

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

In re: ) Case No. 08-36642-DOT  
)  
CANAL CORPORATION, *et al.*, ) Chapter 11  
)  
Debtors.<sup>1</sup> ) (Jointly Administered)

**MOTION FOR ORDER (I) APPROVING THE DISCLOSURE STATEMENT;  
(II) ESTABLISHING PROCEDURES FOR SOLICITATION AND TABULATION  
OF VOTES TO ACCEPT OR REJECT THE PLAN, INCLUDING (A) APPROVING  
FORM AND MANNER OF SOLICITATION PROCEDURES, (B) APPROVING  
FORM AND NOTICE OF THE CONFIRMATION HEARING, (C) ESTABLISHING  
RECORD DATE AND APPROVING PROCEDURES FOR DISTRIBUTION OF  
SOLICITATION PACKAGES, (D) APPROVING FORMS OF BALLOTS,  
(E) ESTABLISHING DEADLINE FOR RECEIPT OF BALLOTS AND  
(F) APPROVING PROCEDURES FOR VOTE TABULATIONS;  
(III) ESTABLISHING DEADLINE AND PROCEDURES FOR FILING  
OBJECTIONS (A) TO CONFIRMATION OF THE PLAN, AND (B) TO PROPOSED  
CURE AMOUNTS; AND (IV) GRANTING RELATED RELIEF**

The Plan Debtors (as defined herein), by their undersigned counsel, hereby move the Court (the “Motion”) for entry of an order, the proposed form of which is attached hereto as Exhibit A (the “Proposed Order”), pursuant to sections 1125 and 1126 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”), Rules 2002, 3016,

<sup>1</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Canal Corporation (f/k/a/ Chesapeake Corporation) (6880), Canal NC Company (f/k/a Chesapeake Printing and Packaging Company) (9208), Canal NY Company, Inc. (f/k/a Chesapeake Pharmaceutical Packaging Company, Inc.) (0010), Canal IH Company (f/k/a Chesapeake International Holding Company) (1532), WTM I Company (1080), Sheffield, Inc. (6314), Canal Resources Company (f/k/a Chesapeake Assets Company) (5293), Canal YR Company (f/k/a Chesapeake Recycling Company) (9383), Canal D&P Company (f/k/a Chesapeake Display and Packaging Company) (4207), Canal Virginia Company (f/k/a The Chesapeake Corporation of Virginia) (6783), Canal Corporation (Wisconsin) (f/k/a Chesapeake Corporation (Wisconsin)) (7682), Canal Corporation (Massachusetts) (f/k/a Chesapeake Corporation (Massachusetts)) (7686), Canal Corporation (D.C.) (f/k/a Chesapeake Corporation (D.C.)) (7684), Canal Corporation (Illinois) (f/k/a Chesapeake Corporation (Illinois)) (7685), Canal Corporation (Louisiana) (f/k/a Chesapeake Corporation (Louisiana)) (7681), Canal FP Company, LLC (f/k/a Chesapeake Forest Products Company, LLC) (6880), Canal DE Company (f/k/a Cary St. Company) (9092), Canal DP Company (f/k/a Delmarva Properties, Inc.) (7160), and Canal SH Company (f/k/a Stonehouse Inc.) (2481).



3017 and 3020 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 3016-1 of the Local Rules of the United States Bankruptcy Court for the Eastern District of Virginia (the “Local Rules”), (i) approving the *Disclosure Statement With Respect to the Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors*, dated January 7, 2011 (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Disclosure Statement”) as containing “adequate information” as that term is defined in section 1125(a)(1) of the Bankruptcy Code; (ii) establishing procedures for solicitation and tabulation of votes to accept or reject the *Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors*, dated January 7, 2011 (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Plan”),<sup>2</sup> including (a) approving the form and manner of the solicitation packages, (b) approving the form and manner of notice of the confirmation hearing, (c) establishing a record date and approving procedures for distributing solicitation packages, (d) approving the forms of ballots, (e) establishing the deadline for the receipt of ballots and (f) approving procedures for tabulating acceptances and rejections of the Plan; (iii) establishing the deadline and procedures for filing objections (a) to confirmation of the Plan and (b) to proposed cure amounts; and (iv) granting related relief. In further support of the Motion, the Plan Debtors submit as follows:

### **I. Jurisdiction and Venue**

1. On December 29, 2008 (the “Petition Date”), each of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) filed with the Court its voluntary

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<sup>2</sup> Capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Plan.

petition for relief under chapter 11 of the Bankruptcy Code, commencing the above-captioned chapter 11 cases.

2. The Debtors continue as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On January 2, 2009, pursuant to section 1102 of the Bankruptcy Code, the United States Trustee appointed the Official Committee of Unsecured Creditors (the "Committee"). No trustee or examiner has been appointed.

4. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

5. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

6. The predicates for the relief requested herein are sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rules 2002, 3016, 3017 and 3020 of and Local Rule 3016-1.

## **II. Background**

7. A full description of the Debtors' business operations, corporate structure, capital structure, and reasons for commencing these cases is set forth in full in the *Declaration of Andrew J. Kohut in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 3], which is incorporated herein by reference. Additional facts in support of the specific relief sought herein are set forth below.

8. On March 23, 2009, the Court entered the *Order (I) Approving Asset Purchase Agreement and Authorizing the Sale of Assets of Debtor Outside the Ordinary Course of Business, (II) Authorizing the Sale of Assets Free and Clear of All Liens, Claims, Encumbrances and Interests, (III) Authorizing the Assumption and Sale and Assignment of*

*Certain Executory Contracts and Unexpired Leases and (IV) Granting Related Relief* [Docket No. 425] (the “Sale Order”). The Sale Order authorized the sale of substantially all of the Debtors’ assets (the “Sale”). The Sale closed on May 1, 2009.

9. Since the closing of the Sale, the Debtors have worked to wind down their businesses and to resolve remaining issues regarding their estates.

10. On January 7, 2011, the Debtors other than WTM I Company (collectively, the “Plan Debtors”) filed the Plan and the Disclosure Statement.

### **III. Relief Requested**

11. By this Motion, the Plan Debtors seek the entry of the Proposed Order (i) approving the Disclosure Statement as containing “adequate information” as that term is defined in section 1125(a)(1) of the Bankruptcy Code; (ii) establishing procedures for solicitation and tabulation of votes to accept or reject the Plan, including (a) approving the form and manner of the solicitation packages, (b) approving the form and manner of notice of the hearing to consider confirmation of the Plan (the “Confirmation Hearing”), (c) establishing a record date and approving procedures for distributing solicitation packages, (d) approving the forms of ballots, (e) establishing the deadline for the receipt of ballots and (f) approving procedures for tabulating acceptances and rejections of the Plan; (iii) establishing the deadline and procedures for filing objections (a) to confirmation of the Plan, and (b) to proposed cure amounts; and (iv) granting related relief.

#### **IV. Basis for Relief**

##### **A. Approval of the Disclosure Statement**

12. Section 1125 of the Bankruptcy Code requires a bankruptcy court to approve a written disclosure statement prior to allowing a debtor to solicit acceptances for a chapter 11 plan. *See* 11 U.S.C. § 1125(b). To approve a disclosure statement, a court must find that the disclosure statement contains “adequate information,” which is defined as “information of a kind, and in sufficient detail . . . that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan.” 11 U.S.C. § 1125(a)(1).

13. “Adequate information” has been interpreted as information that is “reasonably practicable” to permit “informed judgment” by impaired creditors and interest holders entitled to vote on the plan. *See* 11 U.S.C. § 1125(a)(1); *see also In re A. H. Robins Co., Inc.*, No. 98–1080, 1998 WL 637401, at \*3 (4th Cir. 1998) (“The disclosure statement must contain ‘adequate information,’ i.e. sufficient information to permit a reasonable, typical creditor to make an informed judgment about the merits of the proposed plan. Moreover, the court must assess the disclosure statement’s adequacy and approve it before transmittal.”) (internal citations omitted).

14. The determination of whether the disclosure statement includes adequate information is made on a case-by-case basis, and courts exercise broad discretion when evaluating whether a disclosure statement contains adequate information. *See In re A.H. Robins Co., Inc.*, 880 F.2d 694, 696 (4th Cir. 1989); *see also Quality Inns Intern., Inc. v. L.B.H. Assoc. Ltd. P’ship*, Nos. 89-2443 to 89-2445, 1990 WL 116761, at \*2 (4th Cir. 1990). This discretion provides flexibility and facilitates the effective reorganization of chapter 11 debtors by

accommodating varying circumstances accompanying chapter 11 cases. *See A.H. Robins Co.*, 880 F.2d at 696; *see also* H.R. Rep. No. 595, 95th Cong., 1st Session 408-09 (1977).

15. The Disclosure Statement contains the pertinent information necessary for Holders of Claims to make an informed decision about whether to vote to accept or reject the Plan, including, among other things, information regarding:

- (a) the Plan;
- (b) the history of the Plan Debtors, including certain events leading to the commencement of the Cases;
- (c) the Plan Debtors' businesses and significant events during the Cases;
- (d) the Debtors' prepetition capital structure and indebtedness;
- (e) Claims asserted against the Plan Debtors' estates and the procedures for the resolution of contingent, unliquidated and disputed Claims;
- (f) the classification and treatment of Claims and Interests under the Plan;
- (g) certain risk factors to consider that may affect the Plan;
- (h) the liquidation contemplated under the Plan;
- (i) the provisions governing distributions under the Plan;
- (j) the means for implementation of the Plan;
- (k) release, injunction and exculpation provisions of the Plan.

16. As a result, the Plan Debtors submit that the Disclosure Statement contains "adequate information" as that phrase is defined in section 1125(a)(1) of the Bankruptcy Code. Thus, the Plan Debtors request that the Court approve the Disclosure Statement.

**B. Procedures for Solicitation and Tabulation of Votes**

(i) The Form and Manner of the Solicitation Packages

17. Bankruptcy Rule 3017(d) specifies the materials to be distributed to creditors and equity security holders upon approval of a disclosure statement. In accordance therewith, the Plan Debtors propose to transmit or cause to be transmitted by first class mail to those parties entitled to vote on the Plan (the “Voting Parties”)<sup>3</sup> a solicitation package containing: (i) written notice (the “Confirmation Hearing Notice”), substantially in the form annexed to the Proposed Order as Exhibit 1, of (a) the Court’s approval of the Disclosure Statement, (b) the deadline for voting on the Plan, (c) the date of the Confirmation Hearing, and (d) the deadline and procedures for filing objections to the confirmation of the Plan; (ii) the Plan (either by paper copy or in “pdf” format on a CD-Rom, at the Plan Debtors’ discretion); (iii) the Disclosure Statement (either by paper copy or in “pdf” format on a CD-Rom, at the Plan Debtors’ discretion); (iv) the appropriate Ballot (proposed forms of which are annexed to the Proposed Order as Exhibits 3-a through 3-d) and ballot return envelope; (v) a letter from the Committee urging creditors to vote in favor of the Plan if the Committee agrees to provide such a letter; and (vi) such other information as the Court may direct or approve (collectively, the “Solicitation Package”). The Plan Debtors submit that such materials and manner of service satisfy the requirements of Bankruptcy Rule 3017(d).

18. Pursuant to section 1126(f) of the Bankruptcy Code, unimpaired creditors are “conclusively presumed to have accepted the plan, and solicitation of acceptances with respect to such class . . . is not required.” 11 U.S.C. § 1126(f). Accordingly, the Plan Debtors propose

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<sup>3</sup> The Voting Parties consist of Classes 3A, 3B, 3C and 4.

that they need not be required to transmit a Solicitation Package to Holders of Administrative Claims, Professional Fee Claims or Priority Tax Claims, which are Unclassified Claims, or to the Holders of Priority Non-Tax Claims in Class 1 or Secured Claims in Class 2 (collectively, the “Unimpaired Creditors”) because the Unimpaired Creditors are unimpaired and are deemed to have accepted the Plan. In addition, the Plan Debtors propose that they not be required to transmit Solicitation Packages to Holders of Intercompany Claims in Class 5 or Holders of Interests in Class 6 (collectively, the “Deemed Rejecting Classes”) because the Deemed Rejecting Classes are not entitled to vote on the Plan, will not receive any distribution or retain property under the Plan and are deemed to have rejected the Plan. The Plan Debtors propose to mail or cause to be mailed to each of the Unimpaired Creditors and the Holders of claims in the Deemed Rejecting Classes (collectively, the “Non-Voting Parties”) at its address to which notices are required to be sent pursuant to Bankruptcy Rule 2002(g), a notice substantially in the form annexed to the Proposed Order as Exhibit 2 (the “Non-Voting Notice”), which will set forth: (i) the non-voting classes; (ii) a summary of the treatment of Claims and Interests under the Plan; (iii) the date and time of the Confirmation Hearing; and (iv) the deadline and procedures for filing objections to the Plan. The Non-Voting Notice will indicate that Non-Voting Parties may obtain a copy of the Plan and Disclosure Statement free of charge on Kurtzman Carson Consultants, LLC’s webpage related to the Plan Debtors’ chapter 11 cases.<sup>4</sup>

19. Pursuant to Article VII of the Plan, on the Effective Date, the Plan Debtors will assume or assume and assign certain Executory Contracts (the “Assumed Executory

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<sup>4</sup> Any party in interest may receive a hard copy of the Plan and Disclosure Statement upon written request to the Solicitation Agent (as defined below).



Contracts”). In addition, pursuant to Article VII of the Plan, on the Effective Date, except for an Executory Contract that was previously assumed, assumed and assigned or rejected by an order of the Court, or that is assumed or assumed and assigned pursuant to the Plan, each Executory Contract entered into by the Plan Debtors prior to the Petition Date that has not previously expired or terminated pursuant to its own terms prior to the Effective Date will be rejected (the “Rejected Executory Contracts”), except (i) any Executory Contract that is the subject of a separate motion to assume, assume and assign or reject filed pursuant to section 365 of the Bankruptcy Code by the Plan Debtors before the entry of the Confirmation Order, provided, however, that upon denial or withdrawal of any such motion, such Executory Contract shall automatically be deemed rejected as of the Effective Date; and (ii) any agreement, obligation, security interest, transaction or similar undertaking that the Plan Debtors believe is not an Executory Contract that is later determined by the Court to be an Executory Contract that is subject to assumption or rejection under section 365 of the Bankruptcy Code, which agreements shall be subject to assumption, assumption and assignment or rejection within thirty (30) days of any such determination. Accordingly, the Plan Debtors will mail or cause to be mailed to each of the known counterparties to the Assumed Executory Contracts and the Rejected Executory Contracts a Confirmation Hearing Notice as well as the Disclosure Statement and the Plan (either by paper copy or in “pdf” format on a CD-Rom, at the Plan Debtors’ discretion).

(ii) The Form and Manner of Confirmation Hearing Notice

20. As indicated above, upon approval of the Disclosure Statement, the Plan Debtors will serve on the appropriate parties either a Confirmation Hearing Notice or a Non-Voting Notice.

21. In addition, the Plan Debtors request that the Court schedule the Confirmation Hearing for March 29, 2011, at 11:00 a.m. (prevailing Eastern Time), or the earliest subsequent date and time at which the Court is available.

(iii) Record Date and Procedures for Distribution of Solicitation Package

22. The Plan Debtors propose that the Court establish February 15, 2011, as the record date (the "Record Date") for the purposes of determining creditors entitled to receive a Solicitation Package and who may be entitled to vote on the Plan, subject to the disallowance of such creditors' claims for voting purposes as set forth below and for the purpose of determining the Holders of Claims and Interests entitled to receive the Non-Voting Notice.

23. As authorized in connection with the Court's approval of its retention as the court-appointed noticing and balloting agent in the Debtors' chapter 11 cases, Kurtzman Carson Consultants, LLC ("KCC") shall be permitted to inspect, monitor and supervise the solicitation process, to tabulate the Ballots and to certify to the Court the results of the balloting (in such capacity KCC shall be referred to as the "Solicitation Agent," the "Tabulation Agent" or the "Balloting Agent").

24. On January 7, 2011, the Plan Debtors caused notices of the hearing to consider approval of the Disclosure Statement (the "Disclosure Statement Hearing") to be mailed to all Holders of Claims, Holders of Interests as of on or about the Petition Date and parties in

interest. The Plan Debtors expect that a number of such notices will be returned by the United States Postal Service as undeliverable.<sup>5</sup> The Plan Debtors believe that it is costly and wasteful to mail Solicitation Packages or the Non-Voting Notices to the same addresses from which such notices are returned as undeliverable. Therefore, the Plan Debtors seek the Court's approval to dispense with the mailing of Solicitation Packages or the Non-Voting Notices to the entities listed at such addresses unless the Plan Debtors are provided with an accurate address prior to the Disclosure Statement Hearing. The Plan Debtors further propose that they may, but shall not be required to, attempt to locate the correct address and prior to the Voting Deadline (as defined below) resend the Solicitation Packages or the Non-Voting Notice that are returned as undeliverable.

(iv) Ballot Forms

25. Bankruptcy Rule 3017(d) provides that Ballots for accepting or rejecting the Plan should conform substantially to Official Form No. 14. The Plan Debtors propose to use Ballots substantially in the form annexed to the Proposed Order as Exhibits 3-a through 3-d. The proposed forms are based upon Official Form No. 14, but have been modified to meet the particular requirements of the Plan Debtors' chapter 11 cases and the Plan. The appropriate form of Ballot will be distributed to all of the Voting Parties.

26. All Ballots will be accompanied by postage prepaid return envelopes addressed to the ballot tabulation center (the "Ballot Tabulation Center") at Canal Corporation (f/k/a

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<sup>5</sup> Upon return of an undeliverable notice, the Plan Debtors, through KCC, will perform a review of the notice address with the address set forth on the proof(s) of claim filed with the Court to confirm that the notice address conforms to the creditor's address set forth in the proof(s) of claim. To the extent any errors occur, such creditor will be mailed a Solicitation Package or Non-Voting Notice as applicable.

Chesapeake Corporation) Ballots, c/o Kurtzman Carson Consultants, 2335 Alaska Ave., El Segundo, CA 90245.

(iv) Ballot Deadline

27. Pursuant to Bankruptcy Rule 3017(c), at the time of or before the approval of the Disclosure Statement, “the court shall fix a time within which the holders of claims and interests may accept or reject the plan.” Fed. R. Bankr. P. 3017(c). The Plan Debtors respectfully request that the Court establish March 21, 2011 at 5:00 p.m. (prevailing Pacific Time) as the voting deadline (the “Voting Deadline”), which will serve as the deadline by which all Ballots must be received at the Ballot Tabulation Center, unless extended by the Plan Debtors. Ballots must be returned to the Ballot Tabulation Center in the provided return envelope by first class mail, postage prepaid, by overnight courier, or by hand delivery, unless otherwise approved in advance by the Plan Debtors in writing.

(v) Procedures for Tabulating Ballots

28. For purposes of voting on the Plan, with respect to all creditors, the Plan Debtors propose that the amount of a Claim used to tabulate acceptance or rejection of the Plan should be, as applicable:

- (a) The amount of the Claim listed in a Plan Debtor’s schedule of liabilities, provided that (i) such Claim is not scheduled as contingent, unliquidated, undetermined or disputed, and (ii) no proof of claim has been timely filed (or otherwise deemed timely filed by the Court under applicable law).
- (b) The noncontingent and liquidated amount specified in a proof of claim timely filed with the Court or KCC (or otherwise deemed timely filed by the Court under applicable law) to the extent the proof of claim is not the subject of an objection, or an objection by the Plan Debtors to a Claim amount solely for voting purposes, filed no later than February 15, 2011 (the “Vote Objection Deadline”) (or, if such Claim has been resolved

pursuant to a stipulation or order entered by the Court, or otherwise resolved by the Court, the amount set forth in such stipulation or order).

- (c) The amount temporarily allowed by the Court for voting purposes, pursuant to Bankruptcy Rule 3018(a), provided that a motion is brought, notice is provided and a hearing is held at or prior to the Confirmation Hearing, in accordance with the Bankruptcy Code, the Bankruptcy Rules and the Local Rules.
- (d) Except as otherwise provided in subsection (c) hereof, with respect to Ballots cast by alleged creditors whose Claims (i) are not listed on a Plan Debtor's schedule of liabilities, or (ii) are listed as disputed, contingent and/or unliquidated on a Plan Debtor's schedule of liabilities, but who have timely filed proofs of claim in wholly unliquidated or unknown amounts that are not the subject of an objection filed before the Vote Objection Deadline, such Ballots shall be counted as votes in determining whether the numerosity requirement of section 1126(c) of the Bankruptcy Code has been met, and shall be counted as having a value of \$1.00 for determining whether the aggregate Claim amount requirement has been met.

29. If a creditor casts a Ballot and has timely filed a proof of claim (or has otherwise had a proof of claim deemed timely filed by the Court under applicable law), but the creditor's Claim is the subject of an objection (either generally to the applicable Claim, or solely for purposes of determining the amount of the applicable Claim for voting purposes) filed no later than the Vote Objection Deadline, the Plan Debtors request, in accordance with Bankruptcy Rule 3018, that the creditor's Ballot not be counted, unless such Claim is temporarily allowed by the Court for voting purposes, pursuant to Bankruptcy Rule 3018(a), after a Claims Estimation Motion (as defined below) is brought by such creditor, notice is provided and a hearing is held at or prior to the Confirmation Hearing.<sup>6</sup> Notwithstanding the foregoing, if an objection to a Claim

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<sup>6</sup> This proposed procedure is consistent with section 1126 of the Bankruptcy Code, which provides that a plan may be accepted or rejected by the holder of a claim allowed under section 502 of the Bankruptcy Code. In turn, section 502(a) of the Bankruptcy Code

requests that such Claim be reclassified and/or allowed in a fixed, reduced amount, such claimant's Ballot shall be counted in such reduced amount and/or as the reclassified category.

30. The Plan Debtors additionally request that creditors seeking to have a Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a) be required to file a motion (the "Claims Estimation Motion") for such relief no later than March 8, 2011, and that the Court schedule a hearing on such motion for a date on or prior to the Confirmation Hearing.

31. The Plan Debtors further request that the following voting procedures and standard assumptions be used in tabulating the Ballots:

- (a) For purposes of the numerosity requirement of section 1126(c) of the Bankruptcy Code, separate Claims held by a single creditor in a particular Class will be aggregated as if such creditor held one Claim against the Plan Debtors in such Class, and the votes related to such Claims will be treated as a single vote to accept or reject the Plan.
- (b) Creditors must vote all of their Claims within a particular Class either to accept or reject the Plan and may not split their vote. Accordingly, a Ballot (or multiple Ballots with respect to multiple Claims within a single Class) that partially rejects and partially accepts the Plan will not be counted.
- (c) Ballots that fail to indicate an acceptance or rejection of the Plan or that indicate both acceptance and rejection of the Plan, but which are otherwise properly executed and received prior to the Voting Deadline, will not be counted.
- (d) Only Ballots that are timely received with original signatures will be counted. Unsigned Ballots will not be counted.
- (e) Ballots postmarked prior to the Voting Deadline, but received after the Voting Deadline, will not be counted.

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provides that a filed proof of claim is deemed allowed "unless a party in interest . . . objects." 11 U.S.C. § 502(a).

- (f) Ballots that are illegible, or contain insufficient information to permit the identification of the creditor, will not be counted.
- (g) Whenever a creditor casts more than one Ballot voting the same Claim prior to the Voting Deadline, the last Ballot received prior to the Voting Deadline shall be deemed to reflect the voter's intent and supersede any prior Ballots.
- (h) If a creditor simultaneously casts inconsistent duplicate Ballots, with respect to the same Claim, such Ballots shall not be counted.
- (i) Each creditor shall be deemed to have voted the full amount of its Claim. Unless otherwise ordered by the Court, questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots shall be determined by the Balloting Agent and the Plan Debtors, which determination shall be final and binding.

32. The Plan Debtors, subject to contrary order of the Bankruptcy Court, may waive any defects or irregularities as to any particular Ballot at any time, either before or after the Voting Deadline; provided, however, that any such waivers shall be documented in the certification of voting results filed with this Court.

**C. Objection Procedures and Deadlines**

(i) Objections to the Plan

33. Bankruptcy Rule 3020(b) provides that objections to confirmation of a proposed chapter 11 plan must be “filed and served on the debtor, the trustee, any committee appointed under the [Bankruptcy] Code and any other entity designated by the court, within a time fixed by the court.” Bankruptcy Rule 3020(b). To comply with the twenty-eight (28) day notice requirement of Bankruptcy Rule 2002(b) and the solicitation schedule described above, and to permit the Plan Debtors adequate time to respond to objections prior to the Confirmation Hearing, the Plan Debtors propose that March 21, 2011, at 4:00 p.m. (prevailing Eastern Time) (the “Confirmation Objection Deadline”) be fixed by the Court as the last date for filing and

serving written objections, comments or responses to confirmation of the Plan (including any supporting memoranda). The Plan Debtors further propose that the Court only consider timely filed written objections and that all objections not timely filed and served in accordance with the provisions of this Motion be deemed waived. Any Objections filed should provide proposed language to remedy such objections. Objections to confirmation of the Plan shall be served on the following parties (collectively, the “Notice Parties”):

The Plan Debtors: Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, Attn: Jason W. Harbour, Esq.

The Creditors Committee: (i) Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601, Attn: Nancy A. Peterman, Esq., and (ii) Greenberg Traurig, LLP, 200 Park Avenue, New York, New York 10166, Attn: Alan J. Brody, Esq.

The Office of the United States Trustee: 701 E. Broad St., Suite 4304, Richmond, Virginia 23219-1888, Attn: Robert B. Van Arsdale, Esq.

(ii) Objections to Proposed Cure Amounts

34. Section 365(b) of the Bankruptcy Code requires the Plan Debtors to cure or provide adequate assurance that the Plan Debtors will promptly cure existing defaults under the Assumed Executory Contracts. Establishing the amounts to be paid in satisfaction of all such cure obligations is an important element of Plan confirmation. To aid in the implementation of the Plan, the Plan Debtors seek to establish a procedure for determining cure amounts (“Cure Amounts”) and a deadline for objections relating to the Assumed Executory Contracts. To facilitate a prompt resolution of cure disputes and objections relating to the assumption or



assumption and assignment of the Assumed Executory Contracts, the Plan Debtors propose the following deadlines and procedures:<sup>7</sup>

- (a) the Debtors will cause the *Notice of (I) Possible Assumption of Contracts and Leases, (II) Fixing of Cure Amounts, and (III) Deadline to Object Thereto* (the “Cure Notice”), in a form substantially similar to the form attached to the Proposed Order as Exhibit 4, to be served on the non-debtor parties to the Assumed Executory Contracts by February 21, 2011. Among other things, the Cure Notice shall set forth the amount that the Plan Debtors believe must be paid in order to cure all monetary defaults under each of the Assumed Executory Contracts;
- (b) the non-debtor parties to the Assumed Executory Contracts shall have until March 14, 2011 at 4:00 p.m. (prevailing Eastern Time) (the “Cure Objection Deadline”), which deadline may be extended in the sole discretion of the Plan Debtors, to object (a “Cure Objection”) to the (a) Cure Amounts listed by the Plan Debtors and to propose alternative cure amounts, and/or (b) proposed assumption or assumption and assignment of the Assumed Executory Contracts under the Plan; provided, however, that if the Plan Debtors amend the Cure Notice or any related pleading that lists the Assumed Executory Contracts to add a contract or lease or to reduce the Cure Amount thereof, except where such reduction was based upon the mutual agreement of the parties, the non-debtor party thereto shall have at least ten (10) calendar days after service of such amendment to object thereto or to propose alternative Cure Amounts;
- (c) any party objecting to the Cure Amounts, whether or not such party previously filed a proof of claim with respect to amounts due under the applicable Assumed Executory Contract, or objecting to the potential assumption or assumption and assignment of such Assumed Executory Contract, shall be required to file and serve a Cure Objection, in writing, setting forth with specificity any and all cure obligations that the objecting party asserts must be cured or satisfied in respect of the Assumed Executory Contract and/or any and all objections to the potential assumption or assumption and assignment of such Assumed Executory Contract, together with all documentation supporting such cure claim or objection, upon each of the Notice Parties so that the Cure Objection is actually received by them no later than the Cure Objection Deadline. If a

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<sup>7</sup> Receipt of a Cure Notice does not constitute a determination by the Plan Debtors to assume any Executory Contract; the Plan Debtors may still decide not to assume any Executory Contract through the Plan or otherwise.

Cure Objection is timely filed and the parties are unable to settle such Cure Objection, the Court shall determine the amount of any disputed Cure Amounts or objection to assumption or assumption and assignment at a hearing to be held at the time of the Confirmation Hearing or such other hearing date to which the parties may mutually agree. The Plan Debtors may, in their sole discretion, extend the Cure Objection Deadline without further notice, but are not obligated to do so; and

- (d) in the event that no Cure Objection is timely filed with respect to an Assumed Executory Contract, the counterparty to such Assumed Executory Contract shall be deemed to have consented to the assumption or assumption and assignment of the Assumed Executory Contract and the Cure Amount proposed by the Plan Debtors and shall be forever enjoined and barred from seeking any additional amount(s) on account of the Plan Debtors' cure obligations under section 365 of the Bankruptcy Code or otherwise from the Plan Debtors or their Estates. In addition, if no timely Cure Objection is filed with respect to an Assumed Executory Contract, upon the Effective Date of the Plan, the Plan Debtors or the assignee of such Assumed Executory Contract, and the counterparty to such Assumed Executory Contract shall enjoy all of the rights and benefits under the Assumed Executory Contract without the necessity of obtaining any party's written consent to the Plan Debtors' assumption or assumption and assignment of the Assumed Executory Contract, and such counterparty shall be deemed to have waived any right to object, consent, condition or otherwise restrict the Plan Debtors' assumption or assumption and assignment of the Assumed Executory Contract.

The inclusion of an Assumed Executory Contract in the Cure Notice is without prejudice to the Plan Debtors' right to modify their election to assume, assume and assign or reject such Assumed Executory Contract prior to the entry of a final, non-appealable order (which order may be the order confirming the Plan) deeming any such Assumed Executory Contract assumed, assumed and assigned or rejected, and inclusion in the Cure Notice is not a final determination that any Assumed Executory Contract will, in fact, be assumed. In addition, the inclusion of an Assumed Executory Contract in the Cure Notice does not constitute an admission by the Plan Debtors that the contract or lease is an executory contract or that the Plan Debtors have any liability thereunder.

35. The Plan Debtors submit that the foregoing procedures will facilitate the resolution of any issues concerning Cure Amounts and/or objections regarding whether an Assumed Executory Contract satisfies the requirements for assumption or assumption and assignment, while adequately protecting the rights of the counterparties to the Assumed Executory Contracts, and therefore request approval of such procedures.

**V. Request for Waiver of Local Rule 9013-1(G)**

36. The Plan Debtors respectfully request that this Court treat this Motion as a written memorandum of points and authorities or waive any requirement that this Motion be accompanied by a written memorandum of points and authorities as described in Local Rule 9013-1(G).

**VI. Notice**

37. Notice of this Motion has been provided to: (a) the Core Group (as defined in the Case Management Procedures); (b) the 2002 List (as defined in the Case Management Procedures); and (c) Holders of Claims, Holders of Interests as of on or about the Petition Date and other parties in interest. The Plan Debtors submit that no other or further notice need be provided.

WHEREFORE, the Plan Debtors respectfully request that the Court (a) enter the Proposed Order substantially in the form annexed hereto as Exhibit A, granting the relief requested herein, and (b) grant to the Plan Debtors such other and further relief as the Court may deem proper.

Dated: Richmond, Virginia  
January 7, 2011

HUNTON & WILLIAMS LLP

/s/ Jason W. Harbour  
Benjamin C. Ackerly (VSB No. 09120)  
Jason W. Harbour (VSB No. 68220)  
Shannon E. Daily (VSB No. 79334)  
Riverfront Plaza, East Tower  
951 East Byrd Street  
Richmond, Virginia 23219-4074  
Telephone: (804) 788-8200  
Telecopier: (804) 788-8218

*and*

Peter S. Partee (VSB No. 34140)  
200 Park Avenue, 53<sup>rd</sup> Floor  
New York, New York 10166-0136  
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Telecopier: (212) 309-1100

*Attorneys for Debtors and  
Debtors-in-Possession*

**EXHIBIT A**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re: ) Case No. 08-36642-DOT  
)  
CANAL CORPORATION, *et al.*, ) Chapter 11  
)  
Debtors.<sup>1</sup> ) (Jointly Administered)  
)  
)

**ORDER (I) APPROVING THE DISCLOSURE STATEMENT; (II) ESTABLISHING PROCEDURES FOR SOLICITATION AND TABULATION OF VOTES TO ACCEPT OR REJECT THE PLAN, INCLUDING (A) APPROVING FORM AND MANNER OF SOLICITATION PROCEDURES, (B) APPROVING FORM AND NOTICE OF THE CONFIRMATION HEARING, (C) ESTABLISHING RECORD DATE AND APPROVING PROCEDURES FOR DISTRIBUTION OF SOLICITATION PACKAGES, (D) APPROVING FORMS OF BALLOTS, (E) ESTABLISHING DEADLINE FOR RECEIPT OF BALLOTS AND (F) APPROVING PROCEDURES FOR VOTE TABULATIONS; (III) ESTABLISHING DEADLINE AND PROCEDURES FOR FILING OBJECTIONS (A) TO CONFIRMATION OF THE PLAN, AND (B) TO PROPOSED CURE AMOUNTS; AND (IV) GRANTING RELATED RELIEF**

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<sup>1</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Canal Corporation (f/k/a/ Chesapeake Corporation) (6880), Canal NC Company (f/k/a Chesapeake Printing and Packaging Company) (9208), Canal NY Company, Inc. (f/k/a Chesapeake Pharmaceutical Packaging Company, Inc.) (0010), Canal IH Company (f/k/a Chesapeake International Holding Company) (1532), WTM I Company (1080), Sheffield, Inc. (6314), Canal Resources Company (f/k/a Chesapeake Assets Company) (5293), Canal YR Company (f/k/a Chesapeake Recycling Company) (9383), Canal D&P Company (f/k/a Chesapeake Display and Packaging Company) (4207), Canal Virginia Company (f/k/a The Chesapeake Corporation of Virginia) (6783), Canal Corporation (Wisconsin) (f/k/a Chesapeake Corporation (Wisconsin)) (7682), Canal Corporation (Massachusetts) (f/k/a Chesapeake Corporation (Massachusetts)) (7686), Canal Corporation (D.C.) (f/k/a Chesapeake Corporation (D.C.)) (7684), Canal Corporation (Illinois) (f/k/a Chesapeake Corporation (Illinois)) (7685), Canal Corporation (Louisiana) (f/k/a Chesapeake Corporation (Louisiana)) (7681), Canal FP Company, LLC (f/k/a Chesapeake Forest Products Company, LLC) (6880), Canal DE Company (f/k/a Cary St. Company) (9092), Canal DP Company (f/k/a Delmarva Properties, Inc.) (7160), and Canal SH Company (f/k/a Stonehouse Inc.) (2481).

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New York, New York 10166-0136  
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Telecopier: (212) 309-1100

Upon the motion (the “Motion”)<sup>2</sup> of the Plan Debtors for entry of an order pursuant to sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 2002, 3016, 3017 and 3020 and Local Rule 3016-1, (i) approving the Disclosure Statement as containing “adequate information” as that term is defined in section 1125(a)(1) of the Bankruptcy Code; (ii) establishing procedures for solicitation and tabulation of votes to accept or reject the Plan including (a) approving the form and manner of the solicitation packages, (b) approving the form and manner of notice of the confirmation hearing, (c) establishing a record date and approving procedures for distributing solicitation packages, (d) approving the forms of ballots, (e) establishing the deadline for the receipt of ballots and (f) approving procedures for tabulating acceptances and rejections of the Plan; (iii) establishing the deadline and procedures for filing objections (a) to confirmation of the Plan and (b) to proposed Cure Amounts; and (iv) granting related relief, the Court finds that: (a) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334(b); (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (c) the relief requested in the Motion is in the best interests of the Debtors’ estates and creditors; (d) proper and adequate notice of the Motion and the hearing thereon has been given and no other or further notice is necessary; and (e) upon the record herein after due deliberation thereon, good and sufficient cause exists for the granting of the relief as set forth herein. Therefore,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED.

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<sup>2</sup> Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the Motion.

2. The Disclosure Statement is approved as containing adequate information within the meaning of section 1125 of the Bankruptcy Code, and any objections to the adequacy of the information contained in the Disclosure Statement not otherwise consensually resolved are overruled.

3. The Plan Debtors shall mail or caused to be mailed to the Voting Parties no later than February 21, 2011, a solicitation package containing: (i) written notice (the “Confirmation Hearing Notice”), substantially in the form annexed hereto as Exhibit 1, of (a) the Court’s approval of the Disclosure Statement, (b) the deadline for voting on the Plan, (c) the date of the Confirmation Hearing, and (d) the deadline and procedures for filing objections to confirmation of the Plan, which Confirmation Hearing Notice is approved; (ii) the Plan (either by paper copy or in “pdf” format on a CD-Rom, at the Plan Debtors’ discretion); (iii) the Disclosure Statement, substantially in the form approved by the Court (either by paper copy or in “pdf” format on a CD-Rom, at the Debtors’ discretion); (iv) the appropriate Ballot (substantially in the form annexed hereto as Exhibits 3-a through 3-d) and ballot return envelope; (v) a letter from the Committee urging unsecured creditors to vote in favor of the Plan if the Committee agrees to provide such a letter; and (vi) such other information as the Court may direct or approve (collectively, the “Solicitation Package”). The Solicitation Package and the manner of service of the Solicitation Package satisfies the requirements of Bankruptcy Rule 3017(d).

4. The Plan Debtors shall mail or cause to be mailed to each of the known counterparties to the Assumed Executory Contracts and the Rejected Executory Contracts a Confirmation Hearing Notice as well as copies of the Disclosure Statement and the Plan (either by paper copy or in “pdf” format on a CD-Rom, at the Plan Debtors’ discretion).



5. The Plan Debtors are not required to transmit a Solicitation Package to the Non-Voting Parties. By February 21, 2011, the Plan Debtors shall mail or cause to be mailed to each Non-Voting Party the Non-Voting Creditor Notice substantially in the form attached hereto as Exhibit 2.

6. February 15, 2011, is established as the record date (the “Record Date”) for the purposes of determining the Holders of Claims and Interests entitled to receive the Solicitation Package and to vote on the Plan, and for the purpose of determining the Holders of Claims and Interests entitled to receive the Non-Voting Creditor Notice.

7. Kurtzman Carson Consultants, LLC (“KCC”) shall tabulate the Ballots and certify to the Court the results of the balloting (in such capacity KCC shall be referred to as the “Solicitation Agent,” the “Tabulation Agent” or the “Balloting Agent”).

8. The Plan Debtors are permitted to dispense with the mailing of Solicitation Packages or Non-Voting Creditor Notices to addresses and entities to which the notice of the Disclosure Statement Hearing was returned by the United States Postal Service as undeliverable, unless the Plan Debtors are provided with an accurate address.

9. The Ballots, substantially in the form annexed hereto as Exhibits 3-a through 3-d, are hereby approved.

10. All Ballots must be properly executed, completed and delivered to the Balloting Agent at Canal Corporation (f/k/a Chesapeake Corporation) Ballots, c/o Kurtzman Carson Consultants, 2335 Alaska Ave., El Segundo, CA 90245, so that the Ballots are actually received on or before **March 21, 2011, at 5:00 p.m. (prevailing Pacific Time)** (the “Voting Deadline”),

unless extended by the Plan Debtors. Ballots cast by facsimile, email or other electronic transmission will not be counted unless approved in advance by the Plan Debtors in writing.

11. For purposes of voting on the Plan, the amount of a Claim held by a creditor shall be determined pursuant to the following guidelines:

- (a) The amount of the Claim listed in a Plan Debtor's schedule of liabilities, provided that (i) such Claim is not scheduled as contingent, unliquidated, undetermined or disputed, and (ii) no proof of claim has been timely filed (or otherwise deemed timely filed by the Court under applicable law).
- (b) The noncontingent and liquidated amount specified in a proof of claim timely filed with the Court or KCC (or otherwise deemed timely filed by the Court under applicable law) to the extent the proof of claim is not the subject of an objection, or an objection by the Plan Debtors to a Claim amount solely for voting purposes, filed no later than February 15, 2011 (the "Vote Objection Deadline") (or, if such Claim has been resolved pursuant to a stipulation or order entered by the Court, or otherwise resolved by the Court, the amount set forth in such stipulation or order).
- (c) The amount temporarily allowed by the Court for voting purposes, pursuant to Bankruptcy Rule 3018(a), provided that a motion is brought, notice is provided and a hearing is held at or prior to the Confirmation Hearing, in accordance with the Bankruptcy Code, the Bankruptcy Rules and the Local Rules.
- (d) Except as otherwise provided in subsection (c) hereof, with respect to Ballots cast by alleged creditors whose Claims (i) are not listed on a Plan Debtor's schedule of liabilities, or (ii) are listed as disputed, contingent and/or unliquidated on a Plan Debtor's schedule of liabilities, but who have timely filed proofs of claim in wholly unliquidated or unknown amounts that are not the subject of an objection filed before the Vote Objection Deadline, such Ballots shall be counted as votes in determining whether the numerosity requirement of section 1126(c) of the Bankruptcy Code has been met, and shall be counted as having a value of \$1.00 for determining whether the aggregate Claim amount requirement has been met.

12. If a creditor casts a Ballot and has timely filed a proof of claim (or has otherwise had a proof of claim deemed timely filed by the Court under applicable law), but the creditor's

Claim is the subject of an objection (either generally to the applicable Claim, or solely for purposes of determining the amount of the applicable Claim for voting purposes) filed no later than the Vote Objection Deadline, then the creditor's Ballot shall not be counted, unless such Claim is temporarily allowed by the Court for voting purposes, pursuant to Bankruptcy Rule 3018(a), after a Claims Estimation Motion is brought by such creditor, notice is provided and a hearing is held at or prior to the Confirmation Hearing. Notwithstanding the foregoing, if an objection to a Claim requests that such Claim be reclassified and/or allowed in a fixed, reduced amount, such claimant's Ballot shall be counted in such reduced amount and/or as the reclassified category.

13. Creditors seeking to have a Claim temporarily allowed for purposes of voting to accept or reject the Plan pursuant to Bankruptcy Rule 3018(a) must file and serve notice of a hearing on, and a Claims Estimation Motion, no later than **March 8, 2011**. The Court will schedule a hearing on such Claims Estimation Motion to be heard at or prior to the Confirmation Hearing. If a Claims Estimation Motion is timely filed, the Plan Debtors shall be required to send a provisional Ballot to such claimant (unless such claimant has already been provided with a ballot).

14. The following voting procedures and standard assumptions shall be used in tabulating the Ballots:

- (a) For purposes of the numerosity requirement of section 1126(c) of the Bankruptcy Code, separate Claims held by a single creditor in a particular Class will be aggregated as if such creditor held one Claim against the Plan Debtors in such Class, and the votes related to such Claims will be treated as a single vote to accept or reject the Plan.
- (b) Creditors must vote all of their Claims within a particular Class either to accept or reject the Plan and may not split their vote. Accordingly, a

Ballot (or multiple Ballots with respect to multiple Claims within a single Class) that partially rejects and partially accepts the Plan will not be counted.

- (c) Ballots that fail to indicate an acceptance or rejection of the Plan or that indicate both acceptance and rejection of the Plan, but which are otherwise properly executed and received prior to the Voting Deadline, will not be counted.
- (d) Only Ballots that are timely received with original signatures will be counted. Unsigned Ballots will not be counted.
- (e) Ballots postmarked prior to the Voting Deadline, but received after the Voting Deadline, will not be counted.
- (f) Ballots that are illegible, or contain insufficient information to permit the identification of the creditor, will not be counted.
- (g) Whenever a creditor casts more than one Ballot voting the same Claim prior to the Voting Deadline, the last Ballot received prior to the Voting Deadline shall be deemed to reflect the voter's intent and supersede any prior Ballots.
- (h) If a creditor simultaneously casts inconsistent duplicate Ballots, with respect to the same Claim, such Ballots shall not be counted.
- (i) Each creditor shall be deemed to have voted the full amount of its Claim. Unless otherwise ordered by the Court, questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots shall be determined by the Balloting Agent and the Plan Debtors, which determination shall be final and binding.

15. Any objection, comment or response to confirmation of the Plan (including any supporting memoranda) must be in writing, served on the parties identified below, and filed with the Court, together with proof of service, such that the foregoing are received by such parties and the Court on or before **March 21, 2011, at 4:00 p.m. (prevailing Eastern Time)**. The Court shall consider only timely filed written objections. All objections not timely filed and served in accordance with the provisions of this Motion are hereby deemed waived.

Objections to confirmation of the Plan should provide proposed language to remedy such objections and shall be served on the following parties (collectively, the “Notice Parties”):

The Plan Debtors: Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, Attn: Jason W. Harbour, Esq.

The Creditors Committee: (i) Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601, Attn: Nancy A. Peterman, Esq., and (ii) Greenberg Traurig, LLP, 200 Park Avenue, New York, New York 10166, Attn: Alan J. Brody, Esq.

The Office of the United States Trustee: 701 E. Broad St., Suite 4304, Richmond, Virginia 23219-1888, Attn: Robert B. Van Arsdale, Esq.

16. Any party supporting the Plan shall be afforded an opportunity to file a response to any objection to confirmation of the Plan, prior to the Confirmation Hearing.

17. A hearing shall be held before this Court on **March 29, 2011, at 11:00 a.m.** (**prevailing Eastern Time**), at the United States Bankruptcy Court for the Eastern District of Virginia, 701 East Broad Street, Room 5100, Richmond, Virginia 23219, or as soon thereafter as counsel may be heard, to consider confirmation of the Plan (the “Confirmation Hearing”).

18. The Confirmation Hearing may be adjourned from time to time without further notice to creditors and other parties-in-interest other than an announcement of the adjourned date at the Confirmation Hearing.

19. The following procedures are approved for establishing the Cure Amounts for the Assumed Executory Contracts:

- (a) the Debtors will cause the *Notice of (I) Possible Assumption of Contracts and Leases, (II) Fixing of Cure Amounts, and (III) Deadline to Object Thereto* (the “Cure Notice”), in a form substantially similar to the form attached to this Order as Exhibit 4, to be served on the non-debtor parties to the Assumed Executory Contracts by February 21, 2011. Among other things, the Cure Notice shall set forth the amount that the Plan Debtors believe must be paid in order to cure all monetary defaults under each of the Assumed Executory Contracts;

- (b) the non-debtor parties to the Assumed Executory Contracts shall have until **March 14, 2011 at 4:00 p.m. (prevailing Eastern Time)** (the “Cure Objection Deadline”), which deadline may be extended in the sole discretion of the Plan Debtors, to object (a “Cure Objection”) to the (a) Cure Amounts listed by the Plan Debtors and to propose alternative cure amounts, and/or (b) proposed assumption or assumption and assignment of the Assumed Executory Contracts under the Plan; provided, however, that if the Plan Debtors amend the Cure Notice or any related pleading that lists the Assumed Executory Contracts to add a contract or lease or to reduce the Cure Amount thereof, except where such reduction was based upon the mutual agreement of the parties, the non-debtor party thereto shall have at least ten (10) calendar days after service of such amendment to object thereto or to propose alternative Cure Amounts;
- (c) any party objecting to the Cure Amounts, whether or not such party previously filed a proof of claim with respect to amounts due under the applicable Assumed Executory Contract, or objecting to the potential assumption or assumption and assignment of such Assumed Executory Contract, shall be required to file and serve a Cure Objection, in writing, setting forth with specificity any and all cure obligations that the objecting party asserts must be cured or satisfied in respect of the Assumed Executory Contract and/or any and all objections to the potential assumption or assumption and assignment of such Assumed Executory Contract, together with all documentation supporting such cure claim or objection, upon each of the Notice Parties so that the Cure Objection is actually received by them no later than the Cure Objection Deadline. If a Cure Objection is timely filed and the parties are unable to settle such Cure Objection, the Court shall determine the amount of any disputed Cure Amounts or objection to assumption or assumption and assignment at a hearing to be held at the time of the Confirmation Hearing or such other hearing date to which the parties may mutually agree. The Plan Debtors may, in their sole discretion, extend the Cure Objection Deadline without further notice, but are not obligated to do so; and
- (d) in the event that no Cure Objection is timely filed with respect to an Assumed Executory Contract, the counterparty to such Assumed Executory Contract shall be deemed to have consented to the assumption or assumption and assignment of the Assumed Executory Contract and the Cure Amount proposed by the Plan Debtors and shall be forever enjoined and barred from seeking any additional amount(s) on account of the Plan Debtors’ cure obligations under section 365 of the Bankruptcy Code or otherwise from the Plan Debtors or their Estates. In addition, if no timely Cure Objection is filed with respect to an Assumed Executory Contract, upon the Effective Date of the Plan, the Plan Debtors or the assignee of

such Assumed Executory Contract, and the counterparty to such Assumed Executory Contract shall enjoy all of the rights and benefits under the Assumed Executory Contract without the necessity of obtaining any party's written consent to the Plan Debtors' assumption or assumption and assignment of the Assumed Executory Contract, and such counterparty shall be deemed to have waived any right to object, consent, condition or otherwise restrict the Plan Debtors' assumption or assumption and assignment of the Assumed Executory Contract.

The inclusion of an Assumed Executory Contract in the Cure Notice is without prejudice to the Plan Debtors' right to modify their election to assume, assume and assign or reject such Assumed Executory Contract prior to the entry of a final, non-appealable order (which order may be the order confirming the Plan) deeming any such Assumed Executory Contract assumed, assumed and assigned or rejected, and inclusion in the Cure Notice is not a final determination that any Assumed Executory Contract will, in fact, be assumed. In addition, the inclusion of an Assumed Executory Contract in the Cure Notice does not constitute an admission by the Plan Debtors that the contract or lease is an executory contract or that the Plan Debtors have any liability thereunder.

20. Prior to mailing the Disclosure Statement, Solicitation Packages, Non-Voting Creditor Notices, or the Cure Notice, the Plan Debtors may fill in any missing dates and other information, correct any typographical errors and make such other non-material, non-substantive changes as they deem appropriate.

21. The Plan Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

22. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: Richmond, Virginia  
\_\_\_\_\_, 2011

\_\_\_\_\_  
United States Bankruptcy Judge

WE ASK FOR THIS:

HUNTON & WILLIAMS LLP

/s/ Jason W. Harbour  
Benjamin C. Ackerly (VSB No. 09120)  
Jason W. Harbour (VSB No. 68220)  
Shannon E. Daily (VSB No. 79334)  
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Telecopier: (212) 309-1100

*Attorneys for Debtors and  
Debtors-in-Possession*

**LOCAL RULE 9022-1 CERTIFICATION**

I, Jason W. Harbour, hereby certify that the foregoing proposed order was served on all necessary parties.

/s/ Jason W. Harbour



**EXHIBIT 1**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re: ) Case No. 08-36642-DOT  
)  
CANAL CORPORATION, *et al.*, ) Chapter 11  
)  
Debtors.<sup>1</sup> ) (Jointly Administered)  
)  
)

**NOTICE OF (I) APPROVAL OF DISCLOSURE STATEMENT, (II) DEADLINE  
FOR VOTING ON THE JOINT PLAN OF LIQUIDATION OF CANAL  
CORPORATION AND CERTAIN OF ITS AFFILIATED DEBTORS, (III) HEARING  
TO CONSIDER CONFIRMATION OF THE PLAN, AND (IV) LAST DATE AND  
PROCEDURES FOR FILING OBJECTIONS TO CONFIRMATION OF THE PLAN**

TO: ALL HOLDERS OF CLAIMS IN CLASSES 3A, 3B, 3C AND 4  
AND CERTAIN OTHER PARTIES

**PLEASE TAKE NOTICE THAT IF THIS NOTICE IS ACCOMPANIED BY A BALLOT, YOUR VOTE IS BEING SOLICITED IN CONNECTION WITH THE JOINT PLAN OF LIQUIDATION OF CANAL CORPORATION AND CERTAIN OF ITS AFFILIATED DEBTORS (THE “PLAN”) FILED BY ALL OF THE ABOVE-CAPTIONED DEBTORS AND DEBTORS-IN-POSSESSION EXCEPT WTM I COMPANY (COLLECTIVELY, THE “PLAN DEBTORS”). YOU SHOULD CAREFULLY REVIEW THE MATERIAL SET FORTH IN THE DISCLOSURE STATEMENT (AND IN THE EXHIBIT ATTACHED THERETO) IN ORDER TO MAKE AN INDEPENDENT DETERMINATION AS TO WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.**

**THE PLAN DEBTORS RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.**

---

<sup>1</sup> The debtors and debtors-in-possession (collectively, the “Debtors”) and the last four digits of their respective taxpayer identification numbers are as follows: Canal Corporation (f/k/a/ Chesapeake Corporation) (6880), Canal NC Company (f/k/a Chesapeake Printing and Packaging Company) (9208), Canal NY Company, Inc. (f/k/a Chesapeake Pharmaceutical Packaging Company, Inc.) (0010), Canal IH Company (f/k/a Chesapeake International Holding Company) (1532), WTM I Company (1080), Sheffield, Inc. (6314), Canal Resources Company (f/k/a Chesapeake Assets Company) (5293), Canal YR Company (f/k/a Chesapeake Recycling Company) (9383), Canal D&P Company (f/k/a Chesapeake Display and Packaging Company) (4207), Canal Virginia Company (f/k/a The Chesapeake Corporation of Virginia) (6783), Canal Corporation (Wisconsin) (f/k/a Chesapeake Corporation (Wisconsin)) (7682), Canal Corporation (Massachusetts) (f/k/a Chesapeake Corporation (Massachusetts)) (7686), Canal Corporation (D.C.) (f/k/a Chesapeake Corporation (D.C.)) (7684), Canal Corporation (Illinois) (f/k/a Chesapeake Corporation (Illinois)) (7685), Canal Corporation (Louisiana) (f/k/a Chesapeake Corporation (Louisiana)) (7681), Canal FP Company, LLC (f/k/a Chesapeake Forest Products Company, LLC) (6880), Canal DE Company (f/k/a Cary St. Company) (9092), Canal DP Company (f/k/a Delmarva Properties, Inc.) (7160), and Canal SH Company (f/k/a Stonehouse Inc.) (2481).

**APPROVAL OF DISCLOSURE STATEMENT**

PLEASE TAKE FURTHER NOTICE that, by Order dated February \_\_, 2011 (the “Disclosure Statement Order”), the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) approved the *Disclosure Statement With Respect to the Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors*, dated January 7, 2011 (as amended, the “Disclosure Statement”), as containing adequate information within the meaning of section 1125 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”).

**DEADLINE FOR VOTING ON THE PLAN**

PLEASE TAKE FURTHER NOTICE that, pursuant to the Disclosure Statement Order, the Court established **March 21, 2011, at 5:00 p.m. prevailing Pacific Time** (the “Voting Deadline”) as the deadline by which Ballots<sup>2</sup> accepting or rejecting the Plan must be actually received. To be counted, your original signed Ballot (a Ballot to be completed by you may be enclosed herewith) must actually be received on or before the Voting Deadline by Kurtzman Carson Consultants, LLC (the “Balloting Agent”) at Canal Corporation (f/k/a Chesapeake Corporation) Ballots, c/o Kurtzman Carson Consultants, 2335 Alaska Ave., El Segundo, CA 90245. Ballots received by facsimile, e-mail or other means of electronic transmission will not be counted.

**CONFIRMATION HEARING**

PLEASE TAKE FURTHER NOTICE that on **March 29, 2011, at 11:00 a.m. prevailing Eastern Time** or as soon thereafter as counsel may be heard, a hearing will be held before Chief Judge Douglas O. Tice, Jr., at the United States Bankruptcy Court for the Eastern District of Virginia, 701 East Broad Street, Room 5100, Richmond, Virginia 23219 to consider confirmation of the Plan, as the same may be further amended or modified, and for such other and further relief as may be just and proper (the “Confirmation Hearing”).

PLEASE TAKE FURTHER NOTICE that the Confirmation Hearing may be adjourned from time to time by the Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Additionally, the Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and other applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

**RELEASE, INJUNCTION AND EXCULPATION PROVISIONS CONTAINED IN PLAN**

**PLEASE TAKE FURTHER NOTICE THAT THE PLAN CONTAINS CERTAIN RELEASE, INJUNCTION AND EXCULPATION PROVISIONS. YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE RELEASE, INJUNCTION AND EXCULPATION PROVISIONS, AS YOUR RIGHTS MAY BE AFFECTED.**

**DEADLINE AND PROCEDURES FOR OBJECTIONS TO CONFIRMATION OF THE PLAN**

PLEASE TAKE FURTHER NOTICE that objections, if any, to confirmation of the Plan, including any supporting memoranda, must be in writing, must be filed with the Clerk of the United States Bankruptcy Court of the Eastern District of Virginia, 701 East Broad Street, Suite 4000, Richmond,

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<sup>2</sup> Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Plan.

Virginia 23219 together with proof of service, and shall state the name and address of the objector, all grounds for the objection and the amount of the Claim(s) or other Interest(s) held by the objector, and shall provide proposed language to remedy such objections. Any such objection must be filed with the Court and served so that it is actually received by the Court, the following parties, and all other parties requesting or entitled to receive notice in these cases, on or before **March 21, 2011, at 4:00 p.m. prevailing Eastern Time:**

The Plan Debtors: Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, Attn: Jason W. Harbour, Esq.

The Creditors Committee: (i) Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601, Attn: Nancy A. Peterman, Esq., and (ii) Greenberg Traurig, LLP, 200 Park Avenue, New York, New York 10166, Attn: Alan J. Brody, Esq.

The Office of the United States Trustee: 701 E. Broad St., Suite 4304, Richmond, Virginia 23219-1888, Attn: Robert B. Van Arsdale, Esq.

Any objection not filed and served as set forth above will be deemed waived and will not be considered by the Court.

**COPIES OF THE PLAN AND THE DISCLOSURE STATEMENT**

PLEASE TAKE FURTHER NOTICE that to the extent not enclosed herewith, copies of the Plan and the Disclosure Statement have been filed with the Bankruptcy Court and may be viewed at no charge at [www.kccllc.net/chesapeake](http://www.kccllc.net/chesapeake) or for a fee via PACER at <http://www.vaeb.uscourts.gov/>, or may be obtained at no charge by writing to Canal Corporation c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245.

Dated: February 18, 2011

HUNTON & WILLIAMS LLP

/s/ Jason W. Harbour  
Benjamin C. Ackerly (VSB No. 09120)  
Jason W. Harbour (VSB No. 68220)  
Shannon E. Daily (VSB No. 79334)  
Riverfront Plaza, East Tower  
951 East Byrd Street  
Richmond, Virginia 23219-4074  
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200 Park Avenue, 53<sup>rd</sup> Floor  
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Telephone: (212) 309-1000  
Telecopier: (212) 309-1100

*Attorneys for the Debtors*

**EXHIBIT 2**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re: ) Case No. 08-36642-DOT  
)  
CANAL CORPORATION, *et al.*, ) Chapter 11  
)  
Debtors.<sup>1</sup> ) (Jointly Administered)  
)  
)

**NOTICE OF (I) APPROVAL OF DISCLOSURE STATEMENT, (II) HEARING TO  
CONSIDER CONFIRMATION OF THE PLAN, AND (III) LAST DATE AND  
PROCEDURES FOR FILING OBJECTIONS TO CONFIRMATION OF THE PLAN**

TO: ALL HOLDERS OF ADMINISTRATIVE CLAIMS, PROFESSIONAL FEE CLAIMS,  
PRIORITY TAX CLAIMS, AND CLAIMS AND INTERESTS IN CLASSES 1, 2, 5 AND 6.

**APPROVAL OF DISCLOSURE STATEMENT**

PLEASE TAKE NOTICE that, by Order dated February \_\_, 2011 (the “Disclosure Statement Order”), the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) approved the *Disclosure Statement With Respect to the Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors*, dated January 7, 2011 (as amended, the “Disclosure Statement”), as containing adequate information within the meaning of section 1125 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”).

**CONFIRMATION HEARING**

PLEASE TAKE FURTHER NOTICE that on **March 29, 2011, at 11:00 a.m. prevailing Eastern Time** or as soon thereafter as counsel may be heard, a hearing will be held before Chief Judge Douglas O. Tice, Jr., at the United States Bankruptcy Court for the Eastern District of Virginia, 701 East

<sup>1</sup> The debtors and debtors-in-possession (collectively, the “Debtors”) and the last four digits of their respective taxpayer identification numbers are as follows: Canal Corporation (f/k/a/ Chesapeake Corporation) (6880), Canal NC Company (f/k/a Chesapeake Printing and Packaging Company) (9208), Canal NY Company, Inc. (f/k/a Chesapeake Pharmaceutical Packaging Company, Inc.) (0010), Canal IH Company (f/k/a Chesapeake International Holding Company) (1532), WTM I Company (1080), Sheffield, Inc. (6314), Canal Resources Company (f/k/a Chesapeake Assets Company) (5293), Canal YR Company (f/k/a Chesapeake Recycling Company) (9383), Canal D&P Company (f/k/a Chesapeake Display and Packaging Company) (4207), Canal Virginia Company (f/k/a The Chesapeake Corporation of Virginia) (6783), Canal Corporation (Wisconsin) (f/k/a Chesapeake Corporation (Wisconsin)) (7682), Canal Corporation (Massachusetts) (f/k/a Chesapeake Corporation (Massachusetts)) (7686), Canal Corporation (D.C.) (f/k/a Chesapeake Corporation (D.C.)) (7684), Canal Corporation (Illinois) (f/k/a Chesapeake Corporation (Illinois)) (7685), Canal Corporation (Louisiana) (f/k/a Chesapeake Corporation (Louisiana)) (7681), Canal FP Company, LLC (f/k/a Chesapeake Forest Products Company, LLC) (6880), Canal DE Company (f/k/a Cary St. Company) (9092), Canal DP Company (f/k/a Delmarva Properties, Inc.) (7160), and Canal SH Company (f/k/a Stonehouse Inc.) (2481).

Broad Street, Room 5100, Richmond, Virginia 23219 to consider confirmation of the Plan, as the same may be further amended or modified, and for such other and further relief as may be just and proper (the “Confirmation Hearing”).

PLEASE TAKE FURTHER NOTICE that the Confirmation Hearing may be adjourned from time to time by the Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Additionally, the Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and other applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

### **CLASSES OF CLAIMS AND INTERESTS NOT ENTITLED TO VOTE**

PLEASE TAKE FURTHER NOTICE that, in accordance with the terms of the Plan and the Bankruptcy Code, (i) Holders of Administrative Claims, Professional Fee Claims, Priority Tax Claims, and Claims in Classes 1 and 2 are unimpaired, are conclusively presumed to have accepted the Plan and, thus, are not entitled to vote on the Plan; (ii) Holders of Claims in Class 5 will not receive any Distributions under the Plan and are presumed to have rejected the Plan; and (iii) Holders of Interests in Class 6 will not receive any Distributions under the Plan and are presumed to have rejected the Plan. Only the Holders of impaired Claims in Classes 3A, 3B, 3C and 4 are entitled to vote to accept or to reject the Plan. You have been sent this notice because you may be a Holder of an Administrative Claim, a Professional Fee Claim, a Priority Tax Claim, or a Claim or Interest in Classes 1, 2, 5 or 6.

### **SUMMARY OF PLAN TREATMENT OF CLAIMS AND INTERESTS**

PLEASE TAKE FURTHER NOTICE that the Plan proposes to modify the rights of certain creditors and equity securities holders of all of the Debtors except for WTM I Company (collectively, the “Plan Debtors”). The Plan establishes the following classes of Claims and Interests with the following treatment:<sup>2</sup>

#### **Unclassified - Administrative Claims**

Administrative Claims include those Claims against one or more of the Plan Debtors constituting a cost or expense of administration of the Cases of the kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to sections 363, 364(c)(1), 365, 503(b), 507(a)(2) or 507(b) of the Bankruptcy Code (other than a Professional Fee Claim) for the period from the Petition Date to the Effective Date. On, or as soon as is reasonably practicable after, the date that is fifteen (15) days after the later of the Effective Date and the date on which such Administrative Claim becomes an Allowed Administrative Claim, a Holder of an Allowed Administrative Claim shall receive, in full and final satisfaction, settlement and release of and in exchange for such Allowed Administrative Claim, (i) Cash equal to the unpaid portion of such Allowed Administrative Claim or (ii) such other treatment as to which such Holder and the Plan Debtors shall have agreed upon in writing; *provided, however*, that Allowed Administrative Claims with respect to liabilities incurred by a Plan Debtor in the ordinary course of business during the Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto by the Plan Debtors.

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For a complete description of the Plan provisions, reference should be made to the Plan and Disclosure Statement, copies of which can be obtained by the methods described at the end of this Notice. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Plan.

### **Unclassified - Professional Fee Claims**

Professional Fee Claims include all fees and expenses claimed by Professionals retained by the Plan Debtors or the Committee that have been approved on a final basis by a Final Order. Professional Fee Claims do not include professional fees and expenses incurred by any professionals in connection with their retention and employment by the Plan Debtors on or after the Effective Date. The Plan Debtors shall pay Professionals who are entitled to reimbursement or allowance of fees and expenses from the Estates, in Cash, in the amount awarded to such Professionals by Final Order of the Bankruptcy Court, as soon as practicable after the later of the Effective Date and the date upon which any order awarding fees and expenses becomes a Final Order, in accordance with the terms of any order entered by the Bankruptcy Court governing the payment of such fees and expenses. Any final application for allowance of a Professional Fee Claim must be filed with the Bankruptcy Court and served on counsel for the Plan Debtors and the Committee and the U.S. Trustee so that it is received no later than forty-five (45) days after the Effective Date or such Professional Fee Claim shall be forever barred.

### **Unclassified - Priority Tax Claims**

Priority Tax Claims are Claims asserted against one or more of the Plan Debtors, other than the IRS Settlement Claim, for an amount entitled to priority under section 507(a)(8) of the Bankruptcy Code. Unless a Final Order provides otherwise, each Holder of a Priority Tax Claim that is an Allowed Claim shall receive, at the discretion of the Plan Debtors and in full and final satisfaction of such Holder's Allowed Claim, (a) Cash in an amount equal to the unpaid portion of such Allowed Claim, (b) payment of such Allowed Claim over a period not to exceed five (5) years with interest, or (c) some other, less favorable treatment as is agreed upon by the Plan Debtors and the Holder of such Allowed Priority Tax Claim. Notwithstanding the foregoing, the Holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim. Any Claim or demand for any such penalty (a) will be subject to treatment as an Other General Unsecured Claim, if and to the extent an Allowed Claim, and (b) the Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such amounts from the Plan Debtors or the Assets except as an Other General Unsecured Claim, if and to the extent an Allowed Claim.

### **Class 1 - Priority Non-Tax Claims**

Priority Non-Tax Claims include Claims against one or more of the Plan Debtors that are entitled to priority pursuant to section 507(a) of the Bankruptcy Code and that are not Administrative Claims, Professional Fee Claims or Priority Tax Claims. Each Holder of an Allowed Class 1 Claims shall receive (x) all amounts to which such Holder is entitled on account of such Allowed Claim on the later of (i) the Effective Date, or as soon thereafter as is reasonably practicable, and (ii) the date when such Allowed Claim becomes due and payable according to its terms and conditions, or (y) such other, less favorable treatment as is agreed upon by the Plan Debtors and the Holder of such Allowed Priority Non-Tax Claim. Class 1 Claims are unimpaired and conclusively deemed to have voted to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code.

### **Class 2 - Secured Claims**

Secured Claims include any Claim against one or more of the Plan Debtors that is secured by a valid and unavoidable lien on property in which the Estates have an interest, or that is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code to the extent of the value of the Holder's interest in the Estates' interest in such property, or to the extent of the amount subject to setoff, as applicable, as determined by the Bankruptcy Court pursuant to sections 506(a), 553, and/or 1129

(b)(2)(A)(i)(II), as applicable. At the sole option of the Plan Debtors, (i) Allowed Class 2 Claims will be unaltered and, subject to the requirements of section 1124(2) of the Bankruptcy Code, on the Effective Date, the legal equitable and contractual rights of the Holder of Allowed Class 2 Claims shall be reinstated in full, or (ii) the Holder of the Allowed Class 2 Claim shall receive in full satisfaction, settlement, and release of, and in exchange for, the Holder's Allowed Secured Claim, at the sole option of the Plan Debtors, (a) Cash in the amount of the Allowed Secured Claim on the later of the Effective Date and the date such Claim becomes an Allowed Claim, or as soon thereafter as practicable, (b) the property of the Estates which constitutes collateral for such Allowed Secured Claim on the later of the Effective Date and the date such Claim becomes an Allowed Claim, or as soon thereafter as practicable, or (c) such other, less favorable treatment as is agreed upon by the Plan Debtors and the Holder of such Allowed Class 2 Claim. Class 2 Claims are unimpaired and conclusively deemed to have voted to accept the Plan pursuant to section 1126(f) of the Bankruptcy Code.

### **Class 3A – Other General Unsecured Claims**

Other General Unsecured Claims include any Claim against one or more of the Plan Debtors other than (1) a Secured Claim, (2) a Priority Claim, (3) an Administrative Claim, (4) an Intercompany Claim, (5) the IRS Settlement Claim, (6) a Claim subject to subordination pursuant to section 510(b) of the Bankruptcy Code, (7) a Revenue Bond Claim, (8) a Subordinated Note Claim or (9) a Claim based in whole or in part on the Holder's purchase or ownership of an Interest in the Plan Debtors. Each Holder of an Allowed Claim in Class 3A shall receive its Ratable Amount of the Class 3A Portion of the General Unsecured Distribution Pool. Class 3A is an impaired Class and is entitled to vote on the Plan.

### **Class 3B – Revenue Bond Claims**

Revenue Bond Claims include Claims arising under (a) the Solid Waste Disposal Revenue Bonds, Series 1994A issued under an Indenture of Trust, dated as of March 1, 1994, between the Industrial Development Authority of the Town of West Point, Virginia and NationsBank of Virginia, N.A., as trustee, in connection with that certain Loan Agreement, by and among Canal Corporation, the Industrial Development Authority of the Town of West Point, Virginia and NationsBank of Virginia, N.A., as trustee; or (b) the Solid Waste Disposal Revenue Refunding Bonds, Series 1994B issued under an Indenture of Trust, dated as of March 1, 1994, between the Industrial Development Authority of the Town of West Point, Virginia and NationsBank of Virginia, N.A., as trustee, in connection with that certain Loan Agreement, by and among Canal Corporation, the Industrial Development Authority of the Town of West Point, Virginia and NationsBank of Virginia, N.A., as trustee. Each Holder of an Allowed Claim in Class 3B shall receive its Ratable Amount of both (i) the Class 3B Portion of the General Unsecured Distribution Pool; and (ii) the Class 3C Portion of the General Unsecured Distribution Pool. Class 3B is an impaired Class and is entitled to vote on the Plan.

### **Class 3C – Subordinated Note Claims**

Subordinated Note Claims include Claims arising under (a) the Senior Subordinated Notes due in 2011, that bear interest at 10-3/8% per annum, issued in connection with that certain Indenture dated as of November 19, 2001, by and between Canal Corporation and The Bank of New York, as trustee; or (b) the Senior Subordinated Notes due in 2014, that bear interest at 7% per annum, issued in connection with that certain Indenture, dated as of December 8, 2004, by and between Canal Corporation and Wachovia Bank, N.A., as trustee. Each Holder of an Allowed Claim in Class 3C shall be deemed to have received its Ratable Amount of the Class 3C Portion of the General Unsecured Distribution Pool and immediately upon the receipt thereof to have transferred such Ratable Amount to the Holders of Allowed Class 3B Claims in accordance with the contractual subordination provisions in

the documents under which the Subordinated Note Claims arise and section 510(a) of the Bankruptcy Code. Class 3C is an impaired Class and is entitled to vote on the Plan.

#### **Class 4 – IRS Settlement Claim**

As set forth in further detail in the IRS Settlement Agreement, the Plan and the Disclosure Statement, the IRS Settlement Claim entitles the IRS to receive an amount equal to fifty percent (50%) of all amounts available to be distributed under this Plan to Holders of Allowed (i) Priority Tax Claims under section 507(a)(8) of the Bankruptcy Code, (ii) Priority Non-Tax Claims under sections 507(a)(9) and 507(a)(10) of the Bankruptcy Code and (iii) General Unsecured Claims. Class 4 is an impaired Class and is entitled to vote on the Plan.

#### **Class 5 – Intercompany Claims**

Intercompany Claims include Claims held by a Plan Debtor against any other Plan Debtor. In connection with, to the extent of and as a result of, the substantive consolidation of the Estates and the Cases, on the Confirmation Date or such other date as may be set by an order of the Bankruptcy Court, but subject to the occurrence of the Effective Date, all Intercompany Claims shall be deemed eliminated, cancelled and/or extinguished and the Holders of Class 5 Claims shall not be entitled to, and shall not receive or retain any property or interest in property on account of such Claims. Class 5 is an impaired Class and conclusively deemed to have voted to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

#### **Class 6 – Interests**

Interests include any stock or other equity ownership interest in one or more of the Plan Debtors and all dividends and distributions with respect to such stock or interest and all rights, options, warrants, or other rights to acquire any stock or other equity ownership interest in one or more of the Plan Debtors as of the Petition Date. On the Effective Date, the Interests shall be cancelled and the Holders of the Interests shall receive no property or Distribution under the Plan on account of such Interests. Class 6 is an impaired Class and conclusively deemed to have voted to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that the Plan contains the injunction, release and exculpation provisions set forth below:

#### **Injunction.**

***EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE DOCUMENTS EXECUTED PURSUANT TO THE PLAN, OR THE CONFIRMATION ORDER, ON AND AFTER THE EFFECTIVE DATE, ALL PERSONS AND ENTITIES WHO HAVE HELD, CURRENTLY HOLD, OR MAY HOLD CLAIMS AGAINST OR INTERESTS IN THE PLAN DEBTORS OR THE ESTATES THAT AROSE PRIOR TO THE EFFECTIVE DATE (INCLUDING BUT NOT LIMITED TO STATES AND OTHER GOVERNMENTAL UNITS, AND ANY STATE OFFICIAL, EMPLOYEE, OR OTHER ENTITY ACTING IN AN INDIVIDUAL OR OFFICIAL CAPACITY ON BEHALF OF ANY STATE OR OTHER GOVERNMENTAL UNIT) WILL BE PERMANENTLY ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS ON ACCOUNT OF ANY SUCH CLAIMS OR INTERESTS (I) COMMENCING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY ACTION OR OTHER PROCEEDING AGAINST ANY PROTECTED PARTY OR ANY PROPERTY OF ANY PROTECTED PARTY; (II) ENFORCING, ATTACHING, EXECUTING, COLLECTING, OR RECOVERING IN ANY MANNER, DIRECTLY***



**OR INDIRECTLY, ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST ANY PROTECTED PARTY; (III) CREATING, PERFECTING, OR ENFORCING, DIRECTLY OR INDIRECTLY, ANY LIEN OR ENCUMBRANCE OF ANY KIND AGAINST ANY PROTECTED PARTY OR ANY PROPERTY OF ANY PROTECTED PARTY; (IV) ASSERTING OR EFFECTING, DIRECTLY OR INDIRECTLY, ANY SETOFF OR RIGHT OF SUBROGATION OF ANY KIND AGAINST OBLIGATIONS DUE TO ANY PROTECTED PARTY OR ANY PROPERTY OF ANY PROTECTED PARTY; OR (V) ANY ACT, IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO, COMPLY WITH, OR IS INCONSISTENT WITH ANY PROVISIONS OF THE PLAN; PROVIDED, HOWEVER, THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE SUCH PERSONS FROM EXERCISING THEIR RIGHTS PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN.**

#### **Debtor Release**

**EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE DOCUMENTS EXECUTED PURSUANT TO THE PLAN, OR THE CONFIRMATION ORDER, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY EACH OF THE DEBTOR RELEASEES,<sup>3</sup> INCLUDING, WITHOUT LIMITATION, THE SERVICES OF THE PLAN DEBTORS' PRESENT AND FORMER MEMBERS (INCLUDING EX OFFICIO MEMBERS), OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES AND ADVISORS IN FACILITATING THE IMPLEMENTATION OF THE LIQUIDATION CONTEMPLATED HEREBY, EACH OF THE DEBTOR RELEASORS SHALL FULLY RELEASE (AND, AUTOMATICALLY WITHOUT FURTHER ACTION, EACH DEBTOR RELEASEE SO RELEASED SHALL BE DEEMED FULLY RELEASED BY THE DEBTOR RELEASORS) EACH DEBTOR RELEASEE AND THEIR RESPECTIVE PROPERTIES FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, WHETHER ARISING PRIOR TO OR AFTER THE PETITION DATE, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW OR AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE PLAN DEBTORS OR THE ESTATES, INCLUDING, WITHOUT LIMITATION, THOSE THAT ANY OF THE PLAN DEBTORS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR THAT ANY HOLDER OF A CLAIM OR AN INTEREST OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT ON BEHALF OF ANY OF THE PLAN DEBTORS OR ANY OF THE ESTATES, AND FURTHER INCLUDING THOSE IN ANY WAY RELATED TO THE CASES, THE PLAN, THE DISCLOSURE STATEMENT, THE SALE OR LIQUIDATION OF ANY PROPERTY OF THE ESTATES, THE PLAN DEBTORS' BUSINESSES AND OPERATIONS, THE PLAN DEBTORS' INTERESTS, THE PLAN DEBTORS' DEBT OBLIGATIONS, THE PLAN DEBTORS' FINANCING AGREEMENTS**

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<sup>3</sup> For the avoidance of doubt, Debtor Releasees means, collectively, each solely in their respective capacities as such, (a) all current and former members (including ex officio members), officers, directors, managers and employees of the Plan Debtors or the Committee; (b) all attorneys, financial advisors, accountants, investment bankers, investment advisors, actuaries, and professionals of any Plan Debtor, the Committee or the members of the Committee; and (c) each of their respective predecessors and successors in interest, and all of their respective current and former members (including ex officio members), officers, directors, managers, employees, attorneys, financial advisors, accountants, investment bankers, investment advisors, actuaries, and professionals. Also for the avoidance of doubt, Debtor Releasors means the Plan Debtors, the Estates, any of their respective predecessors or successors in interest, and any Person claiming through any of the foregoing.

**OR THE PLAN DEBTORS' LEASES AND OTHER CONTRACTS; PROVIDED, HOWEVER, THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE SUCH PERSONS FROM EXERCISING THEIR RIGHTS PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN.**

### **Third Party Release**

**EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE DOCUMENTS EXECUTED PURSUANT TO THE PLAN, OR THE CONFIRMATION ORDER, HOLDERS OF CLAIMS OR INTERESTS (A) VOTING TO ACCEPT THE PLAN OR (B) ABSTAINING FROM VOTING ON THE PLAN AND ELECTING NOT TO OPT OUT OF THE THIRD PARTY RELEASE CONTAINED IN SECTION 9.5 OF THE PLAN (WHICH BY DEFINITION DOES NOT INCLUDE HOLDERS OF CLAIMS AND INTEREST WHO ARE DEEMED TO HAVE VOTED AGAINST THE PLAN), ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, SHALL FULLY RELEASE (AND, AUTOMATICALLY WITHOUT FURTHER ACTION, EACH RELEASED PARTY SHALL BE DEEMED RELEASED) THE RELEASED PARTIES<sup>4</sup> AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, WHETHER ARISING PRIOR TO OR AFTER THE COMMENCEMENT DATE, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW OR AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE PLAN DEBTORS OR THE ESTATES, INCLUDING, WITHOUT LIMITATION, THOSE IN ANY WAY RELATED TO THE CASES, THE PLAN, THE SALE OR LIQUIDATION OF ANY PROPERTY OF THE ESTATES, THE PLAN DEBTORS' BUSINESSES AND OPERATIONS, THE PLAN DEBTORS' INTERESTS, THE PLAN DEBTORS' DEBT OBLIGATIONS, THE PLAN DEBTORS' FINANCING AGREEMENTS OR THE PLAN DEBTORS' LEASES AND OTHER CONTRACTS; PROVIDED, HOWEVER, THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE SUCH PERSONS FROM EXERCISING THEIR RIGHTS PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN.**

### **Exculpation.**

**EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE DOCUMENTS EXECUTED PURSUANT TO THE PLAN, OR THE CONFIRMATION ORDER, EACH RELEASED PARTY IS HEREBY EXCULPATED AND RELEASED FROM ANY CLAIM, CAUSE OF ACTION OR LIABILITY TO ANY PERSON OR ENTITY OR TO ANY HOLDER OF A CLAIM OR INTEREST, FOR ANY ACT OR OMISSION IN CONNECTION WITH OR ARISING OUT OF THEIR PARTICIPATION IN THE CASES, INCLUDING, WITHOUT LIMITATION, IN THE FORMULATION, CONFIRMATION, CONSUMMATION, AND/OR ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, EXCEPT IF SUCH ACT**

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<sup>4</sup> For the avoidance of doubt, Released Parties means, collectively, each solely in their respective capacities as such, (a) the Plan Debtors; (b) all current and former members (including ex officio members), officers, directors, managers and employees of the Plan Debtors or the Committee; (c) all attorneys, financial advisors, accountants, investment bankers, investment advisors, actuaries, and professionals of any Plan Debtor, the Committee or the members of the Committee; and (d) each of their respective predecessors and successors in interest, and all of their respective current and former members (including ex officio members), officers, directors, managers, employees, attorneys, financial advisors, accountants, investment bankers, investment advisors, actuaries, and professionals.

***OR OMISSION IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AND IN ALL RESPECTS, EACH OF SUCH PERSONS SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES AND SHALL BE FULLY PROTECTED IN ACTING OR IN REFRAINING FROM ACTION IN ACCORDANCE WITH SUCH ADVICE.***

**DEADLINE AND PROCEDURES FOR OBJECTIONS TO CONFIRMATION OF THE PLAN**

PLEASE TAKE FURTHER NOTICE that objections, if any, to confirmation of the Plan, including any supporting memoranda, must be in writing, must be filed with the Clerk of the United States Bankruptcy Court of the Eastern District of Virginia, 701 East Broad Street, Suite 4000, Richmond, Virginia 23219 together with proof of service, and shall state the name and address of the objector, all grounds for the objection and the amount of the Claim(s) or other Interest(s) held by the objector, and shall provide proposed language to remedy such objections. Any such objection must be filed with the Court and served so that it is actually received by the Court, the following parties, and all other parties requesting or entitled to receive notice in these cases, on or before **March 21, 2011, at 4:00 p.m. prevailing Eastern Time:**

The Plan Debtors: Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, Attn: Jason W. Harbour, Esq.

The Creditors Committee: (i) Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601, Attn: Nancy A. Peterman, Esq., and (ii) Greenberg Traurig, LLP, 200 Park Avenue, New York, New York 10166, Attn: Alan J. Brody, Esq.

The Office of the United States Trustee: 701 E. Broad St., Suite 4304, Richmond, Virginia 23219-1888, Attn: Robert B. Van Arsdale, Esq.

Any objection not filed and served as set forth above will be deemed waived and will not be considered by the Court.

**COPIES OF THE PLAN AND THE DISCLOSURE STATEMENT**

PLEASE TAKE FURTHER NOTICE that copies of the Plan and the Disclosure Statement have been filed with the Bankruptcy Court and may be viewed at no charge at [www.kccllc.net/chesapeake](http://www.kccllc.net/chesapeake) or for a fee via PACER at <http://www.vaeb.uscourts.gov/>, or may be obtained at no charge by writing to Canal Corporation c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245.

HUNTON & WILLIAMS LLP

/s/ Jason W. Harbour  
Benjamin C. Ackerly (VSB No. 09120)  
Jason W. Harbour (VSB No. 68220)  
Shannon E. Daily (VSB No. 79334)  
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Dated: February 18, 2011

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New York, New York 10166-0136  
Telephone: (212) 309-1000  
Telecopier: (212) 309-1100

*Attorneys for the Debtors*

**EXHIBIT 3-a**  
**(Class 3A - Ballot)**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO  
MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE  
MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY  
THE BANKRUPTCY COURT.**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re:	)	Case No. 08-36642-DOT
	)	
CANAL CORPORATION, <i>et al.</i> ,	)	Chapter 11
	)	
Debtors. <sup>1</sup>	)	(Jointly Administered)
	)	
	)	

**BALLOT FOR HOLDERS OF OTHER GENERAL UNSECURED CLAIMS FOR  
ACCEPTING OR REJECTING THE JOINT PLAN OF LIQUIDATION OF  
CANAL CORPORATION AND CERTAIN OF ITS AFFILIATED DEBTORS**

This ballot (the “Ballot”) is being sent to parties holding Claims<sup>2</sup> against one or more of the Plan Debtors other than (1) a Secured Claim, (2) a Priority Claim, (3) an Administrative Claim, (4) an Intercompany Claim, (5) the IRS Settlement Claim, (6) a Claim subject to subordination pursuant to section 510(b) of the Bankruptcy Code, (7) a Revenue Bond Claim, (8) a Subordinated Note Claim or (9) a Claim based in whole or in part on the Holder’s purchase or ownership of an Interest in the Plan Debtors (the “Other General Unsecured Claims”). If you hold Claims in other Classes in which you are entitled to vote, you will receive a Ballot for each such other Class.

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<sup>1</sup> The debtors and debtors-in-possession (collectively, the “Debtors”) and the last four digits of their respective taxpayer identification numbers are as follows: Canal Corporation (f/k/a/ Chesapeake Corporation) (6880), Canal NC Company (f/k/a Chesapeake Printing and Packaging Company) (9208), Canal NY Company, Inc. (f/k/a Chesapeake Pharmaceutical Packaging Company, Inc.) (0010), Canal IH Company (f/k/a Chesapeake International Holding Company) (1532), WTM I Company (1080), Sheffield, Inc. (6314), Canal Resources Company (f/k/a Chesapeake Assets Company) (5293), Canal YR Company (f/k/a Chesapeake Recycling Company) (9383), Canal D&P Company (f/k/a Chesapeake Display and Packaging Company) (4207), Canal Virginia Company (f/k/a The Chesapeake Corporation of Virginia) (6783), Canal Corporation (Wisconsin) (f/k/a Chesapeake Corporation (Wisconsin)) (7682), Canal Corporation (Massachusetts) (f/k/a Chesapeake Corporation (Massachusetts)) (7686), Canal Corporation (D.C.) (f/k/a Chesapeake Corporation (D.C.)) (7684), Canal Corporation (Illinois) (f/k/a Chesapeake Corporation (Illinois)) (7685), Canal Corporation (Louisiana) (f/k/a Chesapeake Corporation (Louisiana)) (7681), Canal FP Company, LLC (f/k/a Chesapeake Forest Products Company, LLC) (6880), Canal DE Company (f/k/a Cary St. Company) (9092), Canal DP Company (f/k/a Delmarva Properties, Inc.) (7160), and Canal SH Company (f/k/a Stonehouse Inc.) (2481).

<sup>2</sup> Capitalized terms used, but not defined herein, shall have the meaning ascribed to them in the Plan.

On February \_\_, 2011, the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) signed an order (the “Solicitation Order”) which approved the *Disclosure Statement With Respect to the Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors*, dated January 7, 2011 (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Disclosure Statement”) regarding the *Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors* (as the same may be further amended or modified, the “Plan”), and which established certain procedures for the solicitation and tabulation of votes to accept or reject the Plan. Please use this Ballot to cast your vote to accept or reject the Plan, which is proposed by the above-captioned debtors and debtors-in-possession except for WTM I Company (collectively the “Plan Debtors”). The Plan is Exhibit A to the Disclosure Statement that accompanies this Ballot. Any party may request, at the Plan Debtors’ expense, hard copies of the Disclosure Statement, together with the Plan and other exhibits annexed thereto, from the Balloting Agent. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Other General Unsecured Claims and if the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (b) otherwise satisfies the requirements under section 1129(b) of the Bankruptcy Code.

**THIS BALLOT IS TO BE USED BY HOLDERS OF CLASS 3A OTHER GENERAL UNSECURED CLAIMS. PLEASE COMPLETE, SIGN AND DATE THIS BALLOT AND RETURN IT IN THE ENCLOSED ENVELOPE TO THE AGENT SUPERVISING THE SOLICITATION, TABULATION, AND BALLOTING PROCESS (THE “BALLOTING AGENT”). THE VOTING DEADLINE IS 5:00 P.M. PREVAILING PACIFIC TIME ON MARCH 21, 2011.**

**ITEM 1. CLASS 3A CLAIM AMOUNT. The undersigned certifies that as of February 15, 2011 (the “Record Date”), it held an Other General Unsecured Claim in the below amount:**

\$ \_\_\_\_\_

**ITEM 2. CLASS 3A (OTHER GENERAL UNSECURED CLAIM) VOTE. The Holder of the Other General Unsecured Claim that relates to this Ballot votes:**

to ACCEPT the Plan                       to REJECT the Plan

**A VOTE TO ACCEPT THE PLAN CONSTITUTES AN ACCEPTANCE AND CONSENT TO THE THIRD PARTY RELEASE SET FORTH IN SECTION 9.5 OF THE PLAN. A VOTE TO REJECT THE PLAN INCLUDES A REJECTION OF THE THIRD PARTY RELEASE SET FORTH IN SECTION 9.5 OF THE PLAN. IF YOU ABSTAIN (CHOOSE NOT TO VOTE), SEE ITEM 3 BELOW. PLEASE SEE SECTION 9.5 OF THE PLAN FOR INFORMATION ABOUT THE THIRD PARTY RELEASE.**

**ANY BALLOT WHICH INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN OR DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED,**

**PROVIDED, HOWEVER, THAT A PARTY THAT DOES NOT CAST A VOTE MAY OPT TO ACCEPT OR REJECT THE THIRD PARTY RELEASE PROVISIONS IN SECTION 9.5 OF THE PLAN BY CHECKING THE APPROPRIATE BOX IN ITEM 3 BELOW.**

**ITEM 3. RELEASE OPT-OUT ELECTION:**

**COMPLETE THIS ITEM 3 ONLY IF YOU DID NOT VOTE TO EITHER ACCEPT OR REJECT THE PLAN IN ITEM 2 ABOVE.** PURSUANT TO THE PLAN, IF YOU RETURN A BALLOT, AND VOTE TO ACCEPT THE PLAN, YOU ARE AUTOMATICALLY DEEMED TO HAVE ACCEPTED THE THIRD PARTY RELEASE IN SECTION 9.5 OF THE PLAN. YOU ALSO ARE DEEMED TO HAVE ACCEPTED THE THIRD PARTY RELEASE IN SECTION 9.5 OF THE PLAN IF YOU DO NOT CAST A VOTE WITH RESPECT TO THE PLAN, HOWEVER, IN THIS INSTANCE ONLY, YOU MAY CHECK A BOX BELOW TO ACCEPT OR REJECT THE THIRD PARTY RELEASE.

The Holder of the Other General Unsecured Claim that relates to this Ballot elects:

to ACCEPT THE THIRD PARTY RELEASE

to REJECT THE THIRD PARTY RELEASE

**ITEM 4. CERTIFICATION. By signing this Ballot, the Holder of the Other General Unsecured Claim certifies that it:**

**A. is the Holder of the Other General Unsecured Claim to which this Ballot pertains;**

**B. has been provided with a copy of the Plan and the Disclosure Statement and that it acknowledges that the vote, or the election concerning the Third Party Release in Section 9.5 of the Plan, set forth on this Ballot is subject to all the terms and conditions set forth in the Plan and the Disclosure Statement;**

**C. has full power and authority to vote to accept or reject the Plan and to elect to accept or reject the Third Party Release in Section 9.5 of the Plan; and**

**D. has not submitted any other Ballots relating to the Other General Unsecured Claim that are inconsistent with the vote or election as set forth in this Ballot or that, as limited by the terms of the Solicitation Order and the instructions attached hereto, if such other Ballots were previously submitted, they either have been or are hereby revoked or changed to reflect the vote or election set forth herein.**

Name: \_\_\_\_\_  
(Print or Type)

Social Security Or Federal Tax I.D. No.: \_\_\_\_\_  
(Optional)

Signature: \_\_\_\_\_

By: \_\_\_\_\_  
(If Appropriate)

Title: \_\_\_\_\_  
(If Appropriate)

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Date Completed: \_\_\_\_\_

No fees, commissions or other remuneration will be payable to any broker, dealer or other person for soliciting votes on the Plan. This Ballot is not a letter of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan or to elect to accept or reject the Third Party Release in Section 9.5 of the Plan. Holders should not surrender, at this time, certificates representing their securities. The Balloting Agent will not accept delivery of any such certificates surrendered together with a Ballot. Moreover, this Ballot shall not constitute or be deemed to be a proof of claim or equity interest or an assertion of a claim or equity interest.

**YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT, BY 5:00 P.M. PACIFIC TIME ON MARCH 21, 2011, OR YOUR VOTE WILL NOT BE COUNTED. FACSIMILE OR OTHER MEANS OF ELECTRONIC TRANSMISSION OF THIS BALLOT WILL NOT BE ACCEPTED.**

**IF YOU HAVE QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED AN ADDITIONAL BALLOT OR ADDITIONAL COPIES OF THE DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE BALLOTING AGENT AT (888) 830-4660**

## VOTING INSTRUCTIONS

All capitalized terms used in the ballot (the “Ballot”) or these instructions but not otherwise defined therein shall have the meanings ascribed to them in the Plan.

Please read and follow these instructions carefully. You must transmit this Ballot to the Balloting Agent by no later than 5:00 p.m. prevailing Pacific Time on March 21, 2011, unless such time is extended (the “Voting Deadline”), or your Ballot will not be counted.

In order for your vote to count, you must:

- Complete Item 1;
- Cast ONE vote to accept or reject the Plan by checking the proper box in Item 2;
- Review the certifications in Item 4;
- Sign the Ballot – Your original signature is required on the Ballot in order for your vote to count;
- If you are completing the Ballot on behalf of an entity, indicate your relationship with such entity and the capacity in which you are signing, and provide proof of your authorization to so sign. In addition, please provide your name and mailing address if different from that set forth on the attached mailing label or if no such mailing label is attached to the Ballot; and
- Return the completed Ballot to the Balloting Agent in the pre-addressed stamped envelope enclosed with this Ballot.

**IF YOU DO NOT CAST A VOTE WITH RESPECT TO THE PLAN, YOU MAY COMPLETE ITEM 3 TO ELECT TO ACCEPT OR REJECT THE THIRD PARTY RELEASE.**

If you believe you received the wrong form of Ballot, or if you need additional Ballots, please immediately contact the Balloting Agent.

If you wish to have your Claim allowed for purposes of voting on the Plan in a manner that is inconsistent with the Ballot you received or if you did not receive a Ballot and wish to have your Claim temporarily allowed for voting purposes only, you must serve on the Plan Debtors and file with the Bankruptcy Court, on or before March 8, 2011, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim for purposes of voting (an “Estimation Motion”). An Estimation Motion must set forth with particularity the amount and classification of which you believe your Claim should be allowed for voting purposes, and the evidence in support of your belief. In respect of any timely filed Estimation Motion, the Ballot in question shall be counted (a) in the amount established by the Bankruptcy Court in an order entered on or before the Confirmation Hearing or (b) if such an order has not been entered by the Confirmation Hearing and unless the Plan Debtors and you have come to an agreement as to the relief requested in the Estimation Motion, in an amount equal to the preprinted amount on the Ballot or in the event you did not receive a Ballot, you shall not have a Ballot counted at all. The



Court will schedule a hearing on such Estimation Motion to be heard at or prior to the Confirmation Hearing.

If multiple Ballots are received from the same person with respect to the same Claims prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any earlier received Ballot. However, if a Holder of Claims casts Ballots received by the Balloting Agent on the same day, but which are voted inconsistently, such Ballots will not be counted.

Any Ballot that is illegible or that contains insufficient information to permit the identification of the claimant will not be counted.

Properly executed Ballots that attempt to partially accept and partially reject the Plan will not be counted.

After the Voting Deadline, no Ballot may be withdrawn or modified without the prior consent of the Plan Debtors.

This Ballot does not constitute, and shall not be deemed to be, a proof of claim or an assertion or admission of a Claim.

If you hold Claims in more than one Class under the Plan, you may receive more than one Ballot for each different Class. Each Ballot votes only your Claims indicated on that Ballot. Please complete and return each Ballot you receive.

**PLEASE MAIL YOUR BALLOT PROMPTLY. FACSIMILE OR OTHER ELECTRONIC (INCLUDING E-MAIL) TRANSMISSION OF THIS BALLOT WILL NOT BE ACCEPTED.**

**IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT OR THE PROCEDURES GENERALLY, OR IF YOU NEED ADDITIONAL COPIES OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE BALLOTING AGENT AT (888) 830-4660.**

**FOR MAILING PURPOSES, THE ADDRESS OF THE BALLOTING AGENT IS: CANAL CORPORATION (F/K/A CHESAPEAKE CORPORATION) BALLOTS, C/O KURTZMAN CARSON CONSULTANTS, 2335 ALASKA AVE., EL SEGUNDO, CA 90245.**

**EXHIBIT 3-b**  
**(Class 3B - Ballot)**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO  
MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE  
MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY  
THE BANKRUPTCY COURT.**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re:	)	Case No. 08-36642-DOT
	)	
CANAL CORPORATION, <i>et al.</i> ,	)	Chapter 11
	)	
Debtors. <sup>1</sup>	)	(Jointly Administered)
	)	
	)	

**BALLOT FOR HOLDERS OF REVENUE BOND CLAIMS FOR ACCEPTING  
OR REJECTING THE JOINT PLAN OF LIQUIDATION OF  
CANAL CORPORATION AND CERTAIN OF ITS AFFILIATED DEBTORS**

This ballot (the “Ballot”) is being sent to parties holding Claims<sup>2</sup> arising under (a) the Solid Waste Disposal Revenue Bonds, Series 1994A issued under an Indenture of Trust, dated as of March 1, 1994, between the Industrial Development Authority of the Town of West Point, Virginia and NationsBank of Virginia, N.A., as trustee, in connection with that certain Loan Agreement, by and among Canal Corporation, the Industrial Development Authority of the Town of West Point, Virginia and NationsBank of Virginia, N.A., as trustee; and (b) the Solid Waste Disposal Revenue Refunding Bonds, Series 1994B issued under an Indenture of Trust, dated as of March 1, 1994, between the Industrial Development Authority of the Town of West Point, Virginia and NationsBank of Virginia, N.A., as trustee, in connection with that certain Loan Agreement, by and among Canal Corporation, the Industrial

<sup>1</sup> The debtors and debtors-in-possession (collectively, the “Debtors”) and the last four digits of their respective taxpayer identification numbers are as follows: Canal Corporation (f/k/a/ Chesapeake Corporation) (6880), Canal NC Company (f/k/a Chesapeake Printing and Packaging Company) (9208), Canal NY Company, Inc. (f/k/a Chesapeake Pharmaceutical Packaging Company, Inc.) (0010), Canal IH Company (f/k/a Chesapeake International Holding Company) (1532), WTM I Company (1080), Sheffield, Inc. (6314), Canal Resources Company (f/k/a Chesapeake Assets Company) (5293), Canal YR Company (f/k/a Chesapeake Recycling Company) (9383), Canal D&P Company (f/k/a Chesapeake Display and Packaging Company) (4207), Canal Virginia Company (f/k/a The Chesapeake Corporation of Virginia) (6783), Canal Corporation (Wisconsin) (f/k/a Chesapeake Corporation (Wisconsin)) (7682), Canal Corporation (Massachusetts) (f/k/a Chesapeake Corporation (Massachusetts)) (7686), Canal Corporation (D.C.) (f/k/a Chesapeake Corporation (D.C.)) (7684), Canal Corporation (Illinois) (f/k/a Chesapeake Corporation (Illinois)) (7685), Canal Corporation (Louisiana) (f/k/a Chesapeake Corporation (Louisiana)) (7681), Canal FP Company, LLC (f/k/a Chesapeake Forest Products Company, LLC) (6880), Canal DE Company (f/k/a Cary St. Company) (9092), Canal DP Company (f/k/a Delmarva Properties, Inc.) (7160), and Canal SH Company (f/k/a Stonehouse Inc.) (2481).

<sup>2</sup> Capitalized terms used, but not defined herein, shall have the meaning ascribed to them in the Plan.

Development Authority of the Town of West Point, Virginia and NationsBank of Virginia, N.A., as trustee (the “Revenue Bond Claims”). If you hold Claims in other Classes in which you are entitled to vote, you will receive a Ballot for each such other Class.

On February \_\_, 2011, the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) signed an order (the “Solicitation Order”) which approved the *Disclosure Statement With Respect to the Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors*, dated January 7, 2011 (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Disclosure Statement”) regarding the *Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors* (as the same may be further amended or modified, the “Plan”), and which established certain procedures for the solicitation and tabulation of votes to accept or reject the Plan. Please use this Ballot to cast your vote to accept or reject the Plan, which is proposed by the above-captioned debtors and debtors-in-possession except for WTM I Company (collectively the “Plan Debtors”). The Plan is Exhibit A to the Disclosure Statement that accompanies this Ballot. Any party may request, at the Plan Debtors’ expense, hard copies of the Disclosure Statement, together with the Plan and other exhibits annexed thereto, from the Balloting Agent. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Revenue Bond Claims and if the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (b) otherwise satisfies the requirements under section 1129(b) of the Bankruptcy Code.

**THIS BALLOT IS TO BE USED BY HOLDERS OF CLASS 3B REVENUE BOND CLAIMS. PLEASE COMPLETE, SIGN AND DATE THIS BALLOT AND RETURN IT IN THE ENCLOSED ENVELOPE TO THE AGENT SUPERVISING THE SOLICITATION, TABULATION, AND BALLOTING PROCESS (THE “BALLOTING AGENT”). THE VOTING DEADLINE IS 5:00 P.M. PREVAILING PACIFIC TIME ON MARCH 21, 2011.**

**ITEM 1. CLASS 3B CLAIM AMOUNT. The undersigned certifies that as of February 15, 2011 (the “Record Date”), it held a Revenue Bond Claim in the below amount:**

\$ \_\_\_\_\_

**ITEM 2. CLASS 3B (REVENUE BOND CLAIM) VOTE. The Holder of the Revenue Bond Claim that relates to this Ballot votes:**

to ACCEPT the Plan                       to REJECT the Plan

**A VOTE TO ACCEPT THE PLAN CONSTITUTES AN ACCEPTANCE AND CONSENT TO THE THIRD PARTY RELEASE SET FORTH IN SECTION 9.5 OF THE PLAN. A VOTE TO REJECT THE PLAN INCLUDES A REJECTION OF THE THIRD PARTY RELEASE SET FORTH IN SECTION 9.5 OF THE PLAN. IF YOU ABSTAIN (CHOOSE NOT TO VOTE), SEE ITEM 3 BELOW. PLEASE SEE SECTION 9.5 OF THE PLAN FOR INFORMATION ABOUT THE THIRD PARTY RELEASE.**

ANY BALLOT WHICH INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN OR DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED, PROVIDED, HOWEVER, THAT A PARTY THAT DOES NOT CAST A VOTE MAY OPT TO ACCEPT OR REJECT THE THIRD PARTY RELEASE PROVISIONS IN SECTION 9.5 OF THE PLAN BY CHECKING THE APPROPRIATE BOX IN ITEM 3 BELOW.

**ITEM 3. RELEASE OPT-OUT ELECTION:**

COMPLETE THIS ITEM 3 ONLY IF YOU DID NOT VOTE TO EITHER ACCEPT OR REJECT THE PLAN IN ITEM 2 ABOVE. PURSUANT TO THE PLAN, IF YOU RETURN A BALLOT, AND VOTE TO ACCEPT THE PLAN, YOU ARE AUTOMATICALLY DEEMED TO HAVE ACCEPTED THE THIRD PARTY RELEASE IN SECTION 9.5 OF THE PLAN. YOU ALSO ARE DEEMED TO HAVE ACCEPTED THE THIRD PARTY RELEASE IN SECTION 9.5 OF THE PLAN IF YOU DO NOT CAST A VOTE WITH RESPECT TO THE PLAN, HOWEVER, IN THIS INSTANCE ONLY, YOU MAY CHECK A BOX BELOW TO ACCEPT OR REJECT THE THIRD PARTY RELEASE.

The Holder of the Revenue Bond Claim that relates to this Ballot elects:

to ACCEPT THE THIRD PARTY RELEASE

to REJECT THE THIRD PARTY RELEASE

**ITEM 4. CERTIFICATION. By signing this Ballot, the Holder of the Revenue Bond Claim certifies that it:**

- A. is the Holder of the Revenue Bond Claim to which this Ballot pertains;
- B. has been provided with a copy of the Plan and the Disclosure Statement and that it acknowledges that the vote, or the election concerning the Third Party Release in Section 9.5 of the Plan, set forth on this Ballot is subject to all the terms and conditions set forth in the Plan and the Disclosure Statement;
- C. has full power and authority to vote to accept or reject the Plan and to elect to accept or reject the Third Party Release in Section 9.5 of the Plan; and
- D. has not submitted any other Ballots relating to the Revenue Bond Claim that are inconsistent with the vote or election as set forth in this Ballot or that, as limited by the terms of the Solicitation Order and the instructions attached hereto, if such other Ballots were previously submitted, they either have been or are hereby revoked or changed to reflect the vote or election set forth herein.

Name: \_\_\_\_\_  
(Print or Type)

Social Security Or Federal Tax I.D. No.: \_\_\_\_\_  
(Optional)

Signature: \_\_\_\_\_

By: \_\_\_\_\_  
(If Appropriate)

Title: \_\_\_\_\_  
(If Appropriate)

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Date Completed: \_\_\_\_\_

No fees, commissions or other remuneration will be payable to any broker, dealer or other person for soliciting votes on the Plan. This Ballot is not a letter of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan or to elect to accept or reject the Third Party Release in Section 9.5 of the Plan. Holders should not surrender, at this time, certificates representing their securities. The Balloting Agent will not accept delivery of any such certificates surrendered together with a Ballot. Moreover, this Ballot shall not constitute or be deemed to be a proof of claim or equity interest or an assertion of a claim or equity interest.

**YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT, BY 5:00 P.M. PACIFIC TIME ON MARCH 21, 2011, OR YOUR VOTE WILL NOT BE COUNTED. FACSIMILE OR OTHER MEANS OF ELECTRONIC TRANSMISSION OF THIS BALLOT WILL NOT BE ACCEPTED.**

**IF YOU HAVE QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED AN ADDITIONAL BALLOT OR ADDITIONAL COPIES OF THE DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE BALLOTING AGENT AT (888) 830-4660**

## VOTING INSTRUCTIONS

All capitalized terms used in the ballot (the “Ballot”) or these instructions but not otherwise defined therein shall have the meanings ascribed to them in the Plan.

Please read and follow these instructions carefully. You must transmit this Ballot to the Balloting Agent by no later than 5:00 p.m. prevailing Pacific Time on March 21, 2011, unless such time is extended (the “Voting Deadline”), or your Ballot will not be counted.

In order for your vote to count, you must:

- Complete Item 1;
- Cast ONE vote to accept or reject the Plan by checking the proper box in Item 2;
- Review the certifications in Item 4;
- Sign the Ballot – Your original signature is required on the Ballot in order for your vote to count;
- If you are completing the Ballot on behalf of an entity, indicate your relationship with such entity and the capacity in which you are signing, and provide proof of your authorization to so sign. In addition, please provide your name and mailing address if different from that set forth on the attached mailing label or if no such mailing label is attached to the Ballot; and
- Return the completed Ballot to the Balloting Agent in the pre-addressed stamped envelope enclosed with this Ballot.

**IF YOU DO NOT CAST A VOTE WITH RESPECT TO THE PLAN, YOU MAY COMPLETE ITEM 3 TO ELECT TO ACCEPT OR REJECT THE THIRD PARTY RELEASE.**

If you believe you received the wrong form of Ballot, or if you need additional Ballots, please immediately contact the Balloting Agent.

If you wish to have your Claim allowed for purposes of voting on the Plan in a manner that is inconsistent with the Ballot you received or if you did not receive a Ballot and wish to have your Claim temporarily allowed for voting purposes only, you must serve on the Plan Debtors and file with the Bankruptcy Court, on or before March 8, 2011, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim for purposes of voting (an “Estimation Motion”). An Estimation Motion must set forth with particularity the amount and classification of which you believe your Claim should be allowed for voting purposes, and the evidence in support of your belief. In respect of any timely filed Estimation Motion, the Ballot in question shall be counted (a) in the amount established by the Bankruptcy Court in an order entered on or before the Confirmation Hearing or (b) if such an order has not been entered by the Confirmation Hearing and unless the Plan Debtors and you have come to an agreement as to the relief requested in the Estimation Motion, in an amount equal to the preprinted amount on the Ballot or in the event you did not receive a Ballot, you shall not have a Ballot counted at all. The

Court will schedule a hearing on such Estimation Motion to be heard at or prior to the Confirmation Hearing.

If multiple Ballots are received from the same person with respect to the same Claims prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any earlier received Ballot. However, if a Holder of Claims casts Ballots received by the Balloting Agent on the same day, but which are voted inconsistently, such Ballots will not be counted.

Any Ballot that is illegible or that contains insufficient information to permit the identification of the claimant will not be counted.

Properly executed Ballots that attempt to partially accept and partially reject the Plan will not be counted.

After the Voting Deadline, no Ballot may be withdrawn or modified without the prior consent of the Plan Debtors.

This Ballot does not constitute, and shall not be deemed to be, a proof of claim or an assertion or admission of a Claim.

If you hold Claims in more than one Class under the Plan, you may receive more than one Ballot for each different Class. Each Ballot votes only your Claims indicated on that Ballot. Please complete and return each Ballot you receive.

**PLEASE MAIL YOUR BALLOT PROMPTLY. FACSIMILE OR OTHER ELECTRONIC (INCLUDING E-MAIL) TRANSMISSION OF THIS BALLOT WILL NOT BE ACCEPTED.**

**IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT OR THE PROCEDURES GENERALLY, OR IF YOU NEED ADDITIONAL COPIES OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE BALLOTING AGENT AT (888) 830-4660.**

**FOR MAILING PURPOSES, THE ADDRESS OF THE BALLOTING AGENT IS: CANAL CORPORATION (F/K/A CHESAPEAKE CORPORATION) BALLOTS, C/O KURTZMAN CARSON CONSULTANTS, 2335 ALASKA AVE., EL SEGUNDO, CA 90245.**

**EXHIBIT 3-c**  
**(Class 3C - Ballot)**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO  
MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE  
MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY  
THE BANKRUPTCY COURT.**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re:	)	Case No. 08-36642-DOT
	)	
CANAL CORPORATION, <i>et al.</i> ,	)	Chapter 11
	)	
Debtors. <sup>1</sup>	)	(Jointly Administered)
	)	
	)	

**BALLOT FOR HOLDERS OF SUBORDINATED NOTE CLAIMS FOR  
ACCEPTING OR REJECTING THE JOINT PLAN OF LIQUIDATION OF  
CANAL CORPORATION AND CERTAIN OF ITS AFFILIATED DEBTORS**

This ballot (the “Ballot”) is being sent to parties holding Claims<sup>2</sup> arising under (a) the Senior Subordinated Notes due in 2011, that bear interest at 10-3/8% per annum, issued in connection with that certain Indenture dated as of November 19, 2001, by and between Canal Corporation and The Bank of New York, as trustee; and (b) the Senior Subordinated Notes due in 2014, that bear interest at 7% per annum, issued in connection with that certain Indenture, dated as of December 8, 2004, by and between Canal Corporation and Wachovia Bank, N.A., as trustee (the “Subordinated Note Claims”). If you hold Claims in other Classes in which you are entitled to vote, you will receive a Ballot for each such other Class.

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<sup>1</sup> The debtors and debtors-in-possession (collectively, the “Debtors”) and the last four digits of their respective taxpayer identification numbers are as follows: Canal Corporation (f/k/a/ Chesapeake Corporation) (6880), Canal NC Company (f/k/a Chesapeake Printing and Packaging Company) (9208), Canal NY Company, Inc. (f/k/a Chesapeake Pharmaceutical Packaging Company, Inc.) (0010), Canal IH Company (f/k/a Chesapeake International Holding Company) (1532), WTM I Company (1080), Sheffield, Inc. (6314), Canal Resources Company (f/k/a Chesapeake Assets Company) (5293), Canal YR Company (f/k/a Chesapeake Recycling Company) (9383), Canal D&P Company (f/k/a Chesapeake Display and Packaging Company) (4207), Canal Virginia Company (f/k/a The Chesapeake Corporation of Virginia) (6783), Canal Corporation (Wisconsin) (f/k/a Chesapeake Corporation (Wisconsin)) (7682), Canal Corporation (Massachusetts) (f/k/a Chesapeake Corporation (Massachusetts)) (7686), Canal Corporation (D.C.) (f/k/a Chesapeake Corporation (D.C.)) (7684), Canal Corporation (Illinois) (f/k/a Chesapeake Corporation (Illinois)) (7685), Canal Corporation (Louisiana) (f/k/a Chesapeake Corporation (Louisiana)) (7681), Canal FP Company, LLC (f/k/a Chesapeake Forest Products Company, LLC) (6880), Canal DE Company (f/k/a Cary St. Company) (9092), Canal DP Company (f/k/a Delmarva Properties, Inc.) (7160), and Canal SH Company (f/k/a Stonehouse Inc.) (2481).

<sup>2</sup> Capitalized terms used, but not defined herein, shall have the meaning ascribed to them in the Plan.



On February \_\_, 2011, the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) signed an order (the “Solicitation Order”) which approved the *Disclosure Statement With Respect to the Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors*, dated January 7, 2011 (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Disclosure Statement”) regarding the *Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors* (as the same may be further amended or modified, the “Plan”), and which established certain procedures for the solicitation and tabulation of votes to accept or reject the Plan. Please use this Ballot to cast your vote to accept or reject the Plan, which is proposed by the above-captioned debtors and debtors-in-possession except for WTM I Company (collectively the “Plan Debtors”). The Plan is Exhibit A to the Disclosure Statement that accompanies this Ballot. Any party may request, at the Plan Debtors’ expense, hard copies of the Disclosure Statement, together with the Plan and other exhibits annexed thereto, from the Balloting Agent. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Subordinated Note Claims and if the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (b) otherwise satisfies the requirements under section 1129(b) of the Bankruptcy Code.

**THIS BALLOT IS TO BE USED BY HOLDERS OF CLASS 3C SUBORDINATED NOTE CLAIMS. PLEASE COMPLETE, SIGN AND DATE THIS BALLOT AND RETURN IT IN THE ENCLOSED ENVELOPE TO THE AGENT SUPERVISING THE SOLICITATION, TABULATION, AND BALLOTING PROCESS (THE “BALLOTING AGENT”). THE VOTING DEADLINE IS 5:00 P.M. PREVAILING PACIFIC TIME ON MARCH 21, 2011.**

**ITEM 1. CLASS 3C CLAIM AMOUNT. The undersigned certifies that as of February 15, 2011 (the “Record Date”), it held a Subordinated Note Claim in the below amount:**

\$ \_\_\_\_\_

**ITEM 2. CLASS 3C (SUBORDINATED NOTE CLAIM) VOTE. The Holder of the Subordinated Note Claim that relates to this Ballot votes:**

to ACCEPT the Plan                       to REJECT the Plan

**A VOTE TO ACCEPT THE PLAN CONSTITUTES AN ACCEPTANCE AND CONSENT TO THE THIRD PARTY RELEASE SET FORTH IN SECTION 9.5 OF THE PLAN. A VOTE TO REJECT THE PLAN INCLUDES A REJECTION OF THE THIRD PARTY RELEASE SET FORTH IN SECTION 9.5 OF THE PLAN. IF YOU ABSTAIN (CHOOSE NOT TO VOTE), SEE ITEM 3 BELOW. PLEASE SEE SECTION 9.5 OF THE PLAN FOR INFORMATION ABOUT THE THIRD PARTY RELEASE.**

**ANY BALLOT WHICH INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN OR DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED, PROVIDED, HOWEVER, THAT A PARTY THAT DOES NOT CAST A VOTE MAY OPT TO ACCEPT OR REJECT THE THIRD PARTY RELEASE**

**PROVISIONS IN SECTION 9.5 OF THE PLAN BY CHECKING THE APPROPRIATE BOX IN ITEM 3 BELOW.**

**ITEM 3. RELEASE OPT-OUT ELECTION:**

**COMPLETE THIS ITEM 3 ONLY IF YOU DID NOT VOTE TO EITHER ACCEPT OR REJECT THE PLAN IN ITEM 2 ABOVE. PURSUANT TO THE PLAN, IF YOU RETURN A BALLOT, AND VOTE TO ACCEPT THE PLAN, YOU ARE AUTOMATICALLY DEEMED TO HAVE ACCEPTED THE THIRD PARTY RELEASE IN SECTION 9.5 OF THE PLAN. YOU ALSO ARE DEEMED TO HAVE ACCEPTED THE THIRD PARTY RELEASE IN SECTION 9.5 OF THE PLAN IF YOU DO NOT CAST A VOTE WITH RESPECT TO THE PLAN, HOWEVER, IN THIS INSTANCE ONLY, YOU MAY CHECK A BOX BELOW TO ACCEPT OR REJECT THE THIRD PARTY RELEASE.**

**The Holder of the Subordinated Note Claim that relates to this Ballot elects:**

to ACCEPT THE THIRD PARTY RELEASE

to REJECT THE THIRD PARTY RELEASE

**ITEM 4. CERTIFICATION. By signing this Ballot, the Holder of the Subordinated Note Claim certifies that it:**

**A. is the Holder of the Subordinated Note Claim to which this Ballot pertains;**

**B. has been provided with a copy of the Plan and the Disclosure Statement and that it acknowledges that the vote, or the election concerning the Third Party Release in Section 9.5 of the Plan, set forth on this Ballot is subject to all the terms and conditions set forth in the Plan and the Disclosure Statement;**

**C. has full power and authority to vote to accept or reject the Plan and to elect to accept or reject the Third Party Release in Section 9.5 of the Plan; and**

**D. has not submitted any other Ballots relating to the Subordinated Note Claim that are inconsistent with the vote or election as set forth in this Ballot or that, as limited by the terms of the Solicitation Order and the instructions attached hereto, if such other Ballots were previously submitted, they either have been or are hereby revoked or changed to reflect the vote or election set forth herein.**

Name: \_\_\_\_\_  
(Print or Type)

Social Security Or Federal Tax I.D. No.: \_\_\_\_\_  
(Optional)

Signature: \_\_\_\_\_

By: \_\_\_\_\_  
(If Appropriate)

Title: \_\_\_\_\_  
(If Appropriate)

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Date Completed: \_\_\_\_\_

No fees, commissions or other remuneration will be payable to any broker, dealer or other person for soliciting votes on the Plan. This Ballot is not a letter of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan or to elect to accept or reject the Third Party Release in Section 9.5 of the Plan. Holders should not surrender, at this time, certificates representing their securities. The Balloting Agent will not accept delivery of any such certificates surrendered together with a Ballot. Moreover, this Ballot shall not constitute or be deemed to be a proof of claim or equity interest or an assertion of a claim or equity interest.

**YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT, BY 5:00 P.M. PACIFIC TIME ON MARCH 21, 2011, OR YOUR VOTE WILL NOT BE COUNTED. FACSIMILE OR OTHER MEANS OF ELECTRONIC TRANSMISSION OF THIS BALLOT WILL NOT BE ACCEPTED.**

**IF YOU HAVE QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES,  
OR IF YOU NEED AN ADDITIONAL BALLOT OR ADDITIONAL COPIES OF THE  
DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE  
BALLOTING AGENT AT (888) 830-4660**

## VOTING INSTRUCTIONS

All capitalized terms used in the ballot (the “Ballot”) or these instructions but not otherwise defined therein shall have the meanings ascribed to them in the Plan.

Please read and follow these instructions carefully. You must transmit this Ballot to the Balloting Agent by no later than 5:00 p.m. prevailing Pacific Time on March 21, 2011, unless such time is extended (the “Voting Deadline”), or your Ballot will not be counted.

In order for your vote to count, you must:

- Complete Item 1;
- Cast ONE vote to accept or reject the Plan by checking the proper box in Item 2;
- Review the certifications in Item 4;
- Sign the Ballot – Your original signature is required on the Ballot in order for your vote to count;
- If you are completing the Ballot on behalf of an entity, indicate your relationship with such entity and the capacity in which you are signing, and provide proof of your authorization to so sign. In addition, please provide your name and mailing address if different from that set forth on the attached mailing label or if no such mailing label is attached to the Ballot; and
- Return the completed Ballot to the Balloting Agent in the pre-addressed stamped envelope enclosed with this Ballot.

**IF YOU DO NOT CAST A VOTE WITH RESPECT TO THE PLAN, YOU MAY COMPLETE ITEM 3 TO ELECT TO ACCEPT OR REJECT THE THIRD PARTY RELEASE.**

If you believe you received the wrong form of Ballot, or if you need additional Ballots, please immediately contact the Balloting Agent.

If you wish to have your Claim allowed for purposes of voting on the Plan in a manner that is inconsistent with the Ballot you received or if you did not receive a Ballot and wish to have your Claim temporarily allowed for voting purposes only, you must serve on the Plan Debtors and file with the Bankruptcy Court, on or before March 8, 2011, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim for purposes of voting (an “Estimation Motion”). An Estimation Motion must set forth with particularity the amount and classification of which you believe your Claim should be allowed for voting purposes, and the evidence in support of your belief. In respect of any timely filed Estimation Motion, the Ballot in question shall be counted (a) in the amount established by the Bankruptcy Court in an order entered on or before the Confirmation Hearing or (b) if such an order has not been entered by the Confirmation Hearing and unless the Plan Debtors and you have come to an agreement as to the relief requested in the Estimation Motion, in an amount equal to the preprinted amount on the Ballot or in the event you did not receive a Ballot, you shall not have a Ballot counted at all. The

Court will schedule a hearing on such Estimation Motion to be heard at or prior to the Confirmation Hearing.

If multiple Ballots are received from the same person with respect to the same Claims prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any earlier received Ballot. However, if a Holder of Claims casts Ballots received by the Balloting Agent on the same day, but which are voted inconsistently, such Ballots will not be counted.

Any Ballot that is illegible or that contains insufficient information to permit the identification of the claimant will not be counted.

Properly executed Ballots that attempt to partially accept and partially reject the Plan will not be counted.

After the Voting Deadline, no Ballot may be withdrawn or modified without the prior consent of the Plan Debtors.

This Ballot does not constitute, and shall not be deemed to be, a proof of claim or an assertion or admission of a Claim.

If you hold Claims in more than one Class under the Plan, you may receive more than one Ballot for each different Class. Each Ballot votes only your Claims indicated on that Ballot. Please complete and return each Ballot you receive.

**PLEASE MAIL YOUR BALLOT PROMPTLY. FACSIMILE OR OTHER ELECTRONIC (INCLUDING E-MAIL) TRANSMISSION OF THIS BALLOT WILL NOT BE ACCEPTED.**

**IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT OR THE PROCEDURES GENERALLY, OR IF YOU NEED ADDITIONAL COPIES OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE BALLOTING AGENT AT (888) 830-4660.**

**FOR MAILING PURPOSES, THE ADDRESS OF THE BALLOTING AGENT IS: CANAL CORPORATION (F/K/A CHESAPEAKE CORPORATION) BALLOTS, C/O KURTZMAN CARSON CONSULTANTS, 2335 ALASKA AVE., EL SEGUNDO, CA 90245.**

**EXHIBIT 3-d**  
**(Class 4 - Ballot)**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re: ) Case No. 08-36642-DOT  
)  
CANAL CORPORATION, *et al.*, ) Chapter 11  
)  
Debtors.<sup>1</sup> ) (Jointly Administered)  
)  
)

**BALLOT FOR HOLDER OF IRS SETTLEMENT CLAIM FOR ACCEPTING OR REJECTING THE JOINT PLAN OF LIQUIDATION OF CANAL CORPORATION AND CERTAIN OF ITS AFFILIATED DEBTORS**

This ballot (the “Ballot”) is being sent to the party holding the IRS Settlement Claim.<sup>2</sup> If you hold Claims in other Classes in which you are entitled to vote, you will receive a Ballot for each such other Class.

On February \_\_, 2011, the United States Bankruptcy Court for the Eastern District of Virginia (the “Court”) signed an order (the “Solicitation Order”) which approved the *Disclosure Statement With Respect to the Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors*, dated January 7, 2011 (including all exhibits thereto and as amended, modified or supplemented from time to time, the “Disclosure Statement”) regarding the *Joint Plan of Liquidation of Canal Corporation and*

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<sup>1</sup> The debtors and debtors-in-possession (collectively, the “Debtors”) and the last four digits of their respective taxpayer identification numbers are as follows: Canal Corporation (f/k/a/ Chesapeake Corporation) (6880), Canal NC Company (f/k/a Chesapeake Printing and Packaging Company) (9208), Canal NY Company, Inc. (f/k/a Chesapeake Pharmaceutical Packaging Company, Inc.) (0010), Canal IH Company (f/k/a Chesapeake International Holding Company) (1532), WTM I Company (1080), Sheffield, Inc. (6314), Canal Resources Company (f/k/a Chesapeake Assets Company) (5293), Canal YR Company (f/k/a Chesapeake Recycling Company) (9383), Canal D&P Company (f/k/a Chesapeake Display and Packaging Company) (4207), Canal Virginia Company (f/k/a The Chesapeake Corporation of Virginia) (6783), Canal Corporation (Wisconsin) (f/k/a Chesapeake Corporation (Wisconsin)) (7682), Canal Corporation (Massachusetts) (f/k/a Chesapeake Corporation (Massachusetts)) (7686), Canal Corporation (D.C.) (f/k/a Chesapeake Corporation (D.C.)) (7684), Canal Corporation (Illinois) (f/k/a Chesapeake Corporation (Illinois)) (7685), Canal Corporation (Louisiana) (f/k/a Chesapeake Corporation (Louisiana)) (7681), Canal FP Company, LLC (f/k/a Chesapeake Forest Products Company, LLC) (6880), Canal DE Company (f/k/a Cary St. Company) (9092), Canal DP Company (f/k/a Delmarva Properties, Inc.) (7160), and Canal SH Company (f/k/a Stonehouse Inc.) (2481).

<sup>2</sup> Capitalized terms used, but not defined herein, shall have the meaning ascribed to them in the Plan.

*Certain of its Affiliated Debtors* (as the same may be further amended or modified, the “Plan”), and which established certain procedures for the solicitation and tabulation of votes to accept or reject the Plan. Please use this Ballot to cast your vote to accept or reject the Plan, which is proposed by the above-captioned debtors and debtors-in-possession except for WTM I Company (collectively the “Plan Debtors”). The Plan is Exhibit A to the Disclosure Statement that accompanies this Ballot. Any party may request, at the Plan Debtors’ expense, hard copies of the Disclosure Statement, together with the Plan and other exhibits annexed thereto, from the Balloting Agent. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the IRS Settlement Claim and if the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan and (b) otherwise satisfies the requirements under section 1129(b) of the Bankruptcy Code.

**THIS BALLOT IS TO BE USED BY HOLDERS OF CLASS 4 IRS SETTLEMENT CLAIM. PLEASE COMPLETE, SIGN AND DATE THIS BALLOT AND RETURN IT IN THE ENCLOSED ENVELOPE TO THE AGENT SUPERVISING THE SOLICITATION, TABULATION, AND BALLOTING PROCESS (THE “BALLOTING AGENT”). THE VOTING DEADLINE IS 5:00 P.M. PREVAILING PACIFIC TIME ON MARCH 21, 2011.**

**ITEM 1. CLASS 4 CLAIM. The undersigned certifies that as of February 15, 2011 (the “Record Date”), it held the IRS Settlement Claim:**

**ITEM 2. CLASS 4 (IRS SETTLEMENT CLAIM) VOTE. The Holder of the IRS Settlement Claim votes:**

to ACCEPT the Plan                       to REJECT the Plan

**A VOTE TO ACCEPT THE PLAN CONSTITUTES AN ACCEPTANCE AND CONSENT TO THE THIRD PARTY RELEASE SET FORTH IN SECTION 9.5 OF THE PLAN. A VOTE TO REJECT THE PLAN INCLUDES A REJECTION OF THE THIRD PARTY RELEASE SET FORTH IN SECTION 9.5 OF THE PLAN. IF YOU ABSTAIN (CHOOSE NOT TO VOTE), SEE ITEM 3 BELOW. PLEASE SEE SECTION 9.5 OF THE PLAN FOR INFORMATION ABOUT THE THIRD PARTY RELEASE.**

**ANY BALLOT WHICH INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN OR DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED, PROVIDED, HOWEVER, THAT A PARTY THAT DOES NOT CAST A VOTE MAY OPT TO ACCEPT OR REJECT THE THIRD PARTY RELEASE PROVISIONS IN SECTION 9.5 OF THE PLAN BY CHECKING THE APPROPRIATE BOX IN ITEM 3 BELOW.**

**ITEM 3. RELEASE OPT-OUT ELECTION:**

**COMPLETE THIS ITEM 3 ONLY IF YOU DID NOT VOTE TO EITHER ACCEPT OR REJECT THE PLAN IN ITEM 2 ABOVE. PURSUANT TO THE**

**PLAN, IF YOU RETURN A BALLOT, AND VOTE TO ACCEPT THE PLAN, YOU ARE AUTOMATICALLY DEEMED TO HAVE ACCEPTED THE THIRD PARTY RELEASE IN SECTION 9.5 OF THE PLAN. YOU ALSO ARE DEEMED TO HAVE ACCEPTED THE THIRD PARTY RELEASE IN SECTION 9.5 OF THE PLAN IF YOU DO NOT CAST A VOTE WITH RESPECT TO THE PLAN, HOWEVER, IN THIS INSTANCE ONLY, YOU MAY CHECK A BOX BELOW TO ACCEPT OR REJECT THE THIRD PARTY RELEASE.**

**The Holder of the IRS Settlement Claim elects:**

to ACCEPT THE THIRD PARTY RELEASE

to REJECT THE THIRD PARTY RELEASE

**ITEM 4. CERTIFICATION. By signing this Ballot, the Holder of the IRS Settlement Claim certifies that it:**

- A. is the Holder of the IRS Settlement Claim;
- B. has been provided with a copy of the Plan and the Disclosure Statement and that it acknowledges that the vote, or the election concerning the Third Party Release in Section 9.5 of the Plan, set forth on this Ballot is subject to all the terms and conditions set forth in the Plan and the Disclosure Statement;
- C. has full power and authority to vote to accept or reject the Plan and to elect to accept or reject the Third Party Release in Section 9.5 of the Plan; and
- D. has not submitted any other Ballots relating to the IRS Settlement Claim that are inconsistent with the vote or election as set forth in this Ballot or that, as limited by the terms of the Solicitation Order and the instructions attached hereto, if such other Ballots were previously submitted, they either have been or are hereby revoked or changed to reflect the vote or election set forth herein.

Name: \_\_\_\_\_  
(Print or Type)

Social Security Or Federal Tax I.D. No.: \_\_\_\_\_  
(Optional)

Signature: \_\_\_\_\_

By: \_\_\_\_\_  
(If Appropriate)

Title: \_\_\_\_\_  
(If Appropriate)

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_



Telephone Number: \_\_\_\_\_

Date Completed: \_\_\_\_\_

No fees, commissions or other remuneration will be payable to any broker, dealer or other person for soliciting votes on the Plan. This Ballot is not a letter of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan or to elect to accept or reject the Third Party Release in Section 9.5 of the Plan. Holders should not surrender, at this time, certificates representing their securities. The Balloting Agent will not accept delivery of any such certificates surrendered together with a Ballot. Moreover, this Ballot shall not constitute or be deemed to be a proof of claim or equity interest or an assertion of a claim or equity interest.

**YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT, BY 5:00 P.M. PACIFIC TIME ON MARCH 21, 2011, OR YOUR VOTE WILL NOT BE COUNTED. FACSIMILE OR OTHER MEANS OF ELECTRONIC TRANSMISSION OF THIS BALLOT WILL NOT BE ACCEPTED.**

**IF YOU HAVE QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES,  
OR IF YOU NEED AN ADDITIONAL BALLOT OR ADDITIONAL COPIES OF THE  
DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE  
BALLOTING AGENT AT (888) 830-4660**

## VOTING INSTRUCTIONS

All capitalized terms used in the ballot (the “Ballot”) or these instructions but not otherwise defined therein shall have the meanings ascribed to them in the Plan.

Please read and follow these instructions carefully. You must transmit this Ballot to the Balloting Agent by no later than 5:00 p.m. prevailing Pacific Time on March 21, 2011, unless such time is extended (the “Voting Deadline”), or your Ballot will not be counted.

In order for your vote to count, you must:

- Complete Item 1;
- Cast ONE vote to accept or reject the Plan by checking the proper box in Item 2;
- Review the certifications in Item 4;
- Sign the Ballot – Your original signature is required on the Ballot in order for your vote to count;
- If you are completing the Ballot on behalf of an entity, indicate your relationship with such entity and the capacity in which you are signing, and provide proof of your authorization to so sign. In addition, please provide your name and mailing address if different from that set forth on the attached mailing label or if no such mailing label is attached to the Ballot; and
- Return the completed Ballot to the Balloting Agent in the pre-addressed stamped envelope enclosed with this Ballot.

**IF YOU DO NOT CAST A VOTE WITH RESPECT TO THE PLAN, YOU MAY COMPLETE ITEM 3 TO ELECT TO ACCEPT OR REJECT THE THIRD PARTY RELEASE.**

If you believe you received the wrong form of Ballot, or if you need additional Ballots, please immediately contact the Balloting Agent.

If you wish to have your Claim allowed for purposes of voting on the Plan in a manner that is inconsistent with the Ballot you received or if you did not receive a Ballot and wish to have your Claim temporarily allowed for voting purposes only, you must serve on the Plan Debtors and file with the Bankruptcy Court, on or before March 8, 2011, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such Claim for purposes of voting (an “Estimation Motion”). An Estimation Motion must set forth with particularity the amount and classification of which you believe your Claim should be allowed for voting purposes, and the evidence in support of your belief. In respect of any timely filed Estimation Motion, the Ballot in question shall be counted (a) in the amount established by the Bankruptcy Court in an order entered on or before the Confirmation Hearing or (b) if such an order has not been entered by the Confirmation Hearing and unless the Plan Debtors and you have come to an agreement as to the relief requested in the Estimation Motion, in an amount equal to the preprinted amount on the Ballot or in the event you did not receive a Ballot, you shall not have a Ballot counted at all. The

Court will schedule a hearing on such Estimation Motion to be heard at or prior to the Confirmation Hearing.

If multiple Ballots are received from the same person with respect to the same Claims prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any earlier received Ballot. However, if a Holder of Claims casts Ballots received by the Balloting Agent on the same day, but which are voted inconsistently, such Ballots will not be counted.

Any Ballot that is illegible or that contains insufficient information to permit the identification of the claimant will not be counted.

Properly executed Ballots that attempt to partially accept and partially reject the Plan will not be counted.

After the Voting Deadline, no Ballot may be withdrawn or modified without the prior consent of the Plan Debtors.

This Ballot does not constitute, and shall not be deemed to be, a proof of claim or an assertion or admission of a Claim.

If you hold Claims in more than one Class under the Plan, you may receive more than one Ballot for each different Class. Each Ballot votes only your Claims indicated on that Ballot. Please complete and return each Ballot you receive.

**PLEASE MAIL YOUR BALLOT PROMPTLY. FACSIMILE OR OTHER ELECTRONIC (INCLUDING E-MAIL) TRANSMISSION OF THIS BALLOT WILL NOT BE ACCEPTED.**

**IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT OR THE PROCEDURES GENERALLY, OR IF YOU NEED ADDITIONAL COPIES OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE BALLOTING AGENT AT (888) 830-4660.**

**FOR MAILING PURPOSES, THE ADDRESS OF THE BALLOTING AGENT IS: CANAL CORPORATION (F/K/A CHESAPEAKE CORPORATION) BALLOTS, C/O KURTZMAN CARSON CONSULTANTS, 2335 ALASKA AVE., EL SEGUNDO, CA 90245.**

**EXHIBIT 4**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re:	)	Case No. 08-36642-DOT
	)	
CANAL CORPORATION, <i>et al.</i> ,	)	Chapter 11
	)	
Debtors. <sup>1</sup>	)	(Jointly Administered)
	)	
	)	

**NOTICE OF (I) POSSIBLE ASSUMPTION OR ASSUMPTION AND ASSIGNMENT OF  
EXECUTORY CONTRACTS AND UNEXPIRED LEASES; (II) FIXING OF CURE  
AMOUNTS; AND (III) DEADLINE TO OBJECT THERETO**

**PLEASE TAKE NOTICE** that on January 7, 2011, the above-captioned debtors and debtors-in-possession except for WTM I Company (collectively, the “Plan Debtors”) filed in the United States Bankruptcy Court for the Eastern District of Virginia (the “Bankruptcy Court”) the *Debtors’ Motion for Order (I) Approving the Disclosure Statement; (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject the Plan, Including (A) Approving Form and Manner of Solicitation Procedures, (B) Approving Form and Notice of the Confirmation Hearing, (C) Establishing Record Date and Approving Procedures for Distribution of Solicitation Packages, (D) Approving Forms of Ballots, (E) Establishing Deadline for Receipt of Ballots and (F) Approving Procedures for Vote Tabulations; (III) Establishing Deadline and Procedures for Filing Objections (A) to Confirmation of the Plan, and (B) to Proposed Cure Amounts; and (IV) Granting Related Relief* (the “Voting Procedures Motion”). The Voting Procedures Motion sought approval of, among other things, procedures for the fixing of Cure Amounts (as defined below) in connection with the potential assumption or assumption and assignment of certain executory contracts and unexpired leases (collectively, the “Contracts”) pursuant to the *Joint Plan of Liquidation of Canal Corporation and Certain of its Affiliated Debtors*,

<sup>1</sup> The debtors and debtors-in-possession (collectively, the “Debtors”) and the last four digits of their respective taxpayer identification numbers are as follows: Canal Corporation (f/k/a/ Chesapeake Corporation) (6880), Canal NC Company (f/k/a Chesapeake Printing and Packaging Company) (9208), Canal NY Company, Inc. (f/k/a Chesapeake Pharmaceutical Packaging Company, Inc.) (0010), Canal IH Company (f/k/a Chesapeake International Holding Company) (1532), WTM I Company (1080), Sheffield, Inc. (6314), Canal Resources Company (f/k/a Chesapeake Assets Company) (5293), Canal YR Company (f/k/a Chesapeake Recycling Company) (9383), Canal D&P Company (f/k/a Chesapeake Display and Packaging Company) (4207), Canal Virginia Company (f/k/a The Chesapeake Corporation of Virginia) (6783), Canal Corporation (Wisconsin) (f/k/a Chesapeake Corporation (Wisconsin)) (7682), Canal Corporation (Massachusetts) (f/k/a Chesapeake Corporation (Massachusetts)) (7686), Canal Corporation (D.C.) (f/k/a Chesapeake Corporation (D.C.)) (7684), Canal Corporation (Illinois) (f/k/a Chesapeake Corporation (Illinois)) (7685), Canal Corporation (Louisiana) (f/k/a Chesapeake Corporation (Louisiana)) (7681), Canal FP Company, LLC (f/k/a Chesapeake Forest Products Company, LLC) (6880), Canal DE Company (f/k/a Cary St. Company) (9092), Canal DP Company (f/k/a Delmarva Properties, Inc.) (7160), and Canal SH Company (f/k/a Stonehouse Inc.) (2481).

dated January 7, 2011 (as amended, the “Plan”),<sup>2</sup> and the deadline to object to such Cure Amounts, assumptions or assumptions and assignments.

**PLEASE TAKE FURTHER NOTICE** that on the schedule annexed hereto as Exhibit A, the Plan Debtors have indicated the cure amounts that the Plan Debtors believe must be paid to compensate the non-Plan Debtor parties for any actual pecuniary losses arising from any defaults under the Plan Debtors’ Contracts that may be assumed, or assumed and assigned, under the Plan (in each instance, the “Cure Amount”).<sup>3</sup>

**PLEASE TAKE FURTHER NOTICE** that any party objecting to the Cure Amounts, whether or not such party previously filed a proof of claim with respect to amounts due under the applicable agreement, or objecting to the potential assumption or assumption and assignment of such Contract(s), shall be required to file and serve an objection, in writing, setting forth with specificity any and all cure obligations that the objecting party asserts must be cured or satisfied in respect of the Contracts and/or any and all objections to the potential assumption or assumption and assignment of such agreements, together with all documentation supporting such cure claim or objection. Any objections to the proposed assumption or assumption and assignment of the Contract(s) and/or the corresponding Cure Amount(s), must be filed with the Clerk of the Bankruptcy Court for the Eastern District of Virginia, 701 East Broad Street, Suite 4000, Richmond, Virginia 23219, and served upon each of the following notice parties so that the objection is received no later than **March 21, 2011, at 4:00 p.m. prevailing Eastern Time** (the “Cure Objection Deadline”):

The Plan Debtors: Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, Attn: Jason W. Harbour, Esq.

The Creditors Committee: (i) Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601, Attn: Nancy A. Peterman, Esq., and (ii) Greenberg Traurig, LLP, 200 Park Avenue, New York, New York 10166, Attn: Alan J. Brody, Esq.

The Office of the United States Trustee: 701 E. Broad St., Suite 4304, Richmond, Virginia 23219-1888, Attn: Robert B. Van Arsdale, Esq.

**PLEASE TAKE FURTHER NOTICE** that if an objection is timely filed and the parties are unable to settle such objection, a hearing with respect to the assumption or assumption and assignment of your Contract and/or your Cure Amount will be held at the time of the Confirmation Hearing (**March 29, 2011, at 11:00 a.m. prevailing Eastern Time** or such other hearing date to which the parties may mutually agree before Chief Judge Douglas O. Tice, Jr., United States Bankruptcy Court for the Eastern District of Virginia, 701 East Broad Street, Room 5100, Richmond, Virginia 23219).

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<sup>2</sup> Capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Plan.

<sup>3</sup> To the extent that any Contract previously has been rejected in part, with respect to certain portions of a Contract, the inclusion of such Contract on Exhibit A refers solely to the proposed assumption of those portions of the Contract not previously rejected pursuant to Court Order.

**PLEASE TAKE FURTHER NOTICE** that in the event that no objection is timely filed with respect to a Contract, the counterparty to such Contract shall be deemed to have consented to the Cure Amount proposed by the Plan Debtors and shall be forever enjoined and barred from seeking any additional amount(s) on account of the Plan Debtors' cure obligations under section 365 of the Bankruptcy Code or otherwise from the Plan Debtors or their Estates. In addition, if no timely objection is filed with respect to a Contract, upon the Effective Date of the Plan, the Plan Debtors or the assignee, and the counterparty to such Contract shall enjoy all of the rights and benefits under the Contract without the necessity of obtaining any party's written consent to the Plan Debtors' assumption or assumption and assignment of the Contract, and such counterparty shall be deemed to have waived any right to object, consent, condition or otherwise restrict the Plan Debtors' assumption or assumption and assignment of the Contract.

**PLEASE TAKE FURTHER NOTICE** that if you agree with assumption or assumption and assignment of your Contract and the Cure Amount indicated, you need not take any further action.

**PLEASE TAKE FURTHER NOTICE** that the inclusion of a Contract herein is without prejudice to the Plan Debtors' right to modify their election to assume, assume and assign or to reject such Contract prior to the entry of a final, non-appealable order (which order may be the order confirming the Plan) deeming such Contract assumed, assumed and assigned or rejected, and inclusion of a Contract herein is not a final determination that such Contract will, in fact, be assumed or assumed and assigned.

**PLEASE TAKE FURTHER NOTICE** that the inclusion of a Contract herein shall not constitute or be deemed to be a determination or admission by the Plan Debtors that such document is, in fact, an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code or that the Plan Debtors have any liability thereunder.

Dated: February 18, 2011

HUNTON & WILLIAMS LLP

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