

SMURFIT-STONE CONTAINER CORPORATION
AUDIT COMMITTEE CHARTER
(Revised February 27, 2004)

ORGANIZATION

The Audit Committee of the Board of Directors shall consist of at least three directors who are independent of management of the Corporation and are financially literate. The members of the Audit Committee shall meet the independence and experience requirements of the Securities and Exchange Commission (the "SEC") and the securities exchange on which the Corporation's common stock is traded. At least one member of the Audit Committee shall be a financial expert as defined by the SEC. Audit Committee members and the committee chairman shall be designated annually by the full Board of Directors on the recommendation of the Nominating and Governance Committee. Audit Committee members shall not serve on more than three public company audit committees simultaneously.

STATEMENT OF POLICY

The Audit Committee shall assist the Board of Directors in fulfilling its oversight responsibility by reviewing: (i) the financial information which will be provided to shareholders and others; (ii) the quality and integrity of the financial reports of the Corporation; (iii) the systems of internal controls; (iv) the independent auditor's qualifications and independence ; and, (v) the Corporation's compliance with legal and regulatory requirements. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the independent auditors, the internal auditors, and the financial management of the Corporation.

RESPONSIBILITIES

In carrying out its responsibilities, the Audit Committee's policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the Board of Directors and shareholders that the accounting and reporting practices of the Corporation are in accordance with all requirements and are of the highest quality.

In carrying out these responsibilities, the Audit Committee will perform the following functions/tasks:

Financial Reporting

Perform a timely review of financial statements, as well as earnings press releases, earnings guidance and other financial information provided to shareholders, rating agencies or the public.

Confirm that financial management and the independent auditor perform a timely analysis of significant reporting issues and practices and report key issues to the committee.

Inquire of management, the internal audit director, and the independent auditor about significant risks or exposures, assess the steps management has taken to minimize such risk to the Corporation, and evaluate the need for disclosure thereof.

Discuss with financial management and the independent auditor their qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial reporting practices used or proposed to be used.

Internal Controls

Review with the independent auditor and the internal audit director the adequacy of the Corporation's internal controls (including information systems and security) and related significant findings and recommendations of the independent auditor and internal audit, together with management's responses.

Review management's assertion on its assessment of the effectiveness of internal controls as of the end of each fiscal year and the independent auditors report on management's assertion.

Audit Process

Appointment of auditors

Exercise the sole authority to appoint, retain, compensate, evaluate and terminate the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor. The Audit Committee may delegate this authority to its chairman, provided that any decisions of the Chairman to pre-approve any services shall be presented to the Audit Committee at its next meeting.

Review and advise concerning management's appointment, termination, or replacement of the internal audit director. Review with management and the internal audit director, annually, the internal audit department's staffing and significant objectives.

Independence and qualification of auditors

At least annually, obtain and review a report by the independent auditor describing: (i) the firm's internal quality control procedure; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditor and the Corporation (to assess the auditor's independence).

After reviewing the foregoing report and the independent auditor's work throughout the year, shall evaluate the auditors' qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of management and the Company's personnel responsible for the internal audit function.

Determine that the independent audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules.

Review of audit plans

In consultation with the independent auditor and the internal audit director, review the audit scope and plan of the internal audit department and the independent auditor.

Review with the internal audit director and the independent auditor the coordination of audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources, including explanations for any deviations from the original plans.

Regularly review with the independent auditor any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the independent auditor's activities or access to requested information, and management's response. Review any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise); any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Corporation.

Interim financial statement review

The Committee shall review the interim financial statements and management's discussion and analysis of financial condition and results of operations with management and the independent auditors prior to the public disclosure of results for each quarterly period. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.

Review of audit results

Review with management and the independent auditor at the completion of the annual audit the following:

- Annual report of the Corporation, including the financial statements, related footnotes, and management's discussion and analysis of financial condition and results of operations.
- Results of the audit of the financial statements and the related report thereon, including all critical accounting policies and practices to be used, all alternative treatments of financial information within generally accepted accounting procedures that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
- Significant changes in the audit plan and any serious disputes or difficulties with management encountered during the audit.
- Other communications as required by generally accepted auditing standards.
- Disclosures made by the Corporation's CEO and CFO during their certification process for the Form 10-K and 10-Q regarding any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.

Proxy Statement Report

- Prepare the Audit Committee report that the SEC proxy rules require to be included in the Corporation's annual proxy statement.

Compliance Oversight Responsibilities

- Review and approve all material related party transactions.
- Review disclosures made by the senior financial officers of the Corporation under the Code of Ethics applicable to such officers.
- Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
- Discuss with the Corporation's General Counsel legal matters that may have a material impact on the financial statements or the Corporation's compliance policies.

GENERAL

In addition to the foregoing, the Audit Committee shall:

Review policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and the results of the annual review of these areas conducted by internal audit.

Review legal and regulatory matters that may have a material impact on the financial statements, related corporate compliance policies and programs, and reports received from regulators.

At least semi-annually, meet with the internal audit director, the independent auditor, and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Audit Committee.

At least annually, obtain and review a report by the independent auditor describing the firm's internal quality controls, and any material issues raised by the most recent internal quality review.

Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate. At the Chairman's option, the independent auditors

should be made available to meet with the Board of Directors annually or when otherwise appropriate.

Submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each Committee meeting with, the Board of Directors.

Annually review and update the Committee's charter as necessary.

Perform periodic evaluations of the performance of the Audit Committee and report the results to the Nominating and Governance Committee.

Retain the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities with full access to all books, records, facilities, and personnel of the Corporation and the power to retain outside counsel or other experts for this purpose.

The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its responsibilities, and shall receive appropriate funds, as it shall determine, from the Corporation for payment of compensation to the outside legal, accounting or other advisors employed by the Audit Committee.

Perform such other functions as assigned by law, the Corporation's bylaws, or the Board of Directors.