

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SMURFIT-STONE CONTAINER
CORPORATION, et al.,¹

Debtors.

Chapter 11

Case No. 09-10235 (BLS)

Joint Administration Requested

Ref. Docket No. 16

**INTERIM ORDER (I) AUTHORIZING THE USE OF CASH COLLATERAL BY
CALPINE CORRUGATED, LLC PURSUANT TO 11 U.S.C. § 363, (II) GRANTING
ADEQUATE PROTECTION TO CERTAIN PREPETITION LENDERS PURSUANT
TO 11 U.S.C. §§ 361 AND 363, AND (III) SCHEDULING A FINAL HEARING**

Upon the motion of the above-captioned debtors and debtors-in-possession (each a "Debtor" and collectively, the "Debtors") for entry of an interim order (this "Interim Order") and a final order (the "Final Order") (i) authorizing Calpine Corrugated, LLC ("Calpine Corrugated"), one of the Debtors herein, to use Cash Collateral (as hereinafter defined) in which (a) Union Bank of California, N.A. ("Union Bank") and (b) The CIT Group/Equipment Financing, Inc. ("CIT" and, together with Union Bank, the "Prepetition Lenders") assert liens and security interests (such liens and security interests are collectively referred to herein as the "Prepetition Liens"); (ii) granting adequate protection to the Prepetition Lenders; (iii) requesting, pursuant to Rule 4001 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), that an emergency interim hearing (the "Interim Hearing") on the Motion be held for the Court to

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Smurfit-Stone Container Corporation (1401), Smurfit-Stone Container Enterprises, Inc. (1256), Calpine Corrugated, LLC (0470), Cameo Container Corporation (5701), Lot 24D Redevelopment Corporation (6747), Atlanta & Saint Andrews Bay Railway Company (0093), Stone International Services Corporation (9630), Stone Global, Inc. (0806), Stone Connecticut Paperboard Properties, Inc. (8038), Smurfit-Stone Puerto Rico, Inc. (5984), Smurfit Newsprint Corporation (1650), SLP Finance I, Inc. (8169), SLP Finance II, Inc. (3935), SMBI Inc. (2567), Smurfit-Stone Container Canada Inc. (3988), Stone Container Finance Company of Canada II (1587), 3083527 Nova Scotia Company (8836), MBI Limited/Limitée (6565), Smurfit-MBI (1869), 639647 British Columbia Ltd. (7733), B.C. Shipper Supplies Ltd. (7418), Specialty Containers Inc. (6564), SLP Finance General Partnership (TBD), Francobec Company (7735), and 605681 N.B. Inc. (1898). The Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 150 North Michigan Avenue, Chicago, Illinois 60601.

consider entry of this Interim Order; and (iv) requesting, pursuant to Bankruptcy Rules 4001(b)(2), that this Court (a) schedule a final hearing (the "Final Hearing") on the Motion within thirty (30) days of the Petition Date (as hereinafter defined) to consider entry of the Final Order and (b) approve certain notice procedures with respect thereto; and the Interim Hearing having been held by this Court on January 27, 2009; and the Court having considered the Motion, all pleadings related thereto, and the record made by the Debtors at the Interim Hearing; and after due deliberation and consideration, and good and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AND CONCLUDES AS FOLLOWS:

A. On January 26, 2009 (the "Petition Date"), each of the Debtors, including Calpine Corrugated, filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Calpine Corrugated has continued to operate and maintain its business as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

C. The Debtors have provided notice of the Motion to: (i) the Office of the United States Trustee; (ii) the United States Securities and Exchange Commission; (iii) the Office of the United States Attorney for the District of Delaware; (iv) the Internal Revenue Service; (v) the Debtors' thirty (30) largest unsecured creditors on a consolidated basis; (vi) counsel to the agents for the Debtors' prepetition loan facilities; (vii) counsel to the agents for the Debtors' proposed post-petition lenders; (viii) the indenture trustees for each series of the Debtors' prepetition notes; (ix) each of the Debtors' cash management banks; (x) counsel to

Union Bank; and (x) counsel to CIT. The Court concludes that the foregoing notice was sufficient and adequate under the circumstances and complies with Bankruptcy Rule 4001.

D. Pursuant to that certain Loan and Security Agreement dated as of March 30, 2006 (as amended, supplemented or restated from time to time, the "Union Bank Credit Agreement"), Union Bank agreed to make available to Calpine Corrugated a revolving line of credit in the maximum amount of \$12,000,000 for working capital purposes. Pursuant to that certain Amended and Restated Credit Agreement dated as of July 28, 2008 (as amended, supplemented or restated from time to time, the "CIT Credit Agreement," and collectively with the Union Bank Credit Agreement, the "Prepetition Credit Agreements"), CIT advanced \$40,350,000 in term loans to Calpine Corrugated to finance the purchase and installation of certain machinery and equipment owned by Calpine Corrugated.

E. CIT asserts liens and security interests in substantially all assets and property of Calpine Corrugated (including, without limitation, the Cash Collateral) and all proceeds thereof (collectively, the "CIT Collateral") as security for the payment and performance of all of Calpine Corrugated's obligations under the CIT Credit Agreement. Union Bank asserts liens and security interests in all accounts, inventory, and certain general intangibles of Calpine Corrugated (including, without limitation, the Cash Collateral) and all proceeds thereof (collectively, the "Union Bank Collateral" and, collectively with the CIT Collateral, the "Prepetition Collateral") as security for the payment and performance of all of Calpine Corrugated's obligations under the Union Bank Credit Agreement.

F. Pursuant to that certain Intercreditor Agreement dated as of March 30, 2006 (as amended, supplemented or restated from time to time, the "Intercreditor Agreement"), Union Bank and CIT expressly acknowledged and agreed, among other things, that (i) the liens

and security interests of CIT in the Union Bank Collateral shall be subject to and subordinate to the liens and security interests of Union Bank in the Union Bank Collateral, but only to the extent that all obligations of Calpine Corrugated under the Union Bank Credit Agreement are not in excess of \$12,000,000; and (ii) Union Bank shall not have or claim any liens or security interests in any assets of Calpine Corrugated other than the Union Bank Collateral.

G. Subject to the provisions of Paragraph 25 of this Interim Order, Calpine Corrugated (on behalf of its bankruptcy estate) hereby admits, stipulates and agrees that:

(a) As of the Petition Date, (i) the outstanding principal amount of the revolving debt under the Union Bank Credit Agreement was approximately \$9.2 million, plus all accrued and, to the extent permitted under applicable bankruptcy law, hereafter accruing and unpaid interest, fees and expenses (including all professional fees that are chargeable or reimbursable under the Union Bank Credit Agreement) now or hereafter due under the Union Bank Credit Agreement (collectively, "Union Bank Prepetition Obligations"); and (ii) the outstanding principal amount of the term loans under the CIT Credit Agreement was approximately \$36.8 million, plus all accrued and, to the extent permitted under applicable bankruptcy law, hereafter accruing and unpaid interest, fees and expenses (including all professional fees that are chargeable or reimbursable under the CIT Credit Agreement) now or hereafter due under the CIT Credit Agreement (collectively, the "CIT Prepetition Obligations," and together with the Union Bank Prepetition Obligations, the "Prepetition Obligations");

(b) The Prepetition Credit Agreements and all documents executed and delivered in connection therewith by Calpine Corrugated are valid and enforceable by the Prepetition Lenders against Calpine Corrugated. The Prepetition Lenders duly perfected their liens upon and security interests in the Prepetition Collateral by, among other things, filing

financing statements, mortgages and fixture filings and, where necessary, by possession of relevant instruments, certificates, or other property. All of such financing statements, mortgages and fixture filings were validly executed by authorized representatives of Calpine Corrugated. Pursuant to the Union Bank Credit Agreement, Union Bank has valid, binding, enforceable, non-avoidable and properly perfected security interests in and liens upon all of the Union Bank Collateral, including the Cash Collateral. Pursuant to the CIT Credit Agreement, CIT has valid, binding, enforceable, non-avoidable and properly perfected security interests in and liens upon all of the CIT Collateral, including the Cash Collateral.

(c) The Prepetition Liens in the Prepetition Collateral, as security for the Prepetition Obligations, constitute valid, binding, enforceable and perfected liens and security interests and are not subject to avoidance, disallowance, or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law. The Prepetition Obligations constitute legal, valid, binding, and non-avoidable obligations of Calpine Corrugated. No offsets, challenges, objections, defenses, claims or counterclaims of any kind or nature to any of the Prepetition Liens or Prepetition Obligations exist, and no portion of the Prepetition Liens or Prepetition Obligations is subject to any challenge or defense including, without limitation, avoidance, disallowance, disgorgement, recharacterization, or subordination (whether equitable or otherwise) pursuant to the Bankruptcy Code or applicable non-bankruptcy law. The Debtors and their estates have no valid claims, objections, challenges, causes of actions, and/or choses in action, including without limitation, avoidance claims under Chapter 5 of the Bankruptcy Code, against either of the Prepetition Lenders or against any of their respective affiliates, agents, attorneys, advisors, professionals, officers, managers, members, directors and employees arising out of, based upon or, related to their respective loans to Calpine Corrugated. The Debtors irrevocably

waive any right to challenge or contest such liens of the Prepetition Lenders in the Prepetition Collateral, the validity of the Prepetition Obligations, or the Prepetition Credit Agreements.

H. Subject to the provisions of Paragraph 25 of this Interim Order, Smurfit-Stone Container Enterprises, Inc. ("SSCE") (on behalf of its bankruptcy estate) hereby admits, stipulates and agrees that: (i) pursuant to that certain Continuing Guaranty executed by SSCE in favor of Union Bank on July 28, 2008 (the "Union Bank Guaranty"), SSCE has unconditionally guaranteed, on an unsecured basis, the payment and performance of all obligations of Calpine Corrugated under the Union Bank Credit Agreement; and (ii) pursuant to that certain Amended and Restated Guaranty executed by SSCE in favor of CIT on July 28, 2008 (the "CIT Guaranty") and, together with the Union Bank Guaranty, the "SSCE Guaranties"), SSCE has unconditionally guaranteed, on an unsecured basis, the payment and performance of all obligations of Calpine Corrugated under the CIT Credit Agreement.

I. Pursuant to the Motion, the Debtors have requested authority for Calpine Corrugated to use a limited amount of Cash Collateral through the week ending February 28, 2009 in accordance with the terms of this Interim Order and the 5-week interim budget (the "Budget") attached to the Motion as Exhibit A and thereafter in accordance with the terms of the Final Order and any additional budget that may be approved by this Court.

J. Calpine Corrugated has an immediate and critical need to use Cash Collateral in order to preserve and protect the value of its assets. Calpine Corrugated's access to sufficient liquidity through the use of Cash Collateral is vital to maximizing the value of its assets. Without the continued use of Cash Collateral in accordance with the terms of this Interim Order, Calpine Corrugated's estates and creditors would suffer immediate and irreparable harm.

K. Good cause has been shown for immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(b)(2). The relief requested in the Motion is necessary, essential, and appropriate for the operation of Calpine Corrugated's business and the management and preservation of its property. The Prepetition Lenders and Debtors have negotiated at arms' length and in good faith regarding Calpine Corrugated's use of Cash Collateral to fund its operations during the Budget Period (as defined below). The Prepetition Lenders have agreed to permit Calpine Corrugated to use its Cash Collateral during the Budget Period, subject to the terms and conditions set forth herein. Entry of this Interim Order is in the best interests of Calpine Corrugated and its estate. The terms of the Calpine Corrugated's continued use of Cash Collateral in accordance with this Interim Order are fair and reasonable under the circumstances.

L. Based on the foregoing, and upon the record made before this Court at the hearing on the Motion, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is approved on the terms and conditions set forth in this Interim Order. Any objections to the Motion that have not previously been withdrawn or resolved are hereby overruled on the merits.

2. For purposes of this Interim Order, the term "Cash Collateral" shall be deemed to include, without limitation, all "Cash Collateral" as defined under section 363 of the Bankruptcy Code, all deposits subject to setoff and cash arising from the collection or other conversion to cash of property of Calpine Corrugated in which the Prepetition Lenders assert security interests, liens or mortgages, regardless of (i) whether such security interests, liens, or mortgages existed as of the Petition Date or arise thereafter pursuant to this Interim Order, and (ii) whether the property converted to cash existed as of the Petition Date or arose thereafter.

3. Calpine Corrugated is hereby authorized to use Cash Collateral solely in accordance with the Budget and the terms of this Initial Order during the period beginning on the date of entry of this Interim Order and ending on February 28, 2009 (the "Budget Period"). Subject to the terms and conditions set forth in this Interim Order, Calpine Corrugated may use the Cash Collateral to fund general corporate and working capital requirements and capital expenditures of Calpine Corrugated (including, without limitation, Calpine Corrugated's ongoing administrative expenses in its chapter 11 case), in each case in accordance with the Budget.

4. The Budget reflects on a line-item weekly basis Calpine Corrugated's anticipated aggregate cash receipts and aggregate necessary and required expenses for the period from the Petition Date through February 28, 2009. For each week during the period from the date of entry of this Interim Order through February 28, 2009, (i) the aggregate actual disbursements by Calpine Corrugated during such week of determination must be no greater than 115% of the aggregate amount of projected disbursements for such period as set forth in the Budget, and (ii) the aggregate actual cash receipts collected by Calpine Corrugated during such week of determination shall not be less than 85% of the aggregate amount of projected cash receipts for such period as set forth in the Budget. For the avoidance of doubt, for purposes of the foregoing variance test each week of the Budget shall be considered on a stand-alone basis with no carry-forward of projected receipts and disbursements from one week of the Budget to the next. Except as expressly set forth herein, nothing in the Budget or this Interim Order shall be deemed or construed as (x) a finding or admission as to the validity of any claim relating to a budgeted amount, (y) an agreement or promise by any party in interest to pay any such budgeted claim, or (z) a waiver of the rights of any party in interest to contest any such claim. Furthermore, nothing in this Interim Order shall authorize the disposition of any assets of Calpine

Corrugated or its estate outside the ordinary course of business, nor authorize the use by Calpine Corrugated of any proceeds from any such disposition of assets . The Budget may be amended or modified in writing from time to time only with the written consent of the Prepetition Lenders.

5. Calpine Corrugated shall provide to the Prepetition Lenders, so as to actually be received within four (4) business days following the end of each week, weekly line-by-line variance reports for the immediately preceding weekly period and on a cumulative basis from the Petition Date to the report date, comparing actual cash receipts and actual cash disbursements to cash receipts and cash disbursements forecasted in the Budget for such period and showing on a line-by-line basis any variance to the corresponding line-item of the Budget together with an explanation for such variance.

6. As adequate protection against diminution in the value of Union Bank's interests in the Union Bank Collateral, including, without limitation, any such diminution resulting from the use by Calpine Corrugated of the Cash Collateral (any such diminution, the "Union Bank Adequate Protection Obligations"), Union Bank is hereby granted, pursuant to sections 361 and 363 of the Bankruptcy Code, (a) replacement security interests in and liens upon (collectively, the "Union Bank Adequate Protection Liens") all of the Union Bank Collateral, and (b) a superpriority administrative expense claim under section 507(b) of the Bankruptcy Code (the "Union Bank Adequate Protection Priority Claim"). The Union Bank Adequate Protection Liens and the Union Bank Adequate Protection Priority Claim shall secure the payment of the Union Bank Adequate Protection Obligations.

7. As adequate protection against diminution in the value of CIT's interests in the CIT Collateral, including, without limitation, any such diminution resulting from the use by Calpine Corrugated of the Cash Collateral (any such diminution, the "CIT Adequate

Protection Obligations” and, collectively with the Union Bank Adequate Protection Obligations, the “Adequate Protection Obligations”), CIT is hereby granted, pursuant to sections 361 and 363 of the Bankruptcy Code, (a) replacement security interests in and liens and mortgages (collectively, the “CIT Adequate Protection Liens,” and collectively with the Union Bank Adequate Protection Liens, the “Adequate Protection Liens”) upon (i) any and all presently owned and hereafter acquired personal property, real property and all other assets of Calpine Corrugated and its estate, together with any proceeds thereof, and (ii) subject to entry of the Final Order and the terms thereof, the proceeds of avoidance actions under sections 544, 547, 548 or 550 of the Bankruptcy Code in Calpine Corrugated’s chapter 11 case (the “Avoidance Actions”) ((i) and (ii) collectively, the “CIT Adequate Protection Collateral”), and (b) a superpriority administrative expense claim under section 507(b) of the Bankruptcy code, (the “CIT Adequate Protection Priority Claim” and, together with the Union Bank Adequate Protection Priority Claim, the “Adequate Protection Priority Claims”). The CIT Adequate Protection Liens and the CIT Adequate Protection Priority Claim shall secure the payment of the CIT Adequate Protection Obligations.

8. The Union Bank Adequate Protection Liens shall be senior in priority to the CIT Adequate Protection Liens in the Union Bank Collateral and the prepetition liens and security interests of CIT in the Union Bank Collateral, but shall be junior in priority to the prepetition liens and security interests of Union Bank in the Union Bank Collateral. The CIT Adequate Protection Liens shall be junior in priority to the prepetition liens and security interests of CIT in the CIT Collateral. The Union Bank Adequate Protection Priority Claim shall be senior in priority to the CIT Adequate Protection Priority Claim with respect to the proceeds of the Union Bank Collateral. The CIT Adequate Protection Priority Claim shall be senior in

priority to the Union Bank Adequate Protection Priority Claim with respect to the proceeds of the CIT Adequate Protection Collateral other than the Union Bank Collateral. The CIT Adequate Protection Priority Claim and the Union Bank Adequate Protection Priority Claim shall be senior in priority to all other administrative expense claims arising under sections 503(b) or 507(b) of the Bankruptcy Code in Calpine Corrugated's chapter 11 case.

9. As additional adequate protection, Union Bank shall be entitled to (i) the current payment (on a provisional basis and subject to recharacterization pursuant to section 506(b) of the Bankruptcy Code) accrued but unpaid interest (at the non-default interest rate payable under the Union Bank Credit Agreement, without giving effect to any acceleration provision therein) as and when due and payable under the Union Bank Credit Agreement, and (ii) the current payment of the reasonable fees and expenses of legal counsel in accordance with the terms of the Union Bank Credit Agreement. All cash payments of interest and fees to Union Bank pursuant to this Interim Order shall be provisional in nature and subject to final allowance under section 506(b) of the Bankruptcy Code. To the extent any such payments of interest, fees and expenses are not allowed under section 506(b) of the Bankruptcy Code, and at the time of such disallowance there is outstanding principal owed by Calpine Corrugated under the Union Bank Credit Agreement, such payments shall be recharacterized and applied as payments of principal owed under the Union Bank Credit Agreement.

10. As additional adequate protection, CIT shall be entitled to (i) the current payment (on a provisional basis and subject to recharacterization pursuant to section 506(b) of the Bankruptcy Code) accrued but unpaid interest (at the non-default interest rate payable under the CIT Credit Agreement, without giving effect to any acceleration provision therein) as and when due and payable under the CIT Credit Agreement, and (ii) the current payment of the

reasonable fees and expenses of legal counsel in accordance with the terms of the CIT Credit Agreement. All cash payments of interest and fees to CIT pursuant to this Interim Order shall be provisional in nature and subject to final allowance under section 506(b) of the Bankruptcy Code. To the extent any such payments of interest, fees and expenses are not allowed under section 506(b) of the Bankruptcy Code, and at the time of such disallowance there is outstanding principal owed by Calpine Corrugated under the CIT Credit Agreement, such payments shall be recharacterized and applied as payments of principal owed under the CIT Credit Agreement.

11. Calpine Corrugated shall: (a) remit all Cash Collateral, as and when received (including any funds held in Calpine Corrugated's name in any deposit account as of the Petition Date), for deposit to the Disbursement Accounts (as defined in the Union Bank Credit Agreement) to be used in accordance with this Interim Order and the Budget (and Union Bank shall not apply any such funds to the principal balance under the Union Bank Credit Agreement); (b) apply the Cash Collateral solely to payment of the expenses associated with operating its business and administering its chapter 11 case in accordance with the terms of the Budget and this Interim Order; (c) provide the Prepetition Lenders with such financial reports as may reasonably be requested by the Prepetition Lenders; (d) serve the Prepetition Lenders and their respective counsel with a copy of each monthly operating report filed in this chapter 11 case as required by applicable law; and (e) comply with the terms of the Prepetition Credit Agreements, other than as modified herein and in each case in accordance with the Bankruptcy Code and the terms of this Interim Order.

12. Subject to the terms of Paragraph 25 of this Interim Order, until payment in full of all Prepetition Obligations (a) the Prepetition Liens and the Adequate Protection Liens shall remain valid and enforceable with the same continuing priority as described in this Interim Order, and (b) the SSCE Guaranties shall remain valid and continue to be in full force and effect.

13. The Adequate Protection Liens shall not be subject to challenge and shall attach and become valid, perfected, enforceable, non-avoidable and effective by operation of law as of the Petition Date without any further action by Calpine Corrugated or the Prepetition Lenders, and without the necessity of execution by Calpine Corrugated, or the filing or recordation, of any financing statements, security agreements, vehicle lien applications, mortgages, or other documents. If the Prepetition Lenders hereafter request that Calpine Corrugated execute and deliver to the Prepetition Lenders financing statements, security agreements, vehicle lien applications, mortgages or other documents reasonably necessary or desirable to further evidence the perfection of the Adequate Protection Liens, Calpine Corrugated is hereby authorized and directed to execute and deliver such financing statements, security agreements, mortgages, collateral assignments, instruments, and documents, and the Prepetition Lenders are hereby authorized to file or record such documents in their discretion, in which event all such documents shall be deemed to have been filed or recorded at the time and on the date of entry of this Interim Order.

14. The Adequate Protection Liens and the Adequate Protection Priority Claims shall be junior in priority to, and subject to the payment of, quarterly fees payable pursuant to 28 U.S.C. § 1930(a)(6).

15. Calpine Corrugated's authorization to use Cash Collateral shall terminate on the earliest to occur of: (i) February 28, 2009, (ii) the dismissal of Calpine Corrugated's chapter 11 case or the conversion of the chapter 11 case to a case under chapter 7 of the Bankruptcy Code; (iii) the appointment of a trustee or examiner with expanded powers in Calpine Corrugated's chapter 11 case; (iv) the entry of an order reversing, staying, vacating or otherwise modifying in any material respect the terms of this Interim Order; (v) failure by

Calpine Corrugated to comply with any material provision of this Interim Order (including, without limitation, any use of Cash Collateral in a manner inconsistent with the Budget or otherwise contrary to the terms of this Interim Order); (vi) any misrepresentation of a material fact made after the Petition Date by any of the Debtors or their agents to the Prepetition Lenders about (a) the financial condition of Calpine Corrugated, (b) the nature, extent, location or quality of any Prepetition Collateral, or (c) the disposition or use of any Prepetition Collateral, including the Cash Collateral, in each case as determined by this Court pursuant to a final order after notice and a hearing; (vii) the sale after the Petition Date of any portion of Calpine Corrugated's assets outside the ordinary course of business without the prior written consent of the Prepetition Lenders, each in its sole discretion; and (viii) the failure by Calpine Corrugated to comply with any material terms of the Prepetition Credit Agreements after the Petition Date (subject to the Bankruptcy Code and the terms of this Interim Order); provided, however, that if the Prepetition Lenders believe that Calpine Corrugated has failed to comply with any material provision of this Interim Order, the Prepetition Lenders shall so notify Calpine Corrugated in writing ("Noncompliance Notice") (which Noncompliance Notice shall be delivered to counsel for the Debtors by facsimile and electronic mail), and Calpine Corrugated shall have five (5) business days from the delivery of the Noncompliance Notice to cure such asserted noncompliance ("Notice Period"); provided further that, if Calpine Corrugated is unable to cure the asserted noncompliance within the Notice Period, the authorization to use Cash Collateral pursuant to this Interim Order shall terminate on the tenth calendar day following delivery by the Prepetition Lenders of the Noncompliance Notice, without prejudice to the parties' rights to otherwise seek (or oppose) relief from this Court, on an emergency basis or otherwise.

16. The Cash Collateral may not be used: (a) in connection with or to finance any action, suit, arbitration, proceeding, application, motion or other litigation of any type (i) against the Prepetition Lenders or seeking relief that would impair the rights and remedies of the Prepetition Lenders under the Prepetition Credit Documents or this Interim Order, including, without limitation, for the payment of any services rendered by the professionals retained by the Debtors or any official committee of unsecured creditors (the "Committee") in connection with the assertion of or joinder in any claim, counterclaim, action, proceeding, application, motion, objection, defense or other contested matter, the purpose of which is to seek, or the result of which would be to obtain, any order, judgment determination, declaration or similar relief that would impair the ability of the Prepetition Lenders to recover on the Prepetition Obligations or seeking affirmative relief against the Prepetition Lenders, (ii) invalidating, setting aside, avoiding or subordinating, in whole or in part, the Prepetition Obligations, or (iii) for monetary, injunctive or other affirmative relief against either Prepetition Lender or their respective collateral that would impair the ability of the Prepetition Lender to recover on the Prepetition Obligations; (b) for objecting to or challenging in any way the claims, liens, or interests (including the Prepetition Liens) held by or on behalf of either Prepetition Lender; (c) for asserting, commencing or prosecuting any claims or causes of action whatsoever, including, without limitation, any actions under Chapter 5 of the Bankruptcy Code, against either Prepetition Lender; or (d) for prosecuting an objection to, contesting in any manner, or raising any defenses to, the validity, extent, amount, perfection, priority, or enforceability of any of the Prepetition Liens or any other rights or interests of either Prepetition Lender; provided, however, that no more than \$15,000 of the proceeds of the Prepetition Collateral may be used by the Committee to investigate the Prepetition Liens and the Prepetition Obligations.

17. Prior to expiration of the Budget Period, Calpine Corrugated shall not seek to incur additional indebtedness with claim status equal to or senior to the Prepetition Obligations or liens equal to or senior in priority to the Prepetition Liens. No portion of the Prepetition Collateral (including any Cash Collateral generated after the Petition Date) shall (i) be used by the Debtors to satisfy administrative expenses in any chapter 11 case other than the chapter 11 case of Calpine Corrugated or (ii) distributed by Calpine Corrugated to SSCE in the form of an upstream dividend, intercompany loan, or any distribution for less than reasonably equivalent value. SSCE shall (a) pay in cash upon delivery for all post-petition purchases of goods from Calpine Corrugated and (b) provide customary payment terms to Calpine Corrugated for all post-petition purchases of goods from SSCE by Calpine Corrugated.

18. Except as otherwise expressly set forth herein, this Interim Order and the transactions contemplated hereby shall be without prejudice to (a) the rights of the Prepetition Lenders to seek additional adequate protection or the right of Calpine Corrugated to oppose such requests, (b) the rights of Calpine Corrugated to seek the continuing use of Cash Collateral (including on terms less favorable to the Prepetition Lenders or without the consent of the Prepetition Lenders) and/or the approval of any debtor-in-possession financing, or (c) the rights of the Prepetition Lenders to at any time seek to terminate Calpine Corrugated's authority to use Cash Collateral or Calpine Corrugated's right to oppose such requests.

19. The provisions of this Interim Order shall be binding upon and inure to the benefit of the Prepetition Lenders, Calpine Corrugated, and their respective successors and assigns (including, without limitation, any trustee or other fiduciary hereafter appointed for or on behalf of Calpine Corrugated's estate or with respect to its property). Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party,

creditor, equity holder or any direct, indirect, or incidental beneficiary. The provisions of this Interim Order and any actions taken pursuant hereto shall survive the entry of any order: (i) confirming any plan of reorganization in Calpine Corrugated's chapter 11 case; (ii) converting such chapter 11 case to a case under chapter 7 of the Bankruptcy Code; or (iii) dismissing such chapter 11 case. For the avoidance of doubt, nothing in this Interim Order shall be deemed to constitute an acknowledgment or finding regarding the extent to which the claims asserted by the Prepetition Lenders are secured claims within the meaning of section 506(a) of the Bankruptcy Code.

20. Subject to entry of the Final Order and the terms thereof, Calpine Corrugated shall irrevocably waive and shall not assert any surcharge claim, under section 506(c) of the Bankruptcy Code or otherwise, for any costs and expenses incurred in connection with the preservation, protection or enhancement of, or realization by the Prepetition Lenders upon, the Prepetition Collateral. Subject to entry of the Final Order and the terms thereof, the Prepetition Lenders shall not be subject to the equitable doctrine of marshaling or any similar doctrine with respect to the Prepetition Collateral. The Prepetition Lenders shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code.

21. Nothing contained herein shall be deemed a finding by the Court, or an acknowledgment by the Prepetition Lenders, that the adequate protection granted herein does in fact adequately protect the Prepetition Lenders against any diminution in value of their respective interests in the Prepetition Collateral (including the Cash Collateral). Furthermore, nothing herein shall preclude the Prepetition Lenders from seeking additional adequate protection of their respective interests in the Prepetition Collateral.

22. The Prepetition Lenders shall continue to be bound by and subject to all the terms, provisions and restrictions of the Intercreditor Agreement. Nothing in this Interim Order is meant to or shall be deemed to alter or otherwise modify the rights, including consent rights, contained in the Intercreditor Agreement as between and among the Prepetition Lenders. Pursuant to section 510 of the Bankruptcy Code, The relative priorities and rights of the Prepetition Lenders shall continue to be governed by the Intercreditor Agreement, and nothing in this Interim Order shall impair, diminish or otherwise affect the terms of the Intercreditor Agreement.

23. The provisions of this Interim Order and any actions taken pursuant thereto (a) shall survive the entry of any order: (i) confirming any plan of reorganization or liquidation in Calpine Corrugated's chapter 11 case; (ii) converting such chapter 11 case to a case under chapter 7 of the Bankruptcy Code; or (iii) dismissing such chapter 11 case; and (b) shall continue in full force and effect notwithstanding the entry of any such order, and the claims, liens, and security interests granted pursuant to this Interim Order shall maintain their priority as provided by this Interim Order until all Adequate Protection Obligations are paid in full.

24. If any or all of the provisions of this Interim Order are hereafter reversed, modified, vacated or stayed, such reversal, modification, vacation or stay shall not affect (i) the validity of any Adequate Protection Obligations incurred prior to the actual receipt by the Prepetition Lenders of written notice of the effective date of such reversal, modification, vacation or stay, or (ii) the validity or enforceability of any claim, lien, security interest or priority authorized or created hereby with respect to any Adequate Protection Obligations. Notwithstanding any such reversal, modification, vacation or stay, any use of Cash Collateral or the incurrence of Adequate Protection Obligations by Calpine Corrugated prior to the actual receipt by the Prepetition Lenders of written notice of the effective date of such reversal,

modification, vacation or stay, shall be governed in all respects by the provisions of this Interim Order, and the Prepetition Lenders shall be entitled to all of the benefits and protections granted pursuant to this Interim Order with respect to all uses of Cash Collateral and the incurrence of Adequate Protection Obligations by Calpine Corrugated.

25. The stipulations and admissions contained in this Interim Order, including, without limitation, in recital Paragraphs G and H of this Interim Order, shall be binding on all parties in interest, including, without limitation, the Committee, unless, and solely to the extent that, (a) the Committee or another party in interest (other than any of the Debtors) with requisite standing has timely and properly commenced an adversary proceeding or contested matter (as applicable, in each case subject to the limitations set forth in Paragraph 16 hereof) challenging the amount, validity, or enforceability of any portion of the Prepetition Obligations, or the perfection or priority of the Prepetition Liens in any of the Prepetition Collateral, or otherwise asserting any specific claims or causes of action on behalf of Calpine Corrugated's estate against the Prepetition Lenders relating to the Prepetition Obligations, no later than the earlier of (i) seventy-five (75) days from the Petition Date and (ii) sixty (60) days after the date of appointment of the Committee, and (b) the Court rules in favor of the plaintiff in any such timely filed adversary proceeding or contested matter. If no such adversary proceeding or contested matter is timely commenced as of such date, then without further order of the Court, (x) the claims, liens and security interests of the Prepetition Lenders shall be deemed to be finally allowed for all purposes in this chapter 11 case and any subsequent chapter 7 case and shall not be subject to challenge by any party in interest as to validity, priority or otherwise, and (y) Calpine Corrugated and its estate shall be deemed to have released any and all claims or causes

of action against the Prepetition Lenders with respect to the Prepetition Credit Agreements or any related transactions.

26. The Final Hearing is scheduled for February 23, 2009 at 10:00 a.m. (prevailing Eastern Time) before this Court. The Debtors shall promptly serve a notice of the Final Hearing, together with a copy of this Interim Order, by first class mail, postage prepaid, upon (i) all parties who received notice of the Hearing and (ii) all other parties that have requested notice pursuant to Bankruptcy Rule 2002. The notice of the entry of this Interim Order and the Final Hearing shall state that objections to final approval of the Motion shall be filed with the United States Bankruptcy Court for the District of Delaware by no later than 4:00 p.m. (prevailing Eastern Time) on February 17, 2009 (the "Objection Deadline"), which objections shall be served so that the same are actually received before the Objection Deadline by counsel to the Debtors, counsel to Union Bank, and counsel to CIT.

27. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Interim Order.

Dated: January 27, 2009
Wilmington, Delaware


BRENDAN L. SHANNON
UNITED STATES BANKRUPTCY JUDGE