CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

No.: 500-11-036133-094

SUPERIOR COURT

Commercial Division
Sitting as a court designated pursuant to the Companies' Creditors Arrangement Act, R.S.C., c. C-36, as amended

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

ABITIBIBOWATER INC., a legal person incorporated under the laws of the State of Delaware, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And

ABITIBI-CONSOLIDATED INC., a legal person incorporated under the laws of Canada, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And

BOWATER CANADIAN HOLDINGS INC., a legal person incorporated under the laws of the Province of Nova Scotia, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And

the other Petitioners listed on Appendices "A", "B" and "C";

Petitioners

And

ERNST & YOUNG INC., a legal person under the laws of Canada, having a place of business at 800 René-Lévesque Blvd. West, Suite 1900, in the City and District of Montréal, Province of Quebec, H3B 1X9;

Monitor

TWENTY-NINTH REPORT OF THE MONITOR

December 16, 2009

INTRODUCTION

1. On April 17, 2009, Abitibi-Consolidated Inc. ("**ACI**") and its subsidiaries listed in Appendix "A" hereto (collectively with ACI, the "**ACI Petitioners**") and Bowater Canadian Holdings Incorporated ("**BCHI**") and its subsidiaries listed in Appendix "B" hereto (collectively with BCHI, the "**Bowater Petitioners**") (the ACI Petitioners and the Bowater Petitioners are collectively referred to herein as the "**Petitioners**") filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**") pursuant to an Order of this Honourable Court (the "**Initial Order**"). Pursuant to an Order of this Honourable Court dated November 10, 2009, Abitibi-Consolidated (U.K.) Inc., a subsidiary of ACI, was added to the list of ACI Petitioners.

2. Pursuant to the Initial Order, Ernst & Young Inc. ("**EYI**") was appointed as monitor of the Petitioners (the "**Monitor**") under the CCAA and a stay of proceedings in favour of the Petitioners was granted until May 14, 2009 (the "**Stay Period**"). The Stay Period has been extended until March 15, 2010 pursuant to further Orders of this Honourable Court.

3. On April 16, 2009, AbitibiBowater Inc. ("**ABH**"), Bowater Inc. ("**BI**"), and certain of their direct and indirect U.S. and Canadian subsidiaries, including BCHI and Bowater Canadian Forest Products Inc. ("**BCFPI**") (collectively referred to herein as "**U.S. Debtors**"), filed voluntary petitions (collectively, the "**Chapter 11 Proceedings**") for relief under Chapter 11 of the U.S. Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the "**U.S. Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**").

4. The Petitioners are all subsidiaries of ABH (ABH, collectively with its subsidiaries, are referred to as the "**ABH Group**").

5. On April 17, 2009, ABH and the petitioners listed on Appendix "C" hereto (collectively with ABH, the "**18.6 Petitioners**") obtained Orders under Section 18.6 of the CCAA in respect of voluntary proceedings initiated under Chapter 11 and EYI was appointed as the information officer in respect of the 18.6 Petitioners.

6. On April 16, 2009, ACI and ACCC filed petitions for recognition under Chapter 15 of the U.S. Bankruptcy Code. On April 21, 2009, the U.S. Bankruptcy Court granted the recognition orders under Chapter 15 of the U.S. Bankruptcy Code.

7. On April 22, 2009, the Court amended the Initial Order to extend the stay of proceedings to the partnerships listed in Appendix "D" hereto.

BACKGROUND

8. ABH is one of the world's largest publicly traded pulp and paper manufacturers. It produces a wide range of newsprint and commercial printing papers, market pulp and wood products. The ABH Group owns interests in or operates pulp and paper facilities, wood products facilities and recycling facilities located in Canada, the United States, the United Kingdom and South Korea.

9. Incorporated in Delaware and headquartered in Montreal, Quebec, ABH functions as a holding company and its business is conducted principally through four direct subsidiaries: BI, Bowater Newsprint South LLC (**"Newsprint South"**) (BI, Newsprint South and their respective subsidiaries are collectively referred to as the **"BI Group")**, ACI (ACI and its subsidiaries are collectively referred to as the **"ACI Group"**) and AbitibiBowater US Holding LLC (**"ABUSH"**) (ABUSH and its respective subsidiaries are collectively referred to as the **"DCorp Group"**).

10. ACI is a direct and indirect wholly-owned subsidiary of ABH. ABH wholly owns BI which in turn, wholly owns BCHI which, in turn, indirectly owns BCFPI which carries on the main Canadian operations of BI.

11. ACCC, a wholly-owned subsidiary of ACI, and BCFPI hold the majority of ABH's Canadian assets and operations.

PURPOSE

12. This is the twenty-ninth report of the Monitor (the "**Twenty-Ninth Report**") in the CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to:

    (i) the closing of the sale of ACCC's 60% interest (the "**ACCC MPCo Interest**") in the Manicouagan Power Company ("**MPCo**") and the transactions (the "**MPCo Transaction**") contemplated by the implementation agreement and the exhibits thereto (the "**Implementation Agreement**") between ACI, ACCC, MPCo, Alcoa Canada Ltee. ("**Alcoa Canada**") and Alcoa Ltd. (collectively, Alcoa Canada and Alcoa Ltd. are referred to herein as "**Alcoa**") to which HQ Énergie Inc., a wholly owned subsidiary of Hydro Quebec (HQ Énergie Inc. and Hydro Quebec are collectively referred to herein as "**HQ**"), has intervened; and

    (ii) a comparison of the actual net proceeds from the sale of the ACCC MPCo Interest after certain payments, holdbacks, reserves and deductions as provided for in the Implementation Agreement (the "**Net Proceeds**") compared to the estimated net proceeds provided in the sixteenth report dated September 21, 2009 (the "**Sixteenth Report**").

TERMS OF REFERENCE

13. In preparing this Twenty-Ninth Report, the Monitor has been provided with and, in making comments herein, has relied upon unaudited financial information, the ABH Group's books and records, financial information and projections prepared by the ABH Group and discussions with management of the ABH Group and its advisers (the "**Management**"). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Twenty-Ninth Report. Some of the information referred to in this Twenty-Ninth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants

Handbook, has not been performed. Future-oriented financial information referred to in this Twenty-Ninth Report was prepared by the ABH Group based on Management's estimates and assumptions. Readers are cautioned that, since these projections are based upon assumptions about future events and conditions, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

14. Capitalized terms not defined in this Twenty-Ninth Report are as defined in the previous reports of the Monitor and the Initial Order. All references to dollars are in U.S. currency unless otherwise noted.

15. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Twenty-Ninth Report, and all motion records and Orders in the CCAA Proceedings will be available on the Monitor's website at www.ey.com/ca/abitibibowater. The Monitor has also established a bilingual toll-free telephone number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceedings.

16. Copies of all of the U.S. Bankruptcy Court's orders are posted on the website for Epiq Bankruptcy Solutions LCC (**"Epiq"**) at http://chapter11.epiqsystems.com/abitibibowater. The Monitor has included a link to Epiq's website from the Monitor's website.

SALE OF THE ACCC MPCO INTEREST

Approval of Sale of the ACCC MPCo Interest by this Honourable Court

17. On September 21, 2009, the Monitor filed its Sixteenth Report in respect of, among other things, the sale of the ACCC MPCo Interest and the Monitor's recommendations thereon.

18. On September 29, 2009 this Honourable Court issued an Order (the **"MPCo Sale Approval Order"**) approving the Petitioners' motion in respect of the sale of the ACCC MPCo Interest.

Closing of the MPCo Transaction

19. In the Sixteenth Report, the Monitor reported that the parties to the Implementation Agreement had agreed to use reasonable commercial efforts to close the sale of the ACCC MPCo Interest on or before October 15, 2009.

20. In the Monitor's nineteenth report dated October 27, 2009 (the "**Nineteenth Report**"), the Monitor advised this Honourable Court that the parties did not expect to close the MPCo Transaction until the latter part of November or early December, 2009 and that the ACI Group had requested an extension from Investissement Quebec ("**IQ**") to December 15, 2009 for the repayment of the ACI DIP Facility, which request was subsequently granted.

21. On December 9, 2009 the sale of the MPCo Transaction closed and, pursuant to the terms of the Implementation Agreement, HQ paid ACCC CDN$615 million (the "**Purchase Price**") for the ACCC MPCo Interest from which, as described in greater detail in this Twenty-Ninth Report, (i) approximately CDN$27 million was paid at closing to Alcoa for tax liabilities arising from the sale of the ACCC MPCo Interest, (ii) approximately CDN$31 million was held back by HQ to secure indemnifications to be provided to HQ (the "**HQ Holdback**"), (iii) certain inter-party accounts were settled, (iv) a CDN$282.3 million reserve, primarily to guarantee the obligations of ACCC and ACI, including potential contingent pension and tax liabilities resulting from the sale of the ACCC MPCo Interest (the "**ULC Reserve**") was transferred to the Monitor to be held in trust for the ULC (as defined herein) pending further Orders of this Honourable Court, subject to a partial payment of the ACI DIP Facility as hereinafter described, and (v) as provided for in the ACI DIP Agreement, the ACI DIP Facility was repaid.

Net Proceeds from the sale of the ACCC MPCo Interest

22. The following table compares the actual amounts of the significant payments, holdbacks, reserves and deductions from the Purchase Price with the estimated amounts included in the Sixteenth Report:

(CDN$millions)	Actual at Closing	Per 16th Report	Difference
Purchase Price	$ 615.0	$ 615.0	$ -
Payments and Adjustments from Purchase Price:			
Outstanding Balance Among ACCC/BCFPI and HQ	(30.2)	(31.3)	1.1
Reimbursement of Alcoa's taxes payable	(27.0)	(25.0)	(2.0)
ACCC's Transaction Costs	(14.8)	(10.0)	(4.8)
Other Adjustments	(1.4)	(2.0)	0.6
Amounts owed to ACCC/BCFPI by MPCo, Alcoa or HQ	2.3	2.1	0.2
Pre-Filing Amounts Payable by the ACI Group to Alcoa and MPCo	-	(0.9)	0.9
Total Payments and Adjustments from Purchase Price:	(71.1)	(67.1)	(4.0)
Net Proceeds before Holdbacks and Reserves	543.9	547.9	(4.0)
Less:			
HQ Holdback	(30.8)	(30.8)	-
ULC Reserve	(282.3)	(282.3)	-
Net Proceeds	$ 230.8	$ 234.8	$ (4.0)
Distribution to Senior Secured Noteholders	$ 200.0		
Repayment of ACI DIP Facility from Net Proceeds	$ 30.8		

Payments Made from the Proceeds from the Sale of the ACCC MPCo Interest

23. On November 16, 2009, this Honourable Court issued an Order (the "**ULC DIP Order**"), which among other things, authorized the Petitioners:

(i) to enter into a loan agreement (the "**ULC DIP Agreement**") with an unlimited liability company (the "**ULC**"), as contemplated in the Implementation Agreement and as described in the Sixteenth Report, in respect of a CDN$230 million super-priority debtor-in-possession credit facility (the "**ULC DIP Facility**"), to be funded from the ULC Reserve with an initial draw of CDN$130 million. A further CDN$50 million is available to the Petitioners upon providing notice as required under the ULC DIP Facility and an additional CDN$50 million is available to the Petitioners, subject to obtaining a further order of this Honourable Court; and

(ii) to distribute CDN$200 million to U.S. Bank National Association as indenture trustee and collateral trustee (the "**SSN Trustee**") for the benefit of the Senior Secured Noteholders (the "**Senior Secured Noteholders Distribution**") upon the closing of the MPCo Transaction and the closing of the ULC DIP Agreement, to be paid from the Net Proceeds and from cash reserves.

24. In accordance with the ULC DIP Order, the Monitor received and distributed the following amounts:

Payments made to the Monitor:	**CDN $millions**	**US $millions**
ULC Reserve	282.3	
Net Proceeds	230.8	
Net Cash Flow	**513.1**	
Uses of Net Proceeds:		
Distribution to Senior Secured Noteholders	200.0	
Repayment of ACI DIP Facility from Net Proceeds [1]	30.8	29.2
	230.8	**29.2**
Uses of ULC Reserve		
Repayment of ACI DIP Facility from Initial ULC DIP Draw [1]	27.1	25.7
ULC DIP Available Upon Notice	50.0	
ULC DIP Available Subject to Court Approval	50.0	
Restricted ULC Reserve	52.3	
Balance of Initial ULC DIP Draw paid to ACCC	102.9	
	282.3	**25.7**
Total Repayment of ACI DIP Facility	**57.8**	**54.9**

Note 1: The ACI DIP Facility was denominated in $U.S., as such, the repayments were converted into $U.S.

25. All of the amounts distributed by the Monitor were made in Canadian dollars with the exception of the two payments made to repay the ACI DIP Facility which were made in U.S. dollars, and which are shown in the table above at the actual exchange rate obtained by the Monitor upon conversion.

26. The Monitor is holding in trust the CDN$50 million of the ULC DIP Facility which is available to the Petitioners upon further notice and an additional CDN$50 million of the ULC DIP Facility which is available to the Petitioners subject to obtaining a further order of this Honourable Court. These amounts are held in separate trust bank accounts. In addition, the Monitor has deposited the amount of $52.3 million, referred to above as the

"**Restricted ULC Reserve**", in a further separate trust account in accordance with the escrow agreement which is attached as Appendix "E" to this Twenty-Ninth Report.

The Term Lenders Subrogation

27. Pursuant to paragraph 17 of the ULC DIP Order, the portion of the ACI DIP Charge in favour of the ULC DIP Lender shall in all respects be subordinate to:

    (i) the subrogation rights in favour of the Senior Secured Noteholders arising from the repayment of the ACI DIP Lender from the proceeds of the sale of the ACCC MPCO Interest as well as the further subrogation rights, if any, in favour of the Term Lenders; and

    (ii) rights in favour of the Term Lenders arising from the use of cash for the payment of interest, fees and accessories as determined by the Monitor.

28. As shown by the chart at paragraph 24 of this Twenty-Ninth Report, the Monitor distributed a total of $54.9 million to repay the ACI DIP Facility. As stated above, given that the ACI DIP Facility was denominated in U.S. dollars, the amount paid by the Monitor in respect of the repayment of the ACI DIP Facility was in U.S. dollars.

29. A portion of the ACI DIP Facility was repaid from the Net Proceeds (US$29,162,349/CDN$30,777,980) and the balance was paid from the initial draw under the ULC DIP Facility (US$25,708,576/CDN$27,050,601).

30. The SSN Trustee, on behalf of the Senior Secured Noteholders, should be subrogated to the security granted in accordance with the ACI DIP Facility to the extent of the repayment of the ACI DIP Facility from the Net Proceeds arising the sale of the ACCC MPCO Interest, namely $29,162,349 (CDN $30,777,980).

31. The Monitor has reviewed all payments made by the Petitioners on account of the ACI DIP Facility since it was advanced and has determined that $3,816,514 of such payments (principally interest and fees) were made from funds that formed part of the collateral of the Term Lenders. Therefore, the Monitor has determined that Wells Fargo Bank, National Association, as collateral trustee on behalf of the Term Lenders, should be

subrogated to the security granted in accordance with the ACI DIP Facility in the amount of $3,816,541.

All of which is respectfully submitted.

ERNST & YOUNG INC.
in its capacity as the Court Appointed Monitor
of the Petitioners

Per:

Alex Morrison, CA, CIRP
Senior Vice President

John Barrett, CA, CIRP
Vice President

APPENDIX "A"

ABITIBI PETITIONERS

1. Abitibi-Consolidated Company of Canada
2. Abitibi-Consolidated Inc.
3. 3224112 Nova Scotia Limited
4. Marketing Donohue Inc.
5. Abitibi-Consolidated Canadian Office Products Holding Inc.
6. 3834328 Canada Inc.
7. 6169678 Canada Inc.
8. 4042140 Canada Inc.
9. Donohue Recycling Inc.
10. 1508756 Ontario Inc.
11. 3217925 Nova Scotia Company
12. La Tuque Forest Products Inc.
13. Abitibi-Consolidated Nova Scotia Incorporated
14. Saguenay Forest Products Inc.
15. Terra Nova Explorations Ltd.
16. The Jonquière Pulp Company
17. The International Bridge and Terminal Company
18. Scramble Mining Ltd.
19. 9150-3383 Quebec Inc.
20. Abitibi-Consoldiated (U.K.) Inc.

APPENDIX "B"

BOWATER PETITIONERS

1. Bowater Canada Finance Corporation
2. Bowater Canadian Limited
3. Bowater Canadian Holdings. Inc.
4. 3231378 Nova Scotia Company
5. AbitibiBowater Canada Inc.
6. Bowater Canada Treasury Corporation
7. Bowater Canadian Forest Products Inc.
8. Bowater Shelburne Corporation
9. Bowater LaHave Corporation
10. St-Maurice River Drive Company Limited
11. Bowater Treated Wood Inc.
12. Canexel Hardboard Inc.
13. 9068-9050 Quebec Inc.
14. Alliance Forest Products Inc. (2001)
15. Bowater Belledune Sawmill Inc.
16. Bowater Maritimes Inc.
17. Bowater Mitis Inc.
18. Bowater Guérette Inc.
19. Bowater Couturier Inc.

APPENDIX "C"

18.6 PETITIONERS

1. AbitibiBowater US Holding 1 Corp.
2. AbitibiBowater Inc.
3. Bowater Ventures Inc.
4. Bowater Incorporated
5. Bowater Nuway Inc.
6. Bowater Nuway Mid-States Inc.
7. Catawba Property Holdings LLC
8. Bowater Finance Company Inc.
9. Bowater South American Holdings Incorporated
10. Bowater America Inc.
11. Lake Superior Forest Products Inc.
12. Bowater Newsprint South LLC
13. Bowater Newsprint South Operations LLC
14. Bowater Finance II, LLC
15. Bowater Alabama LLC
16. Coosa Pines Golf Club Holdings, LLC

APPENDIX "D"

PARTNERSHIPS

1. Bowater Canada Finance Limited Partnership

2. Bowater Pulp and Paper Canada Holdings Limited Partnership

3. Abitibi-Consolidated Finance LP

APPENDIX "E"

ESCROW AGREEMENT

ESCROW AGREEMENT (the "**Agreement**"), dated as of December 9, 2009, by and among **ALCOA LTD.**, a Quebec company, on its own behalf and on behalf of the Alcoa Indemnified Parties and the MPCo Indemnified Parties, as each such term is defined in the Implementation Agreement (collectively, the "**Indemnified Persons**") (the "**Agent**"), **3239432 NOVA SCOTIA COMPANY**, a Nova Scotia company ("**ULC**") and **ERNST & YOUNG INC.** as court appointed monitor of AbitibiBowater Inc. and its Affiliates (the "**Escrow Agent**" and "**Monitor**"), and to which intervenes **ABITIBI-CONSOLIDATED COMPANY OF CANADA** ("**ACCC**"), a Quebec company, **ABITIBI-CONSOLIDATED INC.** ("**ACI**"), a Canadian corporation, and **U.S. BANK, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, acting as Indenture Trustee and Collateral Trustee for the benefit of the holders of 13.75% senior secured notes due April 1, 2011 issued by ACCC (the "**Senior Notes**") ("**Trustee**").

WHEREAS ACCC, ACI, Alcoa Canada Ltd., the Agent and Manicouagan Power Company ("**MPCo**") are parties to an Implementation Agreement dated as of September 3, 2009 (the "**Implementation Agreement**"), to which Hydro-Québec intervened through its wholly-owned subsidiary HQ Énergie Inc., pursuant to which such parties confirmed their intention to implement certain transactions contemplated in the Implementation Agreement (collectively, the "**Implementation Transactions**") that will result in the sale (the "**MPCo Sale**") by ACCC to a wholly-owned subsidiary of Hydro-Québec of ACCC's 60% indirect interest in the 335 MW Manicouagan hydroelectric facility owned and operated by MPCo;

WHEREAS, pursuant to the Implementation Transactions, $282,300,000 of the proceeds of the MPCo Sale will be directed by ACCC to be paid to ULC as a subscription for shares of ULC, in accordance with Section 2.5.1 of the Implementation Agreement (such amount, the "**ULC Reserve**") and, pursuant to a Corrected Judgment on Re-Amended Motion for the Approval of a Second DIP Financing and for Distribution of Certain Proceeds of the MPCo Sale Transaction to the Trustee for the Senior Secured Notes (No. 500-11-036133-094, Superior Court, District of Montréal, November 23, 2009), cash in the amount of $230,000,000 forming part of the ULC Reserve is authorized to be lent by ULC to ACI pursuant to a Letter Loan Agreement $230,000,000 Super Priority Debtor-In-Possession Credit Facility (the "**DIP Loan**");

WHEREAS, pursuant to paragraph 16 of the Order issued in the Judgment on Amended Motion for the Issuance of an Order Authorizing the Sale of Petitioner Abitibi-Consolidated Company of Canada's Indirect Interest in the McCormick Hydroelectric Facility (No. 500-11-036133-094, Superior Court, District of Montreal, September 29, 2009) (as subsequently corrected, the "**MPCo Order**"), the cash portion of ULC Reserve, after deduction of the principal amount of the DIP Loan, shall be held by the Monitor as escrow agent "in an interest bearing account or investment grade marketable securities and shall not be released by the Monitor except pursuant to the terms of the Transaction Documents";

WHEREAS ULC entered into a Guarantee with the Agent on or about the date hereof (as same may be amended, supplemented, amended and restated or otherwise modified from time to time, the "**Guarantee**") whereby, among other matters, ULC guarantees to the

Agent, for itself and the other Indemnified Persons, the due payment and performance of the payment and indemnification obligations of ACI and ACCC under the Implementation Agreement and any other agreements in relation to the Implementation Agreement (collectively herewith, and with the Implementation Agreement, the "**Transaction Agreements**");

WHEREAS the Agent wishes to provide for the terms on which the balance of the ULC Reserve, after deduction of the principal amount of the DIP Loan, is held, invested and disbursed by the Escrow Agent in compliance with the MPCo Order and in compliance with this Agreement as one of the Transaction Agreements;

WHERES Trustee, in its capacity acting as Indenture Trustee and Collateral Trustee for the Senior Notes, has an interest in being notified of the disposition of such balance of the ULC Reserve;

WHEREAS ACCC and ACI may also have an interest in being notified of the disposition of such balance of the ULC Reserve;

WHEREAS the Escrow Agent is willing to hold and administer such amounts, and to pay and distribute such amounts in accordance with this Agreement and the MPCo Order;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH THAT, in consideration of the foregoing recitals, the covenants and agreements hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. **Definitions**. For the purposes of this Agreement, the following terms shall have the following meanings unless the context otherwise requires:

> "**Affiliate**" means, in relation to a Person, any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, the term "**control**" (as used in the terms "**controls**", "**controlled by**" and "**under common control**") means either (i) holding 50% or more of the voting securities of such Person or, (ii) in the case of a Person that has no outstanding voting securities, having the right to 50% or more of the profits of such Person or having the right in the event of dissolution to 50% or more of the net assets of such Person or, (iii) the power to direct or cause the direction of the management and policies of such Person, whether pursuant to the ownership of voting securities, by contract or otherwise.
>
> "**Business Day**" means a day which is not (i) a Saturday or a Sunday; or (ii) a day observed as a holiday under the laws of the Province of Quebec or the federal laws of Canada applicable in the Province of Quebec.
>
> "**CCAA Proceedings**" means the extant proceedings of ACCC, ACI and certain of their Affiliates under the CCAA.
>
> "**Dollar**" or "**dollar**" or "**$**" shall mean the currency of the Canada unless otherwise indicated.

"Escrow Funds" means (i) initially the sum of $52,300,000 deposited with the Escrow Agent hereunder, and (ii) thereafter such sum less all amounts, if any, disbursed from the Escrow Account pursuant to this Agreement.

"Party" or **"Parties"** means the Agent, ULC and the Escrow Agent.

"Person" shall mean means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity (whether or not with juridical personality) or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning.

2. **Appointment of Escrow Agent**. The Escrow Agent confirms that it is required to hold the Escrow Funds pursuant to the MPCo Order and confirms that it accepts and agrees to act in accordance with the terms and conditions of this Agreement, as a Transaction Document, as contemplated by the MPCo Order.

3. **Delivery of the Escrow Funds**. The Escrow Agent hereby confirms receipt of the Escrow Funds, being initially the sum of $52,300,000, by way of wire transfer to the Escrow Agent, in its capacity as escrow agent hereunder, to the account indicated in Schedule E of the Flow of Funds Agreement of even date between ACCC, ACI, Alcoa Canada Ltd., the Agent, Alcoa Canada Energy Company, HQ Manicouagan Inc., Hydro-Québec, Manicouagan Power Company, Manicouagan Power General Partner ULC, Manicouagan Power Limited Partnership, ULC and the Escrow Agent (acting as Monitor of ACCC, ACI and their Affiliates under the *Companies' Creditors Arrangement Act* (Canada) (the **"CCAA"**). The Escrow Funds shall remain subject to Alcoa's security and the Trustee's subordinate security under the Transaction Agreements and the MPCO Order and shall be held by the Escrow Agent in accordance with the terms and conditions of the MPCo Order and this Agreement.

4. **Investment of Escrow Funds**. Until the release of the Escrow Funds in accordance with Sections 6 or 7, the Escrow Funds shall be kept segregated and shall be deposited by the Escrow Agent in an interest bearing cash account (the **"Escrow Account"**) to be held by the Escrow Agent with a Bank listed in Schedule I of the *Bank Act* (Canada) and/or Canadian short-term Treasury bills or other debt instruments of the federal or provincial governments of Canada having a term of 90 days or less (**"Approved Debt Securities"**), or such other investment grade securities as approved by the Agent in writing in its discretion (**"Approved Other Securities"**), the whole in compliance with the MPCo Order. All earnings received from the investment of the Escrow Funds shall be credited to ULC (and any bank charges and similar fees shall be payable by ULC). Absent negligence, bad faith or willful misconduct by the Escrow Agent, the Escrow Agent shall have no responsibility or liability for any diminution of the funds held in the Escrow Account which may result from any investment made pursuant to this Section 4, including any losses on any investment required to be liquidated prior to maturity in order to make a payment required hereunder, provided that the Escrow Agent invests the Escrow Funds in accordance with the terms of this Section 4 and that the Escrow Agent does not commingle any funds held in the Escrow Account with any other funds of the Escrow Agent or any other Person. For greater certainty, the Escrow Agent shall not be liable for loss of principal or interest of or on the Escrow Funds arising as a result of bank failure or default of the counterparty under any

Approved Debt Securities or Approved Other Securities invested in by it in accordance with the provisions hereof.

5. **Authorized Disbursements**. The Escrow Agent is hereby authorized to disburse funds out of monies constituting the Escrow Funds only in accordance with Sections 6 or 7, but without limitation to its right to resign pursuant to Section 11.

6. **Terms and Conditions of Escrow**. The Escrow Agent shall, subject to the terms and provisions herein, release the Escrow Funds as follows:

(a) Notice of Claim. If the Agent executes and delivers to each of the Escrow Agent and ULC a notice of claim under the Guarantee substantially in the form attached hereto as Exhibit A (which indicates on its face that ACI, ACCC and the Trustee have been sent a copy) (any such notice, a "**Notice of Claim**"), then the Escrow Agent shall, after the expiration of 10 days following the date of delivery of such Notice of Claim to the Escrow Agent and ULC, release to the Agent from the Escrow Account an amount equal to the lesser of the amount indicated in the Notice of Claim and the balance of the Escrowed Funds in the Escrow Account at such time unless, within such 10-day period, written notice from ULC is delivered to the Escrow Agent and the Agent (which indicates on its face that ACI, ACCC and the Trustee have been sent a copy) (any such notice, a "**Notice of Dispute**") objecting to such Notice of Claim. Notwithstanding any other provision of this Agreement, the Escrow Agent may confirm receipt and discuss the contents of any Notice of Claim with any Party and ACI, ACCC and the Trustee during such 10 day period or otherwise.

(b) Disbursement Objections. If any Notice of Dispute to a Notice of Claim is given and delivered within the time specified under Section 6(a), then the Escrow Agent shall withhold the release of any affected funds from the Escrow Account until the dispute with respect thereto has been resolved (and then shall hold or release such affected funds in the manner indicated in such resolution), either (i) by agreement as evidenced by jointly executed written instructions delivered to the Escrow Agent by each of the Agent and ULC, substantially in the form attached hereto as Exhibit C (which indicates on its face that ACI, ACCC and the Trustee have been sent a copy and provided such delivery is confirmed by such Persons or otherwise established if the Escrow Agent chooses to so confirm directly with such Persons or otherwise confirm delivery) or (ii) by a final, non-appealable judgment of a court of competent jurisdiction (as evidenced by a certified copy of such judgment delivered to the Escrow Agent).

7. **Release from Escrow**. In addition to any disbursements that may be made from time to time from the Escrow Account by the Escrow Agent pursuant to Section 6, the Escrow Funds shall be released in whole or in part by the Escrow Agent as follows:

(a) at any time upon receipt of a written joint notice from each of the Agent and ULC, substantially in the form attached hereto as Exhibit C (which indicates on its face that ACI, ACCC and the Trustee have been sent a copy and provided such delivery is confirmed by such Persons or otherwise established if the Escrow Agent chooses to so confirm directly with such Persons or otherwise confirm delivery), the Escrow Agent shall pay from the Escrow Funds to the Party specified in such notice the amount specified therein; and

(b) at any time upon receipt by the Escrow Agent of a certified copy of a final, non-appealable judgment by a court of competent jurisdiction, the Escrow Agent shall make a payment or payments from the Escrow Funds in accordance with the provisions of such judgment.

Notwithstanding section 7(a), if the joint instruction given thereunder is to pay any amount directly to ULC at a time when any Senior Notes remain outstanding, then the Trustee shall not disburse the funds in the manner provided in such joint instructions if the Trustee has provided the Escrow Agent with a written notice of objection (which indicates on its face that ULC, Agent, ACI and ACCC have been sent a copy and provided such delivery is confirmed by such Persons or otherwise established if the Escrow Agent chooses to so confirm directly with such Persons or otherwise confirm delivery) to such payment within 10 Business Days of delivery of such joint notice. The Trustee acknowledges and agrees by its intervention hereto that the sole basis on which it may object to such release is that (i) its security over such funds would be put at risk as a result of such transfer, or (ii) the holders of the Senior Notes are entitled to those funds under the Transaction Agreements in repayment of the obligations owed to them. If the Trustee so objects, the Escrow Agent will hold such funds until the dispute with respect thereto to is resolved by written agreement executed by the Trustee, ULC and the Agent or (ii) by a final, non-appealable judgment of a court of competent jurisdiction (as evidenced by a certified copy of such judgment delivered to the Escrow Agent), provided however that nothing in this paragraph shall prevent the release of funds (including any such funds under dispute) pursuant to section 6.

8. **No Limitation**. The Agent's rights and recourses against ULC, ACCC and ACI or any other Person for indemnification with respect to any claims under the Transaction Agreements shall not be replaced, limited or deemed to be waived, in whole or in part, by the exercise of the Agent's rights and recourses under this Agreement or any other terms and conditions of this Agreement except to the extent of any payment made by the Escrow Agent to the Agent pursuant to this Agreement.

9. **Responsibility of Escrow Agent; Indemnification**.

(a) The Parties acknowledge and agree that the Escrow Agent acts hereunder as a depositary only and, absent negligence, bad faith or willful misconduct, (i) shall not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any instrument deposited with it, for the form or execution of such instruments, for the identity, authority or right of any Person or party executing or depositing such instruments or for determining or compelling compliance therewith, and shall not otherwise be bound thereby; (ii) shall be obligated only for the performance of such duties on its part to be performed as are expressly and specifically set forth in this Agreement and in the MPCo Order or any other applicable order of a court of competent jurisdiction, and no implied duties or obligations of any kind shall be read into this Agreement against or on the part of the Escrow Agent; (iii) shall not be required to take notice of any default or to take any action with respect to such default involving any expense or liability, unless notice in writing of such default is formally given to the Escrow Agent, and unless it is indemnified, in a manner satisfactory to it, against such expense or liability; (iv) may rely on and shall be protected in acting or refraining from acting upon any written notice, instruction (including, without limitation, wire transfer instructions, whether incorporated herein or provided in a separate written instruction), instrument, statement, certificate, request or other document furnished to it hereunder and reasonably believed by it to be genuine and to have been signed or presented by the proper Person, and shall have no responsibility for determining the accuracy thereof; (v) may employ and consult counsel satisfactory to it, including in-house counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion of such counsel; and (vi) shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation, acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations superimposed after the fact, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters.

(b) The Escrow Agent may employ such experts and advisors as it may reasonably require for the purpose of discharging its duties under this Agreement, and the Escrow Agent may act and shall be protected in acting in good faith on the opinion or advice or on information obtained from any such Persons and shall not be responsible for any misconduct on the part of any of them.

(c) The Escrow Agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable documentation which complies with the terms of this Agreement. Such documentation must not require the exercise of any discretion or independent judgment on the part of the Escrow Agent.

(d) No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur financial liability in the performance of its duties or the exercise of any of its rights or powers unless indemnified as provided for herein, other than as a result of its own negligence, bad faith or willful misconduct. Notwithstanding any other provision of this Agreement, in the event of any dispute or contestation in connection with this Agreement, the Escrow Agent reserves the right to apply to any court of competent jurisdiction, including without limitation in the CCAA Proceedings, for advice and/or directions and the Escrow Agent also reserves the right in such circumstances to pay the Escrow Funds into court pursuant to an interpleader action or any other applicable remedy.

(e) The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, except for its own negligence, bad faith or willful misconduct.

(f) The forwarding of a cheque by the Escrow Agent by courier will satisfy and discharge the liability for any cash amounts due to the extent of the sum or sums represented thereby unless such cheque is not honoured on presentation; provided that in the event of non-receipt of such cheque by the payee, or loss or destruction thereof, the Escrow Agent upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, will issue to such payee a replacement cheque for the amount of such cheque.

(g) As long as the CCAA Proceedings continue, the Escrow Agent shall not be entitled to any fees or reimbursement of disbursements with respect to its duties as Escrow Agent hereunder separate and apart from its right to fees and reimbursement of disbursements for acting as the Monitor of ACCC, ACI and their Affiliates in the CCCA Proceedings (the Agent and its Affiliates and ULC not being responsible for any such fees and disbursements). When the CCAA Proceedings end (whether as a result of a "successful completion of the Restructuring" (as defined in the Implementation Agreement) or otherwise), the Escrow Agent shall be entitled to reasonable fees and reimbursement of expenses from ACCC and ACI, on a joint and several (solidarily) basis, if the Escrow Agent remains as escrow agent hereunder, and shall be entitled to deduct reasonable fees and expenses from the Escrow Funds solely in respect of the period following the Escrow Agent's termination as Monitor to the extent such fees and expenses for such period are not paid by ACCC and ACI..

(h) Except as described in the immediate preceding paragraph, ACCC and ACI are solidarily liable to indemnify the Escrow Agent and hold it harmless from and against any loss, liability, damage, cost and expense of any nature incurred by the Escrow Agent arising out of or in connection with this Agreement or with the administration of its duties hereunder, including but not limited to, reasonable attorneys' fees and other costs and expenses of defending or preparing to defend against any claim of liability, unless and except to the extent such loss, liability, damage, cost and expense shall be caused by the Escrow Agent's negligence, bad faith or willful misconduct. The foregoing indemnification and agreement to hold harmless shall survive the termination of this Agreement.

(i) The Escrow Agent does not have any interest in the Escrow Funds but is serving as a court appointed Monitor in the CCAA Proceedings and as escrow agent hereunder only and having only possession of the Escrow Funds. This Section 9 shall survive notwithstanding any termination of this Agreement or the resignation of the Escrow Agent.

10. **Dispute Resolution**. If any dispute shall arise with respect to the delivery, ownership, right of possession and/or disposition of the Escrow Funds, or should any claim be made upon the Escrow Agent or the Escrow Funds by a third party, then the Escrow Agent, upon receipt of notice of such dispute or claim, is authorized and shall be entitled (at its sole option and election)

to retain in its possession without liability, all or any of such Escrow Funds until such dispute shall have been settled either by the mutual written agreement of the parties involved or by a final order, decree or judgment of a court or arbitrator of competent jurisdiction, the time for perfection of an appeal of such order, decree or judgment having expired. A copy of any such settlement or final order, decree or judgment of a court or arbitrator of competent jurisdiction shall be delivered to the Escrow Agent by the Agent or ULC forthwith upon receipt thereof. The Escrow Agent may, but shall be under no duty whatsoever to, institute or defend any legal proceedings which relate to the Escrow Funds.

11. **Resignation of Escrow Agent**. Effective upon the mandate of the Escrow Agent as Monitor being terminated in the CCAA Proceedings, the Escrow Agent shall be deemed to have resigned from its duties and obligations hereunder. In such event, the Agent and ULC shall have the obligation to appoint a new escrow agent, upon which the retiring Escrow Agent shall transfer all of the Escrow Funds and agreements and other documents contemplated by this Agreement then in its possession to an escrow agent satisfactory to the Agent and ULC. Should the Agent and ULC fail to appoint a new escrow agent within 15 days after such resignation, then the Escrow Agent shall forthwith transfer all Escrow Funds then in its possession to an account in the name of ULC held at a Bank listed in Schedule I of the *Bank Act* (Canada) or trust company licensed as a trust company in the Province of Quebec or Canada designated in writing by the Agent, which account shall then be subject to a blocked account agreement reasonably established by the Agent and consistent with the terms of this Agreement, *mutatis mutandis*, such that ULC shall not have access to such funds, which will remain subject to Agent's security and the Trustee's subordinated security under the Transaction Agreements and the MPCo Order. If the Agent fails to so designate a new escrow agent or an account at a Bank or trust company within such 15 day delay, then the Escrow Agent may, at its discretion, (a) pay and deliver the Escrow Funds into a court of a competent jurisdiction and have no further responsibility hereunder, or (b) retain the Escrow Funds on a merely safekeeping basis until it receives further instructions.

12. **Replacement of Escrow Agent or Transfer to Blocked Account**. At any time after the signature hereof, upon the request of Alcoa made to the Monitor upon 5 Business Days' prior notice (with copies to the Trustee, ULC, ACI and ACCC) containing the details set out below, the Monitor shall transfer the Escrow Funds to a different Escrow Agent which shall be a reputable institution approved by Alcoa and ULC, or will transfer the Escrow Funds into a blocked account in the name of ULC which shall be subject to the security held by Alcoa and by the Trustee, in each case as Alcoa may request. The replacement agreement shall contain investment limitations substantially similar to those set out in Section 4. The other terms of any such escrow or blocked account agreement shall be substantially similar to this Agreement, with such differences, in the case of a blocked account agreement, as may be required due to the different nature of such agreement, and a copy of such agreement shall be provided to the Trustee. The Trustee shall be entitled to receive copies of regular account statements in respect of the Escrow Funds.

13. **Representations and Warranties**. Each of the Agent, ULC and the Escrow Agent represents and warrants to the other parties hereto as follows: (a) it has full legal right, power and authority to enter into and perform all of its respective obligations under this Agreement; (b) the execution, delivery and performance of this Agreement, and the consummation of the

transactions contemplated hereby, do not and will not violate any other agreement to which it is a party; (c) this Agreement has been duly and validly executed and delivered and constitutes a legal, valid and binding agreement, enforceable against it in accordance with its terms; and (d) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby do not require the consent, waiver, approval, license or authorization of or any filing with any governmental authority or other Person and will not violate, result in a breach of or the acceleration of any obligation under, or constitute a default under, any provision of its constating documents, or any indenture, mortgage, lien, lease, agreement, contract, instrument, order, law, rule, regulation, judgment, ordinance, decree, or restriction by which it or any of its properties or assets is bound.

14. **Notices**. Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

To ULC:

1155, rue Metcalfe
Bureau 800
Montréal, Québec H3B 5H2
Attention: Legal Department
Fax: (514) 394-3644

With copies to:

McCarthy Tétrault LLP
1000 de la Gauchetière Street West, Suite 2500
Montréal, Québec H3B 0A2
Attention: Marc Dorion
Fax: (514) 397-5676

To the Agent:

Alcoa Ltée
1 Place Ville Marie
Suite 2310
Montréal, Québec H3B 3MS

Attention: Vice-président, division énergie
Fax: (514) 904-5029

With copies to:

Kenneth S. Atlas
Borden Ladner Gervais LLP
1000 Boulevard de la Gauchetière West
Suite 900

Montreal, Quebec
H3B 5H4

Fax: 514-954-1905

And to:

Kevin Kyte
Stikeman Elliott LLP
1155 Boulevard René-Lévesque West
Suite 4000
Montreal, Quebec
H3B 3V2

Fax : 514-397-3446

To the Escrow Agent:

Ernst & Young Inc.
P.O. Box 251
16th Floor, Ernst & Young Tower
Toronto, ON M5K 1J7

Attention: Alex Morrison
Fax: (416) 943-3300

With a copy to:

Robert I. Thornton
ThorntonGroutFinnigan LLP
3200-100 Wellington Street West
Toronto-Dominion Centre, Canadian Pacific Tower
Toronto, Canada, M5K 1K7

Fax: 416-304-1313

And to:

Avram Fishman
Fishman Flanz Meland Paquin LLP
1250 Rene-Levesque Boulevard West, Suite 4100
Montreal, Quebec
H3B-4W8
Canada

Fax: (514) 932-4170

To Trustee, ACCC or ACI:

At the address set forth beside each of their respective signatures to the Intervention to this Agreement

Any such communication shall be deemed to have been validly and effectively given and received on the date of personal delivery or transmission by facsimile or similar means of recorded communication if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Montreal time), and otherwise on the next Business Day. Any Party (and any of ACCC, ACI and the Trustee) may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such party at its changed address.

15. **Miscellaneous**

(a) The section headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(b) Unless the context shall otherwise require, the singular shall include the plural and *vice versa*, and each pronoun in any gender shall include all other genders.

(c) This Agreement may be executed in any number of counterparts and any Party (and ACCC, ACI and the Trustee) may execute any such counterpart by facsimile, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been executed and delivered by all of the Parties and ACCC, ACI and the Trustee. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts or for original signatures.

(d) No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the Agent, ULC, the Escrow Agent, ACCC, ACI and the Trustee. No waiver of any obligation under this Agreement will be effective or binding unless made in writing by the Person who is granting such waiver and, unless otherwise provided in the written waiver, will be limited to the specific obligation waived. For greater certainty, no such amendment or waiver will require the approval of any Indemnified Person or any other beneficiary of the Transaction Agreements other than the Agent and ULC, as applicable.

(e) No failure on the part of the Agent or ULC to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

(f) If one or more of the provisions hereof shall for any reason be held to be invalid, illegal or unenforceable in any respect under applicable law, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, and the remaining provisions hereof shall remain in full force and effect.

(g) This Agreement is for the sole and exclusive benefit of the Parties and, to the extent of their specified rights and obligations hereunder, ACCC, ACI and the Trustee, and nothing in this Agreement, express or implied, is intended to confer or shall be construed as conferring upon any other Person any rights, remedies or any other type or types of benefits.

(h) No Party may assign its rights or obligations hereunder without the prior written consent of the other Parties. None of ACCC, ACI and the Trustee may assign its rights or obligations hereunder without the prior written consent of Agent and ULC.

(i) This Agreement shall inure to the benefit of, and be binding upon, the Parties and, to the extent of their specified rights and obligations hereunder, ACCC, ACI and the Trustee and their respective successors and permitted assigns.

(j) This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein and the parties hereby attorn to the non-exclusive jurisdiction of the courts of the province of Quebec.

(k) The Schedules attached to this Agreement shall, for all purposes of this Agreement, form an integral part of it. This Agreement shall override the Schedules annexed hereto to the extent of any inconsistency.

(l) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Agreement, then the day which is the reference day in calculating such period shall be excluded. If an action is required to be taken hereunder no later than a day which is not a Business Day, then such action shall instead be required to be taken no later than the next succeeding Business Day.

(m) The Parties and the intervenants confirm that this Escrow Agreement is a Transaction Document as defined in the MPCo Order.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement to be effective as of the date first above written.

ALCOA LTÉE

By:____________________________
Name:
Title:

3239432 NOVA SCOTIA COMPANY

By:____________________________
Name:
Title:

ERNST & YOUNG INC., solely in its capacity as Monitor in the CCAA Proceedings and without personal or corporate liability

By:____________________________
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement to be effective as of the date first above written.

ALCOA LTÉE

By:______________________________
Name:
Title:

3239432 NOVA SCOTIA COMPANY

By:______________________________
Name:
Title:

ERNST & YOUNG INC., solely in its capacity as Monitor in the CCAA Proceedings and without personal or corporate liability

By:______________________________
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement to be effective as of the date first above written.

ALCOA LTÉE

By:______________________________
Name:
Title:

3239432 NOVA SCOTIA COMPANY

By:______________________________
Name:
Title:

ERNST & YOUNG INC., solely in its capacity as Monitor in the CCAA Proceedings and without personal or corporate liability

By:______________________________
Name: J. Barrett
Title: Vice President

INTERVENTIONS TO ESCROW AGREEMENT

The following Persons hereby intervene to this Escrow Agreement for the purposes indicated in this Escrow Agreement.

ABITIBI-CONSOLIDATED COMPANY OF CANADA

By:________________________________
Name: Allen Dea
Title: Authorized Representative

Address for notices:

1155, rue Metcalfe
Bureau 800
Montréal, Québec H3B 5H2
Attention: Legal Department
Fax: (514) 394-3644

with copies to:

McCarthy Tétrault LLP
1000 de la Gauchetière Street West,
Suite 2500
Montréal, Québec H3B 0A2
Attention: Marc Dorion
Fax: (514) 397-5676

ABITIBI-CONSOLIDATED INC.

By:________________________________
Name: Allen Dea
Title: Authorized Representative

Address for notices:

1155, rue Metcalfe
Bureau 800
Montréal, Québec H3B 5H2
Attention: Legal Department
Fax: (514) 394-3644

with copies to:

McCarthy Tétrault LLP
1000 de la Gauchetière Street West,
Suite 2500
Montréal, Québec H3B 0A2
Attention: Marc Dorion

US BANK, NATIONAL ASSOCIATION, in its aforesaid capacities

By:________________________________
Name:
Title:

Address for notices:

Laura L. Moran, Vice President, U.S. Bank National Association, Corporate Trust Services Division, One Federal Street, 3rd Floor, Boston, MA 02110, tel.: 617-603-6429, fax: 617-603-6640, e-mail: laura.moran@usbank.com, Maslon Edelman Borman & Brand, LLP, 3300 Wells Fargo Center, 90

INTERVENTIONS TO ESCROW AGREEMENT

The following Persons hereby intervene to this Escrow Agreement for the purposes indicated in this Escrow Agreement.

ABITIBI-CONSOLIDATED COMPANY OF CANADA

By:____________________________
Name:
Title:

Address for notices:

1155, rue Metcalfe
Bureau 800
Montréal, Québec H3B 5H2
Attention: Legal Department
Fax: (514) 394-3644

with copies to:

McCarthy Tétrault LLP
1000 de la Gauchetière Street West,
Suite 2500
Montréal, Québec H3B 0A2
Attention: Marc Dorion
Fax: (514) 397-5676

ABITIBI-CONSOLIDATED INC.

By:____________________________
Name:
Title:

Address for notices:

1155, rue Metcalfe
Bureau 800
Montréal, Québec H3B 5H2
Attention: Legal Department
Fax: (514) 394-3644

with copies to:

McCarthy Tétrault LLP
1000 de la Gauchetière Street West,
Suite 2500
Montréal, Québec H3B 0A2
Attention: Marc Dorion

US BANK, NATIONAL ASSOCIATION, in its aforesaid capacities

By: Laura L. Moran
Name: Laura L. Moran
Title: Vice President

Address for notices:

Laura L. Moran, Vice President, U.S. Bank National Association, Corporate Trust Services Division, One Federal Street, 3rd Floor, Boston, MA 02110, tel.: 617-603-6429, fax: 617-603-6640, e-mail: laura.moran@usbank.com, Maslon Edelman Borman & Brand, LLP, 3300 Wells Fargo Center, 90

South Seventh Street, Minneapolis, MN 55402, tel.: office 612-672-8335, fax: 612-642-8335, e-mail: Clark.whitmore@maslon.com and to Mark A. Klos, tel.: 612-672-8346, fax: 612-642-8346, e-mail: mark.klos@maslon.com; and to Marc Duchesne, Borden Ladner Gervais LLP, 1000 de la Gauchetière West, Suite 900, Montréal, Québec, H3B 5H4, tel.: 514-954-3102, fax: 514-954-1905, mduchesne@blgcanada.com, and to Michael MacNaughton, Borden Ladner Gervais LLP, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3Y4, tel.: 416-367-6646, Fax: 416-367-6749, mmacnaughton@blgcanada.com

Exhibit A
FORM OF NOTICE OF CLAIM

Date: •, 200•

NOTICE OF CLAIM

To: ERNST & YOUNG INC.
●

Attention: ●

Fax: ●

With copies to:

3239432 NOVA SCOTIA COMPANY, ABITIBI-CONSOLIDATED COMPANY OF CANADA and ABITIBI-CONSOLIDATED INC.
1155, rue Metcalfe
Bureau 800
Montréal, Québec H3B 5H2
Attention: Legal Department
Fax: (514) 394-3644

And to

US BANK, NATIONAL ASSOCIATION
●
Attention: ●
Fax: ●

Reference is made to the Escrow Agreement made by and among **ALCOA LTD.**, a Quebec company, on its own behalf and on behalf of the Indemnified Parties (**"Agent"**), **3239432 NOVA SCOTIA COMPANY**, a Nova Scotia company (**"ULC"**) and **ERNST & YOUNG INC.** as court appointed monitor of AbitibiBowater Inc. and its affiliates the (the **"Escrow Agent"**), and to which intervened **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, a Quebec company (**"ACCC"**), **ABITIBI-CONSOLIDATED INC.**, a Canadian corporation (**"ACI"**) and **US BANK, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, acting as Indenture Trustee and Collateral Trustee for the benefit of holders of the 13.75% senior secured notes due April 1, 2011 issued by ACCC (**"Trustee"**) (the **"Escrow Agreement"**). Capitalized terms used in this Notice have the meanings given to them in the Escrow Agreement.

Pursuant to Section 6(a) of the Escrow Agreement, the undersigned has determined that ULC is required to perform its obligations under the Guarantee as a result of a claim of an Indemnified Party under a Transaction Agreement, namely as follows: ●

Accordingly, within 10 days following the date of delivery of this Notice of Claim to the Escrow Agent and ULC, the Escrow Agent shall release to the Agent, from the Escrow Account an amount equal to the lesser of $● and the balance of the Escrowed Funds in the Escrow Account, unless within such period the Escrow Agent receives a Notice of Dispute in accordance with Section 6(a) of the Escrow Agreement, in which event the Escrow Agent shall hold and/or release such funds as specified in the Escrow Agreement (including Section 6(b)).

SIGNED this _______ day of ________________, 20●●.

ALCOA LTÉE

By:_______________________________

Name:

Title:

Exhibit B
FORM OF NOTICE OF DISPUTE

Date: •, 20••

NOTICE OF DISPUTE

To: ERNST & YOUNG INC.
●

Attention: ●

Fax: ●

With copies to:

ALCOA LTÉE
1 Place Ville Marie
Suite 2310
Montréal, Québec H3B 3MS

Attention: Vice-président, division énergie
Fax: (514) 904-5029

And to

ABITIBI-CONSOLIDATED COMPANY OF CANADA and ABITIBI-CONSOLIDATED INC.
1155, rue Metcalfe
Bureau 800
Montréal, Québec H3B 5H2
Attention: Legal Department
Fax: (514) 394-3644

And to

US BANK, NATIONAL ASSOCIATION
●
Attention: ●
Fax: ●

Reference is made to the Escrow Agreement made by and among **ALCOA LTD.**, a Quebec company, on its own behalf and on behalf of the Indemnified Parties (**"Agent"**), **3239432 NOVA SCOTIA COMPANY**, a Nova Scotia company (**"ULC"**) and **ERNST & YOUNG INC.** as court appointed monitor of AbitibiBowater Inc. and its affiliates the (the **"Escrow Agent"**), and to which intervened **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, a Quebec company (**"ACCC"**), **ABITIBI-CONSOLIDATED INC.**, a Canadian corporation ("**ACI**") and **US BANK, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, acting as Indenture Trustee and Collateral Trustee for the benefit of holders of the 13.75% senior secured notes due April 1, 2011 issued by ACCC ("**Trustee**") (the "**Escrow Agreement**"). Capitalized terms used in this Notice have the meanings given to them in the Escrow Agreement.

On ____________________, 20●●, the undersigned received a copy of a Notice of Claim (as defined in the Escrow Agreement) sent to the Escrow Agent. The undersigned objects to the veracity of the facts contained in such Notice of Claim.

Accordingly, in accordance with Section 6(b) of the Escrow Agreement, the Escrow Agent is hereby directed to hold the Escrowed Funds until the dispute between the Agent and ULC is resolved in any of the manners specified in such Section 6(b) of the Escrow Agreement.

SIGNED this _______ day of ________________, 20●●.

3239432 NOVA SCOTIA COMPANY

By:_______________________________
Name:
Title:

Exhibit C
FORM OF NOTICE OF JOINT DISBURSEMENT INSTRUCTION

Date: •, 20••

JOINT DISBURSEMENT INSTRUCTION

To: ERNST & YOUNG INC.
●

Attention: ●

Fax: ●

With copies to:

ABITIBI-CONSOLIDATED COMPANY OF CANADA and ABITIBI-CONSOLIDATED INC.
1155, rue Metcalfe
Bureau 800
Montréal, Québec H3B 5H2
Attention: Legal Department
Fax: (514) 394-3644

And to

US BANK, NATIONAL ASSOCIATION
●
Attention: ●
Fax: ●

Reference is made to the Escrow Agreement made by and among **ALCOA LTD.**, a Quebec company, on its own behalf and on behalf of the Indemnified Parties ("**Agent**"), **3239432 NOVA SCOTIA COMPANY**, a Nova Scotia company ("**ULC**") and **ERNST & YOUNG INC.** as court appointed monitor of AbitibiBowater Inc. and its affiliates the (the "**Escrow Agent**"), and to which intervened **ABITIBI-CONSOLIDATED COMPANY OF CANADA**, a Quebec company ("**ACCC**"), **ABITIBI-CONSOLIDATED INC.**, a Canadian corporation ("**ACI**") and **US BANK, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, acting as Indenture Trustee and Collateral Trustee for the benefit of holders of the 13.75% senior secured notes due April 1, 2011 issued by ACCC ("**Trustee**") (the "**Escrow Agreement**"). Capitalized terms used in this Notice have the meanings given to them in the Escrow Agreement.

Pursuant to Section [6(b)] [7(a)] of the Escrow Agreement, each of the undersigned hereby instructs the Escrow Agent to disburse from the Escrow Funds

$_______________, in the amounts set forth below to the Parties identified below by wire transfers to the accounts indicated:

Party	Amount	Account

SIGNED this _______ day of _________________, 20●●.

3239432 NOVA SCOTIA COMPANY

By:_________________________________
Name:
Title:

ALCOA LTÉE

By:_________________________________
Name:
Title: