

Smurfit Kappa Acquisitions

Beech Hill, Clonskeagh,
Dublin 4, Ireland.

Tel : +353 (0)1 202 7000
Fax: +353 (0)1 269 4481

9 June 2009

To: Deutsche Bank AG, London Branch (the “**Facility Agent**”)
Winchester House
1 Great Winchester Street
London EC2N 1DB

Dear Sirs,

Request for amendments to the Senior Finance Documents

We refer to:

- (a) the senior credit facility agreement (the “**Senior Facilities Agreement**”) originally dated 30 November 2005 as amended and restated from time to time, between, among others, Smurfit Kappa Corporation Limited as the Parent, Smurfit Kappa Group plc as SKG plc, Smurfit Kappa Acquisitions as the Company, Deutsche Bank AG, London Branch, Citigroup Global Markets Limited, Credit Suisse First Boston International and JP Morgan plc as Mandated Lead Arrangers and Deutsche Bank, AG London Branch as Issuing Bank, Facility Agent and Security Agent; and
- (b) the priority agreement (the “**Priority Agreement**”) originally dated 30 November 2005 as amended and restated from time to time, between, among others, Smurfit Kappa Corporation Limited as the Parent, Deutsche Bank Trust Company Americas as Bond Trustee, Adavale (Netherlands) B.V. as Junior Creditor and Deutsche Bank, AG London Branch as Senior Agent and Security Agent (together with the Senior Facilities Agreement, the “**Agreements**”).

Capitalised terms used in this letter shall have the same meaning ascribed to such terms in the Agreements unless otherwise specified. The provisions of Clause 39 (*Governing Law*) and Clause 40.1 (*Jurisdiction*) of the Senior Facilities Agreement and the equivalent provisions of the Priority Agreement shall apply to this letter as if the same were set out in full herein, except that references to the Senior Facilities Agreement (or the Priority Agreement as the case may be) are to be construed as references to this letter.

1. BACKGROUND AND OVERVIEW

The background to the proposal is set out in a press release issued by Smurfit Kappa Group plc on 9 June 2009, a copy of which is appended as Annex 2.

2. THE PROPOSAL

The principal aims of the proposed amendments (the “**Proposed Amendments**”) to the Senior Finance Documents are to:

- (a) provide for amendments to be made to the Agreements to facilitate the issuance of new bonds as set out in paragraph 3.1 below, the proceeds of which will be applied to refinance Term Loan Facilities, to approve a form of new intercreditor agreement to be entered into at the time the bonds are issued (to the extent required) in which the relationship between the Senior Lenders and the noteholders will be documented and to provide for consequential amendments to be made to various Finance Documents (including certain Security Documents) at the time the bonds are issued;
- (b) provide flexibility to create a new tranche of revolving credit facility (“**RCF 2**”), whereby RCF 2, together with the existing Revolving Credit Facility, will function as a single revolving credit facility with two tranches;
- (c) adjust the ratios of:
 - (i) Consolidated EBITDA to Consolidated Total Net Interest Payable; and
 - (ii) Consolidated Total Net Borrowings to Consolidated Pro Forma EBITDA,
 that are prescribed in Clause 22 (*Financial covenants*) of the Senior Facilities Agreement;
- (d) adjust the ratio of Consolidated Total Net Borrowings to Consolidated Pro Forma EBITDA at which the Company is able to pay dividends in Clause 23.16 (*Dividends*) of the Senior Facilities Agreement; and
- (e) adjust the Margin adjustments prescribed by Clause 12.3 (*Margin adjustments*) of the Senior Facilities Agreement.

In consideration of the Lenders approving the requested amendments, the Company will agree to pay the fees set out in this letter and to procure that €100,000,000 is applied as soon as is reasonably practicable following the effectiveness of the amendments in prepayment of the Loans outstanding under the Term Loan Facilities *pro rata*.

3. SUMMARY OF PROPOSED AMENDMENTS

3.1 Issuance of bonds to repay amounts under Term Loan Facilities

(a) General

It is proposed that one or more new bond issuances may be made by Smurfit Kappa Acquisitions or Smurfit Kappa Funding plc, the proceeds of which will be applied in prepayment of a portion of the Term Loan Facilities. The new bonds may be senior, ranking *pari passu* with the Facilities, or subordinated, may be guaranteed with senior or senior subordinated guarantees and may be secured or unsecured. The amount of senior secured bonds ranking *pari passu* with the Senior Facilities which may be issued will be limited to €1,000,000,000 to mitigate against the risk of the bondholders being able to block on enforcement of security. Senior secured for the purposes of this amendment request means both the first priority senior secured bonds and

second priority senior secured bonds detailed in paragraphs 1 and 2 of Annex 1.

(b) Security

Clause 23.5(b)(i) (*Negative pledge*) of the Senior Facilities Agreement will be amended to permit the indebtedness incurred pursuant to the new bonds to be secured under the Security Documents.

(c) Priority Agreement and Security Documents

The term “Senior Debt” is defined in the Priority Agreement as including (amongst other things) liabilities payable or owing by any Obligor to any Senior Creditor under or in connection with the Senior Finance Documents and any refinancing of any of those liabilities.

The term “Senior Creditor” is defined as including “any other person designated as a Senior Creditor by the Senior Agent and the Company and who has acceded to the Priority Agreement.”

As such, any bonds issued to refinance the Term Loan Facilities would (on the accession of the trustee for the bond holders to the Priority Agreement as a Senior Creditor) constitute Senior Debt for the purposes of the Priority Agreement and, subject to the terms of the individual Security Documents and any amendments or supplementary Security Documents which may be required in the jurisdictions where security is held, should be secured *pari passu* with the Senior Facilities under the Security Documents.

To the extent that the new bonds are to be secured, it is likely that it will be necessary to amend the terms of the Security Documents in certain jurisdictions as a consequence of the refinancing. Supplementary Security Documents may also need to be executed (on substantially the same terms as the existing Security Documents relating to the same or similar assets in the same jurisdiction) in some jurisdictions to ensure that the new bonds are adequately secured.

Furthermore, although the new bonds can rank *pari passu* with the Senior Facilities and may have the benefit of the Security Documents, in each case under the Priority Agreement as it is currently drafted, the Priority Agreement does not currently make express provision for the issuance of bonds to refinance the Senior Facilities. The Priority Agreement will be amended to incorporate express reference to bonds which are used to refinance Senior Facilities and standard fee and expense, indemnity and similar provisions customarily required by bond trustees, with the approval of the Majority Lenders. Provision will also be made for the trustee of the new bonds to accede as a party to the Priority Agreement.

For the purpose of issuing new bonds as senior bonds (which are not subordinated), the Company may require that the Smurfit Kappa Funding Loans by which the proceeds of those new bonds are advanced to the Company or another Borrower under the Term Loan Facilities be excluded

from the payment blockage restrictions which currently apply to the Smurfit Kappa Funding Loans relating to the 2015 Notes. The Majority Senior Creditors are requested to authorise the Senior Agent, acting upon the request of the Company in connection with the issuance of such new senior bonds, to designate a Smurfit Kappa Funding Loan relating to such new senior bonds as a Senior Funding Loan and the Majority Senior Creditors are further requested to consent to the making of payments by the borrowers under such Senior Funding Loans, which payments would otherwise be restricted by Clause 7.1 (*Intercompany Debt Payments*) of the Priority Agreement.

For the purpose of effecting these amendments to the Priority Agreement and facilitating the issuance of such refinancing bonds, the Majority Lenders are asked to approve the form of the amended Priority Agreement provided to the Lenders on or about the date of this letter and to authorise the Senior Agent and the Security Agent to agree with the Obligors to make such technical and mechanical amendments to the form of Priority Agreement and Senior Facilities Agreement provided to the Lenders on or about the date of this letter as are reasonably required for the effective operation of the bonds and such amendments as are reasonably requested by the prospective bond trustees to enter into the Priority Agreement, in each case provided that such amendments would not adversely affect the rights of any Finance Party in any material respect.

(d) Terms of security over funding loans relating to new bonds

The Lenders are requested to confirm that any Security Document granting security over any loan made by an Obligor of the proceeds of the new bonds which is granted on terms substantially similar to the terms of the Security Document under which the Smurfit Kappa Funding Loan is secured (or any other Security Document securing any loan between members of the Group as the Security Agent may reasonably require in its sole discretion) shall be acceptable for the purposes of Clause 23.32(e) of the Senior Facilities Agreement.

(e) Changes to Security Documents

To the extent that amendments to any Security Documents are necessary in the opinion of the Security Agent in order for the bonds to benefit from security which ranks *pari passu* with the Senior Facilities, the Majority Lenders are requested now to consent to such consequential amendments, on terms reasonably acceptable to the Security Agent (who shall be authorised to act in its sole discretion), as may be required to be made to the Security Documents, whether now or at the time of issuance of the bonds, to ensure that they secure the new bonds.

(f) Additional Security Documents

To the extent that supplementary Security Documents are required to be executed in the opinion of the Security Agent in order for the bonds to benefit from security, the Majority Lenders are requested now to consent to this, on the basis that such Security Documents are on substantially the same terms as

the existing Security Documents relating to the same or similar assets in the same jurisdiction and which are reasonably acceptable to the Security Agent (who shall be authorised to act in its sole discretion), whether now or at the time of issuance of the bonds.

(g) Senior Intercreditor Agreement

A description of the intercreditor arrangements which will apply for each of the alternative types of bond which may be issued is set out in Annex 1 (*Proposed Senior Intercreditor Arrangements*).

To the extent that the bonds are to rank behind or be subordinated to the Senior Facilities, the intercreditor arrangements among the bond creditors and for the benefit of the Senior Lenders and the other senior ranking creditors will be documented in a new intercreditor agreement (the “**Senior Intercreditor Agreement**”). The Majority Lenders are requested to approve the form of the Senior Intercreditor Agreement and to authorise the Security Agent to enter into the Senior Intercreditor Agreement at the time that the bonds are issued (to the extent required) with such technical and mechanical amendments to the form of Senior Intercreditor Agreement as are reasonably required for the effective operation of the bonds and such amendments as are reasonably requested by an incoming bond trustee to enter into the Senior Intercreditor Agreement and, in each case, provided that such amendments would not adversely affect the rights of any Finance Party in any material respect.

3.2 **Creation of new revolving facility tranche (RCF 2)**

(a) General

It is proposed that each individual Lender under the Revolving Credit Facility be invited to transfer its Revolving Credit Commitment to RCF 2 (as described in paragraph 2(b) above).

If a Lender elects to transfer its Revolving Credit Commitment to RCF 2 then, upon effectiveness of the Proposed Amendments to the Senior Facilities Agreement, its Revolving Credit Commitment shall be recharacterised as a RCF 2 Commitment and the principal amount of such RCF 2 Commitment shall be reduced by one-sixth.

(b) Description

The terms of RCF 2 will be as follows:

Amount	Up to €500,000,000
Lenders	Lenders under the existing Revolving Credit Facility who elect to exchange their Revolving Credit Commitments thereunder into Commitments under RCF 2
Ranking	<i>Pari passu</i> with the existing Revolving Credit Facility

Drawdown	Pro rata with, and for similar interest periods as, the existing Revolving Credit Facility
Commitment fee	As set out in paragraph (e) below
Extension fee	50 basis points, payable on the effective date of the Proposed Amendments to the Senior Facilities Agreement on the RCF 2 Commitment after the reduction described in paragraph 3.2(d) below has taken place
Margin:	In accordance with the revised Margin adjustments as set out in paragraph 3.5 below
Availability:	From date of effectiveness of the Proposed Amendments to the Senior Facilities Agreement
Maturity:	Until 1 December 2013

(c) Recharacterisation of existing Revolving Credit Facility as RCF 1

Following the effectiveness of the Proposed Amendments to the Senior Facilities Agreement, the existing Revolving Credit Facility will be recharacterised as tranche 1 of the overall Revolving Credit Facility (“**RCF 1**”). The terms of RCF 1 will be the same as those applicable to the existing Revolving Credit Facility immediately prior to the effectiveness of the Proposed Amendments to the Senior Facilities Agreement except that the Margin will be as adjusted in accordance with the revised Margin adjustments set out in paragraph 3.5 below.

(d) Transfer of Revolving Credit Commitments

The transfer of Commitments from the Revolving Credit Facility to RCF 2 will be effective (for those Lenders consenting to such transfer) at the same time that the other Proposed Amendments to the Senior Facilities Agreement become effective.

The Commitment under RCF 2 of each Lender who elects to transfer their Revolving Credit Commitments to RCF 2 will be reduced following such transfer by one-sixth.

For the purpose of facilitating the transfer of Revolving Credit Commitments as described above, the Company requests that the Majority Lenders waive the requirements of Clause 11.8(c), that cancellations of the Total Revolving Credit Commitments are to be applied against the relevant Revolving Credit Commitment of each Lender *pro rata*.

Following the effectiveness of the Proposed Amendments to the Senior Facilities Agreement, Revolving Facility Lenders who do not consent to transfer their Revolving Credit Commitments will continue to participate in

the existing Revolving Credit Facility and will be considered to hold Revolving Credit Commitments in RCF 1.

As a consequence of the above, Clause 11.8(c) will be amended to reflect the fact that, following the effectiveness of the Proposed Amendments to the Senior Facilities Agreement, any cancellation of the Revolving Credit Facility may be specific to a particular tranche, and so would be applied *pro rata* against the relevant Revolving Credit Commitment of each Lender in the relevant tranche of the Revolving Credit Facility only.

(e) Commitment fees

Clause 27.4 (*Revolving/Restructuring Credit commitment fee*) will be amended to provide that the commitment fee in respect of Revolving Credit Commitments is calculated in accordance with the following table:

Ratio of Consolidated Total Net Borrowings to Consolidated Pro Forma EBITDA	Rate per annum	
	RCF 1	RCF 2
Above 3.5:1	0.90%	1.30%
3.5:1 or below	0.75%	1.00%

(f) Summary of necessary amendments

The amendments to the Senior Facilities Agreement required in order to give effect to the above are as follows:

- (i) to create new defined terms, “RCF 1” and “RCF 2”, to reflect the two tranches of the Revolving Credit Facility, and to amend the definition of “Revolving Credit Facility” to provide that it is constituted by RCF 1 and RCF 2;
- (ii) to create new defined terms, “RCF 1 Commitment” and “RCF 2 Commitment”, and to amend paragraph (b) of the definition of “Revolving Credit Facility” to provide that it is constituted by RCF 1 Commitments and RCF 2 Commitments;
- (iii) to amend the definition of “Margin” to provide for the proposed new pricing that will be applicable to RCF 1 and RCF 2 in place of that which currently applies to the Revolving Credit Facility;
- (iv) to amend the definition of “Availability Period”, delete the definition of “Final Revolving Maturity Date” and to create a new defined term “RCF 1 Maturity Date” and “RCF 2 Maturity Date” to reflect the fact that RCF 2 will have a final maturity of 1 December 2013;

- (v) to waive the requirement in Clause 11.8 (*Voluntary cancellation*) that cancellations in part of Total Revolving Credit Commitments must be applied against the relevant Commitment of each Lender *pro rata* in respect of transfers of Revolving Credit Commitments to RCF 2;
 - (vi) to amend Clause 11.8 (*Voluntary cancellation*) to provide that in respect of paragraph (c), cancellations of any Commitments under any one tranche of the Revolving Credit Facility are to be applied *pro rata* in respect of the Commitments of the Lenders participating in that tranche of the Revolving Credit Facility; and
 - (vii) to make such other consequential amendments to the Senior Facilities Agreement, Priority Agreement and certain Security Documents as are necessary to give effect to the above.
- (g) RCF 2 Extension Fee
- 50 basis points will be paid to Lenders consenting to transfer Revolving Credit Commitments to RCF 2, such fee to be calculated by reference to the value of the RCF 2 Commitment of such Lenders after the transfer and reduction.

3.3 Adjustments to financial covenants

The Company requests the consent of the Majority Lenders for amendments to the financial covenants set out in Clause 22.1(i) and (ii) (*Financial Undertakings*) such that:

- (a) the ratio of Consolidated EBITDA to Consolidated Total Net Interest Payable shall be reset to 2.60:1 from 30 September 2009, decrease to 2.20:1 by 30 September 2010 and shall gradually return to 3.20:1 by 30 September 2012; and
- (b) the ratio of Consolidated Total Net Borrowings to Consolidated Pro Forma EBITDA shall be reset to 5.20:1 from 30 September 2009, increase to 5.40:1 by 31 December 2009 and shall return gradually to 4.00:1 by 30 June 2012,

such amendments being made by the replacement of the table in Clause 22.1 (*Financial Undertakings*) with the following new table:

Accounting Date	Y	Z
	(x)	(x)
31/09/06	2.00	5.00
31/12/06	2.10	5.00
31/03/07	2.15	5.00

30/06/07	2.20	5.00
30/09/07	2.25	5.00
31/12/07	2.35	5.00
31/03/08	2.40	4.95
30/06/08	2.45	4.90
30/09/08	2.50	4.85
31/12/08	2.55	4.75
31/03/09	2.60	4.70
30/06/09	2.65	4.65
30/09/09	2.60	5.20
31/12/09	2.45	5.40
31/03/10	2.30	5.40
30/06/10	2.25	5.30
30/09/10	2.20	5.20
31/12/10	2.25	5.10
31/03/11	2.35	4.90
30/06/11	2.40	4.80
30/09/11	2.50	4.70
31/12/11	2.60	4.60
31/03/12	2.75	4.30
30/06/12	2.95	4.00
30/09/12	3.20	4.00
31/12/12	3.20	4.00
31/03/13	3.20	4.00
30/06/13	3.20	4.00
30/09/13	3.20	4.00
31/12/13	3.20	4.00

31/03/14	3.20	4.00
30/06/14	3.20	4.00
30/09/14	3.20	4.00
30/12/14	3.20	4.00

3.4 Payment of dividends

The Company requests the consent of the Majority Lenders for amendments to the restrictions on dividends set out in Clause 23.16(a)(xi) (*Dividends*) of the Senior Facilities Agreement to permit dividends to be declared and paid when the ratio of Ratio of Consolidated Total Net Borrowings to Consolidated Pro Forma EBITDA is below 4.25:1, previously 4.50:1. Accordingly, the table set out in Clause 23.16(a)(xi) (*Dividends*) will be replaced with the following:

Ratio of Consolidated Total Net Borrowings to Consolidated Pro Forma EBITDA	Aggregate amount of permitted dividends per financial year
Less than 4.25:1 but greater than or equal to 3.75:1	€100,000,000
Less than 3.75:1 but greater than or equal to 3:1	€150,000,000
Less than 3:1	Unlimited

3.5 Adjustment of Margin

The Company proposes that the table in Clause 12.3(c) (*Margin adjustments*) of the Senior Facilities Agreement will be replaced with the following to reflect a 125 basis point increase to Facilities A, B, C and RCF 1 and to introduce a new margin ratchet for RCF 2:

Column 1	Column 2	Column 3	Column 4	Column 5
Ratio of Consolidated Total Net Borrowings to Consolidated Pro Forma EBITDA	Margin for A1 Term Loan, A2 Term Loan, and RCF 1 Loans and Restructuring A Loan (per cent. per annum)	Margin for Euro and US Dollar denominated Loans under B1 Term Loan, B2 Term Loan, B3 Term Loan and Restructuring B Loan (per cent. per annum)	Margin for Euro and US Dollar denominated Loans under C1 Term Loan, C2 Term Loan, C3 Term Loan and Restructuring C Loans (per cent. per annum)	Margin for RCF 2 Loans (per cent. per annum)
Greater than 4.00:1.00	3.25	3.375	3.625	3.50
4.00:1.00 or less, but more than 3.50:1.00	3.00	3.125	3.375	3.25

3.50:1.00 or less, but more than 3.00:1.00	2.75	3.125	3.375	3.00
3.00:1.00 or less	2.50	3.125	3.375	2.75

3.6 Other consequential amendments

(a) Conforming changes to Senior Facilities Agreement and Priority Agreement

The Company proposes that conforming changes to the Senior Facilities Agreement and Priority Agreement will be made to reflect the effect of the amendments contemplated by this letter as set out in the form of amended and restated Senior Facilities Agreement and the form of amended and restated Priority Agreement provided to the Lenders on or about the date of this letter.

(b) Consequential amendments to Security Documents

It is likely that it will be necessary to amend the terms of the Security Documents or to issue supplementary Security Documents in certain jurisdictions as a consequence of the Proposed Amendments as well as on the issuance of the new bonds. Any such amendment to a Security Document may only be made with the consent of the Majority Lenders, which consent is requested now in respect of changes to be made now and at the time of the bond issuance. The Lenders are also requested to authorise the Security Agent to approve in its sole discretion and enter into such supplementary Security Documents without further reference to the Lenders.

(c) Hedging

For the purposes of Clause 4.2 (*Changes to Hedging Documents*) of the Priority Agreement, the Majority Senior Creditors are requested to consent to any amendment to any Hedging Document (including but not limited to any amendments allowing for the termination of any Hedging Document) in connection with the issuance of new bonds and the prepayment of the Term Loan Facilities.

4. REQUEST FOR CONSENT

In accordance with Clause 30 (*Amendments and Waivers*) of the Senior Facilities Agreement, the Company is seeking and hereby requests the consent of:

- (a) the Majority Lenders to making the Proposed Amendments and any further consequential amendments reasonably required to be made to any of the Senior Finance Documents to give effect to the Proposed Amendments, whether now or at the time of the bond issuance; and
- (b) each individual Lender with Revolving Credit Commitments for the transfer of such Revolving Credit Commitments to RCF 2.

In accordance with Clause 4.4 (*Changes to Intercompany Documents*) of the Priority Agreement, the Company also requests the consent of the Majority Senior Creditors to the Proposed Amendments to the extent that they relate to the Senior Facilities Agreement.

5. CONSENT FEES

As consideration for the amendments described herein, the Company agrees to pay:

(a) Early Bird Fee

to each Lender that consents to the Proposed Amendments on or before 25 June 2009, a consent fee of 25 basis points (to be paid in addition to the fee described in paragraph (b) below), and

(b) General Consent Fee

to each Lender that consents to the Proposed Amendments on or before 30 June 2009, a consent fee of 50 basis points,

such fees to be payable, only to the Lenders who consent to the Proposed Amendments, on the effective date of the amendment and restatement agreements in respect of the Agreements. No consent fee will be paid if the consent of the Majority Lenders is not achieved.

6. FURTHER UNDERTAKINGS

The Company undertakes that as soon as reasonably practicable (without incurring break funding fees) following the effective date of the amendment and restatement agreements in respect of the Agreements, it will procure that an amount of €100,000,000 is applied in prepayment of the Term Loan Facilities, which amount will be applied *pro rata* against Loans outstanding under the Term Loan Facilities as if it were a mandatory prepayment in accordance with paragraph (a) of Clause 11.10 (*Application between Term Loan Facilities and Revolving Credit Facilities*) of the Senior Facilities Agreement.

7. RESPONSE TO AMENDMENT REQUEST

The changes to the Agreements will be set out in appropriate amendment and restatement agreements (the “**Amendment and Restatement Agreements**”).

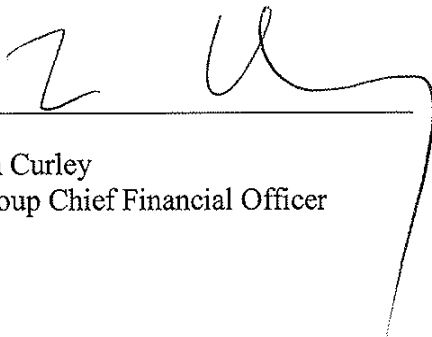
To allow for a timely completion of this process we request that the Lenders provide the Facility Agent with their responses in the form set out in Annex 3 (*Consent Form*) by 5.00 pm (London time) on 30 June 2009 (the “**Reply Deadline**”) confirming their acceptance of the Proposed Amendments. Lenders who confirm their acceptance of the Proposed Amendments by 5.00 pm (London time) on 25 June 2009 will be eligible for the additional fee described in paragraph 5(a) above.

For the avoidance of doubt, each existing Lender (each an “**Existing Lender**”) agrees that a response received from an Existing Lender will bind any new lender (a “**New Lender**”) to whom rights under the Senior Facilities Agreement are assigned or transferred by the Existing Lender, and such response will remain valid and binding on the New Lender for the extent of the New Lender's ownership of the relevant Commitment. The Consent Fee will be payable to the relevant Lender who owns the Relevant Commitment on the date of the Reply Deadline, regardless of whether that Lender was the actual Lender that provided its consent to the matters set out in this letter.

* * * * *

Yours faithfully,

SMURFIT KAPPA ACQUISITIONS
(in its capacity as the Company)



Ian Curley
Group Chief Financial Officer

Proposed Senior Intercreditor Arrangements

PROPOSAL

Smurfit Kappa Group is requesting the lenders under the Senior Credit Facility Agreement dated 30 November 2005 (as the same has been amended and restated from time to time) (the “**Senior Facilities Agreement**”) for their consent to amend the terms of the Senior Facilities Agreement and the Priority Agreement dated 30 November 2005 (as the same has been amended and restated from time to time) (the “**Priority Deed**”), amongst other things, to facilitate the issuance of additional bonds, the proceeds of which will be applied in prepayment of the Term Loan Facilities.

Set out below is the proposal as to the structuring of a bond issuance (“**New Bonds**”). In order to accommodate certain possible alternative structures for the New Bonds, the existing Priority Agreement would be amended as detailed below and a form of stand-alone intercreditor agreement would be agreed with the Lenders to be executed (if necessary) by the trustee for the New Bonds at the time they are issued. The proposed amendments to the Priority Agreement and proposed new intercreditor arrangements will be limited to those which can be implemented with the consent of the Majority Lenders only.

Defined terms used in this note have the meanings provided in the Priority Agreement unless otherwise defined.

NEW BOND ALTERNATIVES

Four potential bond structures for the New Bonds are contemplated:

- First-priority senior secured bonds
- Second-priority senior secured bonds
- Senior bonds with no or limited security
- Senior subordinated bonds

The aggregate principal amount of senior secured New Bonds may not exceed an aggregate face value of €1,000,000,000 (this includes first priority and second priority senior secured New Bonds).

If the senior secured New Bonds were issued up to the maximum permitted amount of €1,000,000,000, based on current indebtedness figures, they would comprise approximately 27% - 32% (depending on the extent to which the Revolving Credit Facility has been drawn) of the creditors entitled to vote as part of an Enforcement Instructing Group (which would comprise Senior Lenders, Hedging Banks and senior secured bond holders), the consent of more than 50% of whom is required to instruct the Security Agent to enforce security.

1. **FIRST PRIORITY SENIOR SECURED BONDS**

This type of New Bonds would rank *pari passu* with the existing debt under the Senior Facilities Agreement (the “**Senior Debt**”), the hedging agreements (“**Hedging Debt**”) and the 2025 Notes. The New Bonds could be issued by the Company or Smurfit Kappa Funding plc (the “**Holding Company**”). The New Bonds would be guaranteed by the same Obligor (and on the same basis) as the Senior Debt and would have the benefit of the same security.

The definition of “Senior Creditor” in the Priority Agreement would be amended to specifically include the noteholders of (and any trustee for) the New Bonds (collectively, the “**New Bond Creditors**”), with a view to ensuring that the New Bond Creditors will have the same rights, *mutatis mutandis*, as a Senior Lender under the Priority Agreement as regards the benefit of the security. The definition of “Enforcement Instructing Group” which is defined by reference to the Senior Creditors holding Senior Secured Debt will, as a consequence, include the New Bond Creditors and the New Bond Creditors will have a right, as a part of the Senior Creditor group, to vote on any decision relating to the enforcement of the security (but will not have any separate voting rights on enforcement of security). The “Enforcement Instructing Group” will include only these New Bond Creditors whose New Bonds have the benefit of sharing the full security package with the Senior Lenders, namely the first priority senior secured bonds and second priority senior secured bonds.

2. **SECOND PRIORITY SENIOR SECURED BONDS**

This type of New Bonds would have the benefit of senior guarantees from the Obligor and the benefit of the same security as the Senior Debt but their right to the recoveries under the security would be second ranking. The issuer of these New Bonds could be the Company or the Holding Company.

Under the Priority Deed, the New Bond Creditors would constitute Senior Creditors, as is the case with the First Priority Senior Secured Bond alternative. Certain arrangements needed to implement a second lien arrangement would be documented in a separate intercreditor agreement between the Agents, the trustee for the New Bonds and the Obligor for the benefit of the Senior Creditors (including the Senior Lenders), which could include customary standstill, payment blocking rights and turnover provisions in favour of the Senior Lenders and other first priority creditors. Any recoveries made by or on behalf of the New Bond Creditors in respect of the New Bonds which are second secured will be subject to a turnover obligation in favour of the Security Agent for the benefit of the Senior Lenders and other first priority creditors.

The New Bond Creditors which hold second priority senior secured bonds would exercise their vote ratably with the other senior Secured Creditors on decisions relating to the enforcement of security.

3. **SENIOR, UNSECURED OR LIMITED SECURITY BONDS**

This type of New Bonds could be issued by the Company or the Holding Company, but would have no security or have limited guarantees and security (e.g., senior

guarantees from Obligors and security over any funding loan). The definition of “Senior Creditor” will be amended as noted above. The New Bond Creditors under this type of New Bonds would have no separate right to enforce security or to impose a standstill or payment blockage, nor would they vote as part of an Enforcement Instructing Group.

4. SENIOR SUBORDINATED BONDS

This type of New Bonds could be issued by the Company or the Holding Company and would be senior subordinated debt. These New Bonds could have the benefit of senior subordinated guarantees from other Obligors and a senior subordinated funding loan or loans to one or more Obligors. These New Bonds could also have the benefit of limited junior ranking security but will not have a separate right to enforce that security, nor would they vote in an Enforcement Instructing Group.

These New Bonds would be subordinated under a separate intercreditor agreement between the Senior Lenders, the Agents, the trustee for the New Bonds and the Obligors, which could include customary standstill, payment blockage rights and turnover provisions in favour of the Senior Lenders and other senior creditors. The related senior subordinated guarantees and the funding loans would be subordinated under the Priority Agreement and would be subject to a right of the Security Agent to release the guarantees and funding loans on enforcement.

5. GENERAL

The existing Priority Agreement will be amended to incorporate standard note trustee boilerplate indemnities and hold harmless provisions consistent with market practice and as reasonably requested by the incoming trustee for the New Bonds, pursuant to Clause 4.5(b) (*Amendments*) of the Priority Agreement.

Pursuant to the proposed amendments, the Priority Agreement will also be amended to specify that certain further amendments to the Priority Agreement can be made by the Senior Agent, the Security Agent and the Obligors and additional stand-alone intercreditor arrangements can be entered into by new creditors in order to facilitate the incurrence of additional debt or the refinancing of existing debt without obtaining further consents for such amendments or intercreditor arrangements.

If New Bonds to be issued by Smurfit Kappa Funding plc are to rank senior and the Company has requested the Senior Agent to designate the funding loans as senior funding loans, the Majority Senior Creditors will have given their consent to the making of payments of principal and interest on the funding loans made by Smurfit Kappa Funding plc to Borrowers under the Senior Facilities Agreement which would otherwise be subject to payment blockage following a payment event of default or service of a Block Notice (following any other event of default under the Senior Facilities Agreement or the New Bonds).

SMURFIT KAPPA PRESS RELEASE

**Smurfit Kappa Group seeks to further
strengthen its capital structure**

9 June 2009: Smurfit Kappa Group plc (“SKG” or the “Group”), one of the world’s largest integrated manufacturers of paper-based packaging products, with operations in Europe and Latin America, today announced that it is seeking the consent of its lenders to amendments to its Senior Credit Facility Agreement.

Overview

The proposed amendments will significantly enhance SKG’s financial flexibility, providing it with:

- The ability to raise longer-dated capital to refinance a portion of its existing Senior Facilities.
- Extended maturity of its Revolving Credit Facility.
- Increased leverage and interest cover covenant headroom.

A significant number of the Group’s top lenders, including a number of non-bank lenders, have already confirmed their support for all of the proposed amendments.

Smurfit Kappa Group’s Chief Financial Officer, Mr Ian Curley, commented “These initiatives form part of an ongoing process of effective capital management. The proposed amendments provide SKG with significantly enhanced financial flexibility, to focus on delivering industry leading operating performance and maximising free cash flow generation for continued net debt reduction.”

Amendments to Senior credit facility agreement | Rationale

Against the backdrop of a difficult operating environment, in the first quarter of 2009 SKG continued to report industry-leading EBITDA margins and strong cash flow management.

The Group continues to maintain a strong liquidity position with in excess of €700 million of cash on its balance sheet, undrawn committed credit facilities of approximately €600 million and no significant debt refinancing requirement until December 2013. Moreover, although headroom has reduced, SKG is operating well within its covenants, with a Net Debt to EBITDA ratio of 3.7 times at the end of March 2009, against a covenant level of 4.7 times.

The Group's financial priority continues to be to maximise free cash flow generation for further net debt reduction. Consistent with this objective, SKG previously announced a planned reduction of capital expenditure (towards 60% of depreciation in 2009), the suspension of dividend payments and increased cost take-out efforts. The Group also re-purchased €43 million of senior bank debt in 2009, at an average discount of 24% to par, which contributed to its net debt reduction objective.

To further strengthen its capital structure in light of the ongoing uncertainty of the global economic environment, and reflecting the recent improvement in credit markets, the Group is now seeking the consent of its lenders to amend its Senior Credit Facility Agreement.

The objectives of this request are to provide SKG with the ability, as and when market conditions are attractive, to raise longer dated financing in the bond markets to refinance part of its Senior Facilities, to extend the maturity of a portion of its revolving credit facility, and to increase covenant headroom for the next three years. These proposed amendments will significantly enhance the Group's financial flexibility.

Amendments to Senior Credit Facility Agreement | Summary Details

The principal requested amendments to SKG's Senior Credit Facility Agreement are:

- (i) Flexibility to issue pari passu ranking senior secured bonds, as and when market conditions are attractive, to repay senior bank debt at par thereby further extending the Group's average debt maturities and diversifying its sources of funding.
- (ii) Extend the maturity of a portion of the Group's current €600 million Revolving Credit Facility ("RCF") by one year, to December 2013. SKG is offering all existing RCF lenders the opportunity to convert their commitments to a RCF2, with a commitment reduction of one-sixth upon conversion. RCF2 is to be sized according to lender appetite, however, SKG is targeting a minimum size of €200 million for the RCF2. The eventual portion (if any) of the RCF not converted into RCF2 will be renamed RCF1, with an unchanged maturity in December 2012.
- (iii) Increase the existing headroom under leverage and interest cover covenants from Q3 2009 to Q2 2012, with a return to the pre-amendment covenant levels after this period.

The Group, subject to the approval of 66 2/3 per cent or more of its lenders to the requested amendments, agrees to:

- (a) pay each consenting lender a consent fee of 75 basis points ('bps'), including an 'early bird' incentive fee of 25bps.
- (b) in addition to the payment under (a) above, pay each consenting lender converting its RCF1 commitments to RCF2 commitments an extension fee of 50bps, based on the RCF2 commitment of such lenders after conversion.

- (c) pay all lenders an increased margin of 125bps on existing term loans and RCF1 drawn amounts. RCF2 lenders will be paid an additional 25bps over RCF1 lenders on drawn amounts.
- (d) pay all relevant lenders increased commitment fees on RCF1 and RCF2 as follows:

Ratio of Consolidated Total Net Borrowings to Consolidated Pro Forma EBITDA	Current (% p.a.)	Proposed RCF1 (% p.a.)	Proposed RCF2 (% p.a.)
Greater than or equal to 3.50:1.00	0.625	0.900	1.300
Less than 3.50:1.00	0.500	0.750	1.000

- (e) a reduced level of Net Debt to EBITDA at which dividends can be paid to shareholders: from 4.50 times to 4.25 times.
- (f) prepay €100 million of senior bank debt at par, to be applied pro rata against existing term loans.

Margin increases and commitment fees would take effect immediately upon the requested amendments becoming effective.

A copy of SKG's letter requesting the consent of its lenders to the proposed amendments to its Senior Credit Facility Agreement is available on the SKG website at www.smurfitkappa.com/investors.

About Smurfit Kappa Group

Smurfit Kappa Group is a world leader in paper-based packaging with operations in Europe and Latin America. Smurfit Kappa Group operates in 22 countries in Europe and is the European leader in containerboard, solidboard, corrugated and solidboard packaging and has a key position in several other packaging and paper market segments, including graphicboard, sack paper and paper sacks. Smurfit Kappa Group also has a growing presence in Eastern Europe. Smurfit Kappa Group operates in 9 countries in Latin America and is the only pan-regional operator.

Contacts		Information
Smurfit Kappa Group	+353 1 202 7000	ir@smurfitkappa.com
K Capital Source	+353 1 631 5500	smurfitkappa@kcapitalsource.com

CONSENT FORM (TO BE COMPLETED BY EACH LENDER)

To: Deutsche Bank AG, London Branch (as Facility Agent)

Attention: [●]

Email: [●]

Telephone Number: [●]

Facsimile Number: [●]

From: {*INSERT NAME OF INSTITUTION*}

[●] 2009

**SMURFIT KAPPA ACQUISITIONS
SENIOR CREDIT FACILITY AGREEMENT AND PRIORITY AGREEMENT BOTH
DATED 30 NOVEMBER 2005 AS AMENDED FROM TIME TO TIME**

We refer to the letter dated 9 June 2009 (the “**Consent Request**”) addressed to the Facility Agent from Smurfit Kappa Acquisitions as the Company, the amended and restated Agreements made available to us (the “**Proposed Amendments**”) and the form of intercreditor agreement to be entered into in connection with a possible issuance of bonds in the future.

Capitalised terms used in this letter shall have the same meaning ascribed to such terms in the Consent Request unless otherwise specified.

We acknowledge and agree that the record date for consents to (i) the Proposed Amendments and (ii) the transfer described in Section 2 below is [●] 2009 (the “**Record Date**”).

We hereby:

1. **Consent to/ Decline** *(delete as appropriate) the Proposed Amendments;¹ and
2. **Consent to/ Decline** *(delete as appropriate) the transfer of all of our Revolving Credit Commitments as of the Record Date from the existing Revolving Credit Facility to RCF 2.²

For and on behalf of

[NAME OF INSTITUTION]

DATE:

¹ Only if “Consent to” is retained in 1. will the transfer of Outstandings and/or Revolving Facility Commitments in 2. be accepted.

² All Outstandings and Commitments for each Lender must be transferred in their entireties for the Facility Agent to accept such transfers.