IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

MELVIN D. SPENCER, on behalf of himself and all other similarly situated shareholders of Smurfit-Stone Container Corporation, Plaintiff, v. PATRICK J. MOORE, RALPH F. HAKE, TIMOTHY J. BERNLOHR, TERRELL K. CREWS, EUGENE I. DAVIS, MICHAEL E. DUCEY, JONATHAN F. FOSTER, ERNST A. HÄBERLI, ARTHUR W. HUGE, JAMES J. O'CONNOR, ROCK-TENN COMPANY, and SAM ACQUISITION, LLC, Defendants.	)	C.A. No. _____

VERIFIED CLASS ACTION COMPLAINT

Plaintiff Melvin D. Spencer ("Plaintiff"), on behalf of himself and all other similarly situated public shareholders of Smurfit-Stone Container Corporation ("Smurfit-Stone" or the "Company"), by and through his undersigned counsel, upon personal knowledge as to himself and upon information and belief as to all other matters, alleges the following against the members of Smurfit-Stone's Board of Directors (the "Board") for breaching their fiduciary duties to the Company's public shareholders, and against Rock-Tenn Company ("Rock-Tenn") and Sam Acquisition, LLC ("Sam Acquisition") for aiding and abetting the same in connection with a proposed sale of the Company:

NATURE OF THE ACTION

1. This is a shareholder class action complaint on behalf of the holders of the common stock of Smurfit-Stone against the directors, one of whom is also an officer, of Smurfit-

Stone (the "Individual Defendants") and other persons and entities (collectively, "Defendants") involved in a proposed transaction through which Smurfit-Stone will be acquired by Rock-Tenn and its wholly-owned subsidiary, Sam Acquisition (the "Proposed Transaction"). Recognizing that his window to receive a $19 million change-of-control payment was about to slam shut, Smurfit-Stone's Chief Executive Officer ('CEO"), Patrick Moore ("Moore"), orchestrated a low premium sale and convinced the pliable Smurfit-Stone Board to go along with his self-interested plan. Despite having failed to conduct an auction or a meaningful market check, the Board then agreed to lock-up the Proposed Transaction through unjustified deal protections which favor Rock-Tenn and create an uneven playing field for other interested suitors.

2. During the Great Recession, Smurfit-Stone experienced a dramatic decrease in demand for its packaging products as sales of consumer goods plummeted. As a result, the Company filed for Chapter 11 bankruptcy protection in January 2009.

3. After eliminating much of its debt burden, closing mills, and firing 10% of its workforce, Smurfit-Stone emerged from bankruptcy in the summer of 2010. Around the same time, the Company entered into a short-term employment agreement (the "Employment Agreement') with Moore pursuant to which he would continue to serve as CEO until March 31, 2011. The Employment Agreement also guaranteed Moore a lavish $19 million payout in the event the Company: (i) underwent a change-of-control prior to his pending retirement, or (ii) received an offer prior to his retirement that results in a change-of-control by September 30, 2011.

4. In order to reap the benefit of the change-of-control payment, Moore sought to ensure that, prior to his March 31 retirement date, the Company was poised for a merger to be

completed by September 30. To this end, Moore convinced the Board to engage in exclusive negotiations with rival paperboard manufacturer Rock-Tenn.

5. On January 23, 2011, the Board caused the Company to enter into an agreement and plan of merger (the "Merger Agreement") to be acquired by Rock-Tenn in a cash-and-stock transaction with an equity value of approximately $3.5 billion based on the closing price of RockTenn's common stock on January 21, 2011. Pursuant to the Merger Agreement, Smurfit-Stone shareholders will receive $17.50 in cash and 0.30605 shares of Rock-Tenn common stock for each of their Smurfit-Stone shares, for total consideration of $35.00 per Smurfit-Stone share based on the January 21, 2011 Rock-Tenn closing price.

6. Upon completion of the Merger, former Smurfit-Stone stockholders will own approximately 45% of the outstanding shares of Rock-Tenn, while current Rock-Tenn shareholders will own approximately 55% of the outstanding shares, measured on a "fully-diluted" basis as of February 22, 2011. Nevertheless, under the terms of the Merger Agreement, each of Rock-Tenn's ten existing board members will continue to serve in such capacity for the remainder of their current three-year terms, and Smurfit-Stone will have the right to designate only three members of the new thirteen-member board, all three of whom must stand for reelection at Rock-Tenn's next annual meeting even though two of them would be members of board classes whose terms otherwise would not expire until 2013 and 2014.

7. Several large and sophisticated Smurfit-Stone shareholders have expressed outrage at the deal. Three of these shareholders, Third Point LLC, Royal Capital Management, L.L.C., and Monarch Alternative Capital LP, sent a letter (the "Letter") to the Smurfit-Stone Board criticizing them for agreeing to sell the Company at this price and casting doubt on the wisdom of selling the Company at this time. Indeed, the Proposed Transaction provides Smurfit-

Stone shareholders with woefully inadequate consideration. Among other things, the deal price fails to properly account for the heightened demand for packaging products, or for the deal multiples paid in similar precedent containerboard industry transactions.

8. The process leading to the Proposed Transaction was also infected by breaches of fiduciary duty. The Board breached its fiduciary duties, including its duty to maximize shareholder value in connection with this proposed change of control, by negotiating exclusively with Rock-Tenn, failing to solicit competing bids, and granting Rock-Tenn unreasonable and disproportionate deal protections in the Merger Agreement that will deter competing bidders from making offers. These deal protections include a restrictive no-solicitation provision, unlimited recurring matching rights, and a $120 million termination fee.

9. On February 24, 2011, Rock-Tenn filed a Registration Statement on Form S-4 ("Registration Statement") with the U.S. Securities and Exchange Commission ("SEC") with respect to the Rock-Tenn stock to be issued in the Merger. While Smurfit-Stone has not yet issued its final proxy statement with respect to its shareholders' upcoming vote on the Proposed Transaction, the Registration Statement includes a preliminary joint proxy statement/prospectus ("Preliminary Proxy Statement") to be issued by Smurfit-Stone and Rock-Tenn. The Preliminary Proxy Statement misstates and/or omits material information regarding the Merger that is essential to the Company's public shareholders' ability to make a fully-informed decision on whether to vote their shares in support of the Merger.

10. In agreeing to the acquisition of Smurfit-Stone by Rock-Tenn for grossly inadequate consideration through a flawed process, and then making inadequate disclosures to the Company's shareholders, each of the Individual Defendants breached his fiduciary duties. Rock-Tenn and Sam Acquisition aided and abetted those breaches by, among other things,

entering into Proposed Transaction and issuing the Registration Statement. For these reasons and as set forth in detail herein, Plaintiff and the Class seek to enjoin Defendants from taking any steps to consummate the Merger or, in the event the Merger is consummated, to recover damages resulting from Defendants' actions.

PARTIES

11. Plaintiff Melvin D. Spencer ("Plaintiff") is a public holder of Smurfit-Stone common stock, and has been a holder of Smurfit-Stone common stock continuously since prior to the wrongs complained of herein.

12. Non-defendant Smurfit-Stone is incorporated under the laws of the State of Delaware, with its headquarters at 222 N. LaSalle Street, Chicago, Illinois 60601. Smurfit-Stone is an integrated manufacturer of paperboard and paper-based packaging, including containerboard and corrugated containers, and is also a paper recycler. The Company's operations include 12 paper mills (10 located in the United States and two in Canada), 103 container plants (84 located in the United States, 13 in Canada, three in Mexico, two in China and one in Puerto Rico), 30 reclamation plants located in the United States and one lamination plant located in Canada. Also, Smurfit-Stone operates wood harvesting facilities in Canada and the United States. Smurfit-Stone's primary products include containerboard, corrugated containers, market pulp, kraft paper, and reclaimed and brokered fiber. In December 2009, the Company filed a Chapter 11 plan and disclosure statement in the Delaware U.S. Bankruptcy Court. Smurfit-Stone completed its financial restructuring and emerged from Chapter 11 effective June 30, 2010. The Company is publicly-traded on the New York Stock Exchange (NYSE) under the symbol "SSCC."

13. Defendant Patrick J. Moore ("Moore") has been a member of the Smurfit-Stone Board and the Company's CEO since January 2002. Prior to that, he was Vice President and Chief Financial Officer of the Company from November 1998 until January 2002. Moore also served as President of the Company from January 2002 to May 2006.

14. Ralph F. Hake ("Hake") currently serves as the non-executive Chairman of the Board.

15. Timothy J. Bernlohr ("Bernlohr") serves as a director of Smurfit-Stone.

16. Terrell K. Crews ("Crews") serves as a director of Smurfit-Stone.

17. Eugene I. Davis ("Davis") serves as a director of Smurfit-Stone.

18. Michael E. Ducey ("Ducey") serves as a director of Smurfit-Stone.

19. Jonathan F. Foster ("Foster") serves as a director of Smurfit-Stone.

20. Ernst A. Häberli ("Häberli") serves as a director of Smurfit-Stone.

21. Arthur W. Huge ("Huge") serves as a director of Smurfit-Stone.

22. James J. O'Connor ("O'Connor") serves as a director of Smurfit-Stone.

23. Defendants Moore, Hake, Bernlohr, Crews, Davis, Ducey, Foster, Häberli, Huge and O'Conner are referred to herein collectively as the "Individual Defendants." With the exception of Moore, each of the Individual Defendants was first elected as a member of the Board on June 30, 2010, in connection with the Company's emergence from bankruptcy.

24. Defendant Rock-Tenn is a Georgia corporation with its principal executive office at 504 Thrasher Street, Norcross, Georgia 30071. Rock-Tenn is one of North America's leading manufacturers of paperboard, containerboard and consumer and corrugated packaging, with annual net sales of $3 billion. Rock-Tenn operates a total of 95 facilities located in 27 states,

Canada, Mexico, Chile and Argentina. Rock-Tenn is publicly-traded on the NYSE under the symbol "RKT."

25. Defendant Sam Acquisition, LLC is a Delaware limited liability company and a wholly-owned subsidiary of Rock-Tenn that was created for the sole purpose of affecting the Proposed Transaction.

SUBSTANTIVE ALLEGATIONS

A. Background

26. Smurfit-Stone produces a full range of corrugated containers designed to protect, ship, store and display products made to its customers' merchandising and distribution specifications. The Company provides customers with packaging solutions to advertise and sell their products, and also manufactures and sells a variety of retail-ready, point-of-purchase displays and a full line of specialty products, including pizza boxes, corrugated clamshells for the food industry, Cordeck recyclable pallets, and custom die-cut boxes to display packaged merchandise on the sales floor. In addition, the Company provides custom and standard automated packaging machines, offering customers installation, automation, line integration and packaging solutions. Net sales of corrugated containers during the year ended December 31, 2009, represented 71% of its total net sales.

27. The Company also operates containerboard mills that produce a full line of containerboard, which is used primarily in the production of corrugated packaging. Net sales of containerboard to third parties represented 17% of its total net sales in 2009. Additionally, the Company operates paper mills that produce market pulp, solid bleached liner, kraft paper, and other specialty products. Kraft paper is used in numerous products, including consumer and industrial bags, grocery and shopping bags, counter rolls, handle stock and refuse bags.

28. Smurfit-Stone's reclamation operations procure fiber resources for its paper mills, as well as other producers. Its reclamation facilities collect, sort, grade and bale recovered paper. The Company also collects aluminum and plastics for resale to manufacturers of these products. In addition, it operates a nationwide brokerage system whereby it purchases and resells recovered paper to its recycled paper mills and other producers on a regional and national contract basis.

29. During the Great Recession, demand for packaging products decreased dramatically. As a result, on January 26, 2009, Smurfit-Stone and its U.S. and Canadian subsidiaries were forced to file a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

B. Smurfit-Stone Emerges From Bankruptcy And Begins To Flourish

30. After filing for bankruptcy, Smurfit-Stone embarked on an aggressive turnaround plan. Pursuant to this plan, the Company eliminated much of its debt burden, closed several underperforming mills, and fired 10% of its workforce.

31. On June 21, 2010, the Bankruptcy Court entered an order approving and confirming the Joint Plan of Reorganization for Smurfit-Stone Container Corporation and its Debtor Subsidiaries and Plan of Compromise and Arrangement for Smurfit-Stone Container Canada Inc. and Affiliated Canadian Debtors ("Plan of Reorganization"). The Company emerged from the Chapter 11 bankruptcy proceedings effective June 30, 2010. On that date, and pursuant to the Plan of Reorganization, the Company merged with and into its wholly-owned subsidiary SSCE. SSCE changed its name to Smurfit-Stone Container Corporation and became the reorganized Smurfit-Stone Container Corporation.

32. Contemporaneously with the emergence from bankruptcy, CEO Moore, the man who led the Company into bankruptcy, was rewarded by being re-hired by the Board as Smurfit's CEO for a period of nine months, scheduled to terminate on March 31, 2011. In addition to receiving his pension, health and other benefits, and becoming eligible for a "special incentive" bonus of $3.5 million upon retirement, he was granted a "change-of-control bonus" in his Employment Agreement. Under this bonus provision, Moore stood to realize a windfall payment of approximately $19 million (less any "special incentive" bonus) in the event an offer to purchase the Company was received before his March 31, 2011 retirement date and the transaction was consummated on or before September 30, 2011. Moore would receive no such bonus if, by that date, no change-of-control had occurred.

33. After emerging from the Chapter 11 bankruptcy proceedings, CEO Moore expressed optimism about the future growth prospects of the Company. He stated:

> We believe our successful financial restructuring ***positions us for long-term profitable growth. We will continue to focus on what matters - serving our customers, improving margins and delivering shareholder value***. Looking ahead, we are confident that continued high operating rates, productivity improvements, higher average prices, and low inventories combined with assumed stable demand will drive significant earnings improvement in the second half of the year.

34. The Company's public optimism was quickly borne out. By the middle of 2010, consumers had started to increase spending on everyday goods that are shipped and sold using packaging. As a result, demand for the Company's products increased and its sales improved markedly.

35. On August 3, 2010, Smurfit-Stone reported net income attributable to common stockholders of ***$1.41 billion, or $5.41 per diluted share*** for the second quarter ended June 30, 2010, compared with a net loss of ($91) million, or ($0.35) per diluted share, in the first quarter

of 2010, and net income of $155 million, or $0.60 per diluted share, for the second quarter of 2009.

36. On November 1, 2010, Smurfit-Stone announced adjusted net income of $76 million, or $0.76 per diluted share, for the third quarter ended September 30, 2010, up from $2 million, or $0.01 per diluted share, in the second quarter of 2010, and an adjusted net loss of ($23) million, or ($0.09) per diluted share, in the third quarter of 2009. The Company's operating income also increased dramatically, from a ($6) million operating loss in the second quarter of 2010 to $142 million in the third quarter. Adjusted EBITDA for the third quarter of 2010 was $239 million, up from $102 million in the second quarter of 2010 and $94 million in the third quarter of 2009. In the press release announcing the third quarter financial results, CEO Moore described the quarter as follows:

> I am pleased with our strong third quarter performance, which benefitted from favorable pricing trends and lower input costs driven primarily by fiber. Importantly, we are realizing cost savings and efficiency improvements from our financial restructuring, investments in our core business, and focused efforts such as our Operational Excellence initiative. I'm proud of the efforts and commitment of our employees which contributed significantly to the strong quarter. I view the positive momentum in the quarter as an important step in delivering on the accelerated performance improvement we are pursuing.

37. Smurfit-Stone's financial performance continued to improve in the fourth quarter of 2010, as the Company achieved net income of $49 million, or $0.49 per diluted share, compared with a net loss attributable to common stockholders of ($6) million, or ($0.02) per share, for the fourth quarter of 2009. Adjusted EBITDA for the fourth quarter of 2010 was $205 million, down from $239 million in the third quarter of 2010, and up from $67 million in the fourth quarter of 2009. The sequential decline in adjusted EBITDA reflected seasonally lower volumes, cost inflation, the impact of a work stoppage at the Company's La Tuque, Quebec, mill, and market-related downtime taken in December in order to balance supply and demand in

the Company's system. Defendant Moore once again commented on the positive outlook, stating in a press release that "[f]ourth quarter performance was strong, meeting our expectations, and demonstrating that our initiatives to improve productivity and lower costs are enabling us to deliver improvement in earnings, margins and cash flow."

C. Instead of Continuing To Manage And Grow The Business, The Board Decides To Sell The Company To Rock-Tenn

38. Despite the Company's remarkable turnaround and heightened demand for packaging products, the Board did not continue to grow the business for the benefit of its shareholders. Instead, the Board caused the Company to enter into the Merger Agreement with Rock-Tenn, effectively capping Smurfit-Stone's stock price at a time when the Company's stock was just recovering from recessionary aftershocks and when it was poised to capitalize on its re-stabilized and encouraging financial outlook.

39. The Proposed Transaction is the result of exclusive negotiations between Smurfit-Stone and Rock-Tenn. Smurfit-Stone was first contacted by Rock-Tenn's financial advisor on December 21, 2010. Despite the fact that another potential acquirer ("Party A") had made multiple acquisition proposals for Smurfit-Stone following its emergence from bankruptcy, once Rock-Tenn expressed interest in acquiring the Company, the Individual Defendants made no attempt to re-engage Party A in further negotiations or to conduct an auction between Rock-Tenn and Party A, and in fact abandoned all efforts to obtain another buyer.

40. On January 23, 2011, Smurfit-Stone and Rock-Tenn issued a joint press release announcing the Proposed Transaction. As James A. Rubright, Rock-Tenn's Chairman and CEO, made clear on a January 24, 2011 investor conference call (the "Investor Call"), Rock-Tenn "[doesn't] like to do transactions that are in a process and the major transactions that we have involved have not involved a situation that was an auction process or whatever[,] [s]o this

transaction was exclusively negotiated on a one-on-one basis between RockTenn and representatives of Smurfit."

41. By entering the Merger Agreement without shopping the Company, the Board provided itself with the pretext of "deal certainty" to reject even proposals that are financially superior to Rock-Tenn's offer. In this regard, even if a third party makes a topping bid, the Board can easily manufacture a litany of excuses as to why Rock-Tenn's offer is still superior – such as heightened regulatory risk or that the third party is unwilling to match the reverse termination fee payable by Rock-Tenn. While these justifications may be legitimate in certain circumstances, here a high potential for abuse exists because the Board "rubber-stamped" a self-interested transaction that was carefully orchestrated by the Company's CEO.

D. The Proposed Transaction Provides Inadequate Consideration To The Company's Shareholders

42. Under the terms of the Merger Agreement, Smurfit-Stone shareholders will be entitled to receive 0.30605 shares of Rock-Tenn common stock and $17.50 in cash per Smurfit-Stone share. On the last trading day prior to execution of the Merger Agreement, Rock-Tenn's stock closed at a price of $57.18, such that the value of 0.30605 shares was $17.50. Accordingly, the initial Merger consideration was $35.00 per share of Smurfit-Stone stock, representing 50% cash and 50% Rock-Tenn stock.

43. According to the companies' joint press release of January 23, 2011, the total purchase price in the Proposed Transaction "represents a multiple of 6.1x Smurfit-Stone's annualized adjusted EBITDA of $820 million for the three months ended December 31, 2010."

44. Given the Company's recent performance and future growth and earnings prospects, the consideration shareholders are to receive in the Proposed Transaction is inadequate. Indeed, in discussing the proposed Transaction during the Investor Call, James

Rubright, Chairman and CEO of Rock-Tenn, recognized the importance of the Company's prior capital investment and current reduced production costs, explaining:

> ***[T]he second key to making this acquisition possible for RockTenn is that Smurfit invested $550 million in capital investments in their box plants since 2007.*** These investments have really paid off. There's a lot of data on these pages. I won't go through all of it, but they did close 53 facilities, a dramatic reduction in headcount, a 29% increase in plant throughput. And the bottom line is that if you -- people give their data to something called Fiber Box and Fiber Box then publishes industry data. You get blind averages, ***but Smurfit now has actually lower average costs in converting than the average data reported by the Fiber Box Association.***

45. Furthermore, during the Investor Call, Rubright recognized that Smurfit-Stone's assets were undervalued emerging from the bankruptcy, stating:

> With respect to Smurfit, those who followed us also know we are not fixer-uppers. We really want to buy good assets that make RockTenn a much more attractive company after the acquisition than before and ***Smurfit's assets basically I think are underappreciated.***

46. Likewise, the consideration offered in the Proposed Transaction does not adequately reflect the substantial value of the Company's net operating loss ("NOL") carry forwards. As explained by Defendant Moore in a conference call with analysts held on August 3, 2010, shortly after Smurfit-Stone emerged from bankruptcy:

> At December 31st, 2009, our US NOL net of related FIN 48 tax reserves was approximately $1.1 billion. After giving effect to the cancellation of the debt in this income as part of the bankruptcy emergence, our remaining NOL at June 30th was $722 million. Although some of this NOL is expected to be used against full year taxable income in 2010, we expect the remaining NOL to be significant at year end. This sizable US NOL, which we can carry forward, combined with the significant cash pension contributions that are deductible in the period in which they are made, result in an expectation of limited cash tax obligations over the next several years.

47. Analysts at The Buckingham Research Group and Deutsche Bank Securities immediately recognized the intrinsic value of these NOLs. For example, Mark Weintraub of

Buckingham issued a research report on the Company with a "Buy" recommendation on August 3, 2010 which specifically noted:

> SSCC is positioned to deleverage rapidly -- we see SSCC generating ~$5 per share in excess cash through the end of next year. ***Helping matters and contrary to our earlier understanding, the company has substantial NOLs ($722MM) which will help limit cash taxes for the next several years.***

48. The importance of these NOLs was emphasized by Rock-Tenn CEO Rubright during the Investor Call, when he acknowledged their value and stated that the Merger would not subject the combined company to a limit on their usage:

> ***[T]here's a built-in gain at Smurfit that basically makes those -- accelerates the availability of them.*** So as a practical matter or as a legal matter, no, we're not going to be subject to a Section 382 limitation, and ***it significantly increases the present value.*** Also please remember that Smurfit reserved the black liquor tax credits which they received as an excise credit against their NOL balance, so gross NOL balance is $1.1 billion and they've reserved for the black liquor tax credit issue against that. So ultimately the resolution of the black liquor tax credit issue which will be effectively ***I think probably an industry issue if it's an issue at all would give you the answer with respect to whether there's another $650 million of NOLs available.***

49. Moreover, the Proposed Transaction represents a premium of 27% based on the closing prices of Smurfit-Stone and Rock-Tenn stock on the last trading day prior to the announcement of the Proposed Transaction. Despite the apparent premium, the consideration offered under the Proposed Transaction is, in fact, comparatively low. On December 21, 2009, a Bloomberg article entitled "CEOs paying 56% M&A Premium Shows Stocks May be Cheap" reported that "[t]he average premium in mergers and acquisitions in [2009 in] which U.S. companies were the buyer and seller rose to 56% this year from 47 percent last year [2008]…" Thus, the Proposed Transaction premium is well below the average premium in like transactions during 2009.

50. Because Smurfit-Stone had emerged from bankruptcy in 2010, and was poised to capitalize on its strengthened financial condition, investors and analysts following the Company were underwhelmed by the consideration offered in the Proposed Transaction. For example, Richard Lee, an Investment Banking Analyst for Reuters, expressed his view that the Smurfit-Stone Board "sold-out too early." Additionally, Lee stated:

> At first glance … $35 is a great premium. But, it is being sold at 6x EBITDA, which is not a very big premium in the first place. And secondly, they are projecting EBITDA to grow from $580 million last year to almost $900 million this year. ***So, they are definitely leaving money on the table here***.

51. Similarly, just two days after the announcement, one shareholder noted on *Seeking Alpha*:

> I had a target for SSCC at $50. This was a function of their enterprise value at $50 would be $5.7 billion. With expected net income of $250 mil, $350 mil in D&A, and $200 mil in capex - I figure a free cash flow of $400 mil. I project that out at a growth rate of 3.5% for 5 years and hit $475 mil. ***At $50 a share, the enterprise value to free cash flow ratio would be 12x, which is in line with the industry***.
>
> * * *
>
> Using the common industry statistic of an ebitda multiple, Rock-Tenn has an approximate ebitda of $500 mil, against a current enterprise value of $3.7 bil, equating to a 7.5 multiple. ***Smurfit-Stone has about $700 mil in ebitda, multiplied by 7.5x, equates to a $5.2 bil valuation and $45 a share***. ***Today's price for Smurfit is $37, suggesting about 20% being left on the table.***

52. On February 2, 2011, hedge fund managers Third Point LLC, Royal Capital Management, L.L.C. and Monarch Alternative Capital LP, who collectively own approximately 9% of the Company's outstanding stock, wrote a letter to the Smurfit-Stone Board (the "Investor Letter") "to express our disappointment at the merger terms you approved, and to announce our intention to vote against the Merger as it stands today." The Investor Letter stated:

> We believe that the acquisition by Rock-Tenn substantially undervalues the Company and we are acutely disappointed that the Board of Directors is willing to throw in the towel on the significant upside inherent in the Company's assets. To add insult to injury, it appears that the Company did not run a sale process,

apparently in violation, or at least in ignorance, of your duties to shareholders to seek the best price available. Finally, we cannot help but wonder whether Mr. Patrick Moore's employment contract, which is set to expire on March 31st of 2011, played any part in pushing for this sale, given that he personally stands to earn a windfall in excess of $15 million as a result of the Merger.

53. With respect to the consideration offered in the Proposed Transaction, the Investor Letter stated:

> **The Proposed Transaction Represents a Significant Discount to Precedent Valuations**
>
> $500 Million to $1.1 Billion Asset Ignored and Adjusted EBITDA Significantly Discounted
>
> Rock-Tenn's press release announcing the transaction asserts that $35.00 per share implies a Total Enterprise Value ("TEV") to Adjusted EBITDA multiple for Smurfit of 6.1x. In fact, we think the multiple is closer to 5.1x for the following reasons.
>
> - First, while Rock-Tenn chose to include Smurfit's full after-tax unfunded pension liability in its TEV calculation, it neglected to include the value of Smurfit's sizable net operating loss ("NOL") asset of $500 million. On a "tax effected" basis, the NOL is worth ~$190 million or ~$1.88 per Smurfit share. This figure doesn't even include the possibility of an additional $650 million in NOLs that may be realized if the IRS permits Smurfit's treatment of Black Liquor tax credits received in 2009. On a "tax effected" basis, the additional NOL from these tax credits would conservatively be worth ~$250 million or ~$2.45 per Smurfit share.
>
> - Second, Rock-Tenn annualized Smurfit's fourth quarter 2010 Adjusted EBITDA of $205 million, resulting in a "run-rate" figure of $820 million, even though Rock-Tenn CEO James Rubright acknowledged on the January 24th conference call announcing the Merger … that this Adjusted EBITDA figure was based on "the seasonally weakest December quarter." Annualizing Smurfit's adjusted EBITDA for the six months ended December 31, 2010 is far more appropriate, and Mr. Rubright himself acknowledged that "if we had used trailing six month pro formas É for Smurfit, particularly given the fact that those are the post-bankruptcy operating results, it would have been higher" than $820 million. Moreover, Smurfit has reported anticipated SG&A savings of $50 million in 2011 from actions already taken. As these savings are prospective, they obviously are not included in the "run rate" for the fourth quarter of 2010. Thus, if we were to annualize Smurfit's trailing six month Adjusted EBITDA and add the SG&A savings, we would arrive at a more appropriate "run-rate" for 2011 Adjusted EBITDA of $938 million. It is

> unlikely that the entire $110 per ton of containerboard price increases were fully reflected in the earnings in the second half of 2010 due to Smurfit's exposure to semi-annual and annual contracts. International Paper and Temple-Inland announced on their third quarter earnings calls that they had realized $95 and $93 per ton of the price increases, respectively, at September 30, 2010. This "run rate" figure also does not include the significant benefit from a successful implementation of the 2011 price increase already announced by one of Smurfit's competitors. Additionally, we are not alone in our views regarding Smurfit's earning potential. Goldman Sachs research analyst Richard Skidmore published a report on January 9th, the most recent report published by a major firm before the Merger, which estimated Smurfit's 2011 EBITDA at $938 million.

54. Even Rock-Tenn's CEO, Rubright, has acknowledged that the Adjusted EBITDA used to arrive at the 6.1x figure is questionable, stating on the Investor Call: "It's not hard to have annualized to a higher number than the one [Rock-Tenn] used …"

55. As illustrated in the following chart that was included in the Investor Letter, Rock-Tenn's announced valuation multiple of 6.1x drops to only 5.1x when the appropriate Adjusted EBITDA figure is used and the substantial value of the NOLs is taken into account. On the other hand, application of a 6.1x valuation multiple to these adjusted figures would yield consideration to the Company's shareholders of nearly $44.00 per share instead of $35.00.

	Rock-Tenn Valuation	**EBITDA Adjusted Valuation**	**Illustrative Potential Valuation**
Cash	$449	$449	$449
Debt	1,194	1,194	1,194
After Tax Pension	700	700	700
Net Debt and Pension	1,445	1,445	1,445
NOLs	--	(190)	(190)
Fully Diluted Shares (mm)	101	101	101
Price per Share	**$35.00**	**$35.00**	**$43.98**
Market Capitalization	3,536	3,536	4,443
TEV	$4,981	$4,791	$5,698
Smurfit Run Rate Adjusted EBITDA	$820	$938	$938
Implied TEV / Adjusted EBITDA	**6.1x**	**5.1x**	**6.1x**

56. The Investor Letter also noted that the Proposed Transaction's financial terms do not compare favorably to other business combinations in the same industry:

> Whether the multiple is 5.1x or 6.1x, precedent transactions in this industry are significantly higher. In fact, Lazard Frères & Co., the same company that gave a fairness opinion to the Board for this transaction, testified in the Summer of 2010 during Smurfit's bankruptcy plan confirmation hearing that **precedent containerboard transactions over the last decade had a median TEV to EBITDA ratio of 7.7x**! With recent consolidation, one could argue that transactions in the industry should command an even higher multiple. As illustrated below, a multiple of 7.7x and the appropriate Adjusted EBITDA would bring consideration to approximately $59 per share. Even if we used Rock-Tenn's intentionally understated Adjusted EBITDA of $820 million, a 7.7x multiple would bring consideration to approximately $50 per share….

	Precedent Transaction Mult.	
	Rock-Tenn Adj. EBITDA	**2H10A Adj. EBITDA**
Cash	$449	$449
Debt	1,194	1,194
After Tax Pension	700	700
Net Debt and Pension	1,445	1,445
NOLs	(190)	(190)
Fully Diluted Shares (mm)	101	101
Price per Share	**$50.07**	**$59.07**
Market Capitalization	5,059	5,968
TEV	$6,314	$7,223
Smurfit Run Rate Adjusted EBITDA	$820	$938
Implied TEN / Adjusted EBITDA	**7.7x**	**7.7x**

57. Smurfit-Stone shareholders also face heightened risk because a significant portion of the Merger consideration is Rock-Tenn stock. Rock-Tenn has a structural disadvantage vis-à-vis Smurfit-Stone because it is much more dependent on recycled inputs than Smurfit-Stone. Currently, increased global competition for recycled inputs exists, which has led to historically high price levels. Unlike Rock-Tenn, Smurfit-Stone's fiber source is approximately 65% U.S. virgin fiber, whose prices are generally more stable than recycled fiber. Rock-Tenn CEO Rubright acknowledged Smurfit-Stone's advantageous position when he stated on the Investor

Call that "the fact is United States virgin containerboard is a highly strategic global asset" and Smurfit-Stone's "ability to convert southern softwood pine trees into containerboard is simply a core strategic asset."

58. The Individual Defendants failed to negotiate any protection against a decline in the Rock-Tenn stock component of the consideration offered to shareholders in the Proposed Transaction, or even the right to terminate the Proposed Transaction in the event Rock-Tenn's stock trades below a certain level. Upon completion of the Merger, each Smurfit-Stone share will be converted into a right to receive 0.30605 Rock-Tenn shares, and this exchange ratio will not be adjusted as a result of any movements in the companies' stock prices prior to the Merger. Smurfit-Stone shareholders may thus be left with Rock-Tenn stock at a price that reflects a significant discount to the price at the time the Proposed Transaction was announced. This risk is enhanced by the fact that, under the Merger Agreement, the stock component of the Merger consideration may be increased, and the cash component correspondingly decreased, depending on the amount of cash consideration ultimately paid to any Company shareholders who demand appraisal.

59. The Board should have leveraged the Company's advantageous position, as well as heightened demand for the Company's packaging products, to extract a substantial premium. Instead, the Board hastily locked-up a change-of-control transaction with Rock-Tenn without fulfilling their fiduciary duties to maximize shareholder value.

E. The Proposed Transaction Is The Product Of A Flawed Process

60. Not only is the Merger price inadequate, but the process that led to the Proposed Transaction was tainted by disabling conflicts of interest. The sale of Smurfit-Stone just seven months after emerging from bankruptcy is conveniently timed to create a windfall for certain Company insiders, including Moore. Moore's unusual $19 million change-of-control bonus was

set to expire unless a deal could be reached before his March 31, 2011 retirement date. By avoiding a protracted auction to sell the Company, Moore greatly enhanced the prospect of receiving this unjustified windfall payment. This is in addition to a $500,000 "special bonus payment" the Board made to Moore on January 30, 2011, in recognition of his service during the post-bankruptcy transition period. This special bonus payment was approved by the compensation committee of the Board on January 23, 2011, the same day the Board approved the Proposed Transaction.

61. Despite his personal interest in the Proposed Transaction, Moore participated in the January 20, 2011 special meeting of the Smurfit-Stone "special committee" – of which he was not a member – where Rock-Tenn's $35.00 per share offer was discussed. At the conclusion of that meeting, the special committee authorized its advisors to proceed with further discussions with Rock-Tenn. Then, on January 23, 2011, Moore participated in a joint meeting of the Board and special committee of Smurfit-Stone, where he (together with defendant Hake and the special committee's advisors) reviewed and discussed the negotiations that had occurred since the January 20 meeting. Although Moore had been excused from the special committee's discussions about the valuation of the Company in connection with a proposal from Party A just a month earlier (on December 15, 2010), at the January 20 meeting Moore participated in discussions with the Board and special committee concerning the financial analysis of Smurfit-Stone conducted by the special committee's financial advisor, Lazard Frères & Co.'s ("Lazard") Only after those discussions did Moore excuse himself from the meeting. The special committee then recommended approval of the Proposed Transaction, whereupon Moore rejoined the meeting and the Board approved the Merger Agreement.

62. Additionally, other Company executives will reap personal benefits from the Merger because they received stock options in connection with the Company's emergence from bankruptcy that will vest and become exercisable at the time of the Merger, as well as restricted stock units that will be converted into the right to receive the Merger consideration. For example, Chief Administrative Officer and General Counsel Craig A. Hunt, who participated in special committee meetings during which the Proposed Transaction was discussed and approved, will realize approximately a $3.2 million benefit from the immediate vesting of his 126,391 stock options (with a $20.74 strike price) and 39,913 restricted stock units if the Merger is consummated. Also, Chief Operating Officer Steven Klinger ("Klinger"), who resigned as an officer and director of Smurfit-Stone effective December 31, 2010 but agreed to stay on as a "consultant" through March 31, 2011, has a consultancy agreement whereby any unvested portion of his 234,783 restricted stock units and options to purchase 743,478 shares of common stock (with a $20.74 strike price) will remain outstanding and vest immediately upon a change of control occurring prior to September 30, 2011. The Proposed Transaction creates a personal benefit of more than $18.8 million for Klinger (based on a $35.00 Merger price). Thus, Company insiders are poised to capitalize on short-swing profits on these grants less than one year into the three year vesting period for these grants.

63. In addition, the terms of the Merger Agreement provide for a $10 million retention pool to reward those Company executives who remain with Rock-Tenn through the completion of the Merger.

64. Pursuant to the Merger Agreement, the Rock-Tenn Board will also be increased by three members to be filled by individuals designated by the Smurfit-Stone Board upon

consummation of the Merger. Thus, certain members of the Smurfit-Stone Board, as yet to be named, will keep their jobs.

65. The failure to seek out competing bidders or conduct a market check was directly attributed to these conflicts of interest in the February 2, 2011 Investor Letter, which stated:

> A low transaction multiple is tough to swallow in any context, but it is a particularly bitter pill when it has resulted from a sale process that appears to be anything but robust. While we await the proxy statement to confirm this, Mr. Rubright's comments on the Conference Call that "this transaction was exclusively negotiated on a one-on-one basis," and that Rock-Tenn "[doesn't] like to do transactions that are in a process," lead us to believe that the Company and its advisers did not set up a competitive process for this asset. ***In our experience, providing a would-be acquirer an exclusive opportunity to bid on your company, failing to conduct a market-check and ultimately signing a merger agreement without a "go-shop" provision and with a termination fee that borders on the high-end of reasonable is a likely indication that incentives of the Board are misaligned with those of the shareholders. One need look no further for misalignment than the interests of CEO and Director Patrick J. Moore.***
>
> After leading Smurfit into a bankruptcy that wiped out its prior shareholders, Mr. Moore was rewarded by being re-hired by the Board as Smurfit's CEO for a period of 9 months, scheduled to terminate on March 31, 2011. While moderate retirement packages for CEOs are commonplace, ***Mr. Moore appears to have hit the jackpot with his.*** In addition to receiving pension, health and other benefits, and becoming eligible for a "special incentive" bonus of $3.5 million upon retirement, he was granted a "change of control bonus" in his short-term employment agreement that would pay him a substantial sum if the Company received a "change of control" offer (such as for the Merger) before his retirement date and the transaction were to occur on or before September 30, 2011. Tellingly, he would receive nothing if, by that date, no change of control has occurred. Under this bonus provision, Mr. Moore stands to realize, by our account, a windfall payment of approximately $19 million (less any "special incentive" bonus he's received) upon the closing of the Merger! Collectively, the Smurfit officers are getting $42 million. It is therefore not hard to imagine the incentives that pushed Mr. Moore, and possibly the Board, towards accepting this transaction with an eager buyer (especially at this price) without bothering to conduct a market check. Shareholders, however, do not receive the same special benefits, and we cannot help but wonder whether his looming retirement motivated Mr. Moore to push for a less-than-optimal result for his shareholders.

66. Given the Company's recent performance and future prospects, the consideration shareholders are to receive in the Proposed Transaction is inadequate, as the terms of the Proposed Transaction substantially favor Rock-Tenn to the detriment of Smurfit-Stone's shareholders. In addition, the conflicts described above prevent the Board and other Company insiders from objectively considering the Proposed Transaction.

F. The Smurfit-Stone Board Breached Its Fiduciary Duties By Agreeing To Onerous Deal Protections Devices That Operate To Prevent Competing Offers

67. Not only did the Board fail to maximize shareholder value in agreeing to the Proposed Transaction, but it also took unreasonable steps to ensure consummation of a deal with Rock-Tenn, to the detriment of Smurfit-Stone shareholders. Specifically, as part of the Merger Agreement, the Individual Defendants agreed to onerous and preclusive deal protection devices that operate conjunctively to make the Proposed Transaction a *fait accompli* and ensure that no competing offers will emerge for the Company.

68. First, the Board failed to negotiate for a "Go-Shop" or even a "Window Shop" provision. Instead, the Board agreed to a prohibitive "No Solicitation" clause (the "No-Shop"), severely limiting its ability to entertain superior strategic alternatives. Specifically, Section 6.4(b) of the Merger Agreement provides:

> Except as provided in Section 6.4(c) [relating to unsolicited bids], the Company agrees that neither it nor any of its Subsidiaries shall, and that it shall not authorize or permit any of its and their respective Representatives to, directly or indirectly, (i) initiate, solicit, induce or knowingly encourage or facilitate the submission of any inquiry, indication of interest, proposal or offer that constitutes, or may lead to, a Company Acquisition Proposal, (ii) participate in any discussions or negotiations regarding any Company Acquisition Proposal, (iii) furnish any information or data regarding the Company or any of its Subsidiaries to, or afford access to the properties, books and records of the Company to, any Person (other than Parent or Merger Sub) in connection with or in response to any Company Acquisition Proposal, (iv) enter into any letter of intent or Contract providing for, relating to or in connection with, any Company Acquisition Proposal or any proposal that may lead to a

> Company Acquisition Proposal (other than a confidentiality agreement as contemplated by Section 6.4(c)), or that requires the Company to abandon, terminate or breach its obligations hereunder or fail to consummate the transactions contemplated hereby, (v) approve, adopt, endorse or recommend a Company Acquisition Proposal, (vi) take any action to make the provisions of any "fair price," "moratorium," "control share acquisition," "business combination" or other similar anti-takeover statute or regulation (including any transaction under, or a third party becoming an "interested shareholder" under, Section 203 of the DGCL), or any restrictive provision of any applicable anti-takeover provision in the Company's Certificate of Incorporation or Bylaws, inapplicable to any transactions contemplated by a Company Acquisition Proposal (and, to the extent permitted thereunder, the Company shall promptly take all steps necessary to terminate any waiver that may have been heretofore granted, to any Person other than Parent or any of Parent's Affiliates, under any such provisions) or (vii) resolve, propose or agree to do any of the foregoing.

69. Second, in Section 6.4(e) of the Merger Agreement, the Board granted Rock-Tenn a "Matching Right" that provides Rock-Tenn three calendar days to revise its proposal or persuade the Board not to change its recommendation on the Proposed Transaction in the face of an unsolicited proposal from a third party suitor. Additionally, the identity of the third party and the terms of its offer must be disclosed to Rock-Tenn. The Matching Right dissuades interested parties from making an offer for the Company by providing Rock-Tenn the opportunity to review the bid and make a matching bid. Due to the Proposed Transaction's flawed process and wholly inadequate price, no justification exists for the inclusion of the Matching Right and other bid advantages in the Merger Agreement.

70. The Smurfit-Stone Board further reduced the possibility of maximizing shareholder value by agreeing to a $120 million termination fee (the "Termination Fee"). If the Smurfit-Stone Board ultimately changes its recommendation and the Company consummates a transaction with another party, the $120 million Termination Fee will be passed on to the buyer, essentially requiring that the alternate bidder pay a premium for the right to provide the

shareholders with a superior offer. If not for the Smurfit-Stone Board's unjustifiable decision to exclude other logical suitors from the pre-signing process, this is money that otherwise would have been paid to Smurfit-Stone shareholders as merger consideration.

71. These preclusive deal protection devices, taken together, restrain the Company's ability to solicit or engage in negotiations with a third party regarding a proposal to acquire all or a significant interest in the Company, constitute unreasonable barriers to competing offers, and substantially increase the likelihood that the Proposed Transaction will be consummated. The circumstances under which the Board may respond to an unsolicited alternative acquisition proposal that constitutes, or would reasonably be expected to constitute, a superior proposal are too narrowly circumscribed to provide an effective "fiduciary out" under the circumstances. Likewise, these provisions will foreclose the new bidder from providing the needed market check of Rock-Tenn's inadequate offer.

72. When viewed together and in light of the meager consideration and the flawed sales process, these provisions cannot be justified as reasonable or proportionate measures to protect Rock-Tenn's investment in the transaction process.

G. The Materially Misleading And/or Incomplete Preliminary Proxy Statement

73. Smurfit-Stone has not yet released the final proxy statement relating to its request for shareholder approval of the Proposed Transaction. However, Rock-Tenn's February 24, 2011 Registration Statement includes a Preliminary Proxy Statement to be issued jointly by Smurfit-Stone and Rock-Tenn, containing the Smurfit-Stone Board's recommendation that Smurfit-Stone shareholders vote their shares in favor of the Merger. The Preliminary Proxy Statement misstates and/or omits material information regarding the Merger that is essential to the Company's public shareholders' ability to make a fully-informed decision on whether to vote their shares in support of the Merger.

74. For example, while the Preliminary Proxy Statement discloses that Moore was to receive a bonus in the event of a change of control prior to September 30, 2011, it does not disclose that this bonus would be payable only if the change of control was the result of an offer received prior to March 30, 2011. Thus, the Preliminary Proxy Statement does not disclose Moore's financial incentive to avoid a protracted auction among competing bidders.

75. The Preliminary Proxy Statement also does not fully and adequately describe the data, inputs and analysis underlying the financial valuations that purport to support the Smurfit-Stone and Rock-Tenn's financial advisors' so-called "fairness opinions." Indeed, this transaction provides the perfect illustration of the importance of disclosing this information. Both Lazard and Wells Fargo Securities ("Wells Fargo"), the financial advisor to Rock-Tenn, prepared discounted cash flow ("DCF") valuations of Smurfit-Stone's stock, as well as the Rock-Tenn stock which Smurfit-Stone shareholders will receive as one-half of their consideration in the Merger. For both DCF valuations, Lazard utilized a range of terminal value multiples of 6.0x to 7.0x to estimated Adjusted EBITDA, and then discounted terminal values and the cash flow streams to present value using discount rates ranging from 8.0% to 10.0%. Wells Fargo, on the other hand, utilized a range of terminal value EBITDA multiples of 5.0x to 6.0x to estimated Adjusted EBITDA, and then discounted the terminal value and the cash flow streams to present values using discount rates ranging from 11.5% to 12.5%. These disparate inputs led to materially different results, with Lazard's analysis implying an equity value per share range of $70.50 to $90.50 for Rock-Tenn and $28.50 to $37.50 for Smurfit-Stone, and with Wells Fargo's analysis implying an equity value per share range of $57.64 to $71.21 for Rock-Tenn and $38.34 to $46.42 for Smurfit-Stone. Under an alternative DCF analysis that took into account Rock-Tenn's estimated synergies from the Merger, Wells Fargo derived an even higher implied equity

value range of $43.87 to $52.72 for Smurfit-Stone. Notably, both of Wells Fargo's implied ranges for Smurfit-Stone are well above the Merger price.

76. The Preliminary Proxy Statement fails to disclose the justification or any reasons why Lazard and Wells Fargo used such widely varying terminal values and discount rates to arrive at such dramatically different valuations of Rock-Tenn and Smurfit-Stone. This wide disparity in the valuations is not easily explained, which is why the DCF inputs – such as free cash flow, calculation of discount rates, terminal values, and treatment of NOLs – are important for shareholders to know in order to evaluate the respective fairness opinions of the financial advisors. Without this information, Smurfit-Stone shareholders are asked to vote on a Merger where one-half of the consideration they will receive is Rock-Tenn stock which is worth either $57.64-$71.21 per share or $70.50-$90.50 per share, and where the Smurfit-Stone stock they are being asked to give up for $35.00 is worth either $28.50-$37.50, $38.34-$46.42, or $43.87-$52.52, depending on which financial advisor's DCF analysis they accept.

77. The Preliminary Proxy Statement states that Lazard used Smurfit-Stone management's projected free cash flow through 2015 to conduct its DCF analysis of the Company. While the Registration Statement discloses certain projections including revenue, earnings before interest, taxes, depreciation and amortization ("EBITDA"), earnings before interest, taxes, depreciation, amortization and pension ("EBITDAP"), and provides depreciation and amortization, it does not disclose capital expenditures projections or free cash flow, which makes it difficult for investors to evaluate Lazard's discounted cash flow analysis.

78. With respect to Lazard's selected comparable companies analysis of Smurfit-Stone, the Preliminary Proxy Statement fails to disclose the methodology or reason for the selection of just four peer companies. Moreover, Lazard then compared the multiples of

EBITDAP for these four peers to arrive at median value of 5.7x EBITDAP. The Preliminary Proxy Statement, however, fails to disclose the multiples Lazard used for each company or a description of the pension costs Lazard used to determine these multiples. The importance of the disclosure of these pension cost assumptions is highlighted in this instance, since underfunded pension costs represent approximately 14% of the total value of the Proposed Transaction. This importance was further highlighted during the Investor Call when Rock-Tenn's CEO Rubright stated:

> I'd like to talk about Smurfit's pension plan for a minute because we started out at the beginning indicating that it was from our standpoint an important part of the valuation. At December 31, the pension liability had declined significantly from the post-emergence bankruptcy number. ***The unfunded amount was $1.132 billion. We set forth the pension assumptions.*** Smurfit made a voluntary $100 million contribution at year-end 2010 which reduced the contribution requirements in 2011. So you can see that the cash contributions required in this full year will be $122 million. We been step that up [sic] in '12, '13, and '14.
>
> If you are trying to figure out how to value this transaction with pensions in, make sure you don't double count pension expense particularly in the early two years because pension expense is a function of the funding and they are not additive because the pension expenses really reflect it in the cash contribution. So it's really the opposite. As I mentioned, there's a cash tax shield associated with the pension contributions.
>
> We have been working with our actuaries, but here's a number. You all can have your own view with respect to interest rates. My own view is that they are not going down. Some day they're going to go up. ***A 100 basis point change in the discount rate of the Smurfit plan would reduce the unfunded liability by about $400 million.***

(emphasis added).

79. Also with respect to the selected comparable companies analysis of Smurfit-Stone, Lazard prepared an EBITDA analysis (ignoring pension costs) and applied a range of multiples of 5.0x to 6.0x to estimated Adjusted EBITDA to arrive at an implied equity value per share range of $31.50 to $39.00. The Preliminary Proxy Statement, however, fails to disclose the

2011 EBITDA multiple range for the four peers to reach this "selected" range of EBITDA multiples.

80. With respect to Lazard's precedent transactions analysis, Lazard identified 14 containerboard transactions and 14 paperboard transactions. These transactions date from 1995 through 2010, and of the 28 total transactions, only 6 occurred in the past 5 years. The Preliminary Proxy Statement fails to disclose the individual deal multiples to enable shareholders to determine whether the older deals are even relevant, and how the Proposed Transaction compares to more recent transactions.

81. Also with respect to the precedent transactions analysis, Lazard used last twelve months ("LTM") EBITDA multiples of 6.5x to 7.0x, to determine that Smurfit-Stone is worth $30.50 to $36.50 per share. The Preliminary Proxy Statement fails to disclose the reason Lazard used LTM EBITDA for this valuation methodology, rather than projected 2011 EBITDA, as used in its other valuations analyses. The use of LTM EBITDA undervalues Smurfit-Stone, since the Company has recently emerged from bankruptcy. The Company's EBITDA is expected to grow 48% from $584 million (LTM) to $863 million according to Bloomberg's estimates. This is well in excess of expected EBITDA growth for the peers (14 – 20%) to which the Company is compared. In the other analyses, Lazard uses projected 2011 EBITDA for Smurfit-Stone to calculate the value. In its precedent transactions analysis, Lazard uses LTM EBITDA, even though it is in no way reflective of the operating cash flow. If Lazard's multiple of 6.5x to 7.0x is applied to projected 2011 EBITDA results, rather than LTM EBITDA, the implied value for Smurfit-Stone is about $55.00 per share.

82. The Preliminary Proxy Statement also does not disclose the following information which is material to Smurfit-Stone shareholders' evaluation of the Proposed Transaction:

(a) the details concerning the negotiations over deal protections, including the Board's failure to request a go-shop provision;

(b) the justification for the Board's agreement to the No-Shop provision and the Termination Fee;

(c) the reasons the Company did not attempt to identify other potential bidders and conduct a thorough sales process;

(d) the identity of, and consideration offered to, the three Smurfit-Stone directors who will be designated to serve on the board of Rock-Tenn following consummation of the Merger;

(e) the identity and structure of the expected senior leadership of the combined company;

(f) the identity and terms of employment of any member(s) of Smurfit-Stone senior management who will retain their positions after consummation of the Merger;

(g) the amount of synergies Rock-Tenn expects to realize after the consummation of the Proposed Transaction;

(h) the difference between the fiduciary duties owed by directors to shareholders under Delaware and Georgia law;

(i) the amount of fees paid to Lazard and the amount that is contingent on consummation of the Merger; and

(j) the amount of fees Lazard has received for investment banking or other services provided to Smurfit-Stone, Rock-Tenn or their affiliates over the past three years.

THE FIDUCIARY DUTIES OF THE INDIVIDUAL DEFENDANTS

83. By reason of their positions with the Company as directors and, in one case, an officer, the Individual Defendants are in a fiduciary relationship with Plaintiff and the other shareholders of Smurfit-Stone and owe them the duties of due care, good faith, fair dealing, loyalty, and candor.

84. When the directors of a publicly-traded company undertake a transaction that may result in a change in corporate control, they must take all steps reasonably required to maximize the value shareholders will receive, rather than use a change of control to benefit themselves, and must disclose all material information concerning the proposed change of control to enable the shareholders to make an informed voting decision. To diligently comply with this duty, the directors of a corporation may not take any action that:

(a) adversely affects the value provided to the corporation's shareholders;

(b) contractually prohibits them from complying with or carrying out their fiduciary duties;

(c) unreasonably discourages or inhibits alternative offers to purchase control of the corporation or its assets; or

(d) will otherwise adversely affect their duty to search for and secure the best value reasonably available under the circumstances for the corporation's shareholders.

85. As alleged herein, the Individual Defendants, separately and together, violated fiduciary duties owed to Plaintiff and the other shareholders of Smurfit-Stone in connection with the Merger, including their duties of due care, good faith, fair dealing, loyalty, and candor.

CLASS ACTION ALLEGATIONS

86. Plaintiff brings this action pursuant to Court of Chancery Rule 23, on behalf of himself and all other holders of Smurfit-Stone's common stock who have been or will be harmed by Defendants' acts as described herein (the "Class"). The Class specifically excludes Defendants and any person, firm, trust, corporation or other entity related to, or affiliated with, any of the Defendants.

87. This action is properly maintainable as a class action.

88. The Class is so numerous that joinder of all members is impracticable. As of November 5, 2010, Smurfit-Stone had in excess of 91 million shares of common stock outstanding. Members of the Class are scattered throughout the United States and are so numerous that it is impracticable to bring them all before this Court.

89. Questions of law and fact exist that are common to the Class and that predominate over questions affecting any individual Class member. These common questions include, among others:

(a) whether the Individual Defendants breached any of their fiduciary duties owed to Plaintiff and the Class by agreeing to the Proposed Transaction;

(b) whether the Individual Defendants have disclosed all material facts in connection with the Merger;

(c) whether Rock-Tenn and/or Sam Acquisition aided and abetted breaches of fiduciary duty by the Individual Defendants; and

(d) whether Plaintiff and the other members of the Class are being or will be irreparably damaged if Defendants are not enjoined from continuing the conduct described herein.

90. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and Plaintiff has the same interests as the other members of the Class. Accordingly, Plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

91. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

92. Plaintiff anticipates that there will be no difficulty in the management of this litigation as a class action. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

93. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

FIRST CAUSE OF ACTION

Against the Individual Defendants for Breach of Fiduciary Duty

94. Plaintiff repeats and realleges the foregoing paragraphs as if fully set forth herein.

95. The Individual Defendants have violated fiduciary duties of care, loyalty and good faith owed to public shareholders of Smurfit-Stone in connection with the Proposed Transaction by, among other things:

(a) failing to undertake an appropriate evaluation of Smurfit-Stone's standalone value and prospects;

(b) failing to act independently to maximize the value to be received by Smurfit-Stone's public shareholders;

(c) failing to ensure that no conflicts of interest existed between Moore's own interests in the Proposed Transaction and his fiduciary obligations;

(d) favoring the interests of Moore over the interests of Smurfit-Stone's public shareholders;

(e) failing to actively evaluate the Proposed Transaction and engage in a meaningful discussion with third parties when examining Smurfit-Stone's strategic alternatives;

(f) failing to appropriately assess the value of Rock-Tenn's stock, a critical component of the consideration to be received by Smurfit-Stone's shareholders;

(g) agreeing to the Matching Right, No-Shop provision and Termination Fee, which impose an excessive and disproportionate impediment to the Board's ability to entertain any other strategic alternative, but without receiving any additional consideration for granting these valuable deal protections to Rock-Tenn; and

(h) failing to fully and accurately disclose all material facts concerning the Proposed Transaction in the Preliminary Proxy Statement.

96. As a result of the Individual Defendants' breaches of fiduciary duty, Plaintiff and the Class will suffer irreparable injury including, but not limited to, the unlawful deprivation of their valuable equity ownership in Smurfit-Stone for inadequate consideration.

97. Unless enjoined by the Court, the Individual Defendants will continue to breach the fiduciary duties owed to Plaintiff and the Class including, but not limited to, coercing Plaintiff and the Class to acquiesce to the Proposed Transaction.

98. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury which the Individual Defendants' actions threaten to inflict.

SECOND CAUSE OF ACTION

Against Rock-Tenn and Sam Acquisition for Aiding and Abetting the Individual Defendants' Breach of Fiduciary Duty

99. Plaintiff repeats and realleges the foregoing paragraphs as if fully set forth herein.

100. As alleged above, the Individual Defendants breached their fiduciary duties to Smurfit-Stone stockholders in connection with the Proposed Transaction.

101. Such breaches of fiduciary duties could not, and would not, have occurred but for the conduct of Defendants Rock-Tenn and Sam Acquisition, which aided and abetted such breaches by entering into the Proposed Transaction and facilitating Moore's attempt to orchestrate a change-of-control transaction.

102. Rock-Tenn and Sam Acquisition rendered substantial assistance to the Individual Defendants in their breaches of their fiduciary duties owed to Smurfit-Stone stockholders. Rock-Tenn and Sam Acquisition helped orchestrate the Proposed Transaction and improperly tied the hands of the Smurfit-Stone Board by demanding unreasonable deal protections. Additionally, Rock-Tenn prepared a joint Preliminary Proxy Statement with Smurfit-Stone that fails to fully and accurately disclose material information concerning the Proposed Transaction.

103. As a result of Rock-Tenn's and Sam Acquisition's aiding and abetting of the Individual Defendants' breaches of fiduciary duties, Plaintiff and the other members of the Class

have been, and will be, damaged in that they have been, and will be, prevented from obtaining full and fair value for their shares.

104. Unless they are enjoined by the Court, Rock-Tenn and Sam Acquisition will continue to aid and abet the Individual Defendants' breaches of their fiduciary duties owed to Plaintiff and the Class, and will aid and abet a process that inhibits the maximization of stockholder value and the disclosure of material information.

105. Plaintiff has no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in its favor and in favor of the Class and against Defendants as follows:

A. Holding that this action is properly maintainable as a Class action, and certifying Plaintiff as Class representative;

B. Holding that the Individual Defendants have breached their fiduciary duties to Plaintiff and the Class, and that Rock-Tenn and Sam Acquisition aided and abetted those breaches;

C. Enjoining Defendants, their agents, counsel, employees and all persons acting in concert with them from consummating the Proposed Transactions or otherwise enforcing the Merger Agreement unless and until the Board cures the wrongs alleged herein, including full disclosure of information material to Class members' decisions with respect to the Proposed Transaction;

D. Rescinding, to the extent already implemented, the Merger or any of the terms thereof, or granting Plaintiff and the Class rescissory damages;

E. Awarding Plaintiff and the Class appropriate damages;

F. Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees; and

G. Granting such other and further relief as this Court may deem just and proper.

DATED: March 21, 2011

/s/ Megan D. McIntyre

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