

EXHIBIT 3

SUMMARY OF MANAGEMENT INCENTIVE PLANS FOR SMURFIT-STONE CONTAINER CORPORATION AND ITS SUBSIDIARIES¹

I. OVERVIEW

Historically and in the ordinary course of its business, the Company has implemented various compensation and benefits programs that are designed to incentivize future performance, align management incentives with those of Company's other stakeholders through equity-based compensation, provide employees with a market-based, competitive compensation opportunities and benefits packages, and reward its management employees for excellent service. This compensation philosophy continued through the Company's chapter 11 cases as the Company sought, and on April 22, 2009, the Bankruptcy Court approved, annual and long-term cash incentive programs in the form of the Company's 2009 Management Incentive Plan, 2010 Management Incentive Plan, and 2009 Long-Term Incentive Plan, each of which was designed to drive the Company's financial performance and, in the case of the 2009 Long-Term Incentive Plan, restructuring objectives, during the chapter 11 cases.

Consistent with its historical practices and continued efforts to provide management with market-based compensation opportunities after its emergence from bankruptcy, the Company will provide initial grants of equity to key members of management under an Equity Incentive Plan, through a mix of options, restricted stock, and/or other equity-based awards, subject to certain vesting criteria and other terms and conditions, to provide management with immediate incentives to continue to enhance the value of the Company over the long-term as well as provide incentives for them to remain employed with the Company.

Notwithstanding the Company's filing its chapter 11 plan of reorganization, the Debtors believe that it remains important to provide incentives to key management employees to consider a possible sale of the Company that will increase the value of the Company's estate and enhance the recovery of all stakeholders in the chapter 11 cases. The Plan therefore includes a Management Sale Incentive Plan ("MSIP") that will become effective as of the Confirmation Date if the Plan provides for a sale of all or substantially all of the assets or equity of SSCC and/or SSCE, and potentially provides payments to approximately 50 officers and other key management employees only upon such a sale as part of a plan of reorganization. The terms of the MSIP are described in this Exhibit 3 to the Plan.

The Company will adopt the Equity Incentive Plan and, to the extent the Plan embodies a sale of the Company, also will adopt the Management Sale Incentive Plan, in each case, as of the Confirmation Date. Except as otherwise set forth in this Exhibit or the Plan, the Company will

¹ This is a summary designed to explain key terms and other details of the Management Incentive Plans as is not a substitute for the terms and conditions of such Management Incentive Plans. The pertinent plan documents will govern in the event of any conflict between this summary and the incentive plan documents.

honor, and as applicable, assume all of the Management Incentive Plans as described in this Exhibit 3 and the Plan as of the Effective Date.

II. 2010 MANAGEMENT INCENTIVE PLAN

The Company historically paid annual incentives to a broad group of management-level employees pursuant to its annual Management Incentive Plan (“MIP”). Each annual MIP was designed to ensure that annual incentive awards were based primarily on corporate, divisional, and individual performance. After the commencement of their chapter 11 cases, on March 19, 2009, the Company sought approval from the Bankruptcy Court to continue its annual MIP for each of 2009 and 2010 for the approximately 3,650 management employees who historically had participated in the MIP. On April 22, 2009, the Bankruptcy Court authorized the Company to implement the 2009 MIP and to implement the 2010 MIP on substantially the same terms as the 2009 MIP (including participant target level incentive bonuses, performance periods, and incentive bonus payout levels), subject to the development of the Company’s Budgeted EBITDAR (as defined below) for 2010 and related processes.

Consistent with the 2009 MIP and the Bankruptcy Court order, 2010 MIP participants are divided into four tiers: Tier I is comprised of 13 Executives; Tier II includes approximately 100 non-Executive employees who are critical to the Company’s performance and successful reorganization efforts; Tier III includes approximately 850 managerial employees with corporate or division-specific responsibilities; and Tier IV includes approximately 2,600 employees.

In accordance with the Bankruptcy Court order, annual and semi-annual performance targets will be established for the 2010 MIP plan year (January 1, 2010 through December 31, 2010), including a threshold level of performance below which no award payment will be made (85% of the performance target), levels of performance at which specified percentages of the target award will be paid, and a maximum level of performance (140% of the performance target) above which no additional award shall be paid. The 2010 MIP “payout curve” will be the same as the 2009 MIP “payout curve”, where 2010 MIP participants will receive an award at 50% of target for 85% “threshold” performance; 100% of target payout for 100% of “target” performance; and 175% of target payout for 140% “maximum” performance.

The 2009 MIP performance targets are measured based on three performance periods: two six-month semi-annual performance periods and one annual performance period. Just as in the 2009 MIP, a 2010 MIP Participant is eligible to receive a semi-annual award pursuant to the 2010 MIP after the end of each semi-annual performance period and an annual award after the end of the annual performance period, subject to the Company’s achievement of certain financial and/or operational goals for the performance period, provided that any above-target incentive bonus amount earned with respect to the first six-month semi-annual performance period is scheduled to be paid after the end of the 2010 MIP plan year. As in the 2009 MIP, under the 2010 MIP, the percentages of the target incentive bonus payouts attributable to each performance period are as follows: 40% of the annual target bonus for the first semi-annual performance period; 30% of the annual target bonus for the second semi-annual performance period; and 30% of the annual target bonus for the annual performance period.

Consistent with the establishment of the 2009 MIP financial performance targets and Bankruptcy Court order authorizing the 2010 MIP, the applicable Company financial performance targets are based on a corporate EBITDAR metric that is calculated based upon Consolidated EBITDA as defined in the Company's DIP Credit Agreement, subject to certain adjustments ("Budgeted EBITDAR").

The Company has developed the Budgeted EBITDAR for 2010 that will be used as the 2010 MIP Performance Targets, which is set forth in Schedule [____] attached hereto. In the event that the Company has not implemented the 2010 MIP prior to the Confirmation Date, it will adopt and implement it on the Confirmation Date. Additionally, pursuant to the Plan, the 2010 MIP will remain in effect after the Effective Date.

III. 2009 LONG-TERM INCENTIVE PLAN

The 2009 LTIP approved by the Bankruptcy Court on April 22, 2009 provides potential cash incentive bonuses for a group of approximately 50 employees whose top-level performance is critical to the Company's success through the chapter 11 cases (the "2009 LTIP Participants").

Each 2009 LTIP Participant will be eligible to receive a potential target long-term cash incentive award that is subject to a two-year plan cycle that runs from January 1, 2009 through December 31, 2010 as set forth in the Bankruptcy Court's order authorizing the 2009 LTIP. Each target award will be divided by a target cash unit value set by the Compensation Committee to determine the number of cash units for that particular award.

The 2009 LTIP "payout curve" is the same as the 2009 MIP "payout curve", where 2009 LTIP Participants will receive an award at 50% of target for 85% "threshold" performance; 100% of target payout for 100% of "target" performance; and 175% of target payout for 140% "maximum" performance.

The 2009 LTIP Performance Target will be comprised of (i) the average of the actual Company performance over the two-year plan cycle compared to the Company's Budgeted EBITDAR and (ii) achievement of restructuring goals that will be substantially comprised of total enterprise value or a substantially similar financial metric, as provided in the Bankruptcy Court's order. Fifty percent (50%) of each 2009 LTIP Participant's 2009 LTIP Performance Target will be based solely on the Company's performance relative to the Budgeted EBITDAR, and the remaining 50% will be solely based on the Company's achievement of restructuring goals.

A. Budgeted EBITDAR Performance Target

The 2009 LTIP Performance Target that is based on the Budgeted EBITDAR is set forth in Schedule [____] attached hereto. Any earned awards based on the Company's performance relative to the Budgeted EBITDAR will be paid at the end of the two-year plan cycle, unless the Confirmation Date occurs prior to the end of such plan cycle, in which case, the Company will pay, on the Effective Date, the pro-rata amount of the 2009 LTIP Incentive Bonus (determined

by the number of completed calendar days between January 1, 2009 and the Effective Date) based on the achievement as of the Confirmation Date of the Budgeted EBITDAR.

B. Restructuring Goal Performance Target

The restructuring goal portion of the 2009 LTIP Performance Target will be based upon improvements in the trading price of the Company's bonds relative to the trading prices of those bonds on the date that the Company commenced its chapter 11 cases (approximately \$0.13) and the date that the Bankruptcy Court entered the order approving the 2009 LTIP (approximately \$0.25). Each 2009 LTIP Participant will be entitled to receive a full maximum payment (without pro-ration) with respect to the restructuring goal portion of their LTIP Incentive Bonus, provided that the average trading price of the Company's bonds in the 30-day period prior to the Confirmation Date ("Average Bond Trading Price")² is not less than \$0.[__], further provided that if the Average Bond Trading Price of the Company's bonds is 5% below such Average Bond Trading Price that provides a maximum LTIP Incentive Bonus payment, each 2009 LTIP Participant will be entitled to receive a target level payment (without pro-ration) with respect to the restructuring goal portion of their LTIP Incentive Bonus, further provided that if the Average Bond Trading Price is [__]% below such Average Bond Trading Price that provides a maximum LTIP Incentive Bonus payment, each 2009 LTIP Participant will be entitled to receive a threshold level payment (without pro-ration) with respect to the restructuring goal portion of their LTIP Incentive Bonus, and further provided that if the Average Bond Trading Price is more than [__]% below such Average Bond Trading Price that provides a maximum LTIP Incentive Bonus payment, no 2009 LTIP Participant will be entitled to receive a payment with respect to the restructuring goal portion of their LTIP Incentive Bonus. All earned LTIP Incentive Bonus payments will be made on the Effective Date.

IV. EQUITY INCENTIVE PLAN AND EMERGENCE EQUITY GRANTS

A. Purpose

The primary purposes of the Equity Incentive Plan that the Company will implement as of the Effective Date are to align the interests of executive management and other employees with the interests of Company shareholders of creating additional shareholder value in the long term and to retain the Company's management team.

As a result of the Company's chapter 11 cases, the Company has not had the ability to make any equity-based awards that provide appropriate long-term incentives for Company growth. Upon emergence, however, the Company again will have an equity-based compensation vehicle to provide its executive management and other members of its management team with appropriate, market-based, long-term incentive compensation opportunities that will be substantially dependent on Company performance.

² The Average Bond Trading Price will be calculated using the weighted average of the closing trading prices of the Company's series of five publicly traded bonds over the 30-calendar-day period preceding the Effective Date.

B. [] Percent ([]%) Reservation of New SSCC Common Stock

Not less than [] percent ([]%) on a fully diluted basis of the New SSCC Common Stock that is issued or reserved for issuance pursuant to the Plan (including shares reserved for issuance pursuant to the Management Incentive Plans and shares held in the SSCE Distribution Reserve as of the Effective Date) (i.e., [] shares of New SSCC Common Stock) shall be reserved for issuance pursuant to the Equity Incentive Plan and, as applicable, the other Management Incentive Plans.

In addition to the specific Emergence Equity Grants set forth in Section IV.C below that will be made pursuant to the terms of the Equity Incentive Plan, under the Equity Incentive Plan Company officers, other employees, and directors are eligible to receive awards at such levels or amounts, and in stock options, restricted stock, any other equity-based vehicle, or any mix of the foregoing, as provided in the Company's plan of reorganization and as otherwise determined in the discretion of the Company's compensation committee of its Board of Directors. The Equity Incentive Plan also provides for a multi-year ratable vesting schedule with respect to each award, subject to accelerated vesting under certain defined circumstances.

C. Management Emergence Equity Grants of New SSCC Common Stock

The Company's plan of reorganization provides that approximately [] of the Company's key executives and managers will receive grants of equity in Reorganized SSCC on, and as of, the Effective Date, pursuant to an applicable award agreement(s). The Emergence Equity Grants will total [] percent ([]%) of New SSCC New Common Stock (i.e., [] shares of New SSCC Common Stock reserved for issuance pursuant to the Management Incentive Plans as described in Section IV.B of this Exhibit 3). The following table shows the percentage of the New SSCC Common Stock that will be granted on, and as of, the Effective Date to the following executives individually and to the remaining participants in the aggregate:

Participants [TBD]	Percent of New SSCC Common Stock[TBD]
<hr/>	
Total	[].00%

With respect to each Emergence Equity Grant, the value of the award will be granted to participants in one or more equity vehicles, which may include stock options, restricted shares, or other equity-based interests.

D. Vesting and Termination/Change of Control Provisions

Awards under the Equity Incentive Plan will be subject to a multi-year, ratable vesting schedule set forth in the applicable award agreement(s). An equity-based award subject to a vesting schedule will provide for full accelerated vesting upon certain circumstances. The specific details of the vesting schedule and related conditions are [TBD]. The forms of award agreements that the Company will adopt based on the foregoing vesting schedule and related conditions are [TBD].

V. MANAGEMENT SALE INCENTIVE PLAN

As discussed above, notwithstanding the Company's filing its chapter 11 plan of reorganization, the Debtors believe that it remains important to provide incentives to key management employees to consider a possible sale of the Company that will increase the value of the Company's estate and enhance the recovery of all stakeholders in the chapter 11 cases. The Plan therefore includes the MSIP that will become effective as of the Confirmation Date if the Plan provides for a sale of all or substantially all of the assets or equity of SSCC and/or SSCE, and potentially provides payments to approximately 50 officers and other key management employees only upon such a sale as part of a plan of reorganization. Additional details concerning, and the specific terms and conditions of, the MSIP are [TBD].

SMURFIT-STONE CONTAINER CORPORATION

EQUITY INCENTIVE PLAN

I INTRODUCTION

1.1 Purposes. The purposes of the Smurfit-Stone Container Corporation Equity Incentive Plan (this “Plan”) are (i) to align the interests of the Company’s stockholders and the recipients of awards under this Plan by increasing the proprietary interest of such recipients in the Company’s growth and success, (ii) to advance the interests of the Company by attracting and retaining directors, officers, other employees and consultants and (iii) to motivate such persons to act in the long-term best interests of the Company and its stockholders.

1.2 Certain Definitions.

“**Agreement**” shall mean the written agreement evidencing an award hereunder between the Company and the recipient of such award.

“**Bankruptcy Court**” shall have the meaning set forth in Section 5.1.

“**Bankruptcy Proceedings**” shall mean the bankruptcy proceedings in the United States Bankruptcy Court for the District of Delaware with respect to In re: Smurfit-Stone Container Corp., Case No. 09-10235 (BLS).

“**Board**” shall mean the Board of Directors of the Company.

“**Change in Control**” shall have the meaning set forth in Section 5.8(b).

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Committee**” shall mean the Committee designated by the Board, consisting of two or more members of the Board, each of whom may be (i) a “Non-Employee Director” within the meaning of Rule 16b-3 under the Exchange Act, (ii) an “outside director” within the meaning of Section 162(m) of the Code and (iii) “independent” within the meaning of the rules of [NASDAQ] or, if the Common Stock is not listed on [NASDAQ], within the meaning of the rules of the principal national stock exchange on which the Common Stock is then traded.

“**Common Stock**” shall mean the common stock, par value [\$0.01] per share, of the Company, and all rights appurtenant thereto.

“**Company**” shall mean Smurfit-Stone Container Corporation, a Delaware corporation, or any successor thereto.

“**Emergence Equity Awards**” shall mean stock option, restricted stock or other equity compensation awards granted in connection with the Company’s emergence from bankruptcy following the confirmation of the Plan of Reorganization.

“Employment Agreement” shall mean the Employment Agreement, if any, between the Company and the recipient of an award.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Fair Market Value” shall mean the closing transaction price of a share of Common Stock as reported on [NASDAQ] on the date as of which such value is being determined or, if the Common Stock is not listed on [NASDAQ], the closing transaction price of a share of Common Stock on the principal national stock exchange on which the Common Stock is traded on the date as of which such value is being determined or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported; provided, however, that if the Common Stock is not listed on a national stock exchange or if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined by the Committee by whatever means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem appropriate and in compliance with Section 409A of the Code; provided further that, with respect to the Emergence Equity Awards, Fair Market Value shall mean the average of the closing transaction prices of a share of Common Stock as reported on [NASDAQ] for the 30-day period commencing on the date of the Company’s emergence from bankruptcy following the confirmation of the Plan of Reorganization.

“Free-Standing SAR” shall mean an SAR which is not granted in tandem with, or by reference to, an option, which entitles the holder thereof to receive, upon exercise, shares of Common Stock (which may be Restricted Stock) with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of such SARs which are exercised.

“Incapacity” shall have the meaning set forth in the Employment Agreement; provided that if a recipient of an award is not a party to an Employment Agreement that contains such definition, then “Incapacity” shall mean an individual’s long-term disability as defined under the long-term disability plan of the Company that covers that individual; or if the individual is not covered by such a long-term disability plan, an individual’s disability as defined for purposes of eligibility for a disability award under the Social Security Act.

“Incentive Stock Option” shall mean an option to purchase shares of Common Stock that meets the requirements of Section 422 of the Code, or any successor provision, which is intended by the Committee to constitute an Incentive Stock Option.

[“NASDAQ” shall mean the Nasdaq Stock Market of the National Association of Securities Dealers, Inc. Automated Quotation System.]

“Non-Employee Director” shall mean any director of the Company who is not an officer or employee of the Company or any Subsidiary.

“Nonqualified Stock Option” shall mean an option to purchase shares of Common Stock which is not an Incentive Stock Option.

“Performance Measures” shall mean the criteria and objectives, established by the Committee and set forth in the Agreement, which shall be satisfied or met (i) as a condition to

the grant or exercisability of all or a portion of an option or SAR or (ii) during the applicable Restriction Period or Performance Period as a condition to the vesting of the holder's interest, in the case of a Restricted Stock Award, of the shares of Common Stock subject to such award, or, in the case of a Restricted Stock Unit Award, to the holder's receipt of the shares of Common Stock subject to such award or of payment with respect to such award. To the extent necessary for an award to be qualified performance-based compensation under Section 162(m) of the Code and the regulations thereunder, such criteria and objectives shall include one or more of the following corporate-wide or subsidiary, division, operating unit or individual measures, stated in either absolute terms or relative terms, such as rates of growth or improvement: the attainment by a share of Common Stock of a specified Fair Market Value for a specified period of time, earnings per share, return to stockholders (including dividends), return on assets, return on equity, earnings of the Company before or after taxes and/or interest, revenues, market share, cash flow or cost reduction goals, interest expense after taxes, return on investment, return on investment capital, economic value created, operating margin, net income before or after taxes, pretax earnings before interest, depreciation and/or amortization, pretax operating earnings after interest expense and before incentives, and/or extraordinary or special items, operating earnings, net cash provided by operations, and strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion goals, cost targets, customer satisfaction, reductions in errors and omissions, reductions in lost business, management of employment practices and employee benefits, supervision of litigation and information technology, quality and quality audit scores, productivity, efficiency, and goals relating to acquisitions or divestitures, or any combination of the foregoing.

"Performance Option" shall mean an Incentive Stock Option or Nonqualified Stock Option, the grant of which or the exercisability of all or a portion of which is contingent upon the attainment of specified Performance Measures within a specified Performance Period.

"Performance Period" shall mean any period designated by the Committee and set forth in the Agreement during which (i) the Performance Measures applicable to an award shall be measured and (ii) the conditions to vesting applicable to an award shall remain in effect.

"Performance Unit" shall mean a right to receive, contingent upon the attainment of specified Performance Measures within a specified Performance Period, a specified cash amount or, in lieu thereof, shares of Common Stock having a Fair Market Value equal to such cash amount.

"Performance Unit Award" shall mean an award of Performance Units under this Plan.

"Plan of Reorganization" shall mean the Plan of Reorganization approved pursuant to the Bankruptcy Proceedings.

"Restricted Stock" shall mean shares of Common Stock which are subject to a Restriction Period and which may, in addition thereto, be subject to the attainment of specified Performance Measures within a specified Performance Period.

"Restricted Stock Award" shall mean an award of Restricted Stock under this Plan.

“Restricted Stock Unit” shall mean a right to receive one share of Common Stock or, in lieu thereof, the Fair Market Value of such share of Common Stock in cash, which shall be contingent upon the expiration of a specified Restriction Period and which may, in addition thereto, be contingent upon the attainment of specified Performance Measures within a specified Performance Period.

“Restricted Stock Unit Award” shall mean an award of Restricted Stock Units under this Plan.

“Restriction Period” shall mean any period designated by the Committee and set forth in the Agreement during which (i) the Common Stock subject to a Restricted Stock Award may not be sold, transferred, assigned, pledged, hypothecated or otherwise encumbered or disposed of, except as provided in this Plan or the Agreement relating to such award, or (ii) the conditions to vesting applicable to a Restricted Stock Unit Award shall remain in effect.

“Retirement” shall have the meaning set forth in the Employment Agreement; provided that if an Agreement does not specify such definition, then “Retirement” shall mean an employee’s retirement from the Company after the attainment of age 55 and the completion of at least five years of service with the Company.

“SAR” shall mean a stock appreciation right which may be a Free-Standing SAR or a Tandem SAR.

“Stock Award” shall mean a Restricted Stock Award or a Restricted Stock Unit Award.

“Subsidiary” shall mean any corporation, limited liability company, partnership, joint venture or similar entity in which the Company owns, directly or indirectly, an equity interest possessing more than 50% of the combined voting power of the total outstanding equity interests of such entity.

“Tandem SAR” shall mean an SAR which is granted in tandem with, or by reference to, an option (including a Nonqualified Stock Option granted prior to the date of grant of the SAR), which entitles the holder thereof to receive, upon exercise of such SAR and surrender for cancellation of all or a portion of such option, shares of Common Stock (which may be Restricted Stock) with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of shares of Common Stock subject to such option, or portion thereof, which is surrendered.

“Tax Date” shall have the meaning set forth in Section 5.5.

“Ten Percent Holder” shall have the meaning set forth in Section 2.1(a).

1.3 Administration. This Plan shall be administered by the Committee. Any one or a combination of the following awards may be made under this Plan to eligible persons: (i) options to purchase shares of Common Stock in the form of Incentive Stock Options or Nonqualified Stock Options (which may include Performance Options), (ii) SARs in the form of Tandem SARs or Free-Standing SARs, (iii) Stock Awards in the form of Restricted Stock or Restricted

Stock Units and (iv) Performance Units. The Committee shall, subject to the terms of this Plan, select eligible persons for participation in this Plan and determine the form, amount and timing of each award to such persons and, if applicable, the number of shares of Common Stock, the number of SARs, the number of Restricted Stock Units and the number of Performance Units subject to such an award, the exercise price or base price associated with the award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award, including, without limitation, the form of the Agreement evidencing the award. The Committee may, in its sole discretion and for any reason at any time, subject to the requirements of Section 162(m) of the Code and regulations thereunder in the case of an award intended to be qualified performance-based compensation, take action such that (i) any or all outstanding options and SARs shall become exercisable in part or in full, (ii) all or a portion of the Restriction Period applicable to any outstanding Restricted Stock or Restricted Stock Units shall lapse, (iii) all or a portion of the Performance Period applicable to any outstanding Restricted Stock, Restricted Stock Units or Performance Units shall lapse and (iv) the Performance Measures (if any) applicable to any outstanding award shall be deemed to be satisfied at the target or any other level. The Committee shall, subject to the terms of this Plan, interpret this Plan and the application thereof, establish rules and regulations it deems necessary or desirable for the administration of this Plan and may impose, incidental to the grant of an award, conditions with respect to the award, such as limiting competitive employment or other activities, which shall be set forth in the applicable Agreement. All such interpretations, rules, regulations and conditions shall be conclusive and binding on all parties.

The Committee may delegate some or all of its power and authority hereunder to the Board or, subject to applicable law, to the Chief Executive Officer or other executive officer of the Company as the Committee deems appropriate; provided, however, that (i) the Committee may not delegate its power and authority to the Board or the Chief Executive Officer or other executive officer of the Company with regard to the grant of an award to any person who is a “covered employee” within the meaning of Section 162(m) of the Code or who, in the Committee’s judgment, is likely to be a covered employee at any time during the period an award hereunder to such employee would be outstanding and (ii) the Committee may not delegate its power and authority to the Chief Executive Officer or other executive officer of the Company with regard to the selection for participation in this Plan of an officer, director or other person subject to Section 16 of the Exchange Act or decisions concerning the timing, pricing or amount of an award to such an officer, director or other person.

No member of the Board or Committee, and neither the Chief Executive Officer nor any other executive officer to whom the Committee delegates any of its power and authority hereunder, shall be liable for any act, omission, interpretation, construction or determination made in connection with this Plan in good faith, and the members of the Board and the Committee and the Chief Executive Officer or other executive officer shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorneys’ fees) arising therefrom to the full extent permitted by law (except as otherwise may be provided in the Company’s Certificate of Incorporation and/or By-laws) and under any directors’ and officers’ liability insurance that may be in effect from time to time.

A majority of the Committee shall constitute a quorum. The acts of the Committee shall be either (i) acts of a majority of the members of the Committee present at any meeting at which

a quorum is present or (ii) acts approved in writing by all of the members of the Committee without a meeting.

1.4 Eligibility. Participants in this Plan shall consist of such officers, other employees, consultants and nonemployee directors, and persons expected to become officers, other employees, consultants and nonemployee directors, of the Company and its Subsidiaries as the Committee in its sole discretion may select from time to time or as specified in the Plan of Reorganization. The Committee's selection of a person to participate in this Plan at any time shall not require the Committee to select such person to participate in this Plan at any other time. For purposes of this Plan, references to employment by the Company shall also mean employment by a Subsidiary.

1.5 Shares Available. Subject to adjustment as provided in Section 5.7 and to all other limits set forth in this Section 1.5, [_____] ¹ shares of Common Stock shall be available for all awards under this Plan, reduced by the sum of the aggregate number of shares of Common Stock which become subject to outstanding options, outstanding Free-Standing SARs and outstanding Stock Awards and delivered upon the settlement of Performance Units. To the extent that shares of Common Stock subject to an outstanding option, SAR or stock award granted under the Plan are not issued or delivered by reason of (i) the expiration, termination, cancellation or forfeiture of such award (excluding shares subject to an option cancelled upon settlement in shares of a related tandem SAR or shares subject to a tandem SAR cancelled upon exercise of a related option) or (ii) the settlement of such award in cash, then such shares of Common Stock shall again be available under this Plan.

Shares of Common Stock to be delivered under this Plan shall be made available from authorized and unissued shares of Common Stock, or authorized and issued shares of Common Stock reacquired and held as treasury shares or otherwise or a combination thereof.

To the extent necessary for an award to be qualified performance-based compensation under Section 162(m) of the Code and the regulations thereunder (i) the maximum number of shares of Common Stock with respect to which options or SARs or a combination thereof may be granted during any fiscal year of the Company to any person shall be [____], subject to adjustment as provided in Section 5.7; (ii) the maximum number of shares of Common Stock with respect to which Stock Awards subject to Performance Measures may be granted during any fiscal year of the Company to any person shall be [____], subject to adjustment as provided in Section 5.7, and (iii) the maximum amount that may be payable with respect to Performance Units granted during any fiscal year of the Company to any person shall be \$[_____].

¹ [Number of shares to be determined based upon the [____] percent ([____]%) on a fully diluted basis of the New SSCC Common Stock that is issued or reserved for issuance pursuant to the Company's chapter 11 plan of reorganization (including shares reserved for issuance pursuant to the Management Incentive Plans and shares held in the SSCE Distribution Reserve as of the Effective Date) (i.e., [_____] shares of New SSCC Common Stock) that will be reserved pursuant to the Company's chapter 11 plan of reorganization for issuance pursuant to the Management Incentive Plans (with the capitalized terms in this footnote 1 to have the same definitions as set forth in the Company's chapter 11 plan of reorganization).]

II STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

2.1 Stock Options. The Committee may, in its discretion, or shall, pursuant to the Plan of Reorganization, grant options to purchase shares of Common Stock to such eligible persons as may be selected by the Committee or as specified in the Plan of Reorganization. Each option, or portion thereof, that is not an Incentive Stock Option, shall be a Nonqualified Stock Option. To the extent that the aggregate Fair Market Value (determined as of the date of grant) of shares of Common Stock with respect to which options designated as Incentive Stock Options are exercisable for the first time by a participant during any calendar year (under this Plan or any other plan of the Company, or any parent or Subsidiary) exceeds the amount (currently \$100,000) established by the Code, such options shall constitute Nonqualified Stock Options.

Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable or as approved in the Plan of Reorganization, and set forth in the applicable Agreement:

(a) **Number of Shares and Purchase Price.** The number of shares of Common Stock subject to an option and the purchase price per share of Common Stock purchasable upon exercise of the option shall be determined by the Committee and set forth in the Agreement; provided, however, that the purchase price per share of Common Stock purchasable upon exercise of a Nonqualified Stock Option or an Incentive Stock Option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such option; provided further, that if an Incentive Stock Option shall be granted to any person who, at the time such option is granted, owns capital stock possessing more than 10 percent of the total combined voting power of all classes of capital stock of the Company (or of any parent or Subsidiary) (a “Ten Percent Holder”), the purchase price per share of Common Stock shall not be less than the price (currently 110% of Fair Market Value) required by the Code in order to constitute an Incentive Stock Option.

(b) **Option Period and Exercisability.** The period during which an option may be exercised shall be determined by the Committee and set forth in the Agreement; provided, however, that no Incentive Stock Option or Nonqualified Stock Option shall be exercised later than ten years after its date of grant; provided further, that if an Incentive Stock Option shall be granted to a Ten Percent Holder, such option shall not be exercised later than five years after its date of grant. The Committee may, in its discretion, determine that an option is to be granted as a Performance Option and may establish and include in the Agreement an applicable Performance Period and Performance Measures which shall be satisfied or met as a condition to the grant of such option or to the exercisability of all or a portion of such option. The Committee shall determine whether an option shall become exercisable in cumulative or non-cumulative installments and in part or in full at any time. An exercisable option, or portion thereof, may be exercised only with respect to whole shares of Common Stock.

(c) **Method of Exercise.** An option may be exercised (i) by giving written notice to the Company specifying the number of whole shares of Common Stock to be purchased and accompanying such notice with payment therefor in full (or arrangement made for such payment to the Company’s satisfaction) either (A) in cash, (B) by delivery (either actual delivery or by

attestation procedures established by the Company) of shares of Common Stock having a Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy such obligation, (D) in cash by a broker-dealer acceptable to the Company to whom the optionee has submitted an irrevocable notice of exercise or (E) a combination of (A), (B) and (C), in each case to the extent set forth in the Agreement relating to the option, (ii) if applicable, by surrendering to the Company any Tandem SARs which are cancelled by reason of the exercise of the option and (iii) by executing such documents as the Company may reasonably request. Any fraction of a share of Common Stock which would be required to pay such purchase price shall be disregarded and the remaining amount due shall be paid in cash by the optionee. No shares of Common Stock shall be issued and no certificate representing Common Stock shall be delivered until the full purchase price therefor and any withholding taxes thereon, as described in Section 5.5, have been paid (or arrangement made for such payment to the Company's satisfaction).

2.2 Stock Appreciation Rights. The Committee may, in its discretion, or shall, pursuant to the Plan of Reorganization, grant SARs to such eligible persons as may be selected by the Committee or as specified in the Plan of Reorganization. The Agreement relating to an SAR shall specify whether the SAR is a Tandem SAR or a Free-Standing SAR.

SARs shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable or as approved in the Plan of Reorganization, and set forth in the applicable Agreement:

(a) **Number of SARs and Base Price.** The number of SARs subject to an award shall be determined by the Committee and set forth in the Agreement. Any Tandem SAR related to an Incentive Stock Option shall be granted at the same time that such Incentive Stock Option is granted. The base price of a Tandem SAR shall be the purchase price per share of Common Stock of the related option. The base price of a Free-Standing SAR shall be determined by the Committee and set forth in the Agreement; provided, however, that such base price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such SAR.

(b) **Exercise Period and Exercisability.** The period for the exercise of an SAR shall be determined by the Committee and set forth in the Agreement; provided, however, that no Tandem SAR shall be exercised later than the expiration, cancellation, forfeiture or other termination of the related option and no Free-Standing SAR shall be exercised later than ten years after its date of grant. The Committee may, in its discretion, establish and include in the Agreement applicable Performance Measures which shall be satisfied or met as a condition to the grant of an SAR or to the exercisability of all or a portion of an SAR. The Committee shall determine whether an SAR may be exercised in cumulative or non-cumulative installments and in part or in full at any time. An exercisable SAR, or portion thereof, may be exercised, in the case of a Tandem SAR, only with respect to whole shares of Common Stock and, in the case of a Free-Standing SAR, only with respect to a whole number of SARs. If an SAR is exercised for

shares of Restricted Stock, a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c), or such shares shall be transferred to the holder in book entry form with restrictions on the Shares duly noted, and the holder of such Restricted Stock shall have such rights of a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the exercise of an SAR, the holder of such SAR shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such SAR.

(c) **Method of Exercise.** A Tandem SAR may be exercised (i) by giving written notice to the Company specifying the number of whole SARs which are being exercised, (ii) by surrendering to the Company any options which are cancelled by reason of the exercise of the Tandem SAR and (iii) by executing such documents as the Company may reasonably request. A Free-Standing SAR may be exercised (A) by giving written notice to the Company specifying the whole number of SARs which are being exercised and (B) by executing such documents as the Company may reasonably request.

2.3 Termination of Employment or Service. All of the terms relating to the exercise, cancellation or other disposition of an option or SAR upon a termination of employment or service with the Company of the holder of such option or SAR, as the case may be, whether by reason of Incapacity, Retirement, death or any other reason, shall be determined by the Committee and set forth in the Agreement, Employment Agreement and/or any other agreement between the Company and the recipient of an award.

2.4 No Repricing. Notwithstanding anything in this Plan to the contrary and subject to Section 5.7, without the approval of the stockholders of the Company the Committee will not amend or replace any previously granted option or SAR in a transaction that constitutes a “repricing,” as such term is used in [IM-5635-1 of the NASDAQ Listing Rules].

III STOCK AWARDS

3.1 Stock Awards. The Committee may, in its discretion, or shall, pursuant to the Plan of Reorganization, grant Stock Awards to such eligible persons as may be selected by the Committee or as specified in the Plan of Reorganization. The Agreement relating to a Stock Award shall specify whether the Stock Award is a Restricted Stock Award or a Restricted Stock Unit Award.

3.2 Terms of Restricted Stock Awards. Restricted Stock Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable or as approved in the Plan of Reorganization, and set forth in the applicable Agreement.

(a) **Number of Shares and Other Terms.** The number of shares of Common Stock subject to a Restricted Stock Award and the Restriction Period, Performance Period (if any) and Performance Measures (if any) applicable to a Restricted Stock Award shall be determined by the Committee and set forth in the Agreement.

(b) **Vesting and Forfeiture.** The Agreement relating to a Restricted Stock Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the

provisions of this Plan, for the vesting of the shares of Common Stock subject to such award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period and (ii) if specified Performance Measures (if any) are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) if specified Performance Measures (if any) are not satisfied or met during a specified Performance Period. The Committee may, in its sole discretion, grant shares of Common Stock pursuant to the Plan that are not subject to any vesting or performance conditions.

(c) Stock Issuance. During the Restriction Period, the shares of Restricted Stock shall be held by a custodian in book entry form with restrictions on such shares duly noted or, alternatively, a certificate or certificates representing a Restricted Stock Award shall be registered in the holder's name and may bear a legend, in addition to any legend which may be required pursuant to Section 5.6, indicating that the ownership of the shares of Common Stock represented by such certificate is subject to the restrictions, terms and conditions of this Plan and the Agreement relating to the Restricted Stock Award. All such certificates shall be deposited with the Company, together with stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate, which would permit transfer to the Company of all or a portion of the shares of Common Stock subject to the Restricted Stock Award in the event such award is forfeited in whole or in part. Upon termination of any applicable Restriction Period (and the satisfaction or attainment of applicable Performance Measures), subject to the Company's right to require payment of any taxes in accordance with Section 5.5, the restrictions shall be removed from the requisite number of any shares of Common Stock that are held in book entry form, and all certificates evidencing ownership of the requisite number of shares of Common Stock shall be delivered to the holder of such award.

(d) Rights with Respect to Restricted Stock Awards. Unless otherwise set forth in the Agreement relating to a Restricted Stock Award, and subject to the terms and conditions of a Restricted Stock Award, the holder of such award shall have all rights as a stockholder of the Company, including, but not limited to, voting rights, the right to receive dividends and the right to participate in any capital adjustment applicable to all holders of Common Stock; provided, however, that a distribution with respect to shares of Common Stock, other than a regular cash dividend, shall be deposited with the Company and shall be subject to the same restrictions as the shares of Common Stock with respect to which such distribution was made.

3.3 Terms of Restricted Stock Unit Awards. Restricted Stock Unit Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable or as approved in the Plan of Reorganization, and set forth in the applicable Agreement.

(a) Number of Shares and Other Terms. The number of shares of Common Stock subject to a Restricted Stock Unit Award and the Restriction Period, Performance Period (if any) and Performance Measures (if any) applicable to a Restricted Stock Unit Award shall be determined by the Committee and set forth in the Agreement.

(b) Vesting and Forfeiture. The Agreement relating to a Restricted Stock Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Restricted Stock Unit Award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period and (ii) if specified Performance Measures (if any) are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) if specified Performance Measures (if any) are not satisfied or met during a specified Performance Period. The Committee may, in its sole discretion, grant units representing the right to receive shares of Common Stock that are not subject to any vesting or performance conditions.

(c) Settlement of Vested Restricted Stock Unit Awards. The Agreement relating to a Restricted Stock Unit Award shall specify (i) whether such award may be settled in shares of Common Stock or cash or a combination thereof and (ii) whether the holder thereof shall be entitled to receive, on a current or deferred basis, dividend equivalents, and, if determined by the Committee, interest on, or the deemed reinvestment of, any deferred dividend equivalents, with respect to the number of shares of Common Stock subject to such award. Prior to the settlement of a Restricted Stock Unit Award, the holder of such award shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such award.

3.4 Termination of Employment or Service. All of the terms relating to the satisfaction of Performance Measures and the termination of the Restriction Period or Performance Period relating to a Stock Award, or any forfeiture and cancellation of such award upon a termination of employment or service with the Company of the holder of such award, whether by reason of Incapacity, Retirement, death or any other reason, shall be determined by the Committee and set forth in the Agreement, Employment Agreement and/or any other agreement between the Company and the recipient of an award.

IV PERFORMANCE UNIT AWARDS

4.1 Performance Unit Awards. The Committee may, in its discretion, or shall, pursuant to the Plan of Reorganization, grant Performance Unit Awards to such eligible persons as may be selected by the Committee or as specified in the Plan of Reorganization.

4.2 Terms of Performance Unit Awards. Performance Unit Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable or as approved in the Plan of Reorganization and set forth in the applicable Agreement.

(a) Number of Performance Units and Performance Measures. The number of Performance Units subject to a Performance Unit Award and the Performance Measures and Performance Period applicable to a Performance Unit Award shall be determined by the Committee and set forth in the Agreement.

(b) Vesting and Forfeiture. The Agreement relating to a Performance Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the

provisions of this Plan, for the vesting of such Performance Unit Award if the specified Performance Measures are satisfied or met during the specified Performance Period and for the forfeiture of such award if the specified Performance Measures are not satisfied or met during the specified Performance Period.

(c) **Settlement of Vested Performance Unit Awards.** The Agreement relating to a Performance Unit Award shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof. If a Performance Unit Award is settled in shares of Restricted Stock, such shares of Restricted Stock shall be issued to the holder in book entry form or a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c) and the holder of such Restricted Stock shall have such rights as a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the settlement of a Performance Unit Award in shares of Common Stock, including Restricted Stock, the holder of such award shall have no rights as a stockholder of the Company.

4.3 Termination of Employment or Service. All of the terms relating to the satisfaction of Performance Measures and the termination of the Performance Period relating to a Performance Unit Award, or any forfeiture and cancellation of such award upon a termination of employment or service with the Company of the holder of such award, whether by reason of Incapacity, Retirement, death or any other reason, shall be determined by the Committee and set forth in the Agreement, Employment Agreement and/or any other agreement between the Company and the recipient of an award.

V GENERAL

5.1 Effective Date and Term of Plan. This Plan shall be submitted to the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) for approval in connection with the Plan of Reorganization and, if approved, shall become effective as of the effective date of the Plan of Reorganization. This Plan shall terminate as of the first annual meeting of the Company’s stockholders to occur on or after the tenth anniversary of its effective date, unless terminated earlier by the Board. Termination of this Plan shall not affect the terms or conditions of any award granted prior to termination.

Awards hereunder may be made at any time prior to the termination of this Plan, provided that no award may be made later than ten years after the effective date of this Plan. In the event that this Plan is not approved by the Bankruptcy Court, this Plan and any awards hereunder shall be void and of no force or effect.

5.2 Amendments. The Board may amend this Plan as it shall deem advisable, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including Section 162(m) of the Code and any rule of [NASDAQ], or, if the Common Stock is not listed on [NASDAQ], any rule of the principal national stock exchange on which the Common Stock is then traded; provided, however, that no amendment may impair the rights of a holder of an outstanding award without the consent of such holder.

5.3 Agreement. Each award under this Plan shall be evidenced by an Agreement setting forth the terms and conditions applicable to such award. No award shall be valid until

approved by the Company or, with respect to the Emergence Equity Awards, the Bankruptcy Court. Such award shall be effective as of the effective date set forth in the Agreement.

5.4 Non-Transferability. No award shall be transferable other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company or, to the extent expressly permitted in the Agreement relating to such award, to the holder's family members, a trust or entity established by the holder for estate planning purposes or a charitable organization designated by the holder. Except to the extent permitted by the foregoing sentence or the Agreement relating to an award, each award may be exercised or settled during the holder's lifetime only by the holder or the holder's legal representative or similar person. Except as permitted by the second preceding sentence, no award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any award, such award and all rights thereunder shall immediately become null and void.

5.5 Tax Withholding. The Company shall have the right to require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash pursuant to an award made hereunder, payment by the holder of such award of any federal, state, local or other taxes which may be required to be withheld or paid in connection with such award. An Agreement may provide that (i) the Company shall withhold whole shares of Common Stock which would otherwise be delivered to a holder, having an aggregate Fair Market Value determined as of the date the obligation to withhold or pay taxes arises in connection with an award (the "Tax Date"), or withhold an amount of cash which would otherwise be payable to a holder, in the amount necessary to satisfy any such obligation or (ii) the holder may satisfy any such obligation by any of the following means: (A) a cash payment to the Company, (B) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to a holder, equal to the amount necessary to satisfy any such obligation, (D) in the case of the exercise of an option and except as may be prohibited by applicable law, a cash payment by a broker-dealer acceptable to the Company to whom the optionee has submitted an irrevocable notice of exercise or (E) any combination of (A), (B) and (C), in each case to the extent set forth in the Agreement relating to the award. Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate. Any fraction of a share of Common Stock which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the holder.

5.6 Restrictions on Shares. Each award made hereunder shall be subject to the requirement that if at any time the Company determines that the listing, registration or qualification of the shares of Common Stock subject to such award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of

shares thereunder, such shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the holder is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder.

5.7 Adjustment. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than a regular cash dividend, the number and class of securities available under this Plan, the number and class of securities subject to each outstanding option and the purchase price per security, the terms of each outstanding SAR, the terms of each outstanding Restricted Stock Award and Restricted Stock Unit Award, including the number and class of securities subject thereto, the terms of each outstanding Performance Unit, the maximum number of securities with respect to which options or SARs may be granted during any fiscal year of the Company to any one grantee and the maximum number of shares of Common Stock that may be awarded during any fiscal year of the Company to any one grantee pursuant to a Stock Award that is subject to Performance Measures shall be equitably adjusted by the Committee, such adjustments to be made in the case of outstanding options and SARs in accordance with Section 409A of the Code. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive. If any such adjustment would result in a fractional security being (a) available under this Plan, such fractional security shall be disregarded, or (b) subject to an award under this Plan, the Company shall pay the holder of such award, in connection with the first vesting, exercise or settlement of such award, in whole or in part, occurring after such adjustment, an amount in cash determined by multiplying (i) the fraction of such security (rounded to the nearest hundredth) by (ii) the excess, if any, of (A) the Fair Market Value on the vesting, exercise or settlement date over (B) the exercise or base price, if any, of such award.

5.8 Change in Control.

(a) Notwithstanding any provision in this Plan or any Agreement, in the event of a Change in Control, (i) all outstanding options and SARs shall immediately become exercisable in full, (ii) the Restriction Period applicable to any outstanding Restricted Stock Award or Restricted Stock Unit Award shall lapse, (iii) the Performance Period applicable to any outstanding award shall lapse, (iv) the Performance Measures applicable to any outstanding award shall be deemed to be satisfied at the maximum level and (v) the Board (as constituted prior to such Change in Control) may, in its discretion:

(1) require that shares of stock of the corporation resulting from such Change in Control, or a parent corporation thereof, be substituted for some or all of the shares of Common Stock subject to an outstanding award, with an appropriate and equitable adjustment to such award as shall be determined by the Board in accordance with Section 5.7; and/or

(2) require outstanding awards, in whole or in part, to be surrendered to the Company by the holder, and to be immediately cancelled by the Company, and to provide for the holder to receive (A) a cash payment in an amount equal to (i) in the case of an option or an SAR, the number of shares of Common Stock then subject to the portion of such option or SAR surrendered multiplied by the excess, if any, of the Fair Market Value of a share of Common Stock as of the date of the Change in Control, over the purchase price or base price per share of Common Stock subject to such option or SAR, (ii) in the case of a Stock Award, the number of shares of Common Stock then subject to the portion of such award surrendered multiplied by the Fair Market Value of a share of Common Stock as of the date of the Change in Control, and (iii) in the case of a Performance Unit Award, the number of Performance Units then subject to the portion of such award surrendered; (B) shares of capital stock of the corporation resulting from such Change in Control, or a parent corporation thereof, having a fair market value not less than the amount determined under clause (A) above; or (C) a combination of the payment of cash pursuant to clause (A) above and the issuance of shares pursuant to clause (B) above.

(b) For purposes of this Plan, a “Change in Control” shall mean the occurrence of any one or more of the following events following the effective date of the Plan of Reorganization:

(1) The “beneficial ownership” of securities representing more than 20% of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Company Voting Securities”) is accumulated, held or acquired by a Person (as defined in Section 3(a)(9) of the Exchange Act, as modified, and used in Sections 13(d) and 14(d) thereof) other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, any corporation owned, directly or indirectly, by the Company’s stockholders in substantially the same proportions as their ownership of stock of the Company; provided, however, that any acquisition from the Company or any acquisition pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subparagraph (3) of this definition will not be a Change in Control under this subparagraph (1), and provided further that immediately prior to such accumulation, holding or acquisition, such person was not a direct or indirect beneficial owner of 20% or more of the Company Voting Securities; or

(2) Individuals who, as of the day next following the effective date of the Plan of Reorganization, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that an individual becoming a director subsequent to that date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation by the Company of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets or stock of another entity (a “Business Combination”), in each case, unless immediately following such Business Combination: (i) more than 60% of the combined voting power of then outstanding voting securities entitled to vote generally in the election of directors of (A) the corporation resulting from such Business Combination (the “Surviving Corporation”), or (B) if applicable, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries (the “Parent Corporation”), is represented, directly or indirectly, by Company Voting Securities outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company Voting Securities; (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) except to the extent that such ownership of the Company existed prior to the Business Combination; and (iii) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination;

(4) Approval by the Company’s stockholders of a complete liquidation or dissolution of the Company;

(5) The consummation of a reorganization under the U.S. Bankruptcy Code; or

(6) The consummation of a complete liquidation or dissolution of the Company under the U.S. Bankruptcy Code.

However, in no event will a Change in Control be deemed to have occurred, with respect to a Participant’s award, if the Participant is part of a purchasing group that consummates the Change in Control transaction. A Participant will be deemed “part of a purchasing group” for purposes of the preceding sentence if the Participant is an equity participant in the purchasing company or group (except: (i) passive ownership of less than 2% of the stock of the purchasing company; or (ii) ownership of equity participation in the purchasing company or group that is otherwise not significant, as determined prior to the Change in Control by a majority of the non-employee continuing directors). For the avoidance of doubt, a Change in Control shall not include transactions pursuant to the Plan of Reorganization (as defined herein).

5.9 Deferrals. The Committee may determine that the delivery of shares of Common Stock or the payment of cash, or a combination thereof, upon the exercise or settlement of all or

a portion of any award (other than awards of Incentive Stock Options, Nonqualified Stock Options and SARs) made hereunder shall be deferred, or the Committee may, in its sole discretion, approve deferral elections made by holders of awards. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion and as set forth in the Agreement, subject to the requirements of Section 409A of the Code.

5.10 No Right of Participation, Employment or Service. Unless otherwise set forth in an employment agreement, no person shall have any right to participate in this Plan. Neither this Plan nor any award made hereunder shall confer upon any person any right to continued employment by or service with the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time without liability hereunder.

5.11 Rights as Stockholder. No person shall have any right as a stockholder of the Company with respect to any shares of Common Stock or other equity security of the Company which is subject to an award hereunder unless and until such person becomes a stockholder of record with respect to such shares of Common Stock or equity security.

5.12 Designation of Beneficiary. A holder of an award may file with the Committee a written designation of one or more persons as such holder's beneficiary or beneficiaries (both primary and contingent) in the event of the holder's death or incapacity. To the extent an outstanding option or SAR granted hereunder is exercisable, such beneficiary or beneficiaries shall be entitled to exercise such option or SAR pursuant to procedures prescribed by the Committee.

Each beneficiary designation shall become effective only when filed in writing with the Committee during the holder's lifetime on a form prescribed by the Committee. The spouse of a married holder domiciled in a community property jurisdiction shall join in any designation of a beneficiary other than such spouse. The filing with the Committee of a new beneficiary designation shall cancel all previously filed beneficiary designations.

If a holder fails to designate a beneficiary, or if all designated beneficiaries of a holder predecease the holder, then each outstanding option and SAR hereunder held by such holder, to the extent exercisable, may be exercised by such holder's executor, administrator, legal representative or similar person.

5.13 Governing Law. This Plan, each award hereunder and the related Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

5.14 Foreign Employees. Without amending this Plan, the Committee may grant awards to eligible persons who are foreign nationals on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of this Plan and, in furtherance of such purposes the Committee may make such modifications, amendments, procedures, subplans and the like as

may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or its Subsidiaries operates or has employees.