle Packaging Company, Inc. | J. Scott Dickman | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |

PCL Packaging Corporation – Marketing Process Overview

| Company Name | Contact Name | Contacted | C/A and Teaser Sent | Declined After Reviewing Teaser | Book Sent | Declined After Reviewing Book | Received IOI |
|------------------------------------|---------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------|-------------------------------|--------------|
| Platinum Equity, LLC | Robert Loring | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Poly-America, Inc. | Ron Hall | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Poly-Pak Industries, Inc. | Peter Levy | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Post Capital Partners, LLC | Michael S. Pfeffer | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Pregis Corporation | James D. Morris | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Prentice Capital Management, LP | Jonathan Duskin | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| PRIVEQ Capital Funds | Bradley Ashley | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Prospect Partners, LLC | Erik Maurer | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Radius Equity Partners | Stuart Jamieson | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Red Diamond Capital, Inc. | Mark L. Kammert | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Redi-Bag USA | Jeff Rabiea | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Resilience Capital Partners LLC | Bassem Mansour | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Rex Varn | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Richland, Gordon & Co. | Alan D. Gordon | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| River Associates, LLC | J. Mark Jones | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| RoyCap Merchant Banking Group | Jean Noelling | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| RoyNat Capital Inc. | Bob Roy | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Sala Capital Corporation | Bruce Goldstein | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Saw Mill Capital | John Shaia | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Schottenstein Bernstein Gertner | Lorne Gertner | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Scotia Investments Limited | Archie MacPherson | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Scotia Merchant Capital Corp. | Garth Davis | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Sealed Air Corporation | Carol O'Neill | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Solaris Capital Advisors Inc. | Darren Williams | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Stonebridge Merchant Capital Corp. | Michael Lang | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Stonebridge Partners | Mike Bruno | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Stony Point Group | Bernard Stanek | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Superbag Corporation | Simon Bazbaz | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Susquehanna Capital | Ed Motter | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Sverica International | Martin Steber | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Taglich Brothers | Vincent Palmieri | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Telemus Capital Partners | Paul V. Schapira | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| TerraVest Industries | Tim Zosel | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| The Anderson Group | Barry Shapiro | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| The Edgewater Funds | David M. Tolmie | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| The Jordan Company | Joe Linnen | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| The Riverside Company | Scott Gilbertson | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Thompson Street Capital Partners | Robert Dunn | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Thurston Group Inc. | Robert Isham | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| TMB Industries | Thomas Begel | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Torque Partners Inc. | Brent Belzberg | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Treadstone Partners | William Downing | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| TriWest Capital Management Corp. | Lorne Jacobson | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Unibag A/S | Niels Jorgen | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Waveland Holdings | Dennis M. Zaslavsky | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Western America Capital Group | Richard Caron | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| WHI Capital Partners | Adam Schechter | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| William Blair Capital Partners LLC | Gregg S. Newmark | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Wind River Holdings, L.P. | David Proctor | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Wingate Partners | Jason Reed | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| WL Ross & Co. LLC | David Wax | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| Wynnchurch Capital | John Hatherly | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |
| ZED Financial Partners | Tim Reid | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | |



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) WEDNESDAY, THE SIXTH DAY
JUSTICE MORAWETZ) OF FEBRUARY, 2008

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 PCL PACKAGING CORPORATION,

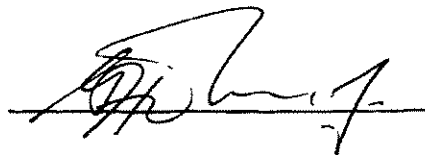
ORDER

THIS MOTION, made by PCL Packaging Corporation (the "Applicant") for an order approving the Marketing Process (as defined in the first report of BDO Dunwoody Limited, in its capacity as monitor of the Applicant (the "Monitor") dated February 4, 2008 (the "First Report")), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Ian Bell and the First Report and on hearing the submissions of counsel for the Applicant, counsel for GMAC Commercial Finance Corporation and counsel for the Monitor, no one appearing for any other person on the service list:

1. THIS COURT ORDERS that the Marketing Process is approved and that the Applicant, with the assistance of and in consultation with the Monitor, is authorized and directed to carry out and conduct the Marketing Process as described in the First Report and to take such actions as are required to complete the Marketing Process.

2. THIS COURT ORDERS that following completion of the Marketing Process, the Applicant shall return to this Court for approval of any sale.

A handwritten signature in black ink, appearing to be "D. J. [unclear]", written over a horizontal line.A small, handwritten mark or signature in black ink, possibly initials, located below the first signature.

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 PCL PACKAGING CORPORATION

(Short title of proceeding)

Court File No. 08-CL-7375

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

ORDER

McMILLAN BINCH MENDELSON LLP
Barristers and Solicitors
Brookfield Place, Suite 4400
Bay Wellington Tower, 181 Bay Street
Toronto, Ontario
M5J 2T3

Daniel V. MacDonald LSUC#: 23125F
Tel: 416.865.7169
Fax: 416.865.7048

Solicitors for the Applicant

DL Packaging Corporation
John - Six Week Winddown
for The 18 Week Period Ended May 2008
DN\$ '000)

| | Reference | Projected W/E 01-Feb (\$Cdn) | Projected W/E 08-Feb (\$Cdn) | Projected W/E 15-Feb (\$Cdn) | Projected W/E 22-Feb (\$Cdn) | Projected W/E 29-Feb (\$Cdn) | Projected W/E 07-Mar (\$Cdn) | Projected W/E 14-Mar (\$Cdn) | Projected W/E 21-Mar (\$Cdn) | Projected W/E 28-Mar (\$Cdn) | Projected W/E 04-Apr (\$Cdn) | Projected W/E 11-Apr (\$Cdn) |
|---|-----------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Accounts Receivable Collections - St John | Note 1 | 265 | 283 | 335 | 528 | 425 | 516 | - | - | - | - | - |
| Sale of Equipment | | - | - | - | - | - | - | 640 | - | - | - | - |
| Total Collections | | 265 | 283 | 335 | 528 | 425 | 516 | 640 | - | - | - | - |
| Material Purchases - St John | Note 2 | (139) | (177) | (189) | - | - | - | - | - | - | - | - |
| Payroll and Related Benefits - St John | | (50) | (50) | (50) | (50) | (50) | (5) | (5) | - | - | - | - |
| Retention Bonus | | - | - | - | (150) | - | (10) | - | - | - | - | - |
| 2007 Unpaid Vacation Pay - St John | | - | - | - | - | - | - | - | - | - | - | - |
| Utilities - St John | | - | - | - | - | (50) | - | - | - | (10) | - | - |
| Property Taxes - St John | | - | - | - | - | (6) | - | - | - | - | - | - |
| Broker Commissions/Rebates - St John | | (18) | (18) | (20) | - | - | (20) | - | - | - | - | (20) |
| Building Lease | | (20) | (10) | (10) | (5) | (5) | (5) | - | - | - | - | - |
| Warehousing | | (10) | (10) | (10) | (6) | (6) | (6) | - | - | - | - | - |
| Distribution | | (12) | (12) | (12) | (9) | (3) | (3) | - | - | - | - | - |
| Maintenance and Other | | (15) | (15) | (15) | - | - | - | - | - | - | - | - |
| Insurance | | - | - | - | - | - | - | - | - | - | - | - |
| Priority Payables | | (13) | (13) | (13) | (13) | (13) | (13) | (5) | (5) | (5) | - | - |
| Professional Fees | | (10) | (10) | (10) | (10) | (10) | (10) | - | - | - | - | - |
| Miscellaneous | | (287) | (305) | (319) | (243) | (143) | (72) | (10) | (5) | (15) | - | (20) |
| Total Disbursements | | (287) | (305) | (319) | (243) | (143) | (72) | (10) | (5) | (15) | - | (20) |
| Net Change in Cash Position | | (22) | (22) | 16 | 285 | 282 | 444 | 630 | (5) | (15) | - | (20) |
| Cash - Beginning Balance | | - | (22) | (44) | (28) | 257 | 539 | 983 | 1,613 | 1,608 | 1,593 | 1,593 |
| Cash - Ending Balance | | (22) | (44) | (28) | 257 | 539 | 983 | 1,613 | 1,608 | 1,593 | 1,593 | 1,573 |
| Note 1 Accounts Receivable Rollforward | | | | | | | | | | | | |
| Accounts Receivable - Opening Balance | | 1,274 | 1,188 | 1,133 | 998 | 780 | 565 | (0) | (0) | (0) | (0) | (0) |
| Add: Gross Sales - St John | | 179 | 228 | 200 | - | - | - | - | - | - | - | - |
| Sales of Inventory | | - | - | - | 310 | 210 | 111 | - | - | - | - | - |
| Less: Collections - St John | | (265) | (283) | (335) | (528) | (425) | (516) | - | - | - | - | - |
| AR Writeoff | | - | - | - | - | - | (160) | - | - | - | - | - |
| AR Ending Balance | | 1,188 | 1,133 | 998 | 780 | 565 | (0) | (0) | (0) | (0) | (0) | (0) |
| Note 2 Inventory Rollforward | | | | | | | | | | | | |
| Inventory - Opening Balance | | 1,051 | 1,051 | 1,051 | 1,085 | 623 | 262 | (0) | (0) | (0) | (0) | (0) |
| Add: Purchases - St John | | 139 | 177 | 189 | - | - | - | - | - | - | - | - |
| Add: Inventory in Transit | | - | - | - | - | - | - | - | - | - | - | - |
| Less: Estimate COGS Margin - St John | 77.59% | (139) | (177) | (155) | - | - | - | - | - | - | - | - |
| Sales of Inventory | | - | - | - | (310) | (210) | (111) | - | - | - | - | - |
| Writeoff of St John Inventory | | - | - | - | (151) | (151) | (151) | - | - | - | - | - |
| Adjustment to Actual | | - | - | - | - | - | - | - | - | - | - | - |
| Inventory - Ending Balance | | 1,051 | 1,051 | 1,085 | 623 | 262 | (0) | (0) | (0) | (0) | (0) | (0) |
| Cdn to US Fx Rate Utilized | | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |

CL Packaging Corporation
St John - Six Week Winddown
For The 18 Week Period Ended May 2008
(Cdn\$ '000)

| | Reference | Projected W/E 18-Apr (\$Cdn) | Projected W/E 25-Apr (\$Cdn) | Projected W/E 02-May (\$Cdn) | Total (\$Cdn) |
|---|-----------|---------------------------------------|---------------------------------------|---------------------------------------|------------------|
| Accounts Receivable Collections - St John | Note 1 | - | - | - | 2,352 |
| Sale of Equipment | | - | - | - | 640 |
| Total Collections | | - | - | - | 2,992 |
| Material Purchases - | Note 2 | - | - | - | - |
| St John | | - | - | - | (505) |
| Payroll and Related Benefits | | - | - | - | - |
| St John | | - | - | - | (260) |
| Retention Bonus | | - | - | - | (10) |
| 2007 Unpaid Vacation Pay - St John | | - | - | - | (150) |
| Utilities | | - | - | - | - |
| St John | | - | - | - | (60) |
| Property Taxes | | - | - | - | - |
| St John | | - | - | - | (6) |
| Broker Commissions/Rebates | | - | - | - | - |
| St John | | - | - | - | (56) |
| Building Lease | | - | - | - | (60) |
| Warehousing | | - | - | - | (45) |
| Distribution | | - | - | - | (54) |
| Maintenance and Other | | - | - | - | (60) |
| Insurance | | - | - | - | - |
| Priority Payables | | - | - | - | - |
| Professional Fees | | - | - | - | (93) |
| Miscellaneous | | - | - | - | (60) |
| Total Disbursements | | - | - | - | (1,419) |
| Net Change in Cash Position | | - | - | - | 1,573 |
| Cash - Beginning Balance | | 1,573 | 1,573 | 1,573 | - |
| Cash - Ending Balance | | <u>1,573</u> | <u>1,573</u> | <u>1,573</u> | <u>1,573</u> |
| Note 1 Accounts Receivable Rollforward | | | | | |
| Accounts Receivable - Opening Balance | | (0) | (0) | (0) | 1,274 |
| Add : Gross Sales - St John | | - | - | - | 607 |
| Sales of Inventory | | - | - | - | 631 |
| Less : Collections - St John | | - | - | - | (2,352) |
| AR Writeoff | | - | - | - | (160) |
| AR Ending Balance | | <u>(0)</u> | <u>(0)</u> | <u>(0)</u> | <u>(0)</u> |
| Note 2 Inventory Rollforward | | | | | |
| Inventory - Opening Balance | | (0) | (0) | (0) | 1,051 |
| Add : Purchases - St John | | - | - | - | 505 |
| Add: Inventory in Transit | | - | - | - | - |
| Less : Estimate COGS Margin - St John | 77.59% | - | - | - | (471) |
| Sales of inventory | | - | - | - | (631) |
| Writeoff of St John Inventory | | - | - | - | (454) |
| Adjustment to Actual | | - | - | - | - |
| Inventory - Ending Balance | | <u>(0)</u> | <u>(0)</u> | <u>(0)</u> | <u>(0)</u> |
| Cdn to US Fx Rate Utilized | | 1.0 | 1.0 | 1.0 | |

**PCL PACKAGING CORP.
ST. JOHN INVENTORY**

| Type | Description | Book Value | |
|------------------|--|-------------------------|-----|
| Finished Goods | Pullbag | 287,088 | |
| | T-Shirt | 183,467 | |
| | Re-sale bags | 15,026 | |
| | Re-sale 3rd party bags | 2,800 | |
| | Liner Bags | 2,723 | |
| | | <u>491,104</u> | 45% |
| Raw Materials | Feedstock | 228,482 | |
| | Resin | 140,249 | |
| | Dispensers | 70,091 | |
| | Masterbatch | 52,400 | |
| | Inks | 47,816 | |
| | Ties, Cartons, Wraps | 38,630 | |
| | Recycling Bins | 8,384 | |
| | Plate Making materials Reproduction | 3,369 (64,025) | |
| | | <u>525,397</u> | 48% |
| Work-In-Progress | T-shirt | 38,888 | |
| | Pullbags | 29,735 | |
| | | <u>68,623</u> | 6% |
| | | <u><u>1,085,124</u></u> | |

Note 1

Inventory Write-off:

| | |
|--|-----------------------|
| - Slow moving/obsolete inventory reserve | 100,000 |
| - Feedstock (post consumer plastic recycled) | 228,482 |
| - 35% reserve on raw materials | 126,329 |
| Probable write-off | <u><u>454,811</u></u> |

2. Inteplast Offer

2.1 The subject offer ("the Agreement") is attached as Appendix C and the major business terms are summarized as follows:

| <u>Purchased Assets</u> | | <u>Estimated Purchase Price</u> |
|-------------------------|---|---|
| (a) | <u>Accounts Receivable</u> - based on book value of approximately \$970,000 as at February 11, 2008 updated to closing date | \$970,000 Less discount - 4% <u>(39,000)</u> 931,000 |
| (b) | <u>Inventory</u> - all usable raw material, WIP and finished product as at February 11, 2008 updated to closing date | 1,080,000 Less reserve <u>(277,000)</u> 803,000 |
| (c) | <u>Machinery and equipment</u> | 753,000 |
| (d) | Premises lease, equipment leases, various intangibles | <u>---</u> |
| Less: | Reserve for severance pay, broker commissions, volume rebates and other items (Note 1) | 2,487,000 <u>(450,000)</u> |
| | Net due to closing | <u>\$2,037,000</u> |

Note 1: The Reserve is to be held in an Escrow Account and the unused portion will be refunded to PCL within 185 days.

This is an all cash transaction with a projected closing date of not later than February 18, 2008. The Company has indicated that the conditions precedent described in Paragraph 10 to the Agreement are expected to be met prior to the closing date. The Landlord has indicated a willingness to consent to the assignment of the premises lease and GMAC and the Second Lien Lenders have consented to the proposed transaction.

2.2 Attached as **Appendix D** is a cash flow forecast based on the orderly wind down of the St. John facility including the auction of machinery and equipment. The estimated auction proceeds are based on an appraisal obtained by the Company from Asset Engineering dated September 14, 2007.

2.3 As presented therein, the net realization from the orderly liquidation is \$1,573,000 which is less than the purchase price of \$2,037,000 offered by Inteplast.

2.4 There is some downside risk in the orderly liquidation scenario as it is assumed the major customers will continue to place orders for two to three weeks and accept all finished goods on hand. If this is not the case, then the net recovery would likely decrease by at least \$200,000.

2.5 There is likely some recovery from the \$450,000 Escrow Account as the severance pay portion which is \$325,000 may not be required as Inteplast has indicated they will retain most of the employees.