

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 SERTAPAK INC.

Applicant

MOTION RECORD
RETURNABLE FEBRUARY 18, 2009

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TAB 1

ONTARIO
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Applicant

NOTICE OF MOTION

THE APPLICANT will make a motion to the Commercial Court on Wednesday, the 18th day of February, 2009, at 10:00 a.m. in the forenoon, or as soon after that time as the motion can be heard, at 393 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard

- in writing under subrule 37.12.1(1) because it is (*insert one of*) on consent, unopposed *or* without notice;
- in writing as an opposed motion under subrule 37.12.1(4);
- orally;

THE MOTION IS FOR:

1. An order, if necessary, abridging or waiving the time for service, dispensing with service or validating the method of service, *nunc pro tunc* of this notice of motion, motion record;

2. An extension of the stay period as described and set forth in the Initial Order issued by the Honourable Mr. Justice Campbell on Tuesday, the 20th day of January, 2009, until April 15, 2009;
3. The approval by this Court of the activities of the Monitor to date, as disclosed in the Preliminary Report of BDO Dunwoody Limited as proposed Monitor, dated January 16, 2009 and in its First Report to this Court dated 13th of February, 2009;
4. Approving the Company's request for enhanced restructuring powers;
5. Approving the marketing and sales process described in the First Report of the Monitor dated the 13th of February, 2009; and
6. The granting of an Order in substantially the form of the draft Order at Tab 4 of this Motion Record.

THE GROUNDS FOR THE MOTION ARE :

1. The Honourable Mr. Justice Campbell issued an Initial (Short Form) Order pursuant to the provisions of the *Companies' Creditors Arrangement Act* ("CCAA") on Tuesday, the 20th day of January, 2009 in favour of the Applicant;
2. The Initial Order provided that a further hearing of the Application was to held on February 18, 2009;
3. The Applicant seeks an extension of the stay period, approval of the Monitors First Report to this Court, broader restructuring powers, and an approval of the sale process that is described in the First Report to the Court of the Monitor;

4. It is just and convenient for such Order to be made inasmuch as the Applicant is moving forward with restructuring its business as outlined in the First Report of the Monitor filed herewith;
5. Therefore circumstances exist that make the Order sought by the Applicant appropriate;
6. Such further and other grounds as arise from and out of the First Report of the Monitor to the Court;
7. The provisions of the CCAA;
8. Rules 2.03, 3.02, 14.05 and 16 of the *Rules of Civil Procedure*, R.R.O. 1990, Regulation 194; and
9. Such further and other grounds as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The First Report of the Monitor, BDO Dunwoody Limited, to this Court.
2. Such further and other evidence or material as counsel may advise and this Honourable Court may permit.

Date February 13, 2009

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Court File No.: 09-CL-7952

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 SERTAPAK INC.

**ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED
AT TORONTO, ONTARIO

NOTICE OF MOTION

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TAB 3

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 SERTAPAK INC.

THE MONITOR'S FIRST REPORT

(February 13, 2009)

INTRODUCTION

1. On January 20, 2009, Sertapak Inc. ("**Sertapak**" or the "**Company**") filed for and obtained protection from its creditors by Order of the Honourable Mr. Justice Colin Campbell (the "**Initial Order**") made pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). A copy of the Initial Order is attached as **Exhibit "A"**.
2. Pursuant to paragraph 18 of the Initial Order, BDO Dunwoody Limited was appointed monitor (the "**Monitor**").
3. The role and responsibilities of the Monitor is set out in the CCAA and further articulated in paragraph 19 of the Initial Order, which provides that the Monitor is directed and empowered to:
 - (a) monitor Sertapak'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) 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;
 - (d) 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; and
 - (e) perform such other duties as are required by this Order or by this Court from time to time.
4. The purpose of this, the Monitor's First Report (the "**First Report**"),¹ to advise and update this Honourable Court as to:
- (a) the activities of the Monitor since the issuance of the Initial Order;
 - (b) the activities of Sertapak since the issuance of the Initial Order;
 - (c) Sertapak's actual cash-flow for the period ending February 6, 2009;
 - (d) Sertapak's cash flow projections to May 1, 2009; and
 - (e) Sertapak's and the Monitor's planned activities should this Court grant the extension of the Stay Period that is being sought by Sertapak.
5. The information contained in this report has been obtained from the accounting records of Sertapak and is based on discussions with, and representations made

¹ A report from BDO Dunwoody Limited in its capacity as proposed Monitor, dated January 16, 2009, was included as part of the Application Record filed by Sertapak in support of the Initial Order.

by Sertapak's management, including in particular Messrs. David Nettleton, Peter Corbiere and Bruce Orr.

6. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, re-production or use of this report. Any use which any party, other than the Court, makes of this report, or any reliance on or decision made based on it, is the responsibility of such party.
7. Capitalized terms not defined herein are as defined in the Initial Order or the affidavit of Nettleton.
8. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

9. Sertapak is a privately held corporation incorporated under the laws of the Province of Ontario. The Company is a major supplier of custom packaging solutions for a variety of industries.
10. Sertapak operates a 140,000 sq ft production facility from leased premises at 1039 Dundas Street, in Woodstock, Ontario. At the time of the initial filing, 106 individuals were employed at this facility on a full-time basis, while 58 were employed on a temporary basis.
11. The Company also operates a much smaller sales and design office in Portland (Nashville), Tennessee, which employs four individuals.
12. The Company's operations and the cause of its current financial difficulties are described in the affidavit of Sertapak's President, Chief Executive Officer and director, David Nettleton, sworn January 15, 2009, in support of the Initial Order.

THE MONITOR'S ACTIVITIES SINCE THE INITIAL ORDER

13. The Monitor has posted the Initial Order and other documents filed with the Court to date in the within proceedings on a website maintained by the Monitor with the following URL: www.bdo.ca/sertapak .
14. The Monitor has been and continues to work closely with the Company's management, in particular Messrs. Nettleton, Corbiere and Orr. Sertapak's management is directing execution of the Company's restructuring plan with the support and guidance of the Monitor.
15. The Monitor has advised and assisted Sertapak on a number of matters since the issuance of the Initial Order, including:
 - (i) the implementation of appropriate procedures for the daily monitoring of receipts and disbursements, along with the weekly review of Sertapak's cash flow and reporting to the Bank of Montreal ("BMO");
 - (ii) assisting Sertapak with its weekly cash-flow reporting obligations; its reporting obligations to BMO; its dealings with Century Services Inc. ("Century"), a factoring company; and communications with the Business Development Bank of Canada ("BDC"), a term lender; and
 - (iii) various other creditor-related issues and reporting matters.
16. The Monitor has retained WeirFoulds LLP as its independent legal counsel.

SERTAPAK'S OPERATIONS AND ACTIVITIES SINCE THE INITIAL ORDER

17. Sertapak has provided the Monitor with full co-operation and unrestricted access to the Company's premises, books and records.

18. Since the commencement of the within proceedings, and with the assistance of the Monitor, Sertapak has stabilized its operations.
19. The Company continues to operate in compliance with a forbearance agreement entered into prior to the commencement of the within proceedings with its major lender, BMO.

Supplier Issues

20. On January 20, 2009, Sertapak mailed a notice to the Company's creditors advising of the CCAA filing and the Initial Order and the means by which to obtain a copy of the Initial Order. A copy of the letter is attached hereto as **Exhibit "B"**.
21. Sertapak, with the assistance of the Monitor, continues to promptly address supplier concerns to ensure an orderly and cohesive communication strategy with suppliers.
22. The communication with suppliers has addressed supplier concerns with respect to pre-filing arrears and arrangements to assist in the continued flow of goods and services, as well as continued performance by suppliers under existing contracts.
23. Sertapak has been required to pay most suppliers on a COD or weekly basis to ensure continued supply.
24. Since the issuance of the Initial Order, the Company has made no payment of pre-filing liabilities owed to suppliers.

Customer Issues

25. Upon issuance of the Initial Order, Sertapak advised its customers that the CCAA filing would not impact Sertapak's immediate commitments to its customers or Sertapak's day-to-day operations.
26. On January 20, 2009, Sertapak sent a letter to its customers, a sample copy of which is attached hereto as **Exhibit "C"**.
27. Sertapak is in continuous communication with its key customers, including Toyota, its largest single customer.
28. To date, no customer has cancelled an existing order.

Employee Issues

29. Sertapak has reviewed its staffing levels at its principal location in Woodstock, Ontario. At the date of this report, 87 individuals were employed at this facility on a full-time basis, while 19 were employed on a temporary basis.
30. The Company has also scaled back operations at its subsidiary facility located in Portland (Nashville), Tennessee. Production has been moved to the Woodstock location and the subsidiary is focused on sales and design.

ACTUAL CASH FLOWS FOR THE PERIOD ENDING FEBRUARY 6, 2009

31. The Monitor has reviewed Sertapak's actual unaudited cash flow for the four week period from January 12, 2009 through February 6, 2009 and has compared it to management's forecast cash flow for the same period. Actual net cash flow for this period was \$630,664, which represents a small negative variance over forecast of \$639,911. The comparison of the actual cash flows to the forecast is attached hereto as **Exhibit "D"**.

32. Receipts for the period were \$2,928,528. The shortfall from the projected receipts of \$268,972 is largely a timing difference. Shipments to customers have been delayed to meet the customers' requirements and are expected to return to the projected level during February.
33. To date, Sertapak's disbursements of \$2,297,885 are less than projected by some \$259,704. This positive variance is largely the result of timing differences in anticipated occupancy, insurance and operating costs. Earlier than projected purchases of inventory has been offset by lower than projected disbursements in operations and contingency.

CASH FLOW PROJECTIONS TO MAY 1, 2009

34. Sertapak has updated and revised the initial projected cash flow for the sixteen week period ending May 1, 2009 (the "**Updated Projected Cash Flow**"). A copy of the Updated Cash Flow is attached hereto as **Exhibit "E"**. This document has been reviewed by the Monitor and submitted to BMO.
35. The Updated Projected Cash Flow reflects actual results for the first four weeks to February 6, 2009 and updated projections for the period to May 1, 2009, which largely reflect the re-forecasting of timing differences.
36. The overall Updated Projected Cash Flow is not materially different from the projected cash flow filed with the application for the Initial Order. Overall net cash flows are projected to be marginally better than those originally projected in the near term.

REQUEST FOR ENHANCED RESTRUCTURING POWERS

37. The Initial Order was granted on notice to Sertapak's principal creditors, namely, BMO, Century and BDC, none of whom opposed the order sought.

38. Nonetheless, as contemplated by the Explanatory Notes that accompany the model CCAA orders released by the Commercial List Users' Committee of the Ontario Superior Court of Justice, the Initial Order did not include the broad restructuring powers that are standard in a "Long Form Initial Order".
39. Those powers will be necessary to achieve the restructuring being pursued by Sertapak, and the Company has sought approval of an order granting those powers in the context of the within proceeding. The Monitor supports this request.

PROPOSED MARKETING AND SALES PROCESS

40. As contemplated in the affidavit of David Nettleton, sworn January 15, 2009, in support of the Initial Order (see e.g., para. 34), Sertapak is attempting to close a transaction with a strategic or financial investor.
41. This process is already underway. The Monitor has been actively assisting the Company in this regard, in particular attempting to identify a possible purchaser of and/or investor in the Company's business.
42. The proposed timeline for a sales transaction is outlined in the table below:

PHASE	TIMING	ACTION
I	Completed	<ul style="list-style-type: none">• Develop sales objectives, timeline, sales process and marketing strategy• BDO conduct site visits, review projections and other valuation data and compile preliminary potential purchaser's list.• Prepare a confidential information memorandum ("CIM").
II	Completed	<ul style="list-style-type: none">• Finalize potential purchaser's list and sales strategy• Begin preparation of data room

III	January 1, 2009 to March 6, 2009	<ul style="list-style-type: none">• Advertisements will be placed in national newspapers and publications as the Monitor and Sertapak deem appropriate• Potential purchasers will be contacted and interested parties will be asked to execute a confidentiality agreement ("CA"). Parties that execute a CA will be provided with the CIM• A timeline will be given for interested purchasers to submit non-binding indications of interest (Friday March 6, 2009) and these interested parties will constitute the second round of potential purchasers
IV	March 6, 2009 to May 30, 2009	<ul style="list-style-type: none">• Interested purchasers will be given access to the due diligence data room and site visits will be arranged• A draft purchase and sale agreement will be circulated and binding offers will be required to be submitted substantially in the form of the draft purchase and sale agreement• Negotiations with the top bidders/preferred parties will be entered into and a purchaser will be selected• A definitive purchase and sale agreement will be negotiated, executed and court approval of the sale will be sought

43. The Company is seeking the authorization and approval of this Honourable Court for the Company, in conjunction with the Monitor, to continue with this proposed sale process.

44. In addition, as the Company recognizes that circumstances may necessitate or warrant some deviation from the proposed timeline, it is contemplated that the Company would be able to vary this timetable with the consent of the Monitor.

45. The Monitor supports these requests.

MONITOR'S RECOMMENDATION

46. Since the date of the Initial Order, Sertapak and its advisors have worked diligently in stabilizing Sertapak's operations and advancing the restructuring

for the benefit of stakeholders. It is the Monitor's view that Sertapak has acted and continues to act in good faith and with due diligence.

47. In addition, based on the information currently available, including the cash flow results and projections discussed above, the Monitor believes that creditors would not be materially prejudiced by an extension of the Stay Period.

48. Therefore, the Monitor recommends that this Honourable Court:

- (a) approve Sertapak's request for an extension of the Stay Period until April 15, 2009;
- (b) approve the activities of the Monitor to date, as disclosed in its preliminary report as proposed Monitor, dated January 16, 2009, and in this First Report;
- (c) approve the Company's request for enhanced restructuring powers;
- (d) approve the marketing and sales process described above; and
- (e) grant an order substantially in the form of the draft order contained in the Motion Record filed by the Company in support of the motion returnable February 18, 2009.

All of which is respectfully submitted, this 13th day of February, 2009.

BDO DUNWOODY LIMITED,
In its capacity as Monitor in the Matter of a Plan
of Compromise or Arrangement of Sertapak Inc.

Per:

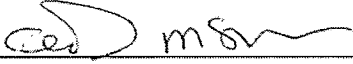
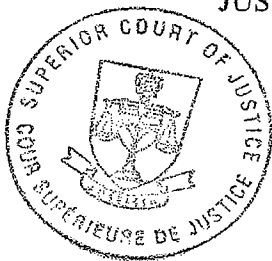

Clark McKeown, CA, CA • CIRP, CFE, CMC
Senior Vice-President

Exhibit A – Initial Order

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) TUESDAY, THE 20TH
)
JUSTICE CAMPBELL) DAY OF JANUARY, 2009



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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SERTAPAK INC. (the "Applicant")

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 393 University Avenue, Toronto, Ontario.

ON READING the affidavit of C. J. David Nettleton sworn January 15, 2009 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, Bank of Montreal ("BMO"), BDO Dunwoody Limited and Century Services LP, no one appearing for Business Development Bank of Canada ("BDC") although duly served as appears from the affidavit of service of Tracey L. Baker sworn January 16, 2009 and on reading the consent of BDO Dunwoody Limited 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.

FURTHER HEARING

3. THIS COURT ORDERS that a further hearing in this Application shall be held on February 18, 2009 or such alternate date as this Court may fix, at which time this Order may be supplemented or otherwise varied, and the Stay Period (as herein defined) extended or terminated. The Applicant and the Monitor shall serve their materials for this further hearing on all parties who serve a Notice of Appearance on the Applicant and the Monitor, such materials to be served by no later than five days prior to the date scheduled for the further hearing.

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, 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, 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;
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order; and
- (c) payment for goods or services actually supplied to the Applicant prior to the date of this Order in a maximum aggregate amount of \$600,000.00 provided such payments are critical to the Applicant's business and are made with the prior written consent of the Monitor and BMO.

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, except as specifically permitted herein, 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, except for payments to BMO made pursuant to a Forbearance Agreement entered into between the Applicant and BMO, payments to BDC and Century Services LP ("Century") and payments to Export Development Corporation ("EDC") in respect of all amounts owing to EDC whether

incurred prior to or after the date hereof, all of which the Applicant is hereby directed to pay;

- (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property, except as set out in paragraphs 26, 27 and 28 hereof; and
- (c) to not grant credit or incur liabilities except in the ordinary course of the Business, except as set out in paragraphs 26, 27 and 28 hereof.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

9. THIS COURT ORDERS that until and including February 18, 2009, 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 by BMO, BDC, or Century, or 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

10. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, except BMO, BDC, or Century, 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, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

11. THIS COURT ORDERS that during the Stay Period, no Person except BMO, BDC, or Century 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

12. THIS COURT ORDERS that during the Stay Period, all Persons except BMO, BDC, or Century 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

13. 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. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

14. 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

15. 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 Applicants, 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 Applicants 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.

16. 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 \$300,000.00, as security for the indemnity provided in paragraph 15 of this Order. The Directors' Charge shall have the priority set out in paragraphs 30 and 31 herein.

17. 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 15 of this Order.

APPOINTMENT OF MONITOR

18. THIS COURT ORDERS that BDO Dunwoody Limited 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.

19. 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) 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;
- (d) 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; and

- (e) perform such other duties as are required by this Order or by this Court from time to time.

20. 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.

21. 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.

22. 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.

23. 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 weekly basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$30,000.00, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

24. 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.

25. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$300,000.00, as security for their professional fees and disbursements incurred at the standard 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 29 and 31 hereof.

CENTURY SERVICES LP FINANCING

26. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow money from Century in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures pursuant to the terms of any Factoring Agreement (the "Factoring Agreement") entered into between Century and the Applicant.

27. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs, security,

guarantees, purchase and sale agreements relating to accounts receivable and other definitive documents (the "**Definitive Documents**") that Century may elect to purchase as are contemplated by the Factoring Agreement by Century pursuant to the terms thereof provided that such arrangements have been approved in writing by the Monitor and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to Century under the Factoring Agreement and the Definitive Documents as and when they become due and are to be performed, whether incurred prior to the date of this Order or after the date of this Order and notwithstanding any other provisions of this Order.

28. THIS COURT ORDERS that Century shall be entitled to a first charge (the "**Century Charge**"), and is hereby granted a first charge, in an amount not to exceed the aggregate amount owed to Century under the Factoring Agreement and the Definitive Documents, in respect of all accounts purchased by Century pursuant to the terms of the Factoring Agreement and the Definitive Documents. Notwithstanding any other provisions of this Order, the Century Charge shall have priority over the Administrative Charge and the Directors' Charge to the extent of all accounts receivable purchased by Century pursuant to the Factoring Agreement and the Definitive Documents either prior to the date of this Order or subsequent to the date of this Order.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

First – Administration Charge (to the maximum amount of \$300,000.00);
and

Second – Directors' Charge (to the maximum amount of \$300,000.00).

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

31. THIS COURT ORDERS that each of the Directors' Charge and the Administration Charge (all as constituted and defined herein) 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 other than BMO and BDC which shall have full priority over the Directors' Charge and priority over the Administration Charge for all but \$100,000.00 and for Century, which shall have priority over the Directors' Charge and the Administration Charge in respect of all accounts receivable purchased by it pursuant to the terms of the Factoring Agreement and the Definitive Documents, whether such purchases occurred prior to the date of this Order or after the date of this Order.

32. 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 or the Administration Charge unless the Applicant also obtains the prior written consent of the Monitor, and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

33. THIS COURT ORDERS that the Directors' Charge and the Administration 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) the creation of the Charges shall not 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 the creation of the Charges; and
- (c) the payments made by the Applicant pursuant to this Order 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

34. 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 \$1,000.00, 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.

35. 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.

36. 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/sertapak.

GENERAL

37. 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.

38. 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.

39. 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.

40. 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.

41. 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 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.

42. 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.

Champer J.

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

JAN 20 2009

PER / PAR: *AK*

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 SERTAPAK INC. (THE "APPLICANT").

Court File No. 09-CL-7952

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

INITIAL ORDER

COHEN HIGHLEY LLP
Lawyers
255 Queens Avenue, 11th Floor
London, ON N6A 5R8

Tel: 519.672-9330
Fax: 519.672-5960

FRANK A. HIGHLEY (LSUC # 15200T)
Lawyers for the Applicant, Sertapak Inc.

Exhibit B – Letter to Creditors



Sertapak Group
Packaging Systems

1039 Dundas Street, P.O. Box 1693
Woodstock, Ontario, Canada N4S 0B1

Phone: 519.539.3330
800.265.1162
Fax: 519.539.4499
800.265.1793

think@sertapak.com
www.sertapak.com

To: All Suppliers to Sertapak Inc.

Date: Tuesday, January 20th, 2009

Dear Sertapak Supplier:

I am writing to inform you that earlier today, Sertapak Inc. voluntarily filed for and was granted protection under the *Companies' Creditors Arrangement Act* ("CCAA") in the Ontario Superior Court of Justice ("the Filing"). Sertapak has been adversely affected by the downturn in the global economy and in particular the decline in the automotive market which has resulted in a significant drop in orders and disruptions in cash flow. In this difficult environment a period of adjustment is the best possible alternative for the long-term interests of Sertapak Inc., its employees, customers, creditors and other stakeholders.

The Filing provides a stable platform on which Sertapak can restructure, reduce overhead by consolidating operations and provide the opportunity to strengthen our financial position to move forward as a going concern. Sertapak will remain in control of its activities and operations subject to the supervision of the Court. We are very pleased to advise we will continue to be supported by our historic banking partner and there will no interruption in our day-to-day operations

As a result of the Filing, Sertapak Inc.'s creditors will not be able to engage in any collection actions against the Company while it explores its strategic options for maximizing value for all stakeholders. Unfortunately, Sertapak is not permitted to pay suppliers for amounts owing prior to the filing date of January 20, 2009. It is not necessary to file a proof of claim at this time. You will be notified when there is a call for claims.

Vendors and suppliers will be paid for goods and services supplied subsequent to the date of the Filing. The rights and obligations of suppliers are set out in the Court Order granted to Sertapak by the Ontario Superior Court of Justice, a copy of which may be obtained from the website noted below.

As part of the Filing, BDO Dunwoody Limited (BDO) has been named the Court-appointed Monitor of the Company under the CCAA. BDO's role will be to monitor and report to the Court with respect to Sertapak's operations, to assist us throughout the process and, in general, to oversee the CCAA process. The Monitor has set up a website with further information about the Filing, which can be accessed at www.bdo.ca/Sertapak

We very much appreciate your loyalty and continued support of the Company and management through these challenging times. Sertapak's reputation as an innovative heavy duty packaging solutions provider will continue with your help. We will continue to focus on our diversification initiative and leverage our experience gained in the automotive sector to open new markets. Our team is committed to the future, we have strong partners in our suppliers, customers and stakeholders, and together, I'm convinced we can achieve success in restructuring our business.

Thank you again for your support in these trying times.



ISO 9001
REGISTERED



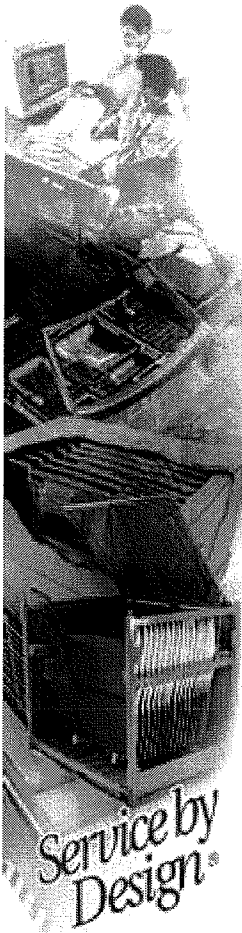
Exhibit C – Letter to Customers



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Phone: 519.539.3330
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think@sertapak.com
www.sertapak.com



Date: Tuesday, January 20th, 2009

Dear Sertapak Customer:

Earlier today, Sertapak Inc. voluntarily filed for and was granted protection under the *Companies' Creditors Arrangement Act* ("CCAA") in the Ontario Superior Court of Justice ("the Filing").

Sertapak has been adversely affected by the downturn in the global economy and the current credit crunch. In particular, the decline in the automotive market has resulted in a significant drop in orders, disruptions in cash flow and a slower return on our sizable 'Structures' investment. In this difficult environment a breathing space is the best possible alternative for the long-term interests of Sertapak Inc., its customers, employees, creditors and other stakeholders.

The Filing provides a stable platform on which Sertapak can restructure, reduce overhead by consolidating operations and provide the opportunity to strengthen our financial position to move forward as a going concern. Most importantly, Sertapak will remain in control of its activities and operations subject to the supervision of the Court. We are very pleased to advise we will continue to be supported by our historic banking partner and have secured additional financing through a factoring arrangement. As a result, there will be no interruption in our day-to-day activities.

This period of adjustment will allow us to restructure and continue with our diversification plan, already well underway. With your support, it will allow us to retain our knowledge capital, provide continuity of employment and strengthen our ability to create innovative, yet cost effective designs.

As an important part of your supply chain, our responsibility is to remain viable and we have taken this major step to allow us the time to reorganize to better position the company for the future. The Sertapak team is committed and capable and with your continued partnership we are confident we will achieve success.

We will be in touch with you over the next few days to answer any questions and provide further details.

Thank you again for your support in these trying times.



Exhibit D – Cash Flow to February 6, 2009

Exhibit E – Cash Flow Projections to May 1, 2009

