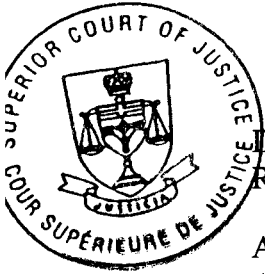


**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

THE HONOURABLE MR.	)	THURSDAY, THE TWENTIETH
	)	
JUSTICE WILTON-SIEGEL	)	DAY OF MARCH, 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 transactions (the "Transactions") contemplated by the Auction Services Agreement between the Applicant and Asset Engineering Corporation (the "Auctioneer") made as of March 14, 2008 (the "Auction Agreement"), and vesting in the purchasers of the Applicant's right, title and interest in and to the assets described in the Auction Agreement (the "Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Ian Bell and the Fourth Report of BDO Dunwoody Limited, in its capacity as monitor of the Applicant (the "Monitor") dated March 14, 2008 (the "Fourth 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, although properly served as appears from the affidavits of May Carlos sworn March 17, 2008 filed:

**SERVICE**

1. THIS COURT ORDERS AND DECLARES that the Notice of Motion and the Motion Record in respect of this motion have been duly served, and that further service of such materials

upon all interested parties be and is hereby dispensed with and the service of such materials be and is hereby validated in all respects.

### **APPROVAL OF MONITOR'S ACTIVITIES**

2. THIS COURT ORDERS that the Fourth Report and all of the activities of the Monitor described therein be and they are hereby approved.

### **APPROVAL OF AUCTION AGREEMENT**

3. THIS COURT ORDERS AND DECLARES that the Transactions are hereby approved. The execution of the Auction Agreement by the Applicant is hereby authorized and approved, and the Applicant is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions and for the conveyance of the Assets to the purchasers (collectively, the "Purchasers") in accordance with the Auction Agreement.

4. THIS COURT ORDERS AND DECLARES that upon the Auctioneer completing the sale of any of the Assets to a Purchaser, in accordance with the terms of the Auction Agreement, and delivering a bill of sale to such Purchaser (the "Bill of Sale"), all of the Applicant's right, title and interest in and to the Assets described in such Bill of Sale shall vest absolutely in such Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Colin Campbell dated January 25, 2008; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule A hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule B) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Assets are hereby expunged and discharged as against the Assets.

5. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets shall stand in the place and stead of the Assets, and that from and after the completion of any Bill of Sale all Claims and Encumbrances shall attach to the net proceeds from the sale of the Assets described in such Bill of Sale with the same priority as they had with respect to such Assets immediately prior to the sale, as if such Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicant;

the vesting of the Assets in the Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. THIS COURT ORDERS AND DECLARES that the Transactions are exempt from the application of the *Bulk Sales Act* (Ontario).

8. 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 Monitor and its 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 Monitor, as an officer of this

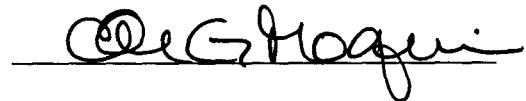
Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

**TEMPORARY SEALING OF UNREDACTED AUCTION AGREEMENT**

9. THIS COURT ORDERS that the unredacted version of the Auction Agreement, together with Appendix H of the Fourth Report shall be sealed until the transactions contemplated by the Auction Agreement have been completed or further Order of this Honourable Court.


**KEY EMPLOYEE RETENTION PROGRAM**

10. THIS COURT ORDERS that the maximum amount of the KERP Arrangements approved in the Order of the Honourable Madam Justice Hoy made in these proceedings on February 21, 2008 be increased from \$100,000 to \$115,000 and that the maximum aggregate amount of the Administrative Charge shall accordingly be increased from \$600,000 to \$615,000.



**E.M.G. Moquin,  
Registrar, Superior Court of Justice**

MAR 25 2008

REH/PAR 

## Schedule A

### Encumbrances to be Vested Out

- 1) Ontario PPSA registration number 20031010 1047 1529 1801, file number 600153093, expiring October 10, 2008, in favour of 2032599 Ontario Inc.
- 2) Ontario PPSA registration number 20031015 1052 1529 3813, assigning file number 600153093 to The Toronto-Dominion Bank.
- 3) Ontario PPSA registration number 20060210 1550 1793 1739, assigning file number 600153093 to 2032599 Ontario Inc.
- 4) Ontario PPSA registration number 20050831 1609 1590 3411, file number 618465042, expiring August 31, 2008, in favour of 2032599 Ontario Inc.
- 5) Ontario PPSA registration number 20051208 1053 1529 2129, assigning file number 618465042 to The Toronto-Dominion Bank.
- 6) Ontario PPSA registration number 20060210 1548 1793 1738, assigning file number 618465042 to 2032599 Ontario Inc.
- 7) Ontario PPSA registration number 20050831 1615 1590 3416, file number 618465141, expiring August 31, 2008, in favour of 1070155 Ontario Limited.
- 8) Ontario PPSA registration number 20050831 1615 1590 3417, file number 618465159, expiring August 31, 2008, in favour of Swinco Enterprises Inc.
- 9) Ontario PPSA registration number 20060126 1649 1793 1357, file number 622292481, expiring January 26, 2010, in favour of GMAC Commercial Finance Corporation – Canada.
- 10) Ontario PPSA registration number 20060131 1658 1793 1469, amending file number 622292481.
- 11) Ontario PPSA registration number 20060510 1711 1462 2956, file number 625076766, expiring May 10, 2011, in favour of CBSC Capital Inc.
- 12) Ontario PPSA registration number 20060622 1040 8077 0803, file number 626392971, expiring June 22, 2009, in favour of MCAP Leasing Inc.

**Schedule B**  
**Permitted Encumbrances**

None.

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**

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