

## **FREQUENTLY ASKED QUESTIONS FOR SMURFIT-STONE CANADIAN RETIREES**

### **1. Why did Smurfit-Stone file for CCAA and Chapter 11 reorganization?**

The company has a significant amount of debt, which we are unable to address in the current credit environment. This process will allow us to reorganize our capital structure and emerge a stronger, more financially healthy competitor well positioned to invest in and grow the business over the long term. After careful consideration, we determined that this was the path that would best protect and strengthen Smurfit-Stone's long-term value.

### **2. What does it mean to voluntarily file for reorganization under the Companies' Creditors Arrangement Act (CCAA) and under Chapter 11 of the U.S. Bankruptcy Code?**

Both the CCAA and Chapter 11 processes enable companies to reorganize their capital structures while allowing them to continue operating as usual and preserving jobs. CCAA is the legal process in Canada and Chapter 11 is the U.S. legal process. Both processes are well-established and commonly used by companies in each country.

### **3. Will the company continue to operate during this process?**

Absolutely, and following the CCAA and Chapter 11 processes, we are confident that we will emerge a stronger, more financially healthy company.

### **4. How will the reorganization process help Smurfit-Stone?**

The filing will allow us to strengthen our capital structure, so that we are in a stronger position to invest in and grow our business over the long term. It also will enable us to address other financial challenges resulting from the current global economic environment.

## **5. What happens to the pension plan assets?**

As part of the CCAA filing, the Company will continue to make regular contributions in respect of ongoing service to the pension plans. All of the assets of the pension plans are held by independent trustees and thus remain separate and apart from the assets of the Company and not subject to claims by the Company's creditors.

## **6. What happens if a registered defined pension plan is terminated?**

In Canada, the termination of a registered defined pension plan is governed primarily by the terms of the plan documents and by pension standards legislation.

The administrator of the plan is required to submit a wind-up report to the pension regulator outlining the allocation of assets on wind-up. The wind-up report must be approved by the pension regulator before any distribution can occur.

The various benefits provided to members may include cash refunds, immediate or deferred annuities, transfers to RRSPs, transfers RRIFs, and transfers to other registered defined pension plans that permit such transfers. The plan terms and the relevant pension standards legislation must be examined to determine the options available to members on plan termination.

In Ontario, the Pension Benefits Guarantee Fund provides a layer of protection for registered defined benefit pensions where a plan is terminated in an underfunded position.

## **7. Will there be any impact on retiree medical benefits as a result of the filings?**

We have asked the court for the ability to ensure that your retiree medical benefits will continue as usual. As is customary in similar cases, we fully expect the court to approve our request.

**8. I am receiving severance from Smurfit-Stone. How are my severance payments affected by the filings?**

The company has asked the court for the ability to continue providing severance benefits post-filing and has also requested, after notice and a hearing, to continue its severance programs on a post-filing basis.

**9. What will happen to the Smurfit-Stone stock that I own?**

It is too early to say what will happen to Smurfit-Stone stock, however in most cases when a company emerges from CCAA and Chapter 11, its existing equity shares are either substantially diluted in value or cancelled.

**10. How long is Smurfit-Stone's financial reorganization likely to take?**

There is no way to predict today how long the process will ultimately take, though cases like this frequently range from one to two years. We will have a better idea as the process unfolds and will keep you posted.

**11. Where should retirees go for information about the reorganization?**

Information about the reorganization is posted on the external web site -- [www.smurfitstone.com](http://www.smurfitstone.com), and these will be updated regularly. We will also communicate with you directly when there are significant developments to report. If you have any further questions, please speak with your supervisor or call (toll-free) 1-877-264-9638.