

Court File No. 08-CL-7375

BDO DUNWOODY LIMITED

MONITOR'S EIGHTH REPORT TO COURT

October 17, 2008

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF PCL PACKAGING CORPORATION**

INTRODUCTION AND BACKGROUND

1. On January 25, 2008 pursuant to an application made by PCL Packaging Corporation (the "Corporation"), the Honourable Justice C. Campbell made an order (the "Initial Order") declaring that the Corporation is a company to which the CCAA applies. A copy of the Initial Order is attached to this report as Appendix "A".

2. BDO Dunwoody Limited ("BDO") was appointed monitor (the "Monitor") under the Initial Order, with the power to take a number of actions, including monitoring of the Corporation's receipts and disbursements, providing assistance in the dissemination of financial information about the Corporation and cash flows and providing advice in the development of a plan of arrangement.

3. Since its appointment, the Monitor has delivered the following reports to the court:

- (a) First Report dated February 4, 2008;
- (b) Second Report dated February 11, 2008;
- (c) Third Report dated February 19, 2008;
- (d) Fourth Report dated March 14, 2008;

- (e) Fifth Report dated April 24, 2008;
- (f) Sixth Report dated July 3, 2008; and,
- (g) Seventh Report dated August 22, 2008.

PURPOSE OF THIS REPORT

1. The purpose of this Eighth Report is to:
 - (a) Update the Court on the events and activities of the Corporation and the Monitor since the date of the Monitor's Seventh Report; and,
 - (b) support a request for an amendment to the Initial Order to empower the Monitor to execute required documentation to give effect to an agreement of purchase and sale made as of August 15, 2008 between the Corporation and 0804235 B.C. Ltd. (the "Sale Agreement").
2. Since the date of the Seventh Report, the activities of the Corporation and the Monitor have been restricted to:
 - (a) the wind-down of the business of the Corporation and its remaining assets; and,
 - (b) the completion of the sale of the property located at 2300 Spears Road in Oakville, Ontario (the "Oakville Property") pursuant to the Sale Agreement and the Order of the Honourable Justice Lederman dated August 28, 2008 (the "Approval and Vesting Order").

Attached hereto as Appendix "B" is a copy of the Approval and Vesting Order.

3. With respect to the wind-down of the business of the Corporation, the activities of the Corporation and Monitor have been focused on the collection of the Corporation's outstanding accounts receivable and the collection of certain proceeds from the prior sale of plant equipment and from funds held in escrow following the prior sale of the

Corporation's St. John, New Brunswick location. A summary of the actual cash flow versus the projection provided in the Seventh Report is as follows:

	Projected	Actual	Variance	
	(CDN \$ 000's)	(CDN \$ 000's)	\$	%
Collections				
Accounts Receivable - Oakville	163	99	(64)	-39%
Sale of Oakville - Equipment	115	130	15	13%
Sale of St. John	150	150	-	0%
Sale of St. John - Escrow Funds	75	83	8	11%
	<u>503</u>	<u>462</u>		
Disbursements				
Materials Purchases	-	-	-	0%
Wages & Benefits	25	17	(8)	-32%
Operating Costs	133	87	(46)	-35%
Broker Commissions/Rebates	-	-	-	0%
Professional Fees	71	69	(2)	-3%
Interest & Fees	236	230	(6)	-3%
	<u>465</u>	<u>403</u>		
Net Change in Cash Position	38	59		
Opening Cash Balance	(1,481)	(1,481)		
Closing Cash Balance	<u>(1,443)</u>	<u>(1,422)</u>		
GMAC Term Loan	1003	1003		
Total GMAC Loan Position	<u>(2,446)</u>	<u>(2,425)</u>		

COMPLETING SALE OF OAKVILLE REAL ESTATE AND MONITOR'S POWERS

4. As set out in the Seventh Report, the Sale Agreement approved pursuant to the Approval and Vesting Order is subject to certain conditions, including a condition in favour of the purchaser giving the purchaser 90 days following the date of the Approval and Vesting Order to satisfy itself concerning the environmental conditions prevailing at

the purchaser has not yet completed its environmental review. In the event that the purchaser is satisfied and the condition is waived, the transaction contemplated by the Sale Agreement will close upon the delivery of certain specified closing deliveries by the vendor and performance by the purchaser of its obligations under the Sale Agreement. The vendor's deliveries set out in Article 14 of the Sale Agreement include certain statements of adjustments and certificates usual in a transaction involving the real property assets of an insolvent company (the "Closing Deliveries").

5. Prior to September 9, 2008, the Corporation had a single director, Mr. Iqbal Kassam. The Corporation's last remaining officer, Mr. Ian Bell resigned from office some time prior to September 9, 2008.

6. On or about September 9, 2008, Mr. Kassam tendered his resignation as chairman and sole director of the Corporation (the "Resignation"), in part due to the pending expiry of the directors and officers liability insurance policy previously carried by the Corporation. A copy of the Resignation is attached hereto as Appendix "C".

7. Following Mr. Kassam's resignation and the earlier resignation of Mr. Bell, the Corporation does not have any authorized representative with authority to cause the Closing Deliveries to be made or to execute any further documentation which may be required to effect the closing of the transaction contemplated under the Sale Agreement with respect to the Oakville Property.

8. In order to ensure that all required documents and deliveries are provided in relation to the sale of the Oakville Property, the Monitor respectfully requests that this Honourable Court amend the Initial Order so as to provide for a very limited expansion of the Monitor's powers. In particular, the Monitor believes that it would be appropriate for this Honourable Court to amend the Initial Order so as to permit the Monitor to execute and deliver any and all documents required to complete the transaction contemplated under the Sale Agreement. The Monitor would be executing and delivering all required documentation on behalf of and as agent for the Corporation, with no personal liability. In effect, the Monitor is asking this Court to appoint it as bare

agent or attorney for the Corporation for the purposes of implementing the Sale Agreement that this Honourable Court has already approved.

9. In view of the possibility that the property may be subject to certain environmental liabilities (of which the purchaser is aware and is investigating in accordance with the conditions to the Sale Agreement), the Monitor is not willing to exercise expanded powers pursuant to the Initial Order in the event that any liability will attach to the Monitor by the mere exercise of these limited powers on behalf of the Corporation.

10. The Monitor believes that the implementation of the transaction contemplated by the Sale Agreement with respect to the Oakville Property will benefit all stakeholders of the Company, consistent with the conclusions of this Honourable Court in relation to the Approval and Vesting Order.

11. There may be a delay in the completion of this transaction as the purchaser was not able to commence the environment due diligence as planned. On September 2, 2008, while inspecting the premises, the Monitor discovered that a serious break-in and theft had occurred. Copper piping from the plumbing systems and copper wiring from the electrical systems had been ripped out and removed. This rendered the building without electrical power. An insurance claim has been filed, basic repairs have now been completed and electrical power restored such that the environmental due diligence can proceed.

SUMMARY AND RECOMMENDATION

12. The Monitor therefore respectfully requests that this Honourable Court provide for the limited expansion of the Monitor's powers described above and set out specifically in the proposed draft order attached with the Notice of Motion in this matter.

All of which is respectfully submitted this 17th day of October, 2008.

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

A handwritten signature in black ink, appearing to read "BFD", written over a circular stamp or mark.

Blair F. Davidson, CA, CIRP, CBV

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Appendix A

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.

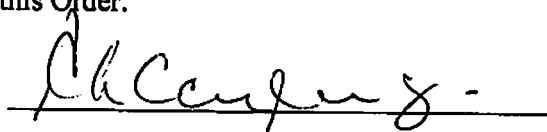
51. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

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
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Bay Wellington Tower, 181 Bay Street
Toronto, Ontario
M5J 2T3

Daniel V. MacDonald LSUC#: 23125F
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Solicitors for the Applicant

Appendix B

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR .) THURSDAY, THE TWENTY-EIGHTH
)
JUSTICE LEDERMAN) DAY OF AUGUST, 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



APPROVAL AND VESTING ORDER

THIS MOTION, made by PCL Packaging Corporation (the "Vendor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Vendor and 0804235 B.C. Ltd. (the "Purchaser") made as of August 15, 2008, and vesting in the Purchaser the Vendor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the report of the BDO Dunwoody Limited, in its capacity as monitor of the Vendor (the "Monitor") dated August 22, 2008 (the "Seventh Report") and on hearing the submissions of counsel for the Vendor, counsel for the Monitor and counsel for GMAC Commercial Finance Corporation - Canada, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Patricia Kokkinakos sworn August 22, 2008 filed:

EXTENSION OF STAY PERIOD

1. THIS COURT ORDERS that the Stay Period referred to in paragraph 14 of the Initial Order be and the same is hereby extended until January 16, 2009 or such later date as this Court may order.

APPROVAL OF MONITOR'S ACTIVITIES

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

APPROVAL AND VESTING

3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and that the Sale Agreement is commercially reasonable and in the best interests of the Vendor and its stakeholders. The execution of the Sale Agreement by the Vendor is hereby authorized and approved, and the Vendor 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 Transaction and for the conveyance of the Purchased Assets to the Purchaser.

4. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Monitor's Certificate"), all of the Vendor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, including the real property described in Schedule B hereto, shall vest absolutely in the 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 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 C 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 D) and, for

greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. THIS COURT ORDERS that upon the registration in the Land Registry Office No. 20 for the Land Titles Division of Halton of an Application for Vesting Order in the form prescribed by the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

6. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased 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.

7. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

8. 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 Vendor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Vendor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, 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.

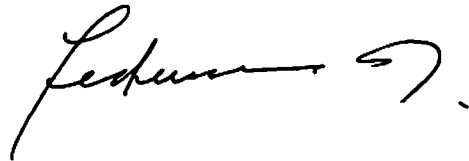
9. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

TEMPORARY SEALING ORDER

10. THIS COURT ORDERS that Appendices E and G of the Seventh Report shall be sealed until the transactions contemplated by the Sale Agreement have been completed or until further order of this Court.

AID AND RECOGNITION

11. 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.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 02 2008

PER/PAR: JSN Joanne Nicoara
Registrar, Superior Court of Justice

Schedule A – Form of Monitor’s Certificate

Court File No. 08-CL-7375

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PCL
PACKAGING CORPORATION

MONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (the "Court") dated January 25, 2008, BDO Dunwoody Limited was appointed as the Monitor (the "Monitor") of PCL Packaging Corporation (the "Vendor").

B. Pursuant to an Order of the Court dated August 28, 2008, the Court approved the agreement of purchase and sale made as of August 15, 2008 (the "Sale Agreement") between the Vendor and 0804235 B.C. Ltd. (the "Purchaser") and provided for the vesting in the Purchaser of the Vendor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article ¹³~~12~~ of the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 11 of the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**BDO Dunwoody Limited, in its capacity as
Monitor of PCL Packaging Corporation, and
not in its personal capacity**

Per: _____

Name:

Title:

Schedule B – Real Property

2300 Speers Road, Oakville

PIN 24850-0623 (LT):

Parcel 28-12, Section T16
Part Lot 29, Concession 3, Trafalgar SDS,
being Part 1, Plan 20R5542

PIN 24850-0624 (LT):

Parcel 28-18, Section T16
Part Lot 29, Concession 3, Trafalgar SDS,
being Parts 12 and 22, Plan 20R5542,
subject to Instrument No. H165127

PIN 24850-0625 (LT):

Parcel 28-8, Section T16
Part Lot 29, Concession 3, Trafalgar SDS,
being Parts 1 and 2, Plan 20R525,
together with Instrument No. H62013 and
subject to Instrument No. H186443

PIN 24850-0626 (LT):

Part Lot 28, Concession 3, Trafalgar SDS,
being Parts 1 to 12, Plan 20R566
together with Instrument No. 360108 and
subject to Instrument No. 253159 and 360108E

Oakville/Trafalgar

Schedule C – Claims to be deleted and expunged from title to Real Property

1. Instrument No. HR85991, being a Charge registered on November 23, 2001 in favour of The Toronto-Dominion Bank.
2. Instrument No. HR451273, being a Charge registered on January 31, 2006 in favour of GMAC Commercial Finance Corporation.

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. Instrument No. BL451, being a by-law registered on May 31, 1950.
2. Instrument No. 116026, being a by-law registered on October 4, 1960.
3. Instrument No. 133411, being an Order of the Ontario Municipal Board in the matter of the amalgamation of the Town of Oakville and the Township of Trafalgar registered on January 11, 1962.
4. Instrument No. 253159, being an easement registered on August 14, 1968 in favour of The Bell Telephone Company of Canada.
5. Instrument No. E360108, being an easement registered on April 27, 1973 in favour of The Corporation of the Town of Oakville.
6. Instrument No. H165127, being an easement registered on March 20, 1981 in favour of The Corporation of the Town of Oakville.
7. Instrument No. H186443, being an easement registered on June 1, 1982 in favour of The Corporation of the Town of Oakville.

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

**NOTICE OF MOTION
(RETURNABLE AUGUST 28, 2008)**

McMILLAN LLP
Barristers and Solicitors
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Bay Wellington Tower, 181 Bay Street
Toronto, Ontario
M5J 2T3

Paul G. Macdonald LSUC#: 23129M
Tel: (416) 865-7167
Fax: (416) 865-7048

Solicitors for the Applicant