

CANADA

SUPERIOR COURT

PROVINCE OF QUÉBEC
DISTRICT OF
MONTRÉAL

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

No.: 500-11-036133-094

**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

**SUPPLEMENTAL FIFTY-NINTH REPORT OF THE MONITOR
SEPTEMBER 21, 2010**

INTRODUCTION AND PURPOSE OF THIS REPORT

1. This is a supplemental report to the Fifty-Ninth Report of the Monitor dated September 17, 2010 (the “**Fifty-Ninth Report**”) in the CCAA Proceedings (the “**Supplemental Fifty-Ninth Report**”). The purpose of this Supplemental Fifty-Ninth Report is to advise this Honourable Court with respect to the filing by the Petitioners of an amended plan of reorganization and compromise (the “**CCAA Plan**”).
2. The background with respect to the CCAA Proceedings is set forth in the Fifty-Ninth Report.
3. Capitalized terms not defined in this Supplemental Fifty-Ninth Report are as defined in the Fifty-Ninth Report.

THE AMENDED AND SUPPLEMENTED CCAA PLAN

4. The Petitioners have issued an Amended and Restated Plan of Reorganization and Compromise (the “**Amended CCAA Plan**”), along with the following supplements to the CCAA Plan (collectively, the “**Plan Supplements**”):
 - (i) Plan Supplement 3.2;
 - (ii) Amended Plan Supplement 6.1(a)(i);
 - (iii) Plan Supplement 6.1(a)(ii);
 - (iv) Plan Supplement 6.8(a);
 - (v) Amended Plan Supplement 6.8(b);
 - (vi) Plan Supplement 6.8(d);
 - (vii) Amended Plan Supplement 6.9(1); and
 - (viii) Amended Plan Supplement 6.9(2).

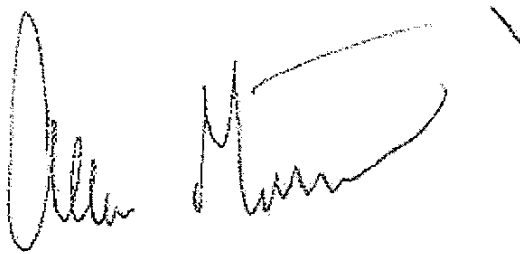
5. A complete copy of the Amended CCAA Plan is attached hereto as Appendix “E”.
6. Complete copies of the Plan Supplements are attached hereto as Appendix “F”.

All of which is respectfully submitted.

ERNST & YOUNG INC.

**in its capacity as the Court-Appointed Monitor
of the Petitioners**

Per:

Two handwritten signatures in black ink. The first signature on the left is 'Alex Morrison' and the second signature on the right is 'Martin Daigneault'.

Alex Morrison, CA, CIRP
Senior Vice President

Martin Daigneault, CA, CIRP
Senior 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 Québec Inc.
20. Abitibi-Consolidated (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 Québec 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”
CCAA PLAN

Court File No. 500-11-036133-094

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)
AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE
OF

ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" HERETO

APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA),
SECTION 191 OF THE CANADA BUSINESS CORPORATIONS ACT,
AND SUCH OTHER SECTIONS AND LEGISLATION TO BE SET FORTH IN THE
RESTRUCTURING TRANSACTIONS NOTICE (AS DEFINED HEREIN)

AMENDED AND RESTATED PLAN OF
REORGANIZATION AND COMPROMISE

September 17, 2010

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AMENDED AND RESTATED PLAN OF REORGANIZATION AND COMPROMISE

Amended and Restated Plan of Reorganization and Compromise of AbitibiBowater Inc. and certain of its subsidiaries listed in Schedule "A" hereto pursuant to the *Companies' Creditors Arrangement Act* (Canada), Section 191 of the *Canada Business Corporations Act* and such other Sections and legislation to be set forth in the Restructuring Transactions Notice (as defined herein).

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this CCAA Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

"0% Unsecured Notes" means the 0% Unsecured Notes due 2012 issued by ACCC pursuant to the 0% Unsecured Notes Note Agreement;

"0% Unsecured Notes Note Agreement" means the note agreement dated as of May 28, 2004 between ACCC, as issuer, and Investissement Québec, as lender;

"2010 STIP" has the meaning ascribed to such term in Subsection 6.8(b);

"2011 STIP" has the meaning ascribed to such term in Subsection 6.8(b);

"6.00% Senior Notes" means the 6.00% Senior Notes due June 20, 2013 issued by ACCC pursuant to the 6.00% Senior Notes Indenture;

"6.00% Senior Notes Indenture" means the indenture dated as of December 11, 2001, as supplemented, between ACCC, as issuer, and the 6.00% Senior Notes Indenture Trustee;

"6.00% Senior Notes Indenture Trustee" means Deutsche Bank National Trust Company, as successor to The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 6.00% Senior Notes Indenture;

"7.40% Debentures" means the 7.40% Debentures due April 1, 2018 issued by ACI pursuant to the 7.40% Debentures Indenture;

"7.40% Debentures Indenture" means the indenture dated as of April 6, 1998, as supplemented, between ACI, as issuer, and the 7.40% Debentures Indenture Trustee;

"7.40% Debentures Indenture Trustee" means Computershare Trust Company of Canada, as successor trustee to Montreal Trust Company and its successors and assigns, as indenture trustee under the 7.40% Debentures Indenture;

"7.50% Debentures" means the 7.50% Debentures due April 1, 2028 issued by ACI pursuant to the 7.50% Debentures Indenture;

"7.50% Debentures Indenture" means the indenture dated as of April 6, 1998, as supplemented, between ACI, as issuer, and the 7.50% Debentures Indenture Trustee;

"7.50% Debentures Indenture Trustee" means Computershare Trust Company of Canada, as successor trustee to Montreal Trust Company and its successors and assigns, as indenture trustee under the 7.50% Debentures Indenture;

"7.75% Notes" means the 7.75% Notes due June 15, 2011 issued by ACCC pursuant to the 7.75% Notes Indenture;

"7.75% Notes Indenture" means the indenture dated as of June 15, 2004, as supplemented, among ACCC, as issuer, and the 7.75% Notes Indenture Trustee;

"7.75% Notes Indenture Trustee" means Deutsche Bank National Trust Company, as successor to The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 7.75% Notes Indenture;

"7.875% Notes" means the 7.875% Notes due August 1, 2009 issued by ACF LP pursuant to the 7.875% Notes Indenture;

"7.875% Notes Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACF LP and ACI, as issuers, and the 7.875% Notes Indenture Trustee;

"7.875% Notes Indenture Trustee" means Deutsche Bank National Trust Company, as successor to The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 7.875% Senior Notes Indenture;

"7.95% Notes" means the 7.95% Notes due November 15, 2011 issued by BCFC pursuant to the 7.95% Notes Indenture;

"7.95% Notes Indenture" means the indenture dated as of October 31, 2001, as supplemented, between BCFC, as issuer, and the 7.95% Notes Indenture Trustee;

"7.95% Notes Indenture Trustee" means The Bank of New York and its successors and assigns, as indenture trustee under the 7.95% Notes Indenture;

"8.375% Senior Notes" means the 8.375% Senior Notes due April 1, 2015 issued by ACCC pursuant to the 8.375% Senior Notes Indenture;

"8.375% Senior Notes Indenture" means the indenture dated as of December 11, 2001, as supplemented, between ACCC, as issuer, and the 8.375% Senior Notes Indenture Trustee;

"8.375% Senior Notes Indenture Trustee" means Deutsche Bank National Trust Company, as successor to The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.375% Senior Notes Indenture;

"8.50% Debentures" means the 8.50% Debentures due August 1, 2029 issued by ACI pursuant to the 8.50% Debentures Indenture;

"8.50% Debentures Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACI and ACF LP, as issuers, and the 8.50% Debentures Indenture Trustee;

"8.50% Debentures Indenture Trustee" means Deutsche Bank National Trust Company, as successor to The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.50% Debentures Indenture;

"8.55% Senior Notes" means the 8.55% Senior Notes due August 1, 2010 issued by ACI pursuant to the 8.55% Senior Notes Indenture;

"8.55% Senior Notes Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACI and ACF LP, as issuers, and the 8.55% Senior Notes Indenture Trustee;

"8.55% Senior Notes Indenture Trustee" means Deutsche Bank National Trust Company, as successor to The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.55% Senior Notes Indenture;

"8.85% Debentures" means the 8.85% Debentures due April 1, 2030 issued by ACI pursuant to the 8.85% Debentures Indenture;

"8.85% Debentures Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACI and ACF LP, as issuers, and the 8.85% Debentures Indenture Trustee;

"8.85% Debentures Indenture Trustee" means Deutsche Bank National Trust Company, as successor to The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.85% Debentures

"10.26% Senior Notes (Series D)" means the 10.26% Senior Notes (Series D) due January 15, 2011 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.26% Senior Notes (Series D) Note Agreement;

"10.26% Senior Notes (Series D) Note Agreement" means the note agreement dated as of November 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.50% Senior Notes (Series B)" means the 10.50% Senior Notes (Series B) due June 15, 2010 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.50% Senior Notes (Series B) Note Agreement;

"10.50% Senior Notes (Series B) Note Agreement" means the note agreement dated as of June 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.60% Senior Notes (Series C)" means the 10.60% Senior Notes (Series C) due January 15, 2011 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.60% Senior Notes (Series C) Note Agreement;

"10.60% Senior Notes (Series C) Note Agreement" means the note agreement dated as of November 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.625% Senior Notes (Series A)" means the 10.625% Senior Notes (Series A) due June 15, 2010 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.625% Senior Notes (Series A) Note Agreement;

"10.625% Senior Notes (Series A) Note Agreement" means the note agreement dated as of June 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.85% Debentures" means the 10.85% Debentures due November 30, 2014 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.85% Debentures Indenture;

"10.85% Debentures Indenture" means the trust indenture dated as of December 12, 1989, as supplemented, between BCFPI (f/k/a Canadian Pacific Forest Products Limited), as issuer, and the 10.85% Debentures Indenture Trustee;

"10.85% Debentures Indenture Trustee" means Computershare Trust Company of Canada, as successor trustee to Montreal Trust Company and its successors and assigns, as indenture trustee under the 10.85% Debentures Indenture;

"15.5% Guarantor Applicant" means any of 3224112 Nova Scotia Limited, Marketing Donohue Inc., 3834328 Canada Inc., 6169678 Canada Inc., 1508756 Ontario Inc., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., Terra Nova Explorations Ltd. and Abitibi-Consolidated (U.K.) Inc.;

"15.5% Guarantor Applicant Affected Unsecured Claim" means any Affected Claim against a 15.5% Guarantor Applicant;

"15.5% Guarantor Applicant Affected Unsecured Creditor" means any creditor that is the Holder of a 15.5% Guarantor Applicant Affected Unsecured Claim;

"15.5% Guarantor Applicant Affected Unsecured Creditor Class" means, in respect of each 15.5% Guarantor Applicant, the class of creditors grouped in accordance with their Affected Claims against such 15.5% Guarantor Applicant for the purpose of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, each class being comprised solely of the 15.5% Guarantor Applicant Affected Unsecured Creditors that are Holders of an Affected Claim against such 15.5% Guarantor Applicant;

"15.5% Pro Rata" means, at any time, the proportion that the Face Amount of a 15.5% Senior Unsecured Notes Claim in a particular class bears to the aggregate Face Amount of all 15.5% Senior Unsecured Notes Claims in such class (including Disputed Claims but excluding any Disallowed Claims);

"15.5% Senior Unsecured Notes" means the 15.5% Senior Unsecured Notes due July 15, 2010 issued by ACCC pursuant to the 15.5% Senior Unsecured Notes Indenture;

"15.5% Senior Unsecured Notes Claim" means any Affected Claim against any 15.5% Guarantor Applicant, ACI, ACCC, Saguenay Forest Products, ACNSI, Office Products or Recycling pursuant to the 15.5% Senior Unsecured Notes;

"15.5% Senior Unsecured Notes Creditor" means any creditor that is the Holder of a 15.5% Senior Unsecured Note Claim;

"15.5% Senior Unsecured Notes Indenture" means the indenture dated as of April 1, 2008, as supplemented, between ACCC, as issuer, and the 15.5% Senior Unsecured Notes Indenture Trustee;

"15.5% Senior Unsecured Notes Indenture Trustee" means Wilmington Trust Company, as successor indenture trustee to Wells Fargo Bank, National Association and its successor and assigns, as indenture trustee, under the 15.5% Senior Unsecured Notes Indenture;

"18.6 Petitioners" has the meaning ascribed to such term in the Initial Order;

"ABH" means AbitibiBowater Inc.;

"Abitibi Administration Charge" has the meaning ascribed to such term in the Initial Order;

"AbitibiBowater Canada" means AbitibiBowater Canada Inc.;

"AbitibiBowater Canada Affected Unsecured Claim" means any Affected Claim against AbitibiBowater Canada;

"AbitibiBowater Canada Affected Unsecured Creditor" means any creditor that is the Holder of an AbitibiBowater Canada Affected Unsecured Claim;

"AbitibiBowater Canada Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against AbitibiBowater Canada for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the AbitibiBowater Canada Affected Unsecured Creditors;

"Abitibi D&O Charge" has the meaning ascribed to such term in the Initial Order;

"ABL Exit Financing Facility" means the senior secured asset-based revolving facility to be entered into by the Reorganized Debtors and the lender(s) thereunder as contemplated in Section 6.11 of the U.S. Plan, pursuant to such documentation, or a summary thereof, that shall be set forth in (i) a CCAA Plan Supplement, or (ii) such other notice and in such form as determined by the U.S. Debtors and the Applicants, each of which will be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date with notice of such posting forthwith provided to the Service List (as such notice may be thereafter modified, amended, varied or supplemented in accordance with this CCAA Plan);

"ACCC" means Abitibi-Consolidated Company of Canada;

"ACCC Administrative Agent" means Wells Fargo Bank, N.A. (as successor-in-interest to Goldman Sachs Credit Partners L.P.) in its capacity as administrative agent and collateral agent under the ACCC Term Loan Facility, and its successors and assigns;

"ACCC Affected Unsecured Claim" means any Affected Claim against ACCC, including any 15.5% Senior Unsecured Notes Claim against ACCC;

"ACCC Affected Unsecured Creditor" means any creditor that is the Holder of an ACCC Affected Unsecured Claim;

"ACCC Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against ACCC for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the ACCC Affected Unsecured Creditors;

"ACCC Term Lenders" means the lenders party from time to time to the ACCC Term Loan Documents;

"ACCC Term Loan Claim" means, subject to paragraphs 13 and 14 of the Third Claims Procedure Order, any Claim of any ACCC Term Lender or the ACCC Administrative Agent pursuant to the ACCC Term Loan Documents, and interest accrued thereon and any unpaid costs, fees and other amounts relating thereto as of the Implementation Date, including accrued interest at the default rate plus reasonable professional fees;

"ACCC Term Loan Documents" means that certain Credit and Guaranty Agreement, dated as of April 1, 2008 (as may have been amended, supplemented, restated, or otherwise modified from time to time), among ACCC in its capacity as a borrower, certain subsidiaries of ABH as guarantors, the lenders from time-to-time party thereto and the ACCC Administrative Agent, together with all other loan documents, guaranty, and security documents executed in connection therewith or which relate thereto;

"ACI" means Abitibi-Consolidated Inc.;

"ACI Affected Unsecured Claim" means any Affected Claim against ACI, including any 15.5% Senior Unsecured Notes Claim against ACI;

"ACI Affected Unsecured Creditor" means any creditor that is the Holder of an ACI Affected Unsecured Claim;

"ACI Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against ACI for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the ACI Affected Unsecured Creditors;

"ACI DIP Charge" has the meaning ascribed to such term in the Initial Order;

"ACI Inter-company Advances Charge" has the meaning ascribed to such term in the Initial Order;

"ACF LP" means Abitibi-Consolidated Finance L.P.;

"ACNSI" means Abitibi-Consolidated Nova Scotia Incorporated;

"ACNSI Affected Unsecured Claim" means any Affected Claim against ACNSI, including any 15.5% Senior Unsecured Notes Claim against ACNSI;

"ACNSI Affected Unsecured Creditor" means any creditor that is the Holder of an ACNSI Affected Unsecured Claim;

"ACNSI Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against ACNSI for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the ACNSI Affected Unsecured Creditors;

"Ad Hoc Unsecured Noteholders Committee" means the informal committee of certain Holders of Canadian Unsecured Notes Claims;

"Administrative Claim" means, in respect of any Cross-border Debtor, a Claim to the extent that it is of the kind described in Section 503(b) of the Bankruptcy Code and is entitled to priority under Section 507(a)(1) of the Bankruptcy Code, including (i) any actual and necessary expenses of preserving the estate of such Cross-border Debtor, (ii) any actual and necessary expenses of operating the business of such Cross-border Debtor, (iii) all allowances of compensation or reimbursement of expenses to such Cross-border Debtor to the extent allowed by the Bankruptcy Court under Sections 330(a), 331 or 503(b)(2), (3), (4) or (5) of the Bankruptcy Code, (iv) Claims of such Cross-border Debtor arising under Section 503(b)(9) of the Bankruptcy Code, and (v) all fees and charges payable by such Cross-border Debtor pursuant to Section 1930 of title 28 of the United States Code;

"Affected Claims" means all Claims, Subsequent Claims and Restructuring Claims other than Excluded Claims;

"Affected Unsecured Claims" means the ACI Affected Unsecured Claims, the ACCC Affected Unsecured Claims, the 15.5% Guarantor Applicant Affected Unsecured Claims, the Saguenay Forest Products Affected Unsecured Claims, the BCFPI Affected Unsecured Claims, the BCFC Affected Unsecured Claims, the AbitibiBowater Canada Affected Unsecured Claims, the Bowater Maritimes Affected Unsecured Claims, the ACNSI Affected Unsecured Claims, the Office Products Affected Unsecured Claims and the Recycling Affected Unsecured Claims;

"Affected Unsecured Creditor" means any creditor that is the Holder of an Affected Unsecured Claim and may, if the context requires, mean an assignee of an Affected Unsecured Claim or a trustee, interim receiver, receiver manager, or other Person acting on behalf of such Person, if such assignee or other Person has been recognized by the affected Applicant, the Disbursing Agent or the Servicer, as the case may be;

"Affected Unsecured Creditor Classes" means the ACI Affected Unsecured Creditor Class, the ACCC Affected Unsecured Creditor Class, the 15.5% Guarantor Applicant Affected Unsecured Creditor Classes, the Saguenay Forest Products Affected Unsecured Creditor Class, the BCFPI Affected Unsecured Creditor Class, the BCFC Affected Unsecured Creditor Class, the AbitibiBowater Canada Affected Unsecured Creditor Class, the Bowater Maritimes Affected

Unsecured Creditor Class, the ACNSI Affected Unsecured Creditor Class, the Office Products Affected Unsecured Creditor Class and the Recycling Affected Unsecured Creditor Class;

"**Allowed Cross-border Claim**" has the meaning ascribed to such term in Section 7.11;

"**Applicants**" means the direct and indirect subsidiaries of ABH participating in the CCAA Proceedings listed in Schedule "A" hereto;

"**Applicants Reserve**" means the reserve to be established and maintained under this CCAA Plan by the Monitor, in its capacity as Disbursing Agent, by holding on account of Disputed Claims a number of shares of New ABH Common Stock equal to the amount of shares of New ABH Common Stock that the Holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims in their entire amount on the Initial Distribution Record Date;

"**Backstop Commitment Agreement**" means the backstop commitment agreement entered into by ABH and the Backstop Parties on May 24, 2010 in connection with the Rights Offering, as amended and restated as of July 20, 2010, and as may be further amended, restated, supplemented or otherwise modified from time to time in accordance with its terms;

"**Backstop Parties**" means certain of the legal or beneficial holders of Affected Unsecured Claims as of May 23, 2010 and any of their affiliates, successors, assigns or replacements, in accordance with the terms and conditions set forth in the Backstop Commitment Agreement;

"**Bankruptcy Code**" means the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq., as amended from time to time;

"**Bankruptcy Court**" means the United States Bankruptcy Court for the District of Delaware in which the Chapter 11 Cases were filed or any other United States court with jurisdiction over the Chapter 11 Cases;

"**Bankruptcy Rules**" means the Federal Rules of Bankruptcy Procedure and the local rules and standing orders of the Bankruptcy Court, as amended from time to time;

"**BCFC**" means Bowater Canada Finance Corporation;

"**BCFC Affected Unsecured Claim**" means any Affected Claim against BCFC;

"**BCFC Affected Unsecured Creditor**" means any creditor that is the Holder of a BCFC Affected Unsecured Claim;

"**BCFC Affected Unsecured Creditor Class**" means the class of creditors grouped in accordance with their Affected Claims against BCFC for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the BCFC Affected Unsecured Creditors;

"**BCFPI**" means Bowater Canadian Forest Products Inc.;

"BCFPI Administrative Agent" means Bank of Nova Scotia in its capacity as administrative agent under the BCFPI Secured Bank Documents, and its successors and assigns;

"BCFPI Affected Unsecured Claim" means any Affected Claim against BCFPI;

"BCFPI Affected Unsecured Creditor" means any creditor that is the Holder of a BCFPI Affected Unsecured Claim;

"BCFPI Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against BCFPI for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the BCFPI Affected Unsecured Creditors;

"BCFPI Lenders" means the lenders party from time to time to the BCFPI Secured Bank Documents;

"BCFPI Secured Bank Claim" means any Claim of any BCFPI Lender or the BCFPI Administrative Agent pursuant to the BCFPI Secured Bank Documents, and interest accrued thereon and any unpaid costs, fees and other amounts relating thereto (including reimbursement obligations for BCFPI Secured Bank Letters of Credit and accrued interest at the default rate plus reasonable professional fees, costs and charges) under the BCFPI Secured Bank Documents as of the Implementation Date;

"BCFPI Secured Bank Documents" means that certain Credit Agreement, dated as of May 31, 2006, as amended by that certain First Amendment dated as of July 20, 2007, that certain Second Amendment dated as of October 31, 2007, that certain Third Amendment and Waiver dated as of February 25, 2008, that certain Fourth Amendment dated as of March 31, 2008, that certain Fifth Amendment dated as of April 30, 2008, that certain Sixth Amendment dated as of May 28, 2008, that certain Seventh Amendment dated as of June 6, 2008, that certain Eighth Amendment dated as of June 30, 2008, that certain Ninth Amendment and Waiver dated as of August 7, 2008, that certain Tenth Amendment and Waiver dated as of November 12, 2008 and that certain Eleventh Amendment and Consent dated as of February 27, 2009; and as further modified by the letter agreements dated March 17, 2009, March 23, 2009, March 31, 2009 and April 6, 2009, among BCFPI, as the borrower, and Bowater, Bowater Alabama LLC, Bowater Newsprint South Operations LLC, Bowater Newsprint South LLC and certain of the U.S. Debtors and Applicants, as guarantors, the BCFPI Administrative Agent, together with all collateral, security and ancillary documents executed in connection therewith or which relate thereto;

"BCFPI Secured Bank Letters of Credit" means the letters of credit to be listed on a CCAA Plan Supplement that are issued and outstanding immediately prior to the Implementation Date under the BCFPI Secured Bank Documents;

"BCHI" means Bowater Canadian Holdings Incorporated;

"BI DIP Agent" means the administrative agent and collateral agent from time to time under the BI DIP Facility Documents;

"BI DIP Claim" means any and all Obligations of the borrowers and guarantors to any BI DIP Lender or the BI DIP Agent pursuant to the BI DIP Facility Documents or the Initial Order as of the Implementation Date;

"BI DIP Facility Documents" means that certain Senior Secured Superpriority Debtor in Possession Credit Agreement dated as of April 21, 2009 (as amended, modified, or supplemented from time to time), by and among ABH, Bowater and BCFPI, as borrowers, the BI DIP Lenders from time to time party thereto (including Fairfax Financial Holdings Limited, as initial lender and initial BI DIP Agent) and the BI DIP Agent from time to time party thereto together with any related collateral, loan, or security documents executed in connection therewith or which relate thereto;

"BI DIP Lenders" means the lenders and financial institutions party from time to time to the BI DIP Facility Documents;

"BI DIP Lenders Charge" has the meaning ascribed to such term in the Initial Order;

"BI Inter-company Advances Charge" has the meaning ascribed to such term in the Initial Order;

"Board" has the meaning ascribed to such term in Section 6.15;

"Bowater" means Bowater Incorporated;

"Bowater Administration Charge" has the meaning ascribed to such term in the Initial Order;

"Bowater Adequate Protection Charge" has the meaning ascribed to such term in the Initial Order;

"Bowater D&O Charge" has the meaning ascribed to such term in the Initial Order;

"Bowater Maritimes" means Bowater Maritimes Inc.;

"Bowater Maritimes Affected Unsecured Claim" means any Affected Claim against Bowater Maritimes;

"Bowater Maritimes Affected Unsecured Creditor" means any creditor that is the Holder of a Bowater Maritimes Affected Unsecured Claim;

"Bowater Maritimes Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against Bowater Maritimes for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the Bowater Maritimes Affected Unsecured Creditors;

"Bridgewater Entities" means Bridgewater Paper Company Limited and Cheshire Recycling Ltd.;

"Business Day" means (i) any day, other than a Saturday or a Sunday, or a non-judicial day (as defined in Article 6 of the *Code of Civil Procedure* (Québec), as amended), on which commercial banks are generally open for business in Montreal, Québec, Canada and (ii) in respect of any Cross-border Debtor, any day other than a Saturday, a Sunday or a "legal holiday" (as such term is defined in Bankruptcy Rule 9006(a));

"Canadian Secured Notes" means the 13.75% Senior Secured Notes due April 1, 2011 issued by ACCC pursuant to the Canadian Secured Notes Indenture;

"Canadian Secured Notes Claims" means, subject to paragraphs 11 and 12 of the First Claims Procedure Order and paragraph 15 of the Third Claims Procedure Order, any Claim of any holder of Canadian Secured Notes and the Canadian Secured Notes Indenture Trustee pursuant to the Canadian Secured Notes and the Canadian Secured Notes Indenture, and interest accrued thereon and any unpaid costs, fees, and other amounts relating thereto as of the Implementation Date;

"Canadian Secured Notes Indenture" means the indenture dated as of April 1, 2008, as supplemented, between ACCC, as issuer, and the Canadian Secured Notes Indenture Trustee;

"Canadian Secured Notes Indenture Trustee" means U.S. Bank, National Association and its successors and assigns, as indenture trustee under the Canadian Secured Notes Indenture;

"Canadian Unsecured Notes" means the 0% Unsecured Notes, 6.00% Senior Notes, 7.40% Debentures, 7.50% Debentures, 7.75% Notes, 7.875% Notes, 7.95% Notes, 8.375% Senior Notes, 8.50% Debentures, 8.55% Senior Notes, 8.85% Debentures, 10.26% Senior Notes (Series D), 10.50% Senior Notes (Series B), 10.60% Senior Notes (Series C), 10.625% Senior Notes (Series A), 10.85% Debentures, 15.5% Senior Unsecured Notes and the Floating Rate Notes;

"Canadian Unsecured Notes Claims" means any Claim of any holder of a Canadian Unsecured Note;

"Canadian Unsecured Notes Indentures" means the 0% Unsecured Notes Note Agreement, 6.00% Senior Notes Indenture, 7.40% Debentures Indenture, 7.50% Debentures Indenture, 7.75% Notes Indenture, 7.875% Notes Indenture, 7.95% Notes Indenture, 8.375% Senior Notes Indenture, 8.50% Debentures Indenture, 8.55% Senior Notes Indenture, 8.85% Debentures Indenture, 10.26% Senior Notes (Series D) Note Agreement, 10.50% Senior Notes (Series B) Note Agreement, 10.60% Senior Notes (Series C) Note Agreement, 10.625% Senior Notes (Series A) Note Agreement, 10.85% Debentures Indenture, 15.5% Senior Unsecured Notes Indenture and the Floating Rate Notes Indenture;

"Cash" means cash and cash equivalents such as bank deposits, term deposits, guaranteed investment certificates, checks and other similar items or instruments denominated in legal tender of either Canada or the United States, as the context requires;

"CBCA" means the *Canada Business Corporations Act*;

"CCAA" means the *Companies' Creditors Arrangement Act* (Canada) as applicable to the CCAA Proceedings which, for greater certainty, does not include the amendments proclaimed into force on September 18, 2009;

"CCAA Charges" has the meaning ascribed to such term in the Initial Order;

"CCAA Charge Claim" has the meaning ascribed to such term in Section 2.3;

"CCAA Plan" means this amended and restated plan of reorganization and compromise jointly filed by the Applicants pursuant to the provisions of the CCAA, Section 191 of the CBCA and such other Sections and legislation to be set forth in the Restructuring Transactions Notice, as it may be modified, amended, varied or supplemented by the Applicants from time to time in accordance with its terms, including by the Restructuring Transactions Notice and any CCAA Plan Supplement;

"CCAA Plan Modification" has the meaning ascribed to such term in Subsection 8.4(a);

"CCAA Plan Supplement" means any supplement to this CCAA Plan that is to be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date with notice of such posting being forthwith provided to the Service List (as such CCAA Plan Supplement may be thereafter modified, amended, varied or supplemented in accordance with this CCAA Plan);

"CCAA Plan Supplement Filing Date" means the date which shall be at least 10 days prior to the date set forth in an Order of the Bankruptcy Court as the deadline for the return of ballots accepting or rejecting the U.S. Plan provided, that, if such date falls after the Creditors' Meeting Date, then the CCAA Plan Supplement Filing Date shall be on the day immediately prior to the Creditors' Meeting Date, which date shall be confirmed by a notice posted on the Monitor's Website and forthwith provided to the Service List;

"CCAA Proceedings" means the proceedings in respect of the Applicants and the 18.6 Petitioners before the Court commenced pursuant to the CCAA;

"CCAA Vesting Order" means an Order of the Court approving and sanctioning the transfer and assignment of assets to and among the Applicants or Reorganized Debtors in the manner and the sequence as set forth in the Restructuring Transactions Notice, free and clear of all Claims and Liens (except as otherwise set forth in such Order or in this CCAA Plan);

"Chair" means, in respect of any Creditors' Meeting, the chair of such Creditors' Meeting;

"Chapter 11 Cases" means the U.S. Debtors' Chapter 11 cases pending in front of the Bankruptcy Court, which are being jointly administered under Case No. 09-11296;

"Chapter 15 Proceedings" means the voluntary cases under Chapter 15 of the Bankruptcy Code commenced by ACI and ACCC in the Bankruptcy Court on April 17, 2009;

"Chief Restructuring Officer" means Bruce Robertson and 7088418 Canada Inc., a corporation the shares of which are held by Bruce Robertson;

"Circular" means the information circular relating to this CCAA Plan, including the notice of meeting and exhibits attached thereto and any written amendment, variation or supplement thereto;

"Claim" means any right or claim of any Person against one or more of the Applicants or Partnerships in connection with any indebtedness, liability or obligation of any kind whatsoever of one or more of the Applicants or Partnerships owed to such Person and any interest accrued thereon or costs, fees or other amounts in respect thereof, whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Claim arising from or caused by the repudiation by an Applicant of any contract, lease or other agreement, whether written or oral, the commission of a tort (intentional or unintentional), any breach of duty (legal, statutory, equitable, fiduciary or otherwise), any right of ownership or title to property, employment, contract, a trust or deemed trust, howsoever created, any Claim made or asserted against any one or more of the Applicants or Partnerships through any affiliate, or any right or ability of any Person to advance a Claim for contribution or indemnity or otherwise with respect to any grievance, matter, action, cause or chose in action, whether existing at present or commenced in the future, in each case based in whole or in part on facts which existed on the Date of Filing or which would have been together with any other Claims of any kind that, if unsecured, would constitute a debt provable in bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) had the affected Applicant become bankrupt on the Date of Filing;

"Claims Bar Dates" means November 13, 2009 and April 7, 2010, the bar dates for filing Claims for voting purposes or distribution purposes as set out in the Claims Procedure Orders, with the exception of Restructuring Claims which have a rolling bar date subsequent to April 7, 2010;

"Claims Procedure Orders" means the First Claims Procedure Order, the Second Claims Procedure Order, the Third Claims Procedure Order and the Fourth Claims Procedure Order;

"Company" means either ABH or Reorganized ABH, as the case may be, collectively with its Subsidiaries, either prior to the Implementation Date or on and after the Implementation Date, as reorganized under and pursuant to this CCAA Plan or the U.S. Plan, as the case may be;

"Court" means the Québec Superior Court of Justice, Commercial Division, for the Judicial District of Montreal, Canada, or any Canadian court with appellate jurisdiction over the CCAA Proceedings;

"Creditors' Meeting" means, in respect of any Affected Unsecured Creditors Class, the meeting of the Affected Unsecured Creditors holding Voting Claims called pursuant to the Creditors' Meeting Order for the purposes of, among other things, considering and, if deemed appropriate, passing their respective Resolution and includes any adjournment, postponement or other rescheduling of such meeting;

"Creditors' Meeting Date" means the date fixed for the Creditors' Meetings under the Creditors' Meeting Order subject to any adjournment or postponement or further Order of the Court;

"Creditors' Meeting Order" means, the Order of the Court dated July 9, 2010 as amended on July 21, 2010 and as further amended or supplemented from time to time by further Orders of the Court which, among other things, sets the Creditors' Meeting Date and establishes meeting procedures for the Creditors' Meetings of each Affected Unsecured Creditors Class;

"Cross-border Claims Protocol" means the cross-border claims protocol that was approved by the Court on January 18, 2010 and the Bankruptcy Court on January 19, 2010, as may be modified, amended, varied or supplemented from time to time;

"Cross-border Convenience Claim" means any Proven Claim the aggregate Face Amount of which is (i) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (ii) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, in respect of which its Holder has not made a valid election in accordance with Subsections 2.4(e)(i), 2.4(f)(i), 2.4(g)(i) or 2.4(h)(i);

"Cross-border Debtors" means BCFC, BCHI, AbitibiBowater Canada, BCFPI, Bowater Maritimes, Bowater LaHave Corporation and Bowater Canadian Limited;

"Cross-border Voting Protocol" means the cross-border voting protocol governing the voting procedures of Claims against Cross-border Debtors that will be included in the solicitation materials implementing procedures for soliciting votes to accept or reject this CCAA Plan and that was filed with the Court on June 25, 2010 and the Bankruptcy Court on June 22, 2010, as modified, amended, varied, or supplemented from time to time;

"Date of Filing" means April 17, 2009;

"Date of Filing Exchange Rate" means the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Date of Filing, being, for US dollars, US\$1=Cdn\$1.2146;

"Dilution" means the dilution resulting from shares of New ABH Common Stock issued (i) pursuant to the management and director compensation and incentive programs set forth in Section 6.8 of this CCAA Plan, (ii) as a payment under the Backstop Commitment Agreement or any replacement backstop commitment obtained by the Company in connection therewith and approved by the Court and the Bankruptcy Court, (iii) upon conversion of the Rights Offering Notes in connection with the Rights Offering on the terms and conditions set forth in the Backstop Commitment Agreement, and (iv) to Donohue Corp. pursuant to the Restructuring Transactions, in an amount that is reasonably acceptable for the Unsecured Creditors' Committee and the Backstop Parties;

"Disallowed Claim" means any Claim, including any portion thereof, that has been disallowed, denied, dismissed, or overruled by the Monitor or a claims officer or pursuant to the Claims Procedure Orders, a final Order of the Court, the Bankruptcy Court, or any other court of competent jurisdiction;

"Disbursing Agent" means any Person in its capacity as a disbursing agent, including the Monitor, the Indenture Trustees and the ACCC Administration Agent in their capacities as disbursing agents;

"Disputed Claim" means an Affected Unsecured Claim or any portion thereof, that is subject to a Notice of Revision or Disallowance, or a Notice of Dispute, and in either case has become neither a Proven Claim nor a Disallowed Claim;

"Distribution Eligible Employees" has the meaning ascribed to such term in Section 3.8;

"EBITDA" means earnings before interest, taxes, depreciation and amortization;

"Election Deadline" means the time specified in the Creditors' Meeting Order as the deadline for filing a form of proxy;

"Election Notice" means the election notice included in the form of proxy, which permits Affected Unsecured Creditors to make an election in accordance with Subsections 2.4(a)(i), 2.4(b)(i), 2.4(c)(i), 2.4(d)(i), 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i), 2.4(i)(i), 2.4(j)(i) or 2.4(k)(i);

"Eligible Employee" has the meaning ascribed to such term in Section 6.9;

"Eligible Retiree" has the meaning ascribed to such term in Section 6.9;

"Eligible Holders" has the meaning ascribed to such term in the Backstop Commitment Agreement;

"Equity Securities" means the equity securities of each Applicant and each Partnership issued and outstanding prior to the Implementation Date, including any and all common and preferred shares and any and all rights in respect of such equity securities;

"Escrowed Notes" has the meaning ascribed to such term in the Backstop Commitment Agreement;

"Exchangeable Shares" means the exchangeable shares of AbitibiBowater Canada issued and outstanding prior to the Implementation Date;

"Excluded Claims" has the meaning ascribed to such term in Section 2.3;

"Excluded Employee Claims" has the meaning ascribed to such term in Subsection 2.3(f);

"Exit Loan Facilities" means collectively, the ABL Exit Financing Facility and the Term Loan Exit Financing Facility;

"Face Amount" means, (i) when used in reference to a Disputed Claim or a Disallowed Claim, the full stated liquidated amount claimed by the Holder of such Claim in any Proof of Claim timely filed in accordance with the Claims Procedure Orders, and (ii) when used in reference to a Proven Claim, the amount of such Claim as agreed by the Applicants, or as otherwise finally determined, pursuant to the provisions of the Claims Procedure Orders;

"Final Distribution Date" means a date selected by the Reorganized Debtors that is not later than 30 days after the date on which the Monitor shall have certified to the Court that the last Disputed Claim in the CCAA Proceedings has been finally resolved;

"Final Restructuring Transactions Time" means such time or moment as set forth in the Restructuring Transactions Notice;

"First Claims Procedure Order" means the Order of the Court dated August 26, 2009 establishing, among other things, procedures for proving Claims;

"Floating Rate Notes" means the Floating Rate Notes due June 15, 2011 issued by ACCC pursuant to the Floating Rate Notes Indenture;

"Floating Rate Notes Indenture" means the indenture dated as of June 15, 2004, as amended, between ACCC, as borrower, and The Bank of Nova Scotia Trust Company of New York, as indenture trustee;

"Floating Rate Notes Indenture Trustee" means Deutsche Bank National Trust Company, as successor to The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the Floating Rate Notes Indenture;

"Fourth Claims Procedure Order" means the Order of the Court dated July 21, 2010 allowing, among other things, certain late, mis-filed and scheduled Claims;

"Government Priority Claims" means any Claim owing to Her Majesty the Queen in right of Canada or any Province as described in Section 18.2(1) of the CCAA;

"Governmental Entities" means any: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, commission, board, or authority of any of the foregoing; or (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or, for the account of, any of the foregoing;

"Holder" means a Person holding a Claim against one or more of the Applicants;

"Implementation Date" means the Business Day on which this CCAA Plan becomes effective and is implemented in accordance with Sections 8.5 and 8.6, as confirmed by a certificate filed by the Monitor with the Court;

"Indenture Trustees" means, collectively, the 6.00% Senior Notes Indenture Trustee, 7.40% Debentures Indenture Trustee, 7.50% Debentures Indenture Trustee, 7.75% Notes Indenture Trustee, 7.875% Notes Indenture Trustee, 7.95% Notes Indenture Trustee, 8.375% Senior Notes Indenture Trustee, 8.50% Debentures Indenture Trustee, 8.55% Senior Notes Indenture Trustee, 8.85% Debentures Indenture Trustee, 10.85% Debentures Indenture Trustee, Canadian Secured Notes Indenture Trustee, 15.5% Senior Unsecured Notes Indenture Trustee and Floating Rate Notes Indenture Trustee;

"Initial Distribution Date" means the first Business Day that is ten (10) days (or such longer period as may reasonably be determined by the Reorganized Debtors in consultation with the Monitor) after the Implementation Date;

"Initial Distribution Record Date" means the applicable date designated in the Sanction Order;

"Initial Order" means the Order of the Court dated April 17, 2009, as amended and restated from time to time, pursuant to which, among other things, the Applicants were granted certain relief pursuant to the CCAA;

"Insurance Contract" means any policy of third party liability insurance under which the Applicants could have asserted or did assert, or may in the future assert, a right to coverage for any claim, together with any other contracts which pertain or relate to such policy;

"Insured Claim" means any Claim arising from an incident or occurrence alleged to have occurred prior to the Implementation Date: (i) as to which any Insurer is obligated pursuant to the terms, conditions, limitations and exclusions of its Insurance Contract(s), to pay any judgment, settlement, or contractual obligation with respect to the Applicants; or (ii) that any Insurer otherwise agrees to pay as part of a settlement or compromise of a claim made under the applicable Insurance Contract(s);

"Insured Claim Creditor" means any creditor that is the Holder of an Insured Claim;

"Insurer" means any Person that issued, or is responsible for, an Insurance Contract;

"Inter-company Claim" means any right or claim (including any Claim, Subsequent Claim or Restructuring Claim) of any Applicant, Partnership or U.S. Debtor against one or more other Applicants, Partnerships or U.S. Debtors, which right or claim is in connection with or for advances, borrowed money or goods or services rendered and is recorded as such in the usual and ordinary course in the books and records of the applicable Person;

"Interim Distribution Dates" means the first Business Day occurring sixty (60) days after the Initial Distribution Date, and subsequently, the first Business Day occurring sixty (60) days after the immediately preceding Interim Distribution Date (unless otherwise determined by the Monitor, in its capacity as Disbursing Agent);

"Interim Distribution Record Date" means, with respect to any Interim Distribution Date, the fifteenth (15th) day prior to such Interim Distribution Date;

"Laws" means all statutes, regulations, statutory rules, orders, judgments, decrees and terms and conditions of any grant of approval, permission, authority, permit or license of any court, Governmental Entity, statutory body or self-regulatory authority, and the term **"applicable"** with respect to such Laws and in any context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

"**Lien**" means, with respect to any interest in property, any mortgage, lien, pledge, charge, security interest, easement or encumbrance of any kind whatsoever, under United States, Canadian, or other applicable Law, affecting such interest in property;

"**LTIP**" has the meaning ascribed to such term in Subsection 6.8(a);

"**Monitor**" means Ernst & Young Inc. or any successor thereto appointed in accordance with the Initial Order or any further Order of the Court;

"**Monitor's Website**" means www.ey.com/ca/abibibowater;

"**New ABH Common Stock**" means the new common stock of Reorganized ABH which shall be issued on the Implementation Date or authorized to be issued by Reorganized ABH at any time from and after the Implementation Date;

"**New Plans**" has the meaning ascribed to such term in Section 6.9;

"**No Vote Applicant**" has the meaning ascribed to such term in Subsection 2.5(b);

"**No Vote Occurrence**" has the meaning ascribed to such term in Subsection 2.5(a);

"**Notice of Dispute**" has the meaning ascribed to such term in the Claims Procedure Orders;

"**Notice of Revision or Disallowance**" has the meaning ascribed to such term in the Claims Procedure Orders;

"**Obligations**" means any and all demands, claims, actions, causes of action, counterclaims, suits, rights, obligations, debts, sums of money, accounts, covenants, damages, judgments, expenses, liabilities, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature (including interest thereon and costs, fees or other amounts in respect thereof or remedies to challenge transfers which may fall within the scope of any bulk sales, fraudulent conveyance or similar statute) whether reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise;

"**Office Products**" means Abitibi-Consolidated Canadian Office Products Holdings Inc.;

"**Office Products Affected Unsecured Claim**" means any Affected Claim against Office Products;

"**Office Products Affected Unsecured Creditor**" means any creditor that is the Holder of an Office Products Affected Unsecured Claim;

"**Office Products Affected Unsecured Creditor Class**" means the class of creditors grouped in accordance with their Affected Claims against Office Products for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the Office Products Affected Unsecured Creditors;

"Order" means any order of the Court or the Bankruptcy Court;

"Original Currency" has the meaning ascribed to such term in Section 7.10;

"Partnerships" means the partnerships listed in Schedule "B" hereto;

"Person" means any person, including any individual, partnership, joint venture, venture capital fund, association, corporation, limited liability company, limited liability partnership, unlimited liability company, trust, trustee, executor, administrator, legal personal representative, estate, group, unincorporated association or organization, Governmental Entity, syndicate, the Monitor, the Office of the United States Trustee or other entity, whether or not having legal status;

"Post-filing Claims" means all Obligations which are not Claims, Subsequent Claims or Restructuring Claims and arise from, or are in respect of, the Backstop Commitment Agreement, or any other executory contract, unexpired lease or agreement which has been deemed ratified pursuant to the CCAA Plan and all Obligations which arise from, or are in respect of, any agreement entered into after the Date of Filing and approved by the Court as part of the CCAA Proceedings;

"Pro Rata" means, at any time, the proportion that (i) the Face Amount of an Affected Claim (including any Inter-company Claim deemed to be an Affected Unsecured Claim pursuant to Section 2.5(c) (including Disputed Claims, but excluding Disallowed Claims)) in a particular class bears to (ii) the aggregate Face Amount of all Affected Claims (including any Inter-company Claim deemed to be an Affected Unsecured Claim pursuant to Section 2.5(c) (including Disputed Claims, but excluding Disallowed Claims)) in such class less (x) the aggregate Face Amount of all Affected Claims settled, compromised, released or otherwise dealt with in accordance with Subsections 2.4(a)(i), 2.4(b)(i), 2.4(c)(i), 2.4(d)(i), 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i), 2.4(i)(i), 2.4(j)(i) and 2.4(k)(i), as the case may be, and (y) the aggregate Face Amount of all Affected Claims fully paid pursuant to Section 3.7;

"Proof of Claim" has the meaning ascribed to such term in the Claims Procedure Orders;

"Proven Claim" means, in respect of an Affected Unsecured Creditor, the amount or any portion of the amount of the Affected Claim of such Affected Unsecured Creditor as finally determined for distribution purposes in accordance with the provisions of the CCAA Plan, the CCAA, the Claims Procedure Orders and any other applicable Orders;

"Proven Secured Claim" means the amount of a Secured Claim as agreed by the Applicants or as finally determined in accordance with the provisions of the CCAA Plan, the CCAA, the Claims Procedure Orders and any other applicable Orders;

"Recycling" means Donohue Recycling Inc.;

"Recycling Affected Unsecured Claim" means any Affected Claim against Recycling, including any 15.5% Senior Unsecured Notes Claim against Recycling;

"Recycling Affected Unsecured Creditor" means any creditor that is the Holder of a Recycling Affected Unsecured Claim;

"Recycling Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against Recycling for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the Recycling Affected Unsecured Creditors;

"Reduced Base Salary" has the meaning ascribed to such term in Subsection 6.8(b);

"Released Parties" has the meaning ascribed to such term in Subsection 6.10(b);

"Reorganized ABH" means, on and after the Implementation Date, ABH as reorganized under the U.S. Plan;

"Reorganized Debtors" means, on or after the Final Restructuring Transactions Time, collectively, all of the Applicants and Partnerships (or their respective successors) remaining under and pursuant to this CCAA Plan, including the Restructuring Transactions;

"Required Majority" means, in respect of any Affected Unsecured Creditor Class, the affirmative vote of a majority in number in such Affected Unsecured Creditor Class having Voting Claims and voting on its Resolution (in person or by proxy) at the Creditors' Meeting in respect of such Affected Unsecured Creditor Class and representing not less than 66⅔% in value of the Voting Claims voting (in person or by proxy) at such Creditors' Meeting;

"Resolution" means, in respect of an Affected Unsecured Creditor Class, the resolution for such Affected Unsecured Creditor Class substantially in the form attached as Appendix B to the Circular, providing for the approval of the CCAA Plan by the Affected Unsecured Creditors comprised in such Affected Unsecured Creditor Class;

"Restructuring Claim" has the meaning ascribed to such term in the Third Claims Procedure Order;

"Restructuring Recognition Award" has the meaning ascribed to such term in Subsection 6.8(c);

"Restructuring Transactions" means those steps and transactions necessary or desirable to give effect to the transactions contemplated herein and in the Restructuring Transaction Notice, which steps and transactions may include one or more incorporations, mergers, amalgamations, consolidations, arrangements, continuations, restructurings, conversions, liquidations, windings-ups, dissolutions, transfers, reorganizations, repayments, redemptions, exchanges, cancellations, discharges or other transactions (including the release of certain funds that were set aside temporarily in ULC);

"Restructuring Transactions Notice" means one or more notices setting out and detailing substantially all of the Restructuring Transactions to be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date with notice of such posting in each instance forthwith provided to the Service List (as such notice may be thereafter modified, amended, varied or supplemented in accordance with this CCAA Plan and the U.S. Plan) provided that a

final restated Restructuring Transaction Notice will be posted on the Monitor's Website no later than on the Implementation Date with notice of such posting forthwith provided to the Service List;

"Rights Offering" has the meaning ascribed to such term in Subsection 6.1(a)(vi);

"Rights Offering Pro Rata" means, as at the applicable Rights Offering record date, the proportion that (i) the Voting Claims of an Affected Unsecured Creditor in a particular class bears to (ii) the aggregate Voting Claims of all Affected Unsecured Creditors in such particular class;

"Rights Offering Notes" has the meaning ascribed to such term in Subsection 6.1(a)(vi);

"Saguenay Forest Products" means Saguenay Forest Products Inc.;

"Saguenay Forest Products Affected Unsecured Claim" means any Affected Claim against Saguenay Forest Products, including any 15.5% Senior Unsecured Notes Claim against Saguenay Forest Products;

"Saguenay Forest Products Affected Unsecured Creditor" means any creditor that is the Holder of a Saguenay Forest Products Affected Unsecured Claim;

"Saguenay Forest Products Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against Saguenay Forest Products for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the Saguenay Forest Products Affected Unsecured Creditors;

"Sanction Order" means the Order by the Court sanctioning the CCAA Plan pursuant to the CCAA, Section 191 of the CBCA and such other Sections and legislation to be set forth in the Restructuring Transaction Notice as such Order may be amended, or supplemented from time to time;

"Search Committee" has the meaning ascribed to such term in Section 6.15;

"Second Claims Procedure Order" means the Order of the Court dated January 18, 2010 establishing, among other things, procedures for reviewing and determining Claims;

"Secured Claim" means any: (i) ACCC Term Loan Claim; (ii) BCFPI Secured Bank Claim; (iii) Canadian Secured Notes Claim; or (iv) Claim, other than a CCAA Charge, which is secured by a Lien on the property of the Applicants, which Lien is valid, perfected and enforceable pursuant to applicable Laws or by reason of an Order, to the extent of the value of such property, as of the Implementation Date or such other date as is established by the Court;

"Securitization Claims" means any Claim arising under or relating to the Securitization Facility;

"Securitization Facility" means the receivables securitization facility made available to certain Subsidiaries of ABH pursuant to that certain Second Amended and Restated Receivables

Purchase Agreement, dated as of June 16, 2009, as amended, among Abitibi-Consolidated U.S. Funding Corp., as the seller, ACI and Abitibi Consolidated Sales Corporation, as originators, Abitibi Consolidated Sales Corporation, as servicer, ACI, as subservicer, Citibank, N.A., as agent, and the banks named therein, and the other Transaction Documents (as defined therein);

"Service List" means the service list posted on the Monitor's Website, as may be amended from time to time;

"Servicer" means any indenture trustee, agent or servicer that administers any agreement that governs the rights of a Holder of an Affected Claim;

"Stay Termination Date" has the meaning ascribed to such term in the Initial Order;

"STIPs" has the meaning ascribed to such term in Subsection 6.8(b);

"Subscription Rights" means the rights granted in connection with the Rights Offering to each Affected Unsecured Creditor who does not receive a Cash distribution pursuant to Subsections 2.4(a)(i), 2.4(b)(i), 2.4(c)(i), 2.4(d)(i), 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i), 2.4(i)(i), 2.4(j)(i) or 2.4(k)(i);

"Subsequent Claim" has the meaning ascribed to such term in the Third Claims Procedure Order;

"Supplemental Distribution" has the meaning ascribed to such term in Section 3.7;

"Section 1145 Cutback" has the meaning ascribed to such term in Subsection 6.1(a)(vi);

"Taxes" means any and all taxes, duties, fees, pending assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind whatsoever (including any Claims by Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any Province or Territory of Canada, the Canada Revenue Agency and any similar revenue or taxing authority, including any municipality, of any Province or Territory of Canada), including all interest, penalties, fines and additions with respect to such amounts;

"Term Loan Exit Financing Facility" means the senior secured term loan facility, that may take the form of a loan, high-yield notes, bridge facility or other loan arrangement, to be entered into by the Reorganized Debtors and the lender(s) thereunder as contemplated in Section 6.11 of the U.S. Plan, pursuant to such documentation, or a summary thereof, as shall be set forth in (i) a CCAA Plan Supplement, or (ii) such other notice and in such form as determined by the U.S. Debtors and the Applicants, each of which will be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date with notice of such posting forthwith provided to the Service List (as such notice may be thereafter modified, amended, varied or supplemented in accordance with this CCAA Plan);

"Terminated Employee Plans" has the meaning ascribed to such term in Section 6.9;

"Terminated Retirement Plans" has the meaning ascribed to such term in Section 6.9;

"Third Claims Procedure Order" means the Order of the Court dated February 23, 2010 establishing, among other things, procedures for soliciting, reviewing and determining applicable claims and Restructuring Claims;

"TSX" means the Toronto Stock Exchange, a division of TSX Inc., through which the senior listing operations of TMX Group Inc. are conducted;

"ULC" means 3239432 Nova Scotia Company;

"ULC DIP Claim" means any and all Obligations of the borrowers and guarantors of ULC pursuant to the ULC DIP Facility Documents or the Initial Order as of the Implementation Date;

"ULC DIP Facility Documents" means that certain Letter Loan Agreement, dated as of December 9, 2009 (as amended, or supplemented from time to time) by and between ACI and ULC together with any related collateral, loan, or security documents executed in connection therewith or which relate thereto;

"Unaffected Creditor" means any Creditor with Excluded Claims, in respect of and to the extent of those Excluded Claims;

"Unions" has the meaning ascribed to such term in the Second Claims Procedure Order;

"Unsecured Creditors' Committee" means the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases by the Office of the United States Trustee on or about April 28, 2009, pursuant to Section 1102 of the Bankruptcy Code, as reconstituted from time to time;

"Unsubscribed Notes" has the meaning ascribed to such term in the Backstop Commitment Agreement;

"U.S. Debtors" means ABH, AbitibiBowater US Holding 1 Corp., AbitibiBowater US Holding LLC, AbitibiBowater Canada, Abitibi-Consolidated Alabama Corporation, Abitibi-Consolidated Corporation, ACF LP, Abitibi Consolidated Sales Corporation, Alabama River Newsprint Company, Augusta Woodlands, LLC, Bowater Alabama LLC, Bowater America Inc., BCFC, BCFPI, BCHI, Bowater Canadian Limited, Bowater Finance Company Inc., Bowater Finance II LLC, Bowater, Bowater LaHave Corporation, Bowater Maritimes, Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, Bowater Nuway Inc., Bowater Nuway Mid-States Inc., Bowater South American Holdings Incorporated, Bowater Ventures Inc., Catawba Property Holdings, LLC, Coosa Pines Golf Club Holdings LLC, Donohue Corp., Lake Superior Forest Products Inc. and Tenex Data Inc., ABH LLC 1 and ABH Holding Company Inc.;

"U.S. Plan" means the plan of reorganization of the U.S. Debtors dated May 24, 2010 as may be further amended, varied or supplemented from time to time in accordance with the terms thereof, which U.S. Plan can be obtained through the Monitor's Website;

"Voting Claim" means, in respect of an Affected Unsecured Creditor, the Canadian dollar amount of the Affected Claim of such Affected Unsecured Creditor accepted for purposes of

voting at any Creditors' Meeting, in accordance with the provisions of the Creditors' Meeting Order and the Cross-border Voting Protocol; and

"Voting Record Date " means September 7, 2010 or such other date as may be determined by the Monitor.

1.2 Interpretation, etc.

For purposes of this CCAA Plan:

- (a) any reference in this CCAA Plan to a contract, instrument, release, indenture, agreement or other document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference in this CCAA Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be modified, amended, varied or supplemented;
- (c) all references to (i) currency and to "\$" or "Cdn\$" are to Canadian dollars and (ii) to "US\$" are to United States dollars, except as otherwise indicated;
- (d) all references in this CCAA Plan to Articles, Sections, Subsections and Schedules are references to Articles, Sections, Subsections and Schedules of or to this CCAA Plan;
- (e) unless otherwise specified, the words "hereof", "herein" and "hereto" refer to this CCAA Plan in its entirety rather than to any particular portion of this CCAA Plan;
- (f) the division of this CCAA Plan into Articles, Sections, Subsections, Schedules, and paragraphs and the insertion of captions and headings to Articles, Sections, Subsections, Schedules and paragraphs are for convenience of reference only and are not intended to affect the interpretation of, or to be part of this CCAA Plan;
- (g) where the context requires, a word or words importing the singular shall include the plural and vice versa and a word or words importing one gender shall include all genders;
- (h) the deeming provisions are not rebuttable and are conclusive and irrevocable;
- (i) the words "includes" and "including" are not limiting; and
- (j) the word "or" is not exclusive.

1.3 Date for any Action

In the event that any date on which any action is required to be taken under this CCAA Plan by any of the parties is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day.

1.4 Time

All times expressed in this CCAA Plan are prevailing local time Montreal, Québec, Canada unless otherwise stipulated.

1.5 Statutory References

Unless otherwise specified, any reference in this CCAA Plan to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force, from time to time, or any statute or regulations that supplement or supersede such statute or regulations.

1.6 Schedules

The following are the schedules to this CCAA Plan, which are incorporated by reference into this CCAA Plan and form an integral part of it:

Schedule "A" – Applicants

Schedule "B" – Partnerships

Schedule "C" – Affected Unsecured Claims Share Allocation (other than 15.5% Unsecured Notes Claims Share Allocation)

Schedule "D" – 15.5% Senior Unsecured Notes Claims Share Allocation

ARTICLE 2 COMPROMISE AND ARRANGEMENT

2.1 Persons Affected

This CCAA Plan provides for a coordinated restructuring and compromise of Affected Claims against the Applicants. The U.S. Debtors are subject to the Chapter 11 Cases and have filed the U.S. Plan with the Bankruptcy Court. Under this CCAA Plan, the treatment of a Proven Claim against a Cross-border Debtor is intended to be consistent with the treatment of an Allowed Claim (as defined in the U.S. Plan) against same Cross-border Debtor in the U.S. Plan, with the Holder of such Allowed Cross-border Claim, receiving a single recovery on account of such Allowed Cross-border Claim in this CCAA Plan and the U.S. Plan and the aggregate distribution which such Holder of an Allowed Cross-border Claim shall receive, whether under this CCAA Plan or the U.S. Plan or a combination of both, not exceeding the greatest distribution which such Allowed Cross-border Claim would be entitled to receive under this CCAA Plan or the U.S. Plan. This CCAA Plan will become effective on the Implementation Date in accordance with its terms and in the sequence set forth in Section 6.1.

Each Affected Claim against the Applicants will be fully and finally compromised or otherwise assigned or transferred in the manner and the sequence as set forth in this CCAA Plan and the Restructuring Transactions Notice. This CCAA Plan shall be binding on and enure to the benefit of the Applicants, the Affected Unsecured Creditors of each Affected Unsecured Creditor Class, the Released Parties, any trustee, agent or other Person acting on behalf of any Affected Unsecured Creditor and such other Persons who have received the benefit of, or are bound by any compromises, waivers, releases or indemnities hereunder.

2.2 Classes of Affected Claims

Subject to Section 4.4, for the purpose of voting on, and distributions pursuant to, this CCAA Plan, the Affected Claims are divided into 20 classes as set out below:

- (a) the ACI Affected Unsecured Creditor Class;
- (b) the ACCC Affected Unsecured Creditor Class;
- (c) the 15.5% Guarantor Applicant Affected Unsecured Creditor Classes, being 10 classes of Affected Unsecured Creditors grouped in accordance with their Affected Claims against each of the 15.5% Guarantor Applicants, which Affected Claims only include 15.5% Senior Unsecured Notes Claims;
- (d) the Saguenay Forest Products Affected Unsecured Creditor Class;
- (e) the BCFPI Affected Unsecured Creditor Class;
- (f) the BCFC Affected Unsecured Creditor Class;
- (g) the AbitibiBowater Canada Affected Unsecured Creditor Class;
- (h) the Bowater Maritimes Affected Unsecured Creditor Class;
- (i) the ACNSI Affected Unsecured Creditor Class;
- (j) the Office Products Affected Unsecured Creditor Class; and
- (k) the Recycling Affected Unsecured Creditor Class.

2.3 Excluded Claims

This CCAA Plan does not affect the following (each, an "Excluded Claim"):

- (a) any Claim, Subsequent Claim or Restructuring Claim secured by the Abitibi Administration Charge, the Bowater Administration Charge, the Abitibi D&O Charge, the Bowater D&O Charge, the ACI DIP Charge, the BI DIP Lenders Charge and the Bowater Adequate Protection Charge (each, a "CCAA Charge Claim");
- (b) any Administrative Claim;

- (c) any Secured Claim;
- (d) any Securitization Claim;
- (e) subject to Subsection 2.5(c), any Inter-company Claim, including those secured by the ACI Inter-company Advances Charge and the BI Inter-company Advances Charge;
- (f) any Claim of an employee of any of the Applicants who was employed by that Applicant as of April 16, 2009, other than Claims by any such employee who was required to file its Proof of Claim prior to April 7, 2010 or any applicable subsequent Claim Bar Date, pursuant to and in accordance with the Third Claims Procedure Order (the "Excluded Employee Claims");
- (g) any Post-filing Claim;
- (h) any Insured Claim that is not a Proven Claim but only to the extent of the coverage available to the Applicants under any applicable Insurance Contract (excluding any applicable deductible);
- (i) any Government Priority Claim; and
- (j) any Claim, Subsequent Claim or Restructuring Claim ordered by the Court to be treated as an Excluded Claim for the purpose of this CCAA Plan.

Creditors with Excluded Claims will not be entitled to vote at any Creditors' Meeting or receive any distributions under this CCAA Plan in respect of the portion of their Claims which is an Excluded Claim. Nothing in this CCAA Plan shall affect the Applicants' rights and defences, both legal and equitable, with respect to any Excluded Claim including any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claims.

2.4 Treatment of Affected Claims

(a) Compromise of ACI Affected Unsecured Claims.

- (i) Each ACI Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such ACI Affected

Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the ACI Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against ACI, a distribution as set forth in Subsection 2.4(a)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no ACI Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(a)(ii) after receipt by the Monitor of such completed Election Notice.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each ACI Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(a)(i) above will, in full and final satisfaction of its Proven Claim against ACI, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACI in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to ACI, provided, however, that each ACI Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against ACI will, in full and final satisfaction of such Proven Claim, ultimately receive (y) its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of ACI in Schedule "D" hereto, subject to Dilution, and, (z) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to ACI.

(b) Compromise of ACCC Affected Unsecured Claims.

- (i) Each ACCC Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such ACCC Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the ACCC Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against ACCC, a distribution as set forth in Subsection 2.4(b)(ii). To be

valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no ACCC Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(b)(ii) after receipt by the Monitor of such completed Election Notice.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each ACCC Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(b)(i) above against ACCC will, in full and final satisfaction of its Proven Claim against ACCC, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACCC in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to ACCC, provided, however, that each ACCC Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Notes Claim against ACCC will, in full and final satisfaction of such Proven Claim, ultimately receive (y) its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of ACCC in Schedule "D" hereto, subject to Dilution, and, (z) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to ACCC.

(c) Compromise of 15.5% Guarantor Applicant Affected Unsecured Claims.

- (i) Each 15.5% Guarantor Applicant Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate, and for the purposes hereof deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such 15.5% Guarantor Applicant Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the 15.5% Guarantor Applicant Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against the 15.5% Guarantor Applicants, a distribution as set forth in Subsection 2.4(c)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice,

once delivered to the Monitor, will be final and irrevocable and no 15.5% Guarantor Applicant Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(c)(ii) after receipt by the Monitor of such completed Election Notice.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each 15.5% Guarantor Applicant Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(c)(i) above against any 15.5% Guarantor Applicant will, in full and final satisfaction of its Proven Claim against such 15.5% Guarantor Applicant, ultimately receive (A) its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of such 15.5% Guarantor Applicant in Schedule "D" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to each 15.5% Guarantor Applicant.

(d) Compromise of Saguenay Forest Products Affected Unsecured Claims.

- (i) Each Saguenay Forest Products Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such Saguenay Forest Products Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Saguenay Forest Products Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Saguenay Forest Products, a distribution as set forth in Subsection 2.4(d)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no Saguenay Forest Products Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(d)(ii) after receipt by the Monitor of such completed Election Notice.
- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions

Notice, each Saguenay Forest Products Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(d)(i) above will, in full and final satisfaction of its Proven Claim against Saguenay Forest Products, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against Saguenay Forest Products in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to Saguenay Forest Products, provided, however, that each Saguenay Forest Products Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against Saguenay Forest Products will, in full and final satisfaction of such Proven Claim, ultimately receive (y) its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of Saguenay Forest Products in Schedule "D" hereto, subject to Dilution, and, (z) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to Saguenay Forest Products.

(e) Compromise of BCFPI Affected Unsecured Claim.

- (i) Each BCFPI Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such BCFPI Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the BCFPI Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against BCFPI, a distribution as set forth in Subsection 2.4(e)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no BCFPI Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(e)(ii) after receipt by the Monitor of such completed Election Notice.
- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each BCFPI Affected Unsecured Creditor with a Proven Claim

who does not receive a Cash distribution pursuant to Subsection 2.4(e)(i) above will, in full and final satisfaction of its Proven Claim against BCFPI, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFPI in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to BCFPI.

(f) Compromise of BCFC Affected Unsecured Claims.

- (i) Each BCFC Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such BCFC Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the BCFC Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against BCFC, a distribution as set forth in Subsection 2.4(f)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no BCFC Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(f)(ii) after receipt by the Monitor of such completed Election Notice.
- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each BCFC Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(f)(i) above will, in full and final satisfaction of its Proven Claim against BCFC, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFC in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to BCFC.

(g) Compromise of AbitibiBowater Canada Affected Unsecured Claims.

- (i) Each AbitibiBowater Canada Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than

Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such AbitibiBowater Canada Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the AbitibiBowater Canada Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against AbitibiBowater Canada, a distribution as set forth in Subsection 2.4(g)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no AbitibiBowater Canada Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(g)(ii) after receipt by the Monitor of such completed Election Notice.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each AbitibiBowater Canada Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(g)(i) above will, in full and final satisfaction of its Proven Claim against AbitibiBowater Canada, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against AbitibiBowater Canada in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to AbitibiBowater Canada.

(h) Compromise of Bowater Maritimes Affected Unsecured Claims.

- (i) Each Bowater Maritimes Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and

Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such Bowater Maritimes Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Bowater Maritimes Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Bowater Maritimes, a distribution as set forth in Subsection 2.4(h)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no Bowater Maritimes Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(h)(ii) after receipt by the Monitor of such completed Election Notice.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each Bowater Maritimes Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(h)(i) above will, in full and final satisfaction of its Proven Claim against Bowater Maritimes, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against Bowater Maritimes in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to Bowater Maritimes.

(i) Compromise of ACNSI Affected Unsecured Claims.

- (i) Each ACNSI Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such ACNSI Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the ACNSI Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against ACNSI, a distribution as set forth in Subsection 2.4(i)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no ACNSI Affected Unsecured Creditor shall be entitled to change, revoke or

withdraw its election to receive a distribution as set forth in Subsection 2.4(i)(ii) after receipt by the Monitor of such completed Election Notice.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each ACNSI Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(i)(i) above will, in full and final satisfaction of its Proven Claim against ACNSI, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACNSI in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights, provided, however, that each ACNSI Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against ACNSI will, in full and final satisfaction of such Proven Claim, ultimately receive (y) its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of ACNSI in Schedule "D" hereto, subject to Dilution, and, (z) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to ACNSI.

(j) Compromise of Office Products Affected Unsecured Claims.

- (i) Each Office Products Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such Office Products Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Office Products Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Office Products, a distribution as set forth in Subsection 2.4(j)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no Office Products Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(j)(ii) after receipt by the Monitor of such completed Election Notice.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each Office Products Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(j)(i) above will, in full and final satisfaction of its Proven Claim against Office Products, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against Office Products in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights, provided, however, that each Office Products Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against Office Products will, in full and final satisfaction of such Proven Claim, ultimately receive (y) its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of Office Products in Schedule "D" hereto, subject to Dilution, and, (z) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to Office Products.
- (k) **Compromise of Recycling Affected Unsecured Claims.**
 - (i) Each Recycling Affected Unsecured Creditor with Proven Claims the aggregate Face Amount of which is (A) equal to or less than Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) or (B) reduced, for distribution purposes only, to Cdn\$6,073 (being the Canadian dollar equivalent based on the Date of Filing Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent, of US\$5,000) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of the Face Amount of its Proven Claims and Cdn\$3,036.50 (being 50% of Cdn\$6,073), unless in the case of clause (A), such Recycling Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Recycling Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Recycling, a distribution as set forth in Subsection 2.4(k)(ii). To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no Recycling Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a distribution as set forth in Subsection 2.4(k)(ii) after receipt by the Monitor of such completed Election Notice.
 - (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions

Notice, each Recycling Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Subsection 2.4(k)(i) above will, in full and final satisfaction of its Proven Claim against Recycling, ultimately receive (A) its Pro Rata share of the number of shares of New ABH Common Stock set forth against Recycling in Schedule "C" hereto, subject to Dilution, and, (B) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights, provided, however, that each Recycling Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against Recycling will, in full and final satisfaction of such Proven Claim, ultimately receive (y) its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of Recycling in Schedule "D" hereto, subject to Dilution, and, (z) to the extent eligible and subject to the Section 1145 Cutback, its Rights Offering Pro Rata share of the number of Subscription Rights allocated to Recycling.

2.5 No Vote Occurrence

- (a) Unless otherwise set forth herein, Affected Unsecured Creditors in any Affected Unsecured Creditor Class that fails to approve this CCAA Plan by the affirmative vote of the Required Majority or in respect of which this CCAA Plan is not sanctioned by the Court (each, a "No Vote Occurrence"), shall be deemed to be Unaffected Creditors in respect of their Claims against that No Vote Applicant for the purposes of this CCAA Plan.
- (b) In the event of a No Vote Occurrence, each Applicant affected by such No Vote Occurrence (each, a "No Vote Applicant") or any other Applicant or Partnership may undertake, at its sole and absolute discretion, any transactions necessary for such No Vote Applicant's equity or other interests in any other Applicant or Partnership to be changed, exchanged, cancelled, redeemed, reorganized, transferred or otherwise dealt with, for NIL consideration.
- (c) In the event of a No Vote Occurrence, any Inter-company Claim held by a No Vote Applicant shall be deemed to be an Affected Unsecured Claim for the purposes of this CCAA Plan and shall be compromised pursuant to the applicable provisions of Section 2.4, even though such No Vote Applicant shall not have voted in respect of the CCAA Plan.

ARTICLE 3 TREATMENT OF UNAFFECTED CREDITORS

3.1 CCAA Charge and Administrative Claims

Except as provided in Section 3.4 in respect of the BI DIP Claims, Holders of CCAA Charge Claims shall receive full payment in Cash of such Claims at such times and in such amounts as may be determined by the Monitor or the Court from time to time. Except as otherwise specifically provided in this CCAA Plan or the U.S. Plan, the Holders of

Administrative Claims shall receive full payment in Cash of such Claims in accordance with the principles set out in the U.S. Plan. In addition, to the extent any obligation that would otherwise constitute an Administrative Claim is paid as a CCAA Charge under this CCAA Plan, such payment shall be the only payment to be made on account of such Administrative Claim in the CCAA Proceedings and the Chapter 11 Cases.

3.2 Secured Claims

On the Implementation Date, Holders of Secured Claims (a) shall receive full payment in Cash of their applicable Proven Secured Claims (other than their Proven Secured Claims in respect of any BCFPI Secured Bank Letters of Credit), and (b) in respect of any BCFPI Secured Bank Letters of Credit either (i) the Holders of Secured Claims shall receive on, or as soon as practicable after, but in any event not later than five (5) Business Days after, the Implementation Date, Cash collateral in the aggregate face amount of the BCFPI Secured Bank Letters of Credit plus an amount sufficient to cover all fees for the term of each BCFPI Secured Bank Letters of Credit and in the currency of such BCFPI Secured Bank Letters of Credit, (ii) the BCFPI Administrative Agent shall have received undrawn the original BCFPI Secured Bank Letters of Credit marked "cancelled" and such BCFPI Secured Bank Letters of Credit shall be extinguished, or (iii) the Holders of Secured Claims shall receive treatment with respect to the BCFPI Secured Bank Letters of Credit on such other terms the Applicants and Holders of such Secured Claims may agree, provided that in no event shall any shares of New ABH Common Stock be distributed on account of or in respect of the BCFPI Secured Bank Letters of Credit.

3.3 : Securitization Claims

On the Implementation Date, in accordance with the U.S. Plan, all outstanding receivable interests purchased under the Securitization Facility will be repurchased in Cash for a price equal to the par amount thereof plus accrued and unpaid yield and fees and servicer fees payable under the Securitization Facility, and any unpaid fees and expenses or other amounts payable under the Securitization Facility whether by an Applicant or an affiliate of the Applicants, and any and all Securitization Claims shall be paid in full in Cash. On the Implementation Date, after all such receivable interests are repurchased and all such payments are made, the Securitization Facility shall be terminated, and all Securitization Claims shall be deemed fully satisfied and released.

3.4 BI DIP Lender Claims and ULC DIP Lender Claims

On the Implementation Date, the BI DIP Lenders, the BI DIP Agent and ULC shall receive full payment in Cash of their applicable BI DIP Claims and ULC DIP Claims.

3.5 Inter-company Claims

Subject to Section 2.5(c), at the sole and absolute discretion of the Applicants or the Partnerships, any and all Inter-company Claims may be ratified, in whole or in part, by the Applicants or the Partnerships, and treated in the ordinary course of business, amended, repaid, cancelled or discharged, in whole or in part, in the manner and the sequence as set forth in the Restructuring Transactions Notice, provided, however, that any such elections by the

Applicants or the Partnerships hereunder or under the Restructuring Transactions Notice shall not impact any recoveries under this CCAA Plan.

3.6 Deemed Unaffected Creditors

Affected Unsecured Creditors deemed to be Unaffected Creditors pursuant to Subsection 2.5(a) shall not be entitled to receive any distribution under this CCAA Plan.

3.7 Government Priority Claims

Within six (6) months after the Sanction Order, the Applicants will pay in full all Government Priority Claims.

3.8 Supplemental Distribution

The Applicants shall, as soon as practicable on or after the Implementation Date, make a supplemental distribution in Cash (the "**Supplemental Distribution**") in a maximum individual amount to be determined by the Applicants, in consultation with the Monitor, to such present or former employees: (i) who were employed by the Applicants, other than the Cross-border Debtors, on or after the Date of Filing; and (ii) who are holding an Affected Unsecured Claim that is a Proven Claim; provided, however, that the aggregate amount payable hereunder shall not exceed Cdn\$5 million. No later than ten (10) days prior to the Implementation Date, the Applicants, other than the Cross-border Debtors, shall determine, in consultation with the Monitor, the employees who shall be entitled to receive such Supplemental Distribution (the "**Distribution Eligible Employees**") and the amount of the Supplemental Distribution to be allocated to each Distribution Eligible Employee, provided, however, that (i) no Distribution Eligible Employee shall have a right of review or appeal in respect of such allocation which shall, for all purposes, be final and binding upon the Distribution Eligible Employees, and (ii) any Affected Claim of each Distribution Eligible Employee shall, for distribution purposes under this CCAA Plan, be reduced by the amount of such Distribution Eligible Employee's Supplemental Distribution.

3.9 Monitor's Fees and Expenses

The Monitor's fees and expenses, including the fees and disbursements of its counsel, shall be paid from time to time by the Applicants.

3.10 No Distribution of New ABH Common Stock to Unaffected Creditors

Under no circumstances, including under this CCAA Plan or the U.S. Plan, shall Unaffected Creditors receive a distribution of shares of New ABH Common Stock.

3.11 Exchangeable Shares

The Exchangeable Shares together with all ancillary documents in connection therewith or which relate thereto, including the amended and restated support agreement among ABH, BCHI, AbitibiBowater Canada and Bowater and the amended and restated voting and exchange trust agreement among AbitibiBowater Canada, BCHI, ABI, Bowater and Computershare Trust Company of Canada (or any successor trustee), shall be cancelled and terminated, as the case

may be, in the manner and the sequence as set forth in the Restructuring Transactions Notice and the holders of Exchangeable Shares shall not be entitled to receive any distribution, consideration or other compensation on account thereof.

3.12 Equity Securities

The Equity Securities may, at the sole discretion of the Applicants or the Partnerships, be preserved, amended, cancelled or otherwise dealt with, in whole or in part, in the manner and the sequence as set forth in the Restructuring Transactions Notice and the holders of such Equity Securities shall not be entitled to receive any distribution, consideration or other compensation on account thereof.

ARTICLE 4 VALUATION OF AFFECTED CLAIMS, CREDITORS' MEETINGS AND RELATED MATTERS

4.1 Conversion of Affected Claims into Canadian Currency

For purposes of determination of the value of Affected Claims denominated in currencies other than Canadian dollars for voting and distribution purposes:

- (a) any Affected Claim, other than those contemplated in Subsection 4.1(b), shall be converted by the Monitor to Canadian dollars at the Date of Filing, Exchange Rate; and
- (b) any Affected Claim arising as a result of or in connection with the repudiation, termination or restructuring of the Applicants of any contract, lease or obligations shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging the relevant currency to Canadian dollars on the date of notice of the event which gave rise to such repudiation, termination or restructuring.

4.2 Affected Claims

Affected Unsecured Creditors shall be entitled to prove their respective Affected Claims, vote their Voting Claims in respect of the CCAA Plan, and if their Claims become Proven Claims receive the distributions provided for, pursuant to the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol, the Creditors' Meeting Order and this CCAA Plan.

4.3 Creditors' Meetings

The Creditors' Meeting held in respect of each Affected Unsecured Creditors Class shall be held in accordance with this CCAA Plan, the Creditors' Meeting Order and any further Order which may be made from time to time for the purposes of, among other things, considering and voting on the Resolution of such Affected Unsecured Creditor Class or other matters to be considered at such Creditors' Meeting.

4.4 Approval by each Affected Unsecured Creditor Class

The Applicants will seek approval of the CCAA Plan by the affirmative vote of the Required Majorities of the Affected Unsecured Creditors with Voting Claims in each Affected Unsecured Creditor Class. Any resolution, including the Resolution in respect of each of the Affected Unsecured Creditors Classes, to be voted on at any Creditors' Meeting in respect of the CCAA Plan will be decided by the Required Majorities on a vote by ballot, and any other matter submitted for a vote at any Creditors' Meeting shall be decided by a majority of votes cast on a vote by a show of hands, unless the Chair decides, in his sole and absolute discretion, to hold such vote by way of ballot, provided, however, that each vote of a 15.5% Senior Unsecured Notes Creditor by way of ballot or show of hands in respect of the ACCC Affected Unsecured Creditor Class shall be deemed to be a vote in respect of such 15.5% Senior Unsecured Notes Creditor's 15.5% Senior Unsecured Notes Claims comprised in each of the ACI Affected Unsecured Creditor Class, Saguenay Forest Products Affected Unsecured Creditor Class, ACNSI Affected Unsecured Creditor Class, Office Products Affected Unsecured Creditor Class, Recycling Affected Unsecured Creditor Class and 15.5% Guarantor Applicant Affected Unsecured Creditor Classes. The result of any vote will be binding on all Affected Unsecured Creditors in the relevant Affected Unsecured Creditor Class, whether or not any such Affected Unsecured Creditor is present and voting (in person or by proxy) at the Creditors' Meeting held in respect of the Affected Unsecured Creditor Class to which it belongs.

4.5 Order to Establish Procedure for Valuing Affected Claims

The procedure for valuing Affected Claims for voting and distribution purposes, and resolving disputes in respect of any such valuation, is set forth in the Claims Procedure Orders, Cross-border Claims Protocol, Cross-border Voting Protocol and the Creditors' Meeting Order. The Applicants and the Monitor reserve the right to seek the assistance of the Court in valuing the Affected Claim of any Affected Unsecured Creditor, if deemed advisable, or in determining the result of any vote on any of the Resolutions or otherwise at any Creditors' Meeting, or the amount, if any, to be distributed to any Affected Unsecured Creditor under the CCAA Plan, as the case may be.

4.6 Affected Claims for Voting Purposes

Each Affected Unsecured Creditor with a Voting Claim shall be entitled to one (1) vote and the weight attributed to such vote (for the purposes of determining the Required Majorities) shall be equal to the aggregate Canadian dollar value of such Affected Unsecured Creditor's Voting Claim (if necessary, converted into Canadian dollars in accordance with Section 4.1).

If the amount of the Affected Claim of any Affected Unsecured Creditor is not resolved for voting purposes on the Voting Record Date in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol and the Creditors' Meeting Order, such Affected Unsecured Creditor shall be entitled to vote at the Creditors' Meeting held in respect of the Affected Unsecured Creditor Class to which it belongs based on that portion of its Affected Claim which has been accepted for voting purposes by the Monitor, without prejudice to the rights of the Applicants, or the Affected Unsecured Creditor, with respect to the final determination of the Affected Unsecured Creditor's Affected Claim for

distribution purposes in accordance with the terms of the Claims Procedure Orders, the Creditors' Meeting Order and this CCAA Plan.

Affected Unsecured Creditors whose Affected Claims have been revised or disallowed, in full or in part, which revision or disallowance remains in dispute or under appeal in accordance with the Claims Procedure Orders and the Cross-border Claims Protocol, shall have their voting intentions with respect to such disputed or disallowed amounts recorded by the Monitor and reported to the Court.

4.7 Adjournments

If any Creditors' Meeting is adjourned or postponed by the Chair, in his sole and absolute discretion, or because quorum is not obtained, such Creditors' Meeting will be adjourned, postponed or otherwise rescheduled by the Monitor to such date, time and place as may be decided by the Chair, in his sole and absolute discretion.

4.8 Voting of Proxies

Any Affected Unsecured Creditor's proxy will be voted on any ballot in accordance with the Affected Unsecured Creditor's instruction to vote for or against the approval of such Affected Unsecured Creditor Class' Resolution and any other matters before the Creditors' Meeting held in respect of such Affected Unsecured Creditors Class. In the absence of such instruction, the proxy will be voted for the approval of such Resolution.

Subject to Section 8.4, forms of proxy may confer discretionary authority on the individuals designated therein with respect to amendments or variations of matters identified in the notice of Creditors' Meeting and other matters that may properly come before any Creditors' Meeting.

All matters related to the solicitation of votes for any Creditors' Meeting, the mailing of materials to Affected Unsecured Creditors and the voting procedure and tabulation of votes cast with respect to any Creditors' Meeting shall be as set forth in the Creditors' Meeting Order.

4.9 Claims Bar Dates

If an Affected Unsecured Creditor has failed to file its Proof of Claim prior to the relevant Claims Bar Dates and has not been permitted to file a late Claim pursuant to the Claims Procedure Orders, that Affected Unsecured Creditor shall be forever barred from voting at the Creditors' Meeting held in respect of the Affected Unsecured Creditor Class to which it belongs and from receiving a distribution, and the Applicants shall be released from the Affected Claims of such Affected Unsecured Creditor and Subsection 6.10(b) shall apply to all such Affected Claims.

ARTICLE 5
DISTRIBUTIONS IN RESPECT OF DISPUTED CLAIMS

5.1 No Distributions Pending Allowance

Notwithstanding any other provision of this CCAA Plan, no distributions shall be made with respect to a Disputed Claim unless and until it has become a Proven Claim. Prior to the Implementation Date, Disputed Claims shall be dealt with in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol and the Cross-border Voting Protocol. Following the Implementation Date, Disputed Claims shall continue to be dealt with in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol and the Cross-border Voting Protocol.

5.2 Applicants Reserve

As of the Initial Distribution Date, the Monitor, in its capacity as Disbursing Agent, shall establish the Applicants Reserve by holding on account of Disputed Claims, a number of shares of New ABH Common Stock equal to the amount of shares of New ABH Common Stock that the Holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims in their entire amount on the Initial Distribution Record Date. The shares of New ABH Common Stock deposited in the Applicants Reserve shall not be voted by the Monitor, in its capacity as Disbursing Agent and holder of record of such securities, except pursuant to, and in accordance with, an Order of the Court.

5.3 Distributions From Applicants Reserve Once Disputed Claims Resolved

The Monitor, in its capacity as Disbursing Agent, shall make allocations from the Applicants Reserve to Holders of Proven Claims following the Initial Distribution Date in accordance with this CCAA Plan. To the extent that Disputed Claims become Proven Claims after the Initial Distribution Record Date, the Monitor, in its capacity as Disbursing Agent, shall on the applicable Interim Distribution Date or the Final Distribution Date, distribute from the Applicants Reserve to the Holders of such Proven Claims, the shares of New ABH Common Stock which they would have been entitled to receive in respect of such Proven Claims had such Affected Claims been Proven Claims on the Initial Distribution Record Date. To the extent that any Disputed Claim or a portion thereof has become a Disallowed Claim after the Initial Distribution Record Date, then the Monitor, in its capacity as Disbursing Agent, shall distribute on the applicable Interim Distribution Date or the Final Distribution Date, to the Holders of Affected Unsecured Claims that have previously been adjudicated under this CCAA Plan to be Proven Claims, their Pro Rata share from the Applicants Reserve, of such additional shares of New ABH Common Stock kept in the Applicants Reserve on account of such Disallowed Claims, the whole in accordance with the allocation provided in Schedule "C" and Schedule "D" hereto. The Monitor, in its capacity as Disbursing Agent shall make its last distribution on the Final Distribution Date.

ARTICLE 6
IMPLEMENTATION OF THE CCAA PLAN

6.1 CCAA Plan Implementation

(a) CCAA Plan Transactions

Except for the steps and transactions set forth in Subsection 6.1(a)(i), each of the following transactions contemplated by and provided for under this CCAA Plan will be consummated and effected and shall for all purposes be deemed to occur on or before the Final Restructuring Transactions Time. Accordingly, all of the appropriate documents, agreements and funding necessary to implement all such transactions must be in place and be final and irrevocable prior to the Implementation Date to be held in escrow until their release without any further act or formality, except as provided in the Sanction Order.

- (i) **Restructuring Transactions.** Each of the steps and transactions comprising the Restructuring Transactions shall be effected in the manner and the sequence as set forth in the Restructuring Transactions Notice.
- (ii) **Exit Loan Facilities.** The Reorganized Debtors will enter into definitive documentation, in a form and in substance satisfactory to the Applicants, with respect to the Exit Loan Facilities in an aggregate amount up to (A) US\$2.3 billion, less (B) cash on hand and proceeds from the Rights Offering. The Applicants will borrow funds under the Exit Loan Facilities in amounts which, together with such other Cash as is then available to the Applicants, will be sufficient to make all Cash distributions to be made under this CCAA Plan and the U.S Plan.
- (iii) **Payment of Certain Excluded Claims.** The Excluded Claims that pursuant to this CCAA Plan are required to be paid on the Implementation Date shall be paid in full as set forth in this CCAA Plan.
- (iv) **New ABH Common Stock.** The shares of New ABH Common Stock to be distributed to Affected Unsecured Creditors will be delivered in accordance with this CCAA Plan, including the Restructuring Transactions.
- (v) **Compromise of Debt.** The Affected Claims will be settled, compromised, released or otherwise dealt with in accordance with this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice.
- (vi) **Rights Offering.** In accordance with the terms of the Backstop Commitment Agreement, the Applicants may implement a rights offering (the "Rights Offering") for the issuance of convertible unsecured subordinated notes (the "Rights Offering Notes"), on the terms set out in the Backstop Commitment Agreement, including Exhibit "C" thereto. The

Rights Offering Notes will be (A) in an aggregate principal amount not to exceed US\$500 million in accordance with the terms of the Backstop Commitment Agreement, and (B) made available to certain Affected Unsecured Creditors in the Chapter 11 Cases and the CCAA Proceedings on the Implementation Date. As contemplated by the Backstop Commitment Agreement, the amount of the Rights Offering Notes may be increased by up to US\$110 million of Escrowed Notes which could be issued by Reorganized ABH under the U.S. Plan in respect of unresolved Claims against certain U.S. Debtors as of the Implementation Date. In accordance with the terms of the Backstop Commitment Agreement, the number of Rights Offering Notes (and Escrowed Notes) for which any Eligible Holder may subscribe in the Rights Offering may be decreased by the Applicants and the Reorganized Debtors to the extent required by the Bankruptcy Court, to allow the Rights Offering to be exempt from registration under the Securities Act of 1933 pursuant to Section 1145 of the Bankruptcy Code (the "Section 1145 Cutback"). Where permitted under the terms of the Backstop Commitment Agreement, the Applicants shall be authorized to implement procedures, and amend, supplement, modify or enter into agreements and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Rights Offering, and effectuate the distribution of the Rights Offering Notes, without any further Order. Any Rights Offering Notes excluded from the Rights Offering due to a Section 1145 Cutback will instead be offered to the Backstop Parties for purchase on or before the Implementation Date as Unsubscribed Notes in accordance with the terms of the Backstop Commitment Agreement.

- (vii) **Reserve for Disputed Claims.** The Applicants Reserve will be established.
- (viii) **CCAA Charges Cancelled.** The CCAA Charges will be cancelled, provided that the BI DIP Lenders Charge shall be cancelled on the condition that the BI DIP Claims are paid in full on the Implementation Date.
- (ix) **Expiry of the Stay Period.** The Stay Termination Date will occur.

6.2 Restructuring Transactions

The Applicants shall take actions as may be necessary or appropriate to effect the Restructuring Transactions as set forth in the Restructuring Transactions Notice, including all of the transactions described in this CCAA Plan and the U.S. Plan and the transactions necessary or appropriate to simplify the Applicants' and the Partnerships' structure and to effect a restructuring of their respective businesses. Such actions may include: (i) the execution and delivery of appropriate articles, agreements or other documents of incorporation, merger, amalgamation, consolidation, arrangement, continuation, restructuring, exchange, conversion, liquidation, winding-up, dissolution, transfer, reorganization, repayments, cancellations, discharges or other transactions containing terms that are consistent with the terms of this

CCAA Plan and the U.S. Plan; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, including, where applicable, with respect to the assumption of liabilities upon the transfer or assignment of assets or liquidation or winding-up of any Applicant or Partnership, guarantee, or delegation of any property, right, privilege, liability, duty or obligation on terms consistent with the terms of this CCAA Plan or the U.S. Plan in each case without the need to obtain any consent by any Person; (iii) the filing of appropriate articles, agreements or other documents of incorporation, merger, amalgamation, consolidation, arrangement, continuation, restructuring, conversion, liquidation, winding-up, dissolution, transfer, reorganization, repayments, cancellations, discharges or other transactions with the appropriate Governmental Entities under applicable Law; (iv) determining the manner and the sequence in which the Affected Claims are settled, compromised or otherwise dealt with, and (v) all other actions that the Applicants or the Partnerships determine are necessary or appropriate to give effect to the Restructuring Transactions, including the making of filings or recordings in connection with the relevant Restructuring Transactions. The Applicants shall be permitted to implement certain of the Restructuring Transactions after the Implementation Date as contemplated in the Restructuring Transactions Notice. The form of each Restructuring Transaction shall, where applicable, be determined by each of the Applicants, the Partnerships and the U.S. Debtors and their successors party to any Restructuring Transaction, and shall be approved by the Monitor, provided, however, that the Applicants, the Partnerships and the U.S. Debtors reserve the right to undertake transactions in lieu of or in addition to such Restructuring Transactions as the Applicants, the Partnerships and the U.S. Debtors may deem necessary or appropriate under the circumstances and as approved by the Monitor and provided, further, that ULC shall continue as a separate entity, with all the powers of an unlimited liability company in accordance with the applicable Law of its jurisdiction of incorporation and pursuant to its constating documents in effect prior to the Implementation Date. Notwithstanding the foregoing or any other provision of this CCAA Plan, the implementation of any of the Restructuring Transactions or other transactions undertaken in accordance with this Section 6.2 shall not affect the distributions under this CCAA Plan or the U.S. Plan.

6.3 Corporate Action

On the Implementation Date and, where applicable, in the sequence as set forth in the Restructuring Transactions Notice, all corporate actions contemplated by this CCAA Plan, including the Restructuring Transactions, shall be deemed to have been authorized and approved in all respects (subject to the provisions of this CCAA Plan). All matters provided for in this CCAA Plan, including the Restructuring Transactions, shall be deemed to have timely occurred, including, where applicable, in the sequence as set forth in the Restructuring Transactions Notice, in accordance with applicable Law, and shall be effective, without any requirement of further action by the creditors, securityholders, directors, officers, managers or partners of any of the Applicants, the Partnerships or Reorganized Debtors. On the Implementation Date, and, where applicable, in the sequence as set forth in the Restructuring Transactions Notice, the appropriate directors and officers of the Applicants, the Partnerships or Reorganized Debtors shall be authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by this CCAA Plan, including with respect to the Restructuring Transactions, in the name of and on behalf thereof.

6.4 Continued Existence and Vesting of Assets in Reorganized Debtors

- (a) On and after the Final Restructuring Transactions Time, after giving effect to each of the Restructuring Transactions contemplated in the Restructuring Transactions Notice, each of the Reorganized Debtors shall continue to exist as a separate entity, with all the powers of a corporation, limited liability company, unlimited liability company, partnership or such other entity, as the case may be, in accordance with the applicable Law in the jurisdiction in which it is incorporated, organized or otherwise formed and pursuant to its constating documents in effect prior to the Implementation Date, except to the extent such Law or documents are amended or changed pursuant to this CCAA Plan, including the Restructuring Transactions, or the U.S. Plan, as applicable, without prejudice to any right to change such documents or Law or terminate such existence thereafter.
- (b) The continued existence, operation and ownership of those affiliates of, or entities related to, the Applicants that are neither Applicants in the CCAA Proceedings nor U.S. Debtors in the Chapter 11 Cases, each of which is a component of the Applicants' businesses, are unaffected, and all of the Applicants' equity or other interests in such non-Applicant and non-U.S. Debtor affiliates and related entities that are assigned or transferred in the manner and the sequence as set forth in the Restructuring Transactions Notice shall vest in the applicable Reorganized Debtor.
- (c) Except as otherwise provided in this CCAA Plan, all property of the Applicants and the Partnerships assigned or transferred in the manner and the sequence as set forth in the Restructuring Transactions Notice, including all claims, privileges, rights (including all rights in any executory contracts, unexpired leases, Timber Supply and Forest Management Agreements (TSFMAs), outstanding and unused volumes of cutting rights (backlog) under any TSFMA, tenure agreements or any other agreements), permits, certificates, licenses, approvals granted by a Governmental Entity and causes of action, shall vest in the applicable Reorganized Debtors free and clear of all Claims and Liens. If such property is not assignable or transferable, it shall be deemed reissued in the name of the applicable Reorganized Debtor free and clear of all Claims and Liens. If the assignment or transfer of such property requires the authorization or consent of a third party, including any Governmental Entity, such authorization or consent shall be deemed to have been obtained.

6.5 CCAA Vesting Order

The Applicants, the Partnerships and the Reorganized Debtors shall be entitled to request one or more CCAA Vesting Order(s) from the Court, which shall provide for the transfer and assignment to the Applicants, the Partnerships or Reorganized Debtors of assets in the manner and the sequence as set forth in the Restructuring Transactions Notice. The Order of the Bankruptcy Court confirming the U.S. Plan pursuant to Section 1129 of the Bankruptcy Code shall constitute the Bankruptcy Court's approval of such transfers and assignments for purposes of the Chapter 11 Cases. The CCAA Vesting Order(s) shall constitute the Court's

approval of such transfers and assignments for purposes of the CCAA Proceedings. The Affected Unsecured Creditors shall be deemed to have consented to such transfers and assignments.

6.6 Dissolution of Certain Applicants and the Partnerships

All Applicants and Partnerships to be dissolved pursuant to the Restructuring Transactions shall be deemed dissolved for all purposes without the necessity for any other or further action by or on behalf of any Person, including the Applicants or the Partnerships or their respective securityholders, directors, officers, managers or partners or for any payments to be made in connection therewith; provided, however, that the Applicants, the Partnerships and the Reorganized Debtors shall cause to be filed with the appropriate Governmental Entities articles, agreements or other documents of dissolution for the dissolved Applicants or Partnerships to the extent required by applicable Law. On and after the Implementation Date, the Applicants or Partnerships and the Reorganized Debtors shall not be required to file any document, or take any other action, to withdraw the business operations of any dissolved Applicants or Partnerships from any jurisdiction in which such Applicants or Partnerships previously conducted their business operations.

6.7 Listing of Shares of New ABH Common Stock

The Applicants shall use their reasonable best efforts to cause the shares of New ABH Common Stock to be listed on the TSX.

6.8 Management and Director Compensation and Incentive Plans and Programs

On or as soon as practicable after the Implementation Date, Reorganized ABH shall adopt and implement (as applicable) the management incentive plans as substantially described herein and in the form set forth in a CCAA Plan Supplement and the management and directors plans, programs and agreements set forth in another CCAA Plan Supplement shall be terminated or repudiated under this CCAA Plan or the U.S. Plan and, to the extent applicable, deemed rejected pursuant to Section 365 of the Bankruptcy Code. The Affected Unsecured Creditors shall be deemed to have approved all such management incentive plans, including the LTIP and the STIPs.

(a) Long-Term Equity Incentive Plan

On or as soon as practicable after the Implementation Date, Reorganized ABH shall adopt and implement the 2010 Long-Term Equity Incentive Plan (the "LTIP"). Reorganized ABH shall reserve 8.5% on a fully diluted basis of the shares of New ABH Common Stock for issuance under the LTIP. Up to 4% of the shares of New ABH Common Stock may be granted on the Implementation Date of which 75% will be granted as options the strike price of which shall be the fair market value of the New ABH Common Stock and 25% will be granted as restricted stock units. For purposes of this Subsection 6.8(a), the fair market value of the New ABH Common Stock shall mean the average of the closing trading price of the New ABH Common Stock during the 30 day period commencing with the first day on which the New ABH Common Stock is listed on the New York Stock Exchange. Pursuant to the LTIP, the Reorganized Debtors shall deliver certain stock options and restricted stock unit grants to

certain directors, members of management and other executive employees on and after the Implementation Date, in such amounts and pursuant to such terms as set forth in the LTIP. The form and substance of the LTIP will be set forth in a CCAA Plan Supplement.

(b) Short-Term Incentive Plans

On or as soon as practicable after the Implementation Date, Reorganized ABH shall adopt and implement the 2010 Short-Term Incentive Plan (the "**2010 STIP**") and the 2011 Short-Term Incentive Plan (the "**2011 STIP**" and together with the 2010 STIP, the "**STIPs**") pursuant to which participants shall be eligible for a target incentive award expressed as a percentage of the individual's base salary as such salary shall be reduced prior to the Implementation Date (the "**Reduced Base Salary**"). Approximately 550 management employees will be eligible for participation in the STIPs, including the Company's top six (6) senior executives. Senior executives will be eligible for a target incentive award of 50% of base salary under the 2010 STIP and 100% of base salary under the 2011 STIP. The target incentive payments for remaining participants under the STIPs will be at a lower percentage level of payment. The STIPs shall be entirely performance-based, and actual earned incentive awards will vary depending on the Company's and Reorganized Debtors' ability to achieve the established targets. Under the 2010 STIP, the Company will base performance targets on the Company's actual EBITDA (net of any STIP payment) against its forecast for the third and fourth quarters of 2010. The Board will determine the Company's performance targets under the 2011 STIP. The material terms of the STIPs will be set forth in a CCAA Plan Supplement.

(c) Restructuring Recognition Award

On and effective as of the Implementation Date, the Company shall adopt and implement a performance driven restructuring recognition plan designed to reward actions and initiatives contributing to a successful and timely reorganization of the Company, by providing selected members of management with one-time cash emergence awards (a "**Restructuring Recognition Award**") in an aggregate value of approximately US\$6 million. Approximately 50 executives, senior managers and managers, who are critical to the Company's performance and successful reorganization efforts, shall be selected to receive a Restructuring Recognition Award equal from 30% to 100% of the recipient's Reduced Base Salary to be paid in Cash at emergence upon approval by the Board. Restructuring Recognition Award recipients shall be required to repay 1/12th of their award for each month during the one-year period following the Implementation Date they were not employed by Reorganized ABH or a Reorganized Debtor, if they either voluntarily resign their employment or are discharged by their employer for "cause".

(d) Executive Severance Policies

On and after the Implementation Date, Reorganized ABH will assume, as amended, executive severance policies for U.S. and Canadian executives, respectively. Severance benefits may be conditioned upon the executive's compliance with certain restrictive covenants, including non-compete restrictions. The material terms of the executive severance policies shall be set forth in a CCAA Plan Supplement.

6.9 Employee Compensation and Benefit Programs

As of the Implementation Date, all of the Applicants' existing pension plans, welfare benefit plans, severance policies and other employee-related plans and programs, including the Applicants' Canadian registered defined benefit and defined contribution plans, set forth in a CCAA Plan Supplement, shall remain in effect, as amended, and the plans and programs set forth in another CCAA Plan Supplement, including all of the Applicants' existing non-qualified and non-registered plans, (such terminated non-qualified and non-registered plans and programs referred to herein as the "**Terminated Retirement Plans**" and all such terminated or rejected plans and programs collectively referred to herein as the "**Terminated Employee Plans**") shall be terminated or repudiated under this CCAA Plan and the U.S. Plan and, to the extent applicable, deemed rejected pursuant to Section 365 of the Bankruptcy Code. After the Implementation Date, the Reorganized Debtors shall have the sole authority to terminate, amend or implement Canadian registered plans, welfare benefit plans and other plans and programs for employees in accordance with the terms of such plans and applicable Law.

Effective as of the Implementation Date, the Applicants and Reorganized Debtors shall establish non-qualified and non-registered plans, agreements or arrangements (the "**New Plans**") pursuant to which, among other things, (a) all employees and beneficiaries in active status as of the Implementation Date who were entitled to benefits under any Terminated Retirement Plans as of the Implementation Date (the "**Eligible Employees**") shall be eligible to receive benefits under the New Plans substantially similar to those benefits available to such employee under the Terminated Retirement Plans, to the extent thereof, provided, however, that: (i) all defined benefits available under the New Plans will be frozen as of the Implementation Date; and (ii) the Eligible Employee must waive and forfeit any and all Claims the Eligible Employee has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans; and (b) all retirees, beneficiaries and deferred vested participants, as of the Implementation Date, under the Terminated Retirement Plans (the "**Eligible Retirees**") shall be eligible to receive benefits after the Implementation Date substantially similar to those benefits available to such Eligible Retiree under the Terminated Retirement Plans to the extent thereof, without retroactive adjustments; provided, however, (i) that the benefits available to each such Eligible Retiree under the New Plans shall be 10% to 35% lower, depending on the applicable Terminated Retirement Plan, than the benefits available to the Eligible Retiree under the Terminated Retirement Plans at the time of termination thereof, (ii) the benefits available to each such Eligible Retiree under the New Plans shall be subject to an annual per participant cap on benefits in the amounts ranging from US\$40,000 to US\$50,000 (in the aggregate) in the case of defined benefit Terminated Retirement Plans and corresponding caps in the case of defined contribution Terminated Retirement Plans, depending on the applicable Terminated Retirement Plans, this annual cap being further reduced by any secured pension benefits received or to be received in respect of the Terminated Retirement Plans; and (iii) that the Eligible Retiree must waive and forfeit any and all claim such Eligible Retiree has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans. The material terms of the New Plans shall be set forth in a CCAA Plan Supplement.

The Applicants', the U.S. Debtors' or Reorganized Debtors' performance of any employment agreement, plan or policy that is not a Terminated Employee Plan will not entitle

any Person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Implementation Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program or plan. Nothing in this CCAA Plan and the U.S. Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, causes of action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding anything to the contrary contained herein, on and after the Implementation Date, all retiree benefits (as that term is defined in Section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable Law.

6.10 CCAA Plan Releases

The following releases will become effective at the Final Restructuring Transactions Time:

(a) Releases by the Applicants and Partnerships

As at the Final Restructuring Transactions Time and subject to the provisions of Subsection 5.1(2) of the CCAA, each Applicant and each Partnership will be deemed to forever release, waive and discharge any and all Obligations (other than the rights of the Applicants and the Partnerships to enforce this CCAA Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered hereunder or pursuant hereto (including with respect to the Restructuring Transactions and the contracts, instruments, releases, indentures and other agreements or documents delivered under the Rights Offering or pursuant thereto)) that are based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Applicants, the business and affairs of the Partnerships, the business and affairs of the U.S. Debtors, the subject matter of, or the transactions or events giving rise to any Claims, this CCAA Plan, including the Restructuring Transactions, the U.S. Plan, the Rights Offering, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases that could be asserted by or on behalf of the Applicants or the Partnerships against: (i) present or former directors, officers and employees of the Applicants and the Partnerships, including the Chief Restructuring Officer and any director, officer or employee of any Applicant or Partnership sitting on a committee constituted in connection with the CCAA Proceedings at the request of such Applicant or Partnership, in each case in their respective capacities as of the Implementation Date, (ii) the agents, legal counsel, financial advisors and other professionals of the Applicants and the Partnerships, in each case in their respective capacities as of the Implementation Date, (iii) the Monitor and its legal counsel, (iv) the BI DIP Lenders and the BI DIP Agent, each in their capacities as such, and each of their respective counsel, (v) Citibank, N.A., Barclays Bank PLC and Barclays Capital Inc., in their respective capacities under the Securitization Facility, (vi) the members of, and legal counsel and financial advisors to, the Ad Hoc Unsecured Noteholders Committee, as well as Avenue Capital Management II, L.P. and its managed funds, in their individual

capacities, (vii) the members of, and legal counsel and financial advisors to, the Unsecured Creditors' Committee, (viii) the Indenture Trustees, (ix) the ACCC Administrative Agent pursuant to the ACCC Term Loan Documents, (x) the Backstop Parties, each in their capacities as such, and their respective legal counsel and financial advisors, and (xi) where applicable, with respect to each of the above named Persons, such Person's present and former advisors, principals, employees, officers, directors, representatives, financial advisors, legal counsel, accountants, investment bankers, consultants, agents and other representatives or professionals (including the partners of any such professional firm).

(b) Releases by Others

As at the Final Restructuring Transactions Time, (i) the Applicants, (ii) the Partnerships, (iii) the subsidiaries of Reorganized ABH, (iv) the Monitor, (v) the Chief Restructuring Officer, (vi) the BI DIP Lenders and the BI DIP Agent, each in their capacity as such, (vii) Citibank, N.A., Barclays Bank PLC and Barclays Capital Inc., in their respective capacities under the Securitization Facility, (viii) the members of the Ad Hoc Unsecured Noteholders Committee, as well as Avenue Capital Management II, L.P. and its managed funds, in their individual capacities, (ix) the members of the Unsecured Creditors' Committee, (x) the Indenture Trustees, (xi) the ACCC Administrative Agent pursuant to the ACCC Term Loan Documents, (xii) the Backstop Parties, each in their capacities as such, and their respective legal counsel and financial advisors, and (xiii) in each case, their respective present and former advisors, principals, employees, officers, directors, representatives, financial advisors, legal counsel, accountants, investment bankers, consultants, agents and other representatives or professionals (including the partners of any such professional firm) (collectively, the "Released Parties") will be released and discharged from any and all Obligations to any Person (including any Person who may claim contribution or indemnification from or against any Released Party) which are (A) claims which were filed or were required to be filed pursuant to the Claims Procedure Orders, (B) not Inter-Company Claims, or (C) Obligations, to the fullest extent able to be released by a plan of compromise and arrangement pursuant to the CCAA, based in whole or in part upon any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Applicants, the business and affairs of the Partnerships, the business and affairs of the U.S. Debtors, the subject matter of or the transactions or events giving rise to any Claims, the CCAA Charges, this CCAA Plan, including the Restructuring Transactions, the U.S. Plan, the Rights Offering, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases, provided, however, that nothing herein shall be construed as releasing directors and officers from any claim which cannot be released pursuant to Subsection 5.1(2) of the CCAA. For the purposes of this Subsection 6.10(b), the Reorganized Debtors shall be considered and deemed for the purposes of the release effected hereby to be new and distinct legal entities established as at the Final Restructuring Transactions Time and to

have acquired all of their continuing assets, property and undertaking from the Applicants or Partnerships as the case may be.

(c) Releases by the Bridgewater Entities

As at the Final Restructuring Transactions Time, each and every one of the Bridgewater Entities will be deemed to forever release, waive and discharge from any and all Obligations to any Person (including any Person who may claim contribution or indemnification from or against any Released Party) which are (A) claims which were filed or were required to be filed pursuant to the Claims Procedure Orders, (B) not Inter-Company Claims, or (C) Obligations, to the fullest extent able to be released by a plan of compromise and arrangement pursuant to the CCAA, against the Released Parties that the Bridgewater Entities may be entitled to assert, based in whole or in part upon any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Applicants, the business and affairs of the Partnerships, the business and affairs of the Bridgewater Entities, the business and affairs of the U.S. Debtors, the subject matter of, or the transactions or events giving rise to, any Claims, the CCAA Charges, this CCAA Plan, including the Restructuring Transactions, the U.S. Plan, the Rights Offering, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases, provided, however, that nothing herein shall be construed as releasing directors and officers from any claim which cannot be released pursuant to Subsection 5.1(2) of the CCAA.

(d) Releases by the 15.5% Senior Unsecured Notes Indenture Trustee

As at the Final Restructuring Transactions Time, each of the 15.5% Senior Unsecured Notes Creditors will be deemed to forever release, waive and discharge any and all Obligations (including any remedies to challenge transfers which may fall within the scope of any bulk sales, fraudulent conveyance or similar statute) against the Bridgewater Entities that the 15.5% Senior Unsecured Notes Creditors may be entitled to assert (other than the rights of the 15.5% Senior Unsecured Notes Indenture Trustee and the 15.5% Senior Unsecured Notes Creditors to enforce this CCAA Plan, including the Restructuring Transactions, and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder or pursuant hereto), based in whole or in part upon any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Bridgewater Entities, the subject matter of, or the transactions or events giving rise to, any Claims of any nature whatsoever with the 15.5% Senior Unsecured Notes Creditors that could be asserted by or on behalf of the 15.5% Senior Unsecured Notes Creditors against the Bridgewater Entities, provided, however, that nothing herein shall be construed as releasing

directors and officers from any claim which cannot be released pursuant to Subsection 5.1(2) of the CCAA.

The releases in this Section 6.10 shall not affect the rights, if any, of any Person to enforce this CCAA Plan, the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder or pursuant hereto or any agreement entered into after the Date of Filing and approved by the Court as part of the CCAA Proceedings.

6.11 Injunction Related to Releases

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to this CCAA Plan.

6.12 Waiver of Defaults

From and after the Final Restructuring Transactions Time, on condition that in cases where applicable Claims that are required to be paid in full under this CCAA Plan (including Proven Secured Claims) are paid in full on the Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Applicants and the Partnerships (except for defaults under the securities, contracts, instruments, releases and other documents delivered under this CCAA Plan or entered into in connection herewith or pursuant hereto) then existing or previously committed by the Applicants or the Partnerships or caused by the Applicants or the Partnerships, directly or indirectly, or non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Applicants or the Partnerships arising from the filing by the Applicants under the CCAA or the transactions contemplated by this CCAA Plan, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

6.13 Cancellation, Assignment, Transfer or Other Alienation of Canadian Unsecured Notes, Canadian Secured Notes, ACCC Term Loan Documents, BCFPI Secured Bank Documents and Agreements

As at the Final Restructuring Transactions Time, except as otherwise specifically provided for in this CCAA Plan or the U.S. Plan, or as contemplated to be effected as part of the Restructuring Transactions and, on condition that in cases where applicable Claims that are required to be paid in full under this CCAA Plan (including Proven Secured Claims) are paid in full on the Implementation Date:

- (a) the Canadian Unsecured Notes, the Canadian Secured Notes, the ACCC Term Loan Documents, the BCFPI Secured Bank Documents and any other note, bond, debenture, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of the Applicants, shall be cancelled or assigned, transferred or otherwise alienated, as the case may be, in accordance with the Restructuring Transactions;

- (b) the obligations of, and Affected Claims and Secured Claims against, the Applicants and the Partnerships under, relating, or pertaining to any agreements, indentures, certificates of designation, by-laws, or certificate or articles of incorporation or similar documents governing the Canadian Unsecured Notes, the Canadian Secured Notes, the ACCC Term Loan Documents, the BCFPI Secured Bank Documents and any other note, bond, debenture, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of the Applicants or the Partnerships, as the case may be, shall be released and discharged as between a Holder of an Affected Claim or Secured Claims and the Applicants or the Partnerships;
- (c) any agreement (including the Canadian Unsecured Notes Indentures) that governs the rights of a Holder of a Claim and that is administered by a Servicer shall continue in effect solely for purposes of (i) allowing such Servicer to make the distributions on account of such Affected Claims under this CCAA Plan and (ii) permitting such Servicer to maintain any rights or Liens it may have for reasonable fees, costs, expenses, indemnities or other amounts under such indenture or other agreement provided, however, that the immediately preceding provision shall not affect the discharge of Claims against the Applicants or the Partnerships under this CCAA Plan or the U.S. Plan, or, subject to Section 7.14, result in any expense or liability to the Applicants or the Partnerships;
- (d) the Applicants and the Partnerships shall not have any obligations to any Servicer (or to any Disbursing Agent replacing such Servicer, other than the Monitor) for any fees, costs, or expenses incurred on and after the Final Restructuring Transactions Time except as expressly provided in Section 7.14; and
- (e) nothing herein shall preclude any Servicer (or any Disbursing Agent replacing such Servicer) from being paid or reimbursed for reasonable fees, costs, and expenses from the distributions being made by such Servicer (or any Disbursing Agent replacing such Servicer) pursuant to such agreement in accordance with the provisions set forth therein, all without application to or approval by the Court.

6.14 Cancellation of Liens

Except as otherwise provided in the CCAA Plan and except in cases where this CCAA Plan requires that Holders of the applicable Proven Secured Claims be paid in full on the Implementation Date, on condition that such Proven Secured Claims are paid in full on the Implementation Date, as at the Final Restructuring Transactions Time, in consideration for the distributions to be made on the Implementation Date pursuant to this CCAA Plan, all Liens, and rights related to any Claim, including those existing under the Canadian Secured Notes, the ACCC Term Loan Documents, the BCFPI Secured Bank Documents, the Securitization Facility, the BI DIP Facility Documents and the ULC DIP Facility Documents, shall be terminated, null and void and of no effect.

6.15 Corporate Governance

As of the Implementation Date, the directors and officers of each Applicant that is not a Reorganized Debtor will be removed from office and terminated in their capacities as such. A search committee (the "Search Committee"), consisting of three (3) members of the Unsecured Creditors' Committee, three (3) members of the Ad Hoc Unsecured Noteholders Committee, and one (1) representative of the Company has been formed to select the board of directors for Reorganized ABH (the "Board") and shall be responsible for selecting the Board, determining the number of directors (including the number of independent directors, if any) comprising the Board, and defining the terms and other qualifications for such directors.

ARTICLE 7 PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Distributions for Claims Allowed as at the Initial Distribution Date

Except as otherwise provided herein or as ordered by the Court, distributions to be made on account of Affected Claims that are Proven Claims as at the Initial Distribution Record Date shall be made on the Initial Distribution Date. Thereafter, distributions on account of Affected Claims that are determined to be Proven Claims after the Initial Distribution Record Date shall be made on the Interim Distribution Date or the Final Distribution Date and in accordance with Article 5 and Article 7.

7.2 Assignment of Claims

For purposes of determining entitlement to receive any distribution pursuant to this CCAA Plan, the Applicants, the Disbursing Agent and the Servicers, and each of their respective agents, successors and assigns, shall have no obligation to recognize any transfer or assignment of any Affected Claim unless and until notice of the transfer or assignment from either the transferor, assignor, transferee or assignee, together with evidence showing ownership, in whole or in part, of such Affected Claim and that such transfer or assignment was valid at Law, has been received by the affected Applicants, the Disbursing Agent or the Servicer, as the case may be, at least five (5) Business Days prior to the Initial Distribution Record Date, any Interim Distribution Record Date or the Final Distribution Date. The assignment of any Affected Claims shall not affect the treatment of such Affected Claims. Therefore, among other things, a Claim subject to Subsections 2.4(a)(i), 2.4(b)(i), 2.4(c)(i), 2.4(d)(i), 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i), 2.4(i)(i), 2.4(j)(i) or 2.4(k)(i) shall remain subject to such Subsection following its transfer to a transferee or assignee.

7.3 Interest on Affected Unsecured Claims

- (a) The amount of each Affected Unsecured Claim shall, for all purposes other than for voting and distribution purposes, include the interest accrued thereon, if any, as of the Implementation Date calculated in accordance with the contract or other arrangement giving rise to such Affected Unsecured Claim. The Face Amount of each Affected Unsecured Claim shall, for voting and distribution purposes, be valued as of the Date of Filing without regard to any interest accruing thereon thereafter and such interest accrual shall not in any way diminish or otherwise

affect the operation and scope of the settlement or compromise of the Affected Claims nor the full and complete releases provided for in this CCAA Plan or the U.S. Plan in respect of capital, interest or otherwise.

- (b) To the extent that any Proven Claim to which a distribution under this Plan relates is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable Law, be allocated to the principal amount of the Proven Claim first and then, to the extent that the consideration exceeds the principal amount of the Proven Claim, to the portion of such Proven Claim representing accrued but unpaid interest (including interest in respect of any secured portion of such Proven Claim).

7.4 Distributions by Disbursing Agent

The Disbursing Agent shall make all distributions required under this CCAA Plan subject to the provisions of Article 5 and Article 7. If the Disbursing Agent is an independent third party, then such Disbursing Agent shall receive, without further Court approval, reasonable compensation for distribution services rendered pursuant to the CCAA Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Applicants on terms acceptable to the Applicants. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Court.

7.5 Disbursing Agent Shall Not Distribute Cash Below Cdn\$ 10

The Disbursing Agent shall not be required to, but may in its sole and absolute discretion: (a) make Cash distributions to Holders of Proven Claims in an amount less than Cdn\$10; or (b) make any distribution on account of any Proven Claim in the event that the costs of making such payment exceed the amount of such distribution.

7.6 Disbursing Agent Shall Not Distribute Fractional Shares

Notwithstanding any other provision of this CCAA Plan, only whole numbers of shares of New ABH Common Stock shall be distributed to Holders of Proven Claims. When any distribution on account of any Proven Claim would otherwise result in the distribution of a number of shares of New ABH Common Stock that is not a whole number, the actual distribution of such shares shall be rounded to the next higher or lower whole number of shares as follows: (i) fractions equal to or greater than $\frac{1}{2}$ shall be rounded to the next higher whole number; and (ii) fractions less than $\frac{1}{2}$ shall be rounded to the next lower number. No consideration shall be provided in lieu of fractional shares of New ABH Common Stock that are rounded down.

7.7 Disbursing Agent Shall Not Distribute Fractional Cents

Notwithstanding any other provision of this CCAA Plan, no payment of fractional cents will be made. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

7.8 Delivery of Distributions

(a) Proven Claims.

Subject to Section 7.2, distributions to Holders of Proven Claims shall be made by the Disbursing Agent or the appropriate Servicer (i) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim is filed or if the Applicants or the Monitor has been notified in writing of a change of address), (ii) at the addresses set forth in any written notice of address change delivered to the Disbursing Agent after the date of any related Proof of Claim, and (iii) in the case of a Holder of an Affected Claim whose Affected Claim is governed by an agreement and administered by a Servicer, at the addresses contained in the official records of such Servicer.

(b) Undeliverable Distributions.

If any distribution to a Holder of a Proven Claim is returned as undeliverable, no further distributions to such Holder of such Claim shall be made unless and until the Disbursing Agent or the appropriate Servicer is notified of then-current address of such Holder, at which time all missed distributions shall be made to such Holder without interest. Undeliverable distributions shall be returned to the Reorganized Debtors until such distributions are claimed. The Applicants shall make reasonable efforts to locate Holders of Proven Claims for which distributions were undeliverable. Notwithstanding the foregoing, all claims for undeliverable distributions must be made on or before the date that is 90 days after the Initial Distribution Date, the applicable Interim Distribution Date or the Final Distribution Date as the case may be, after which date all unclaimed property shall revert to the Reorganized Debtors free of any restrictions or claims thereon and the Claim of any Holder or successor to such Holder with respect to such property shall be discharged and forever barred.

7.9 Withholding Taxes

In connection with this CCAA Plan, all distributions made hereunder by the Disbursing Agent shall be made net of all applicable Taxes. Notwithstanding any other provision of this CCAA Plan, each Affected Unsecured Creditor with a Proven Claim that is to receive a distribution pursuant to this CCAA Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Governmental Entity (including income, withholding and other Tax obligations on account of such distribution), and no distribution shall be made to or on behalf of such Affected Unsecured Creditor pursuant to this CCAA Plan unless and until such Affected Unsecured Creditor has made arrangements satisfactory to the Disbursing Agent and the Applicants for the payment and satisfaction of such Tax obligations. The Disbursing Agent, the Applicants and the Reorganized Debtors, as necessary, shall be authorized to take any and all actions as may be necessary or appropriate to comply with such withholding and reporting requirements, including withholding a number of shares of New ABH Common Stock equal in value to the amount required to comply with applicable withholding requirements from the shares of New ABH Common Stock to be distributed to current or former employees and making the necessary arrangements for the sale

of such shares on the TSX or the New York Stock Exchange on behalf of the current or former employees to satisfy such withholding requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Unsecured Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Entity.

7.10 Multiple Affected Claims

Without limitation to the provisions of any Law prohibiting double recovery, subject to Section 4.4, for voting and distribution purposes, in respect of all Affected Creditors and their rights in respect of Affected Claims: (i) all guarantees of an Applicant of the payment or performance by another Applicant with respect to any Affected Claim will be recognized; (ii) each Affected Claim and all guarantees by an Applicant of such Affected Claim will be treated as multiple Affected Claims against the Applicants; and (iii) any joint obligation of any Applicant with another Applicant will be treated as two separate Affected Claims against the Applicants, provided, however, that the aggregate recovery on account of any Proven Claim or Allowed Claim (as defined under the U.S. Plan) from all sources, including distributions under this CCAA Plan, the U.S. Plan or a combination of both, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, surety, indemnity, joint and several obligations or otherwise, shall not exceed (A) 100% of the underlying indebtedness, liability or obligation giving rise to such Claim or, (B) where the underlying indebtedness, liability or obligation giving rise to such Claim is denominated in a currency (the "Original Currency") other than Canadian dollars, 100% of such underlying indebtedness, liability or obligation after conversion of the value of the distributions received in Canadian dollars back to the Original Currency at the Bank of Canada noon spot rate of exchange for exchanging Canadian dollars to the Original Currency on the date of applicable Initial Distribution Date, Interim Distribution Date or the Final Distribution Date.

7.11 No Double Recovery on Allowed Cross-border Claims

Without limitation to the provisions of any Law prohibiting double recovery, to the extent that any Claim is both a Proven Claim against a Cross-border Debtor under this CCAA Plan and an Allowed Claim (as defined in the U.S. Plan) against the same Cross-border Debtor under the U.S. Plan (each an "Allowed Cross-border Claim"), (i) there shall only be a single recovery on account of such Allowed Cross-border Claim under this CCAA Plan and the U.S. Plan, and (ii) the aggregate distribution which such Allowed Cross-border Claim shall receive, whether under this CCAA Plan or the U.S. Plan or a combination of both, shall not exceed the greatest distribution which such Allowed Cross-border Claim would be entitled to receive under this CCAA Plan or the U.S. Plan.

7.12 Convenience Claims Against the Cross-border Debtors

The threshold under Subsections 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), and 2.4(h)(i) of this CCAA Plan (Cdn\$6,073) and the Convenience Claim threshold of the U.S. Plan (US\$5,000) account for differences caused by the foreign exchange rate between the U.S. and Canadian dollars as of the Date of Filing. Only with respect to Cross-border Debtors, for purposes of determining whether a Claim is a Convenience Claim as defined in the U.S. Plan or a Cross-border Convenience Claims as defined in the CCAA Plan, (A) all eligible Claims will be valued in Canadian dollars

using the Date of Filing Exchange Rate, (B) will be determined in reference to the dollar thresholds established for such treatment under this CCAA Plan (Cdn\$6,073), and (C) Cash distributions on account of such Claims, if proven, will be made in Canadian dollars. A classification or valid election to participate as (x) a Convenience Claim as defined in the U.S. Plan or (y) a Cross-border Convenience Claim as defined in this CCAA Plan will be binding for purposes of voting and distributions under both this CCAA Plan and the U.S. Plan.

7.13 Guarantees and Similar Covenants

No Person who has a Claim under any guarantee, surety, indemnity solidary or joint and several obligations or otherwise in respect of any Claim which is settled, compromised, released or otherwise dealt with under this CCAA Plan or the U.S. Plan or who has any right in respect of, or to be subrogated to, the rights of any Person in respect of a Claim which is compromised under this CCAA Plan or the U.S. Plan shall be entitled to any greater rights than the Affected Unsecured Creditor whose Claim is settled, compromised, released, or otherwise dealt with under this CCAA Plan or the U.S. Plan.

7.14 Payment of Indenture Trustees Fees

The Applicants shall reimburse any Indenture Trustees for reasonable and necessary services performed by it (including reasonable attorneys' fees and documented out-of-pocket expenses) in connection with the CCAA and related proceedings and the making of distributions under this CCAA Plan to Holders of Proven Claims, without the need for approval by the Court. To the extent that there are any disputes that the Applicants are unable to resolve with the Indenture Trustees, the Applicants shall report to the Court as to whether there are any unresolved disputes regarding the reasonableness of the Indenture Trustees' (and their attorneys') fees and expenses. Any such unresolved disputes may be submitted to the Court for resolution.

7.15 Special Provisions Regarding Insured Claims

Any Insured Claim Creditor whose Insured Claim is a Proven Claim shall not have the benefit of any coverage, if any, available to the Applicants under any Insurance Contract in respect of such Insured Claim but shall be entitled to receive the distributions provided for in this CCAA Plan for the Affected Unsecured Creditor Class in which such Insured Claim Creditor belongs. Any Insured Claim Creditor who has filed a Proof of Claim in respect of any Insured Claim but delivers to the Monitor a withdrawal of such Proof of Claim on the earlier of (a) the date on which such Claim is finally determined for distribution purposes in accordance with the provisions of this CCAA Plan, the CCAA, the Claims Procedure Orders and any other applicable Orders, and (b) the Creditors' Meeting Date, shall be deemed not to have a Proven Claim but shall have an Excluded Claim as provided in Subsection 2.3(h).

ARTICLE 8 MISCELLANEOUS

8.1 Executory Contracts, Unexpired Leases and other Agreements

Except as otherwise provided in this CCAA Plan, as of the Final Restructuring Transactions Time, each Reorganized Debtor shall be deemed to have ratified:

- (a) each executory contract, unexpired lease and other agreement to which it is a party or which has been transferred or assigned to it, including in the manner and the sequence as set forth in the Restructuring Transactions Notice; and
- (b) each obligation of the Applicants and the Partnerships to indemnify and reimburse directors, officers, managers or employees, whether pursuant to the constating documents of any Applicant or Partnership or specific agreement;

and shall assume and perform all obligations of the Applicants and the Partnerships thereunder (other than in respect of Claims arising from such contract or lease which will be Affected Claims and, therefore, settled, compromised, released or otherwise dealt with pursuant to this CCAA Plan), unless in the case of any executory contract, lease or other agreement, such executory contract, lease or other agreement: (A) was previously repudiated or terminated by the Applicants; (B) previously expired or terminated pursuant to its own terms; or (C) was amended as evidenced by a written agreement with the Applicants or the Partnerships and in such case the amended executory contract, lease or other agreement shall be deemed ratified.

8.2 Confirmation of CCAA Plan

Provided that this CCAA Plan is approved by the Required Majorities:

- (a) the Applicants shall seek the Sanction Order for the approval of this CCAA Plan; and
- (b) subject to the Sanction Order being made in form and substance acceptable to the Applicants and the satisfaction of the conditions to the implementation of this CCAA Plan set forth in Section 8.5, this CCAA Plan shall be implemented by the Applicants and shall be binding upon each of the Applicants and all Persons referred to in Section 2.1.

8.3 Paramountcy

From and after the Implementation Date, any conflict between (i) the CCAA Plan, and (ii) the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan or other agreement, commitment letter, by-laws of the Applicants or the Partnerships, lease or other arrangement or undertaking, written or oral (including any and all amendments or supplements thereto) existing with, between or among one or more of the Affected Unsecured Creditors and the Applicants or the Partnerships as at the Implementation Date will be deemed to be governed by the provisions of this CCAA Plan and the Sanction Order, which shall take

precedence and priority. All Affected Unsecured Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by the CCAA Plan. For greater certainty, this Section 8.3 shall not apply to the Backstop Commitment Agreement or the Backstop Parties in their capacities as such.

8.4 Modification of CCAA Plan

(a) Prior to or at Creditors' Meetings

The Applicants, in consultation with the Monitor, reserve the right to file any modification of, or amendment, variation or supplement to, this CCAA Plan, in accordance with the terms of the Backstop Commitment Agreement, including by the Restructuring Transactions Notice, any CCAA Plan Supplement or plans of reorganization, compromise or arrangement (or any one or more thereof) (each a "CCAA Plan Modification") prior to the Creditors' Meeting Date or at or before any Creditors' Meeting, in which case any such CCAA Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into this CCAA Plan. The Applicants shall give notice of any such CCAA Plan Modification at the Creditors' Meeting in respect of each Affected Unsecured Creditors Class prior to the vote being taken to approve this CCAA Plan. The Applicants may give notice of any such CCAA Plan Modification at or before any Creditors' Meeting by notice which shall be sufficient if, in the case of notice at any Creditors' Meeting, given to those Affected Unsecured Creditors present at such meeting in person or by proxy. The Monitor shall post on the Monitor's Website, as soon as possible, any such CCAA Plan Modification, with notice of such posting forthwith provided to the Service List.

(b) After Creditors' Meetings

After each Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Applicants, in consultation with the Monitor, may at any time and from time to time modify, amend, vary or supplement this CCAA Plan, in accordance with the terms of the Backstop Commitment Agreement, without the need for obtaining an Order or providing notice to the Affected Unsecured Creditors if the Monitor determines that such modification, amendment, variation or supplement would not be materially prejudicial to the interests of the Affected Unsecured Creditors under this CCAA Plan or the Sanction Order and is necessary in order to give effect to the substance of this CCAA Plan or the Sanction Order. The Monitor shall post on the Monitor's Website, as soon as possible, any such modification, amendment, variation or supplement to this CCAA Plan, with notice of such posting forthwith provided to the Service List.

8.5 Conditions Precedent to Implementation of CCAA Plan

The implementation of this CCAA Plan by the Applicants is subject to the following conditions precedent which, except for Subsections 8.5(a), 8.5(b) and 8.5(m) below and as otherwise would be in violation of applicable Laws, may be waived in writing as provided in Section 8.6:

- (a) the approval of this CCAA Plan by the Required Majorities shall have been obtained;

- (b) the Sanction Order sanctioning this CCAA Plan, in form and substance satisfactory to the Applicants and the Monitor, shall have been made and entered and the operation and effect of the Sanction Order shall not have been stayed, reversed or amended, and shall among other things:
- (i) declare that: (i) this CCAA Plan has been approved by the Required Majorities of Affected Unsecured Creditors in conformity with the CCAA; (ii) the Applicants have complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the Court is satisfied that each Applicant has neither done nor purported to do anything that is not authorized by the CCAA; and (iv) this CCAA Plan and the transactions contemplated hereby are fair and reasonable, and in the best interests of the Applicants, the Affected Unsecured Creditors and the other stakeholders of the Applicants (having considered, among other things, the composition of the vote, what creditors would receive in liquidation or sale as compared to this CCAA Plan, alternatives to this CCAA Plan or liquidation or sale, whether any oppression exists or has occurred, the treatment of shareholders and the public interest);
 - (ii) order that this CCAA Plan (including the settlements, compromises, arrangements, reorganizations, corporate transactions and releases set out herein and the transactions, including the Restructuring Transactions and reorganization contemplated hereby) is sanctioned and approved pursuant to Section 6 of the CCAA and, as at the Implementation Date, will be effective and will enure to the benefit of and be binding upon the Applicants, the Partnerships, the Affected Unsecured Creditors and all other Persons stipulated in this CCAA Plan or in the Sanction Order, if any;
 - (iii) declare that the Restructuring Transactions shall be effected, subject to Section 6.2, in the manner and the sequence as set forth in the Restructuring Transactions Notice;
 - (iv) declare that all Proven Claims determined in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol and the Creditors' Meeting Order are final and binding on the Applicants and all Affected Unsecured Creditors;
 - (v) declare that, subject to the performance by the Applicants of their obligations under this CCAA Plan and in accordance with Section 8.1 of the CCAA Plan, all contracts, leases, TSFMAs and outstanding and unused volumes of cutting rights (backlog) thereunder, agreements and other arrangements to which the Applicants or the Partnerships are a party and that have not been terminated or repudiated pursuant to the Initial Order will be and remain in full force and effect, unamended, as at the Implementation Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate,

terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:

- (A) any event that occurred on or prior to the Implementation Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Applicants and the Partnerships);
 - (B) the insolvency of the Applicants, the Partnerships or any affiliate thereof or the fact that the Applicants, the Partnerships or any affiliate thereof sought or obtained relief under the CCAA, the CBCA or the Bankruptcy Code;
 - (C) any of the terms of this CCAA Plan, the U.S. Plan or any action contemplated therein, including the Restructuring Transactions Notice;
 - (D) any settlements, compromises or arrangements effected pursuant to this CCAA Plan or the U.S. Plan or any action taken or transaction effected pursuant to this CCAA Plan or the U.S. Plan; or
 - (E) any change in the control of the Applicants, the Partnerships or any affiliate thereof arising from the implementation of this CCAA Plan (including the Restructuring Transactions Notice) or the U.S. Plan and declare that any consent required under any such contracts, leases, TSFMAs and outstanding and unused volumes of cutting rights (backlog) thereunder, agreements or other arrangements in respect of any such change of control be deemed satisfied;
- (vi) declare that the stay of proceedings under the Initial Order continues until the Implementation Date;
 - (vii) approve all conduct of the Chief Restructuring Officer and the Monitor in relation to the Applicants, the Partnerships and the U.S. Debtors and bar all Claims against them arising from or relating to the services provided to the Applicants, the Partnerships and the U.S. Debtors prior to the date of the Sanction Order, save and except any liability or obligation arising from a breach of its duties to act honestly, in good faith and with due diligence;
 - (viii) confirm the releases contemplated by Subsections 6.10(a), 6.10(b), 6.10(c) and 6.10(d);

- (ix) enjoin the commencement or prosecution, whether directly, derivatively or otherwise, or any demands, claims, actions, causes of action, counterclaims, suits, or any indebtedness, liability, obligation or cause of action released and discharged pursuant to this CCAA Plan;
 - (x) order that the BI DIP Lenders Charge will be released and discharged as of the Implementation Date upon receipt of acknowledgements from each of the BI DIP Lenders and the BI DIP Agent of payment in full of all BI DIP Claims; and
 - (xi) order that all CCAA Charges, other than the BI DIP Lenders Charge, will be released and discharged as of the Implementation Date or earlier upon receipt of acknowledgements of payment in respect of the Claims secured thereby or adequate alternate arrangements satisfactory to the parties in whose favour such charges operate;
- (c) any other Order deemed necessary or desirable by ABH from the Bankruptcy Court, including an Order approving this CCAA Plan in the Chapter 15 Proceedings, or any other jurisdiction shall have been obtained;
 - (d) all applicable appeal periods in respect of the Sanction Order and any other Order made by the Bankruptcy Court pursuant to Subsection 8.5(c) shall have expired and any appeals therefrom shall have been finally disposed of by the applicable appellate tribunal;
 - (e) the Exit Loan Facilities and all related agreements and other documents shall have become effective subject only to the implementation of this CCAA Plan;
 - (f) the Backstop Commitment Agreement in connection with the Rights Offering shall not have been terminated;
 - (g) the following agreements, or any subsequent amendments, shall have been executed and ratified by all Unions, in form and substance satisfactory to the Applicants:
 - (i) Memorandum of Agreement between ABH and the Communications, Energy and Paperworkers Union of Canada dated March 7, 2010; and
 - (ii) Memorandum of Agreement between ABH and the *Syndicats affiliés à la FTFP/CSN des usines de Clermont, Alma, Kénogami et Laurentide* dated March 13, 2010;
 - (h) the following regulations shall have been adopted in form and substance satisfactory to the Applicants:
 - (i) a special funding relief regulation pursuant to the *Supplemental Pension Plans Act* (Québec) for the benefit of ABH and its subsidiaries with

respect to the funding of their defined benefit registered pension plans;
and

- (ii) a special funding relief regulation pursuant to the *Pension Benefits Act* (Ontario) for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans;
- (i) all relevant Persons shall have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicants, acting reasonably, are necessary to implement the provisions of this CCAA Plan and/or the Sanction Order;
- (j) subject to Subsections 8.5(k) and 8.5(l), all applicable approvals, certificates, rulings, permits, consents, notices and orders of, and all applicable submissions and filings with any or all Governmental Entities and stock exchanges having jurisdiction for the completion of the transactions contemplated by this CCAA Plan (including the transactions contemplated in this Section 8.5 as conditions to the implementation of the CCAA Plan) shall have been obtained or made, as the case may be, by the Applicants, in each case to the extent deemed necessary or advisable by the Applicants in form and substance satisfactory to the Applicants;
- (k) the shares of New ABH Common Stock shall be generally freely tradable in Canada under applicable Canadian securities Laws, except for restrictions on resale or transfer imposed by the Canadian securities authorities or the TSX on "control distributions" (as such term is defined in *National Instrument 45-102 – Resale of Securities*) and provided that in respect of the first trade of such securities, such trade is effected with no unusual effort being made to prepare the market or to create a demand for the securities that are subject to the trade, no extraordinary commission or consideration paid to a person or company in respect of the trade and if the selling securityholder is an insider or officer of Reorganized ABH, the selling securityholder has no reasonable grounds to believe that Reorganized ABH is in default of Canadian securities Laws;
- (l) all applicable approvals or consents from Governmental Entities in relation to the issuance or the assignment of TSFMAs and outstanding and unused volumes of cutting rights (backlog) thereunder or tenure agreements, as the case may be, shall have been obtained by the Applicants or the Partnerships or waived by such Governmental Entity on terms satisfactory to the Applicants and the Partnerships or deemed obtained or waived pursuant to the Sanction Order; and
- (m) all conditions precedent to the implementation of the U.S. Plan but for the implementation of this CCAA Plan shall have been satisfied or waived.

8.6 Waiver of Conditions

Each of the conditions set forth in Section 8.5 above except for the conditions set forth in Subsections 8.5(a), 8.5(b) and 8.5(m), may be waived in whole or in part by the Applicants, or the other relevant parties to the documents and transactions referred to therein without any

other notice to parties in interest or the Court and without a hearing. The failure to satisfy or waive any condition prior to the Implementation Date may be asserted by the Applicants regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Applicants). The failure of the Applicants to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

8.7 Notices

Any notices or communication to be made or given hereunder to the Applicants or the Monitor shall be in writing and shall refer to this CCAA Plan and may, subject as hereinafter provided, be made or given by telecopier or e-mail addressed to the respective parties as follows:

(a) if to the Applicants:

Attention: Chief Financial Officer & Chief Legal Officer
Telecopier: (864) 282-9219 and (514) 394-3644

with a copy to Stikeman Elliott LLP

Attention: Marc Barbeau and Sean Dunphy
Telecopier: (514) 397-3222
E-mail: mbarbeau@stikeman.com and sdunphy@stikeman.com

(b) if to the Monitor:

Attention: Alex F. Morrison
Telecopier: (416) 943-3300
E-mail: alex.f.morrison@ca.ey.com

with a copy to Thornton Grout Finnigan LLP

Attention: Robert Thornton and Leanne Williams
Telecopier: (416) 304-1313
E-mail: rthornton@tgf.ca and lwilliams@tgf.ca

or to such other telecopier or e-mail as any party may from time to time notify the others in accordance with this Section 8.7. All such notices and communications shall be deemed to have been received, in the case of notice by telecopier or e-mail prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid. The unintentional failure by the Applicants to give any notice contemplated hereunder to any particular Affected Unsecured Creditor shall not invalidate this CCAA Plan or any action taken by any Person pursuant to this CCAA Plan.

Any notices or communications to be made or given hereunder by the Monitor or the Applicants to an Affected Unsecured Creditor may be sent by telecopier, e-mail, ordinary mail,

registered mail, courier or telecopier transmission. An Affected Unsecured Creditor shall be deemed to have received any document sent pursuant to this CCAA Plan four (4) Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, e-mail or telecopier transmission. Documents shall not be sent by ordinary or registered mail during a postal strike or work stoppage of general application.

Notices or communications may be mailed to an Affected Unsecured Creditor (i) to the address for such Affected Unsecured Creditor specified in the Notice of Dispute filed by an Affected Unsecured Creditor, or (ii) to the address listed in the Proof of Claim, or (iii) at the address set forth in any written notice of address changes delivered to the Disbursing Agent and the Monitor.

8.8 Severability of CCAA Plan Provisions

If, prior to the Implementation Date, any term or provision of this CCAA Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants, which request shall be made in consultation with the Monitor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this CCAA Plan shall remain in full force and effect and shall in no way be Affected, impaired or invalidated by such holding, alteration or interpretation.

8.9 Revocation, Withdrawal or Non-consummation

The Applicants reserve the right to revoke or withdraw this CCAA Plan at any time prior to the Implementation Date and to file subsequent plans of reorganization or arrangement. If the Applicants revoke or withdraw this CCAA Plan, or if the Sanction Order is not issued, (a) this CCAA Plan shall be null and void in all respects, (b) any Claim, any settlement, compromise or release embodied in this CCAA Plan (including the fixing or limiting of any Claim to a certain amount), assumption or termination, repudiation of executory contracts or leases affected by this CCAA Plan, and any document or agreement executed pursuant to this CCAA Plan shall be deemed null and void, and (c) nothing contained in this CCAA Plan, and no act taken in preparation for consummation of this CCAA Plan, shall:

- (a) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicants or any other Person;
- (b) prejudice in any manner the rights of the Applicants or any Person in any further proceedings involving the Applicants; or
- (c) constitute an admission of any sort by the Applicants or any other Person.

8.10 Governing Law

This CCAA Plan shall be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this CCAA Plan and all proceedings taken in connection with this CCAA Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

8.11 Independence of Jurisdiction

Nothing contained herein shall be construed to increase, decrease or otherwise modify the independence, sovereignty or jurisdiction of the Court, the Bankruptcy Court or any other court or tribunal in Canada or the United States, including the ability of any such court or tribunal to provide appropriate relief under applicable law on an ex parte or "limited notice" basis.

8.12 Successors and Assigns

This CCAA Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors (including by merger, amalgamation, consolidation, conversion or reorganization or following any winding-up, liquidation or dissolution) and permitted assigns of any Person named or referred to in Section 2.1.

SCHEDULE A
Applicants

Abitibi-Consolidated Inc.
Abitibi-Consolidated Company of Canada
3224112 Nova Scotia Limited
Marketing Donohue Inc.
Abitibi-Consolidated Canadian Office Products Holdings Inc.
3834328 Canada Inc.
6169678 Canada Incorporated.
4042140 Canada Inc.
Donohue Recycling Inc.
1508756 Ontario Inc.
3217925 Nova Scotia Company
La Tuque Forest Products Inc.
Abitibi-Consolidated Nova Scotia Incorporated
Saguenay Forest Products Inc.
Terra Nova Explorations Ltd.
The Jonquière Pulp Company
The International Bridge and Terminal Company
Scramble Mining Ltd. .
9150-3383 Québec Inc. :
Abitibi-Consolidated (U.K.) Inc.
Bowater Canadian Holdings Incorporated.
Bowater Canada Finance Corporation
Bowater Canadian Limited
3231378 Nova Scotia Company
AbitibiBowater Canada Inc.
Bowater Canada Treasury Corporation
Bowater Canadian Forest Products Inc.
Bowater Shelburne Corporation
Bowater LaHave Corporation
St. Maurice River Drive Company Limited
Bowater Treated Wood Inc.
Canoxel Hardboard Inc.
9068-9050 Québec Inc.
Alliance Forest Products (2001) Inc.
Bowater Belledune Sawmill Inc.
Bowater Maritimes Inc.
Bowater Mitis Inc.
Bowater Guérette Inc.
Bowater Couturier Inc.

SCHEDULE B
PARTNERSHIPS

Bowater Canada Finance Limited Partnership
Bowater Pulp and Paper Canada Holdings Limited Partnership
Abitibi-Consolidated Finance L.P.

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SCHEDULE C
Affected Unsecured Claims Shares Allocation⁽¹⁾⁽⁵⁾

Affected Unsecured Creditor Class	Shares of New ABH Common Stock⁽²⁾⁽³⁾⁽⁴⁾	Percentage of New ABH Equity⁽²⁾⁽⁴⁾
1. ACI Affected Unsecured Creditor Class	4,397,829	4.5%
2. ACCC Affected Unsecured Creditor Class	20,498,391	21.1%
3. Saguenay Forest Products Affected Unsecured Creditor Class	5,947	0.0%
4. BCFPI Affected Unsecured Creditor Class	6,845,106	7.0%
5. BCFC Affected Unsecured Creditor Class	233,714	0.2%
6. AbitibiBowater Canada Affected Unsecured Creditor Class	2	0.0%
7. Bowater Maritimes Affected Unsecured Creditor Class	44,806	0.0%
8. ACNSI Affected Unsecured Creditor Class	46,882	0.1%
9. Office Products Affected Unsecured Creditor Class	1,955	0.0%
10. Recycling Affected Unsecured Creditor Class	277	0.0%

⁽¹⁾ This allocation takes into consideration, among other things, Inter-company Claims on a pro rata basis with third party creditor Claims.

⁽²⁾ Claims estimates are subject to change due to ongoing claims resolution.

⁽³⁾ Subject to dilution from management incentive plan and Rights Offering.

⁽⁴⁾ Only includes shares of New ABH Common Stock allocated to Affected Unsecured Claims, other than the 15.5% Senior Unsecured Notes Claims.

⁽⁵⁾ Assumes no holder of Affected Unsecured Claims have elected to receive shares of New ABH Common Stock.

SCHEDULE D
15.5% Senior Unsecured Notes Claims Share Allocation⁽¹⁾

Name of Applicants	Shares of New ABH Common Stock⁽²⁾⁽³⁾⁽⁴⁾	Percentage of New ABH Equity⁽²⁾⁽⁵⁾
1. Abitibi-Consolidated Inc.	409,436	0.4%
2. Abitibi-Consolidated Company of Canada	2,076,508	2.1%
3. Saguenay Forest Products	326,435	0.3%
4. 3224112 Nova Scotia Limited	0	0.0%
5. Marketing Donohue Inc.	0	0.0%
6. Abitibi-Consolidated Canadian Office Products Holdings Inc.	0	0.0%
7. 3834328 Canada Inc.	0	0.0%
8. 6169678 Canada Inc.	443	0.0%
9. Donohue Recycling Inc.	0	0.0%
10. 1508756 Ontario Inc.	0	0.0%
11. The Jonquière Pulp Company	6,203	0.0%
12. The International Bridge and Terminal Company	7,315	0.0%
13. Scramble Mining Ltd.	0	0.0%
14. Terra Nova Explorations Ltd.	1,902	0.0%
15. Abitibi-Consolidated (U.K.) Inc.	1,564,602	1.6%
16. Abitibi-Consolidated Nova Scotia Incorporated	46,836	0.0%

⁽¹⁾ This allocation takes into consideration, among other things, Inter-company Claims on a pro rata basis with third party creditor Claims.

⁽²⁾ Claims estimates are subject to change due to ongoing claims resolution.

⁽³⁾ Subject to dilution from management incentive plan and Rights Offering.

⁽⁴⁾ Only includes shares of New ABH Common Stock allocated to the 15.5% Senior Unsecured Notes Claims.

⁽⁵⁾ Assumes no holder of Affected Unsecured Claims have elected to receive shares of New ABH Common Stock.

APPENDIX “F”
PLAN SUPPLEMENTS



Court File No. 500-11-036133-094

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE

OF

ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION
CIRCULAR DATED AUGUST 2, 2010

PLAN SUPPLEMENT 3.2

TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010

UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA),

SECTION 191 OF THE *CANADA BUSINESS CORPORATIONS ACT*,

AND SUCH OTHER SECTIONS AND LEGISLATION TO BE SET FORTH IN THE
RESTRUCTURING TRANSACTIONS NOTICE TO BE DATED SEPTEMBER 3, 2010

September 1, 2010

NOTICE OF FILING OF CCAA PLAN SUPPLEMENT 3.2

PLEASE TAKE NOTICE that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA, Section 191 of the CBCA and such other legislation to be set forth in the Restructuring Transactions Notice (the "CCAA Plan") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act* and such other legislation to be set forth in the Restructuring Transactions Notice involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "Circular"), this CCAA Plan Supplement (the "CCAA Plan Supplement 3.2") is to be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date with notice of such posting to be provided to the Service List (as such CCAA Plan Supplement 3.2 may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this CCAA Plan Supplement 3.2 shall have the meanings ascribed to them in the Circular.

PLEASE TAKE FURTHER NOTICE that this CCAA Plan Supplement 3.2 lists in Exhibit I hereto the letters of credit that are issued and outstanding immediately prior to the Implementation Date under the BCFPI Secured Bank Documents.

PLEASE TAKE FURTHER NOTICE that you are advised and encouraged to read this CCAA Plan Supplement 3.2 and its Exhibit I in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

PLEASE TAKE FURTHER NOTICE that a true and complete copy of the CCAA Plan Supplement 3.2 is attached hereto.

PLEASE TAKE FURTHER NOTICE that copies of the CCAA Plan Supplement 3.2 as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

EXHIBIT I

THE BCFPI SECURED BANK LETTERS OF CREDIT

The following letters of credit are issued and outstanding immediately prior to the Implementation Date under the BCFPI Secured Bank Documents:

Amount	L/C Number	Issuing Bank	Date of Issue	Expiration Date
Cdn\$8,504,945.00	S18572/174752	Bank of Nova Scotia	4/19/2002	4/16/2011
Cdn\$50,000.00	S18572/221592	Bank of Nova Scotia	3/9/2005	3/9/2011
Cdn\$143,641.43	S51151/283567	Bank of Nova Scotia	1/21/2009	12/31/2010
\$700,000.00	S51151/282571	Bank of Nova Scotia	12/19/2008	12/17/2010



Court File No. 500-11-036133-094

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)
AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE
OF
ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION
CIRCULAR DATED AUGUST 2, 2010

AMENDED PLAN SUPPLEMENT 6.1(a)(i)
TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010
UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA),
AND SECTION 191 OF THE CANADA BUSINESS CORPORATIONS ACT,
September 13, 2010

NOTICE OF FILING OF CCAA PLAN SUPPLEMENT 6.8(b)

PLEASE TAKE NOTICE that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA and Section 191 of the CBCA (the "CCAA Plan") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "Circular"), this amended CCAA Plan Supplement (the "Amended CCAA Plan Supplement 6.1(a)(i)") is to be posted on the Monitor's Website with notice of such posting to be provided to the Service List (as such Amended CCAA Plan Supplement 6.1(a)(i) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this Amended CCAA Plan Supplement 6.1(a)(i) shall have the meanings ascribed to them in the Circular.

PLEASE TAKE FURTHER NOTICE that on September 1, 2010 the Applicants filed CCAA Plan Supplement 6.1(a)(i) which set forth and detailed the steps and transactions of the Restructuring Transactions Notice (the "Initial Restructuring Transactions Notice").

PLEASE TAKE FURTHER NOTICE that attached hereto as Exhibit I is the amended Restructuring Transactions Notice, which sets forth and details the amended steps and transactions of the Restructuring Transactions Notice, and which replaces and supersedes in its entirety the Initial Restructuring Transactions Notice.

PLEASE TAKE FURTHER NOTICE that you are advised and encouraged to read this Amended CCAA Plan Supplement 6.1(a)(i) and its Exhibit I in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

PLEASE TAKE FURTHER NOTICE that a true and complete copy of the Amended CCAA Plan Supplement 6.1(a)(i) is attached hereto.

PLEASE TAKE FURTHER NOTICE that copies of the Amended CCAA Plan Supplement 6.1(a)(i) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abibibowater.

EXHIBIT I

AMENDED RESTRUCTURING TRANSACTIONS NOTICE

Restructuring Transactions Notice Under the CCAA Plan

Reference is made to (i) the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (as it may be amended, varied or supplemented from time to time, the "US Plan") and (ii) the CCAA Debtors' plan of reorganization and compromise pursuant to the *Companies' Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* ("CBCA") (as such plan may be amended, varied or supplemented from time to time in accordance with its terms and the terms of the creditors' meeting order rendered by the Québec Superior Court of Justice, Commercial Division, in connection with the creditors' meetings, the "CCAA Plan" and, together with the US Plan, the "Plans"). Unless otherwise specified herein, all capitalized terms used herein shall have the meanings ascribed to them in the Plans and all references to "Cdn\$" are to Canadian dollars and to "US\$" are to United States dollars.

Section 6.2 of the US Plan provides that the US Debtors and the Reorganized Debtors, as appropriate, shall enter into various corporate reorganization and related transactions. Section 6.2 of the CCAA Plan provides that the CCAA Debtors and the Partnerships shall effect similar restructuring transactions. The transactions contemplated in Section 6.2 of the US Plan and Section 6.2 of the CCAA Plan are known, collectively, as the "Restructuring Transactions".

The Restructuring Transactions generally are intended to simplify the existing corporate and organizational structure and effect a more tax efficient corporate structure for US Debtors, the CCAA Debtors and the Partnerships. They will include, among other things, consolidation of duplicative entities and businesses under applicable U.S. or Canadian law. This Plan Supplement 12 and Restructuring Transactions Notice provides information concerning the details of the Restructuring Transactions.

In accordance with the US Plan, the US Debtors have prepared a summary of each of the corporate mergers under U.S. law, amalgamations under Canadian law, liquidations, dissolutions and other corporate transactions related to the US Debtors that will occur as part of the Restructuring Transactions. That summary has been filed with the U.S. Court as Plan Supplement 3.

In accordance with the CCAA Plan, some of the steps and transactions contemplated in the Restructuring Transactions may only be implemented if provided for in a step confirmation notice which will be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date, with notice of such posting forthwith provided to the Service List (as such notice may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan, the "Step Confirmation Notice").

Most of the steps and transactions contemplated by the Restructuring Transactions are intended to occur on the Effective Date and the Implementation Date. However, certain steps are intended to occur prior to the Effective Date and the Implementation Date, and it is contemplated that the Reorganized Debtors will effect certain other steps after the Effective Date and the Implementation Date (the steps and transactions set forth at steps 65 to 75 below (collectively, the "Post-implementation Steps")). In accordance with the CCAA Plan, all actions as may be necessary or appropriate to effect the Restructuring Transactions set forth herein (including all such actions set forth below or described in Section 6.2 of the CCAA Plan but excluding any action necessary or appropriate to effect the Post-Implementation Steps) shall be in place and final on the Final Restructuring Transactions Time with the appropriate documents, agreements and funding necessary to implement all such transactions in escrow until their release in the manner and sequence set forth below without any further act or formality. The US Debtors anticipate that the Confirmation Order approving the US Plan will expressly authorize the US Debtors to implement each of the steps and transactions set forth herein and commence the

Restructuring Transactions prior to the Effective Date, on the Effective Date or after the Effective Date, as appropriate. Subject to approval of the US Plan and entry of the Confirmation Order, no further action or authority shall be required for the US Debtors to implement any step in connection with the Restructuring Transactions on or before the Effective Date, and no further court authority shall be required for the Reorganized Debtors to implement any Post-Implementation Step.

This notice specifies the proposed timing for each Restructuring Transaction. Except as otherwise specified, the steps outlined herein are intended to occur in a sequential order. Therefore, except as set forth in the Confirmation Order, the Sanction Order or as otherwise noted herein, each Restructuring Transaction shall be conditional upon completion of the Restructuring Transaction set forth in the immediately preceding step.

Notwithstanding the timing of any action taken in respect of a particular Restructuring Transaction, the implementation of the Post-implementation Steps shall not constitute a condition precedent to the Effective Date or the Implementation Date. The Reorganized Debtors and Partnerships will be authorized to take such actions after the Effective Date or the Implementation Date, as applicable. Except with respect to the Post-implementation Steps or as otherwise determined by the US Debtors, the CCAA Debtors and the Partnerships in consultation with the Creditors Committee and with the approval of the Monitor, all actions as may be necessary or appropriate to effect the Restructuring Transactions as set forth herein shall be in place and final on the Effective Date and the Implementation Date, with the appropriate documents, agreements and funding necessary to implement all such transactions in escrow until their release in the manner and sequence set forth below.

The structure of each Restructuring Transaction and, where applicable, the form of documentation concerning such transaction shall be determined by the US Debtors, the CCAA Debtors, the Partnerships and their successors party to such Restructuring Transaction, in consultation with the Creditors Committee and with the approval of the Monitor, provided, however, that the US Debtors, the CCAA Debtors and the Partnerships reserve the right to undertake transactions in lieu of or in addition to the Restructuring Transactions set forth herein as they deem necessary or appropriate under the circumstances in consultation with the Creditors Committee and as approved by the Monitor.

Several of the steps outlined below concern CCAA Debtors¹ and their subsidiaries and affiliates that are organized under Canadian law. As such, the Restructuring Transactions related to such entities will occur under the appropriate Canadian law. Prior to each liquidation under Canadian law described herein, the entity being liquidated shall take the necessary steps to cancel any shares that may be issued and outstanding and held by any person or entity other than the entity or entities into which it is liquidated (the "Parent Entity"). Each liquidation under Canadian law described herein shall result in all of the property of each liquidating entity (except amounts receivable from the Parent Entity) being assigned, conveyed and transferred to the Parent Entity and the Parent Entity becoming liable for the full amount of all of the liabilities of such liquidating entity (except amounts payable to the Parent Entity) to the complete release, discharge and exoneration of such liquidating entity and such, without novation of the obligations and, as soon as practicable following each liquidation under Canadian Law, the liquidating entity shall be dissolved. Each amalgamation under Canadian law described herein shall result in all of the property of each amalgamating corporation (except amounts receivable from any predecessor corporation or shares in the capital of any predecessor corporation) becoming the property of the amalgamated corporation by virtue of the amalgamation and the amalgamated corporation becoming liable for the full amount of all of the liabilities (except amounts payable to any predecessor corporation) of each amalgamating corporation by virtue of the amalgamation and such, without

¹ The CCAA Debtors may also be referred to herein as the "Applicants," the defined term in the CCAA Plan for the CCAA Debtors.

novation, *i.e.*, cancellation, of the obligations and all of the shareholders (except any predecessor corporation) who own shares of the capital of any predecessor corporation immediately before the amalgamation, receive shares in the capital of the new corporation because of the amalgamation.

I. Steps which shall occur after the entry of the Confirmation Order and the Sanction Order but prior to Step 13 and the Effective Date and the Implementation Date (in no particular sequence)

1. The International Bridge and Terminal Company ("**Bridge Company**"), which is currently a federal Special Act entity, is continued under the CBCA. Upon the continuance, Bridge Company's new by-laws contain no requirement for directors of Bridge Company to hold shares and its new articles enable all common shares to be repurchased or redeemed by Bridge Company. The directors' shares are cancelled for nil consideration immediately upon continuance.
2. Each of Alliance Forest Products (2001) Inc. ("**Alliance**") and Bridge Company, which are currently CBCA corporations, and each of 1508756 Ontario Inc. ("**150**") and Donohue Recycling Inc. ("**Recycling**"), which are currently incorporated under the *Business Corporations Act* (Ontario), are continued under *Business Corporations Act* (British Columbia) ("**BCBCA**") and then converted into an unlimited liability company under the BCBCA.
3. The paid-up capital of each class of shares in the capital of each of 150, Recycling, Alliance and Bridge Company is reduced to Cdn\$100.
4. The paid-up capital of each class of shares in the capital of each of Abitibi-Consolidated Nova Scotia Incorporated ("**ACNSI**") and Bowater Canada Treasury Corporation ("**BCTC**") is reduced to Cdn\$100.
5. The paid-up capital of each class of shares in the capital of Bowater Maritimes Inc. ("**Maritimes**") is reduced to Cdn\$100.
6. The paid-up capital of each class of shares in the capital of each of Abitibi-Consolidated Company of Canada ("**ACCC**"), Terra Nova Explorations Ltd. ("**Terra Nova**") and Produits Forestiers Saguenay Inc. ("**PFS**") is reduced to Cdn\$100.
7. Each of 9150-3383 Québec Inc., Bowater Mitis Inc., Bowater Guérette Inc., Bowater Couturier Inc., 4042140 Canada Inc., Produits Forestiers La Tuque Inc. and 3217925 Nova Scotia Company is dissolved.
8. Marketing Donohue Inc. ("**MDI**") is continued under Part I-A of the *Companies Act* (Quebec) ("**QCA**") and its by-laws are amended to remove the requirement for directors of MDI to hold shares and the directors' shares are cancelled for nil consideration.
9. Resignation of the directors of The Jonquière Pulp Company ("**TJPC**") and simultaneous transfer of their directors' shares to Abitibi-Consolidated Inc. ("**ACI**") for nil consideration. Each receivable owing to TJPC is transferred to ACI without novation for nil consideration.
10. Preferred shares of ACCC held by 3834328 Canada Inc. ("**383**") are cancelled for nil consideration.

11. Bowater Incorporated ("**Bowater**") transfers its ownership interest in each of Bowater Saluda Note Holdings LLC, Bowater Catawba Note Holdings I LLC and Bowater Catawba Note Holdings II LLC for nil consideration to an entity designated by the representative of the bondholders of such LLCs or to a direct or indirect Canadian subsidiary of ABH.
12. Effective at the last moment of the day immediately prior to the Effective Date and Implementation Date, Bowater Shelburne Corporation ("**Shelburne**") is liquidated into Bowater Canada Finance Limited Partnership ("**BCFLP**").

II. Steps which shall occur sequentially on the Effective Date and the Implementation Date

13. Effective at the first moment of the day on the Effective Date and Implementation Date, Shelburne is dissolved.
14. [Effective at ● am/pm], the Inter-company Claim owing to Bowater Canadian Holdings Incorporated ("**BCHI**") from Bowater Canadian Forest Products Inc. ("**BCFPI**") is cancelled.
15. [Effective at ● am/pm], the Inter-company Claim owing to BCHI from Bowater Korea Ltd. and any remaining assets of BCHI (other than its shares in the capital of AbitibiBowater Canada Inc. ("**ABCI**") and BCTC and other than receivables from BCTC) are transferred to Bowater Pulp and Paper Canada Holdings LP ("**BPPCHLP**") as a partial repayment of the Inter-company Claim owing by BCHI to BPPCHLP.
16. [Effective at ● am/pm], the Inter-company Claim balance owing by BCHI to BPPCHLP is cancelled.
17. [Effective at ● am/pm], the Inter-company Claim owing by BCFPI to BPPCHLP is transferred to ABH without novation for nil consideration.
18. [Effective at ● am/pm], Bowater Ventures Inc. is merged into Bowater, the survivor being Bowater, and BPPCHLP is liquidated into Bowater. As a result of such liquidation, each Inter-company Claim owing to BPPCHLP is transferred to Bowater without novation.
19. [Effective at ● am/pm], 3231378 Nova Scotia Company is liquidated into Bowater.
20. [Effective at ● am/pm], BCFPI transfers the shares it holds in the capital of each of Bowater Belledune Sawmill Inc. ("**Belledune**"), Canexel Hardboard Inc. ("**Canexel**"), 9068-9050 Québec Inc. ("**9068**") and Bowater Treated Wood Inc. ("**Treated Wood**") to 4513541 Canada Inc. ("**451**") for nil consideration, a promissory note or such other consideration to be determined by the Applicants. Immediately prior to each such transfer, each receivable owing to each of Belledune, Canexel, 9068 and Treated Wood by any Applicant or Partnership, if any, is transferred to ACI without novation for nil consideration.
21. [Effective at ● am/pm], ACI transfers the shares it holds in the capital of each of MDI, 3224112 Nova Scotia Limited ("**322**") and 383 to 451 for nil consideration, a promissory note or such other consideration to be determined by the Applicants. Immediately prior to each such transfer, each receivable owing to MDI, 322 and 383 by any Applicant or Partnership, if any, is transferred to ACI without novation for nil consideration.
22. [Effective at ● am/pm], ACCC transfers the shares it holds in the capital of Scramble Mining Ltd. ("**Scramble**") to 451 for nil consideration, a promissory note or such other consideration to

be determined by the Applicants. Immediately prior to each such transfer, each receivable owing to Scramble by any Applicant or Partnership, if any, is transferred to ACI without novation for nil consideration.

23. [Effective at ● am/pm], each of ACCC and BCFPI transfers the shares they hold in the capital of St. Maurice River Drive Company ("St. Maurice") to 451 for nil consideration, a promissory note or such other consideration to be determined by the Applicants. Immediately prior to each such transfer, each receivable owing to St. Maurice by any Applicant or Partnership, if any, is transferred to ACI without novation for nil consideration.
24. [Effective at ● am/pm], BCFLP is liquidated into BCFPI and BCTC, such that each of BCFPI and BCTC receives an undivided interest in the underlying assets of BCFLP based on their percentage of ownership in BCFLP, in accordance with the terms of the BCFLP partnership agreement.
25. [Effective at ● am/pm], BCTC is liquidated into BCHI.
26. [Effective at ● am/pm], each of Bowater and BCHI transfers their shares in the capital of BCFPI to ABCI for nil consideration.
27. [Effective at ● am/pm], as part of a plan of reorganization under section 191 CBCA, all Exchangeable Shares in the capital of ABCI are exchanged for redeemable shares ("New Redeemable Shares") on a one for one basis and such New Redeemable Shares are redeemed by ABCI for nil consideration. Concurrently, all ancillary documents in connection with the Exchangeable Shares or which relate thereto, including the amended and restated support agreement among ABH, BCHI, ABCI and Bowater and the amended and restated voting and exchange trust agreement among ABH, ABCI, Bowater and Computershare Trust Company of Canada (or any successor trustee) are cancelled and terminated.
28. [Effective at ● am/pm], each of Abitibi-Consolidated Canadian Office Products Holdings Inc. ("Office Products"), 6169678 Canada Inc. ("616"), BCFPI and Abitibi-Consolidated (U.K.) Inc. ("ACI UK") is continued as a limited liability company under the BCBCA and then converted into an unlimited liability company under the BCBCA.
29. [Effective at ● am/pm], ACI is continued as a limited liability company under the BCBCA.
30. [Effective at ● am/pm], each of Office Products, 616, BCFPI and ACI UK is amalgamated into ACI, with the amalgamated entity being a limited liability company under the BCBCA ("New ACI"). As part of the amalgamation, ABCI receives one hundred (100) voting shares (with no dividend or liquidation entitlement) of New ACI in exchange for its shares in the capital stock of each of ACI and BCFPI, and ABH receives one (1) non-voting common share of New ACI ("Non-Voting Common Share") in exchange for its shares in the capital stock of ACI.
31. BCHI transfers the shares it holds in the capital of ABCI to Bowater Canadian Limited for nil consideration.
32. The Inter-company Claim owing to Bowater from New ACI (consisting of an interest-bearing loan) is cancelled.
33. [Effective at ● am/pm], TJPC is liquidated into ACCC.

34. [Effective at ● am/pm], ACCC is liquidated into New ACI.
35. [Effective at ● am/pm], each of Recycling, Alliance, Terra Nova, PFS, Maritimes and Bridge Company is liquidated into New ACI.
36. [Effective at ● am/pm], Reorganized ABH (A) contributes, by way of equity or advance, to the applicable U.S. Debtors (other than Cross-border Debtors) (i) shares of New ABH Common Stock and (ii) Rights Offering Notes, if any, for distribution to creditors entitled to receive Rights Offering Notes on the Effective Date/Implementation Date, and (B) subscribes for Non-Voting Common Shares of New ACI and common shares of applicable Cross-border Debtors in consideration for an undertaking by Reorganized ABH to issue and deliver (i) shares of New ABH Common Stock, (ii) Rights Offering Notes, if any for distribution to creditors entitled to receive Rights Offering Notes on the Effective Date/Implementation Date, and/or (iii) cash, as set forth in step 38. For greater certainty, the Non-Voting Common Shares issued to Reorganized ABH pursuant to this step shall, after giving effect to the cancellation as set forth in step 40, represent 100% of the issued and outstanding Non-Voting Common Shares in the capital of New ACI.
37. Concurrently with step 36, New ACI subscribes for common shares of ACNSI in consideration for an undertaking to deliver, or to cause to be delivered by Reorganized ABH, (i) shares of New ABH Common Stock, (ii) Rights Offering Notes, if any for distribution to creditors of ACNSI entitled to receive Rights Offering Notes on the Effective Date/Implementation Date, and/or (iii) cash, as set forth in step 38.
38. [Effective at ● am/pm], Affected Claims and Allowed Claims are settled, compromised and released for (i) shares of New ABH Common Stock, and Rights Offering Notes, if any for distribution (in the case of creditors entitled to receive Rights Offering Notes on the Effective Date/Implementation Date), or (ii) cash, as the case may be, in each case issued and delivered by Reorganized ABH in the proportions and the manner provided for in the CCAA Plan and the U.S. Plan.
39. [Effective at ● am/pm], the Rights Offering Notes, if any, are distributed on account of Claims or to the Backstop Parties or deposited in escrow in accordance with the terms of the Backstop Commitment Agreement.
40. [Effective at ● am/pm], the one (1) Non-Voting Common Share issued to ABH pursuant to the amalgamation in step 30 is cancelled for nil consideration.
41. [Effective at ● am/pm], ABH's existing shares of common stock and special voting stock (other than shares of New ABH Common Stock issued pursuant to the CCAA Plan and U.S. Plan) are cancelled for nil consideration and the terms of the LTIP take effect and are deemed approved by the Affected Unsecured Creditors.
42. [Effective at ● am/pm], Reorganized ABH borrows funds under the Exit Loan Facilities in amounts which, together with such other cash as is then available to the Applicants and the U.S. Debtors, and proceeds, if any, of the Rights Offering Notes distributed on account of Claims or to the Backstop Parties (but excluding proceeds attributable to the Rights Offering Notes in escrow pending resolution of the applicable Unresolved Claim (as defined in the Backstop Commitment Agreement)) will be sufficient to make all cash distributions to be made under the CCAA Plan and the U.S. Plan.

III. Steps which shall occur sequentially, unless otherwise indicated, after step 42 on the Effective Date and the Implementation Date.

43. Reorganized ABH transfers cash by way of (i) an equity contribution or loan to U.S. Debtors and New ACI, (ii) a direct or indirect repayment of some or all cross-border Inter-company Claim owing to New ACI and/or (iii) a direct or indirect repayment of some or all Inter-company Claim owing to U.S. Debtors (other than Cross-border Debtors) in each case to allow U.S. Debtors and New ACI to repay the Excluded Claims required to be paid on the Implementation Date.
44. 3239432 Nova Scotia Company ("ULC") effects a return of capital in the amount of approximately Cdn\$202.3 million plus accrued interest, if any (the "**Return of Capital**") to its sole shareholder, New ACI, to be paid as follows: (i) approximately \$130 million plus accrued interest, if any, by way of set-off against the outstanding Loan (as defined under the ULC DIP Facility Documents) and (ii) approximately Cdn\$72.3 million plus accrued interest, if any, by way of cash distribution to be paid pursuant to step 47 below.
45. Further to the ULC DIP Facility Documents and the implementation agreement dated as of September 3, 2009 made among ACI, ACCC, Alcoa Canada Ltée, Alcoa Ltd and Manicouagan Power Company and to which intervened HQ Énergie Inc. (the "**Implementation Agreement**"), ULC irrevocably directs New ACI not to repay the Loans (as defined under the ULC DIP Facility Documents) advanced under the ULC DIP Facility Documents to ULC but rather to retain the amount of such Loans as a partial payment of the Return of Capital (which is permissible given the partial release of the asset retention undertaking provided for in Section 2.5.1(a) of the Implementation Agreement (the "**Section 2.5.1(a) Reserve**")).
46. After completion of step 45, the ULC DIP Claims shall be deemed to have been fully paid in accordance with the CCAA Plan and all liens, charges, security interests or encumbrances of any kind granted in favor of ULC in connection with the ULC DIP Facility Documents shall be cancelled.
47. Further to the Order of the Court dated • (the "**Disbursement Order**"), the Monitor distributes the undrawn amounts under the ULC DIP Facility Documents, which amounts were transferred to the Monitor at the request of ACI in accordance with the Order of the Court dated November 23, 2009 on the 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, to each of New ACI and ULC, in the amounts of approximately Cdn\$72.3 million plus accrued interest, if any, and approximately Cdn\$27.7 million plus accrued interest, if any, respectively, the whole in accordance with the Disbursement Order. The Section 2.5.1(a) Reserve shall be deemed to have been fully released on the successful completion of the Restructuring (as defined in the Implementation Agreement) in accordance with the Implementation Agreement and at such time, ULC shall be vested with the amounts required to be retained pursuant to the asset retention undertaking provided in Section 2.5.1(b) of the Implementation Agreement (the "**Retained Amount**").
48. Further to the escrow agreement dated as of December 9, 2009 among Alcoa Ltd. (the "**Agent**"), ULC and the Monitor and to which intervened ACCC, ACI and US Bank National Association (the "**Escrow Agreement**"), the Agent and ULC send a notice of joint disbursement instruction instructing the Monitor to distribute the Escrow Funds (as defined in the Escrow Agreement) in the amounts set forth in such notice to ULC. ULC shall transfer such amounts, together with the

Retained Amount, to a brokerage account which shall be subject to a control agreement and such amounts shall remain subject to the Liens required by Section 2.5.2 of the Implementation Agreement.

49. ULC files a certificate by an officer of ULC with the Registrar of Joint Companies (Nova Scotia) certifying that the Successful Completion of the Restructuring (as defined in the memorandum of association of ULC) has occurred.
50. New ACI transfers the shares it holds in the share capital of 150 to Abitibi-Consolidated Finance LP ("ACFLP") for units of ACFLP.
51. ACFLP transfers all of its assets and liabilities to 150 in exchange for shares with no increase in the paid up capital in the capital of 150.
52. ACFLP is liquidated into New ACI and ACNSI where each receive shares in the capital of 150 based on their respective percentage of ownership in ACFLP.
53. ACNSI is liquidated into New ACI.
54. 150 is liquidated into New ACI.
55. Coosa Pines Golf Club, LLC is merged into Bowater Alabama LLC, the survivor being Bowater Alabama LLC.
56. Bowater Finance II, LLC is liquidated and dissolved into each of Bowater Alabama LLC and Bowater Newsprint South Operations LLC.
57. Each of Catawba Property Holdings, LLC, Bowater Finance Company Inc., Bowater Nuway Inc., Rich Timber Holdings LLC, Timber Note Holdings LLC, Bowater Timber A, LLC, Bowater Timber B, LLC, Bowater Timber C, LLC, Bowater Timber D, LLC, Bowater Timber E, LLC, Bowater Timber F, LLC, Bowater Timber G, LLC is merged into Bowater, the survivor being Bowater.
58. Each of AbitibiBowater US Holding LLC ("ABH LLC"), ABH Holding Company LLC ("LLC Holdco"), AbitibiBowater US Holding 1 Corp. and ABH LLC 1 is merged into ABH, the survivor being ABH. The Support Agreement among LLC Holdco, ABH LLC1 and ACCC shall be deemed satisfied and of no further force and effect.
59. Augusta Woodlands LLC is merged into Abitibi-Consolidated Corp. ("ACC"), the survivor being ACC.
60. Tenex Data Inc. is dissolved.
61. The Inter-company Claim transferred in step 17 owing to ABH from New ACI is cancelled for nil consideration.
62. Any portion of Inter-company Claims owing between the same debtor and creditor are settled by offset.
63. Each director and officer of Reorganized ABH is removed from office and terminated in their capacities as such and the new directors and officers of Reorganized ABH are appointed.

64. The Final Restructuring Transactions Time shall be deemed to have occurred on the occurrence of step 63.

IV. Post-Implementation steps which shall occur sequentially, unless otherwise indicated, after the Final Restructuring Transactions Time.

65. New ACI is continued under the CBCA and its name is changed to AbiBow Canada Inc.
66. Bowater America Inc. is merged into Bowater, the survivor being Bowater, effective on December 31, 2010.
67. Any portion of Inter-company Claims owing between the same debtor and creditor are settled by offset.
68. Bowater amends its certificate of incorporation to increase its authorized share capital in order to authorize the issuance of additional common shares.
69. Each of Bowater Alabama LLC and Bowater Newsprint South Operations LLC is merged into Bowater, the survivor being Bowater, and Bowater issues shares of its capital stock to Bowater Newsprint South LLC, effective on December 31, 2010.
70. Abitibi-Consolidated U.S. Funding Corp. is merged into Abitibi Consolidated Sales Corporation ("ACSC"), the survivor being ACSC.
71. Subject to receiving a favorable Private Letter Ruling from the Internal Revenue Service ("PLR") on or prior to December 31, 2010, effective on December 31, 2010:
- (A) Donohue Corp. ("D-Corp") contributes intercompany obligations of ACSC and ACC, respectively, to the capital of ACSC and ACC.
- (B) D-Corp transfers all of the shares of ACSC and ACC to ABH in exchange for shares of ABH.
- (C) Each of ACSC and ACC converts to a limited liability company under Delaware law.
72. Subject to receiving the favorable PLR, ACSC contributes intercompany obligations of Abitibi-Consolidated Alabama Corporation ("ACAC") to the capital of ACAC.
73. Certain employees of Alabama River Newsprint Company ("ARNC") are transferred to Bowater, effective on January 1, 2011.
74. Effective on January 2, 2011 and subject to receiving the favorable PLR, ACAC merges into Bowater, the survivor being Bowater.
75. ABH contributes its 1% interest in ARNC to Bowater and ARNC is liquidated into Bowater.



Court File No. 500-11-036133-094

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)

AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE

OF

ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION
CIRCULAR DATED AUGUST 2, 2010

PLAN SUPPLEMENT 6.1(a)(ii)

TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010

UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA),

SECTION 191 OF THE CANADA BUSINESS CORPORATIONS ACT,

AND SUCH OTHER SECTIONS AND LEGISLATION TO BE SET FORTH IN THE
RESTRUCTURING TRANSACTIONS NOTICE TO BE DATED SEPTEMBER 3, 2010

September 1, 2010

NOTICE OF FILING OF CCAA PLAN SUPPLEMENT 6.1(a)(ii)

PLEASE TAKE NOTICE that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA, Section 191 of the CBCA and such other legislation to be set forth in the Restructuring Transactions Notice (the "CCAA Plan") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act* and such other legislation to be set forth in the Restructuring Transactions Notice involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "Circular"), this CCAA Plan Supplement (the "CCAA Plan Supplement 6.1(a)(ii)") is to be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date with notice of such posting to be provided to the Service List (as such CCAA Plan Supplement 6.1(a)(ii) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this CCAA Plan Supplement 6.1(a)(ii) shall have the meanings ascribed to them in the Circular.

PLEASE TAKE FURTHER NOTICE that this CCAA Plan Supplement 6.1(a)(ii) supplements the CCAA Plan with the documentation relating to the ABL Exit Financing Facility and the Term Loan Exit Financing Facility, respectively attached hereto as Exhibit I and Exhibit II.

PLEASE TAKE FURTHER NOTICE that you are advised and encouraged to read this CCAA Plan Supplement 6.1(a)(ii) and its Exhibits I and II in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

PLEASE TAKE FURTHER NOTICE that a true and complete copy of the CCAA Plan Supplement 6.1(a)(ii) is attached hereto.

PLEASE TAKE FURTHER NOTICE that copies of the CCAA Plan Supplement 6.1(a)(ii) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

EXHIBIT I
ABL EXIT FINANCING FACILITY

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:

EXHIBIT A
PRIVILEGED & CONFIDENTIAL

AbitibiBowater Inc.
Senior Secured Asset-Based Credit Facility
Summary of Principal Terms and Conditions

Borrowers:

AbitibiBowater Inc. (the "*Company*") and each of the Company's wholly owned U.S. subsidiaries that is a material subsidiary (the "*U.S. Borrowers*"). The U.S. Borrowers are jointly and severally liable for all of the obligations of the U.S. Borrowers under the Asset-Based Facility (as defined below). In addition, each of the Company's wholly owned Canadian subsidiaries that is a material subsidiary (the "*Canadian Borrowers*") shall be designated as a borrower for the Canadian Sub-Facility (as defined below). The Canadian Borrowers are jointly and severally liable for all of the obligations of the Canadian Borrowers under the Canadian Sub-Facility.

The U.S. Borrowers and the Canadian Borrowers are collectively referred to herein as the "*Borrowers*".

Guarantees:

All obligations of the Borrowers under the Asset-Based Facility including, if applicable, obligations of the Borrowers arising under the Secured Hedging Agreements (as defined below) and the Secured Cash Management Agreements (as defined below), will be unconditionally guaranteed, jointly and severally on a senior secured basis (the "*U.S. Guarantees*") by the U.S. Borrowers (the "*U.S. Guarantors*," and, together with the U.S. Borrowers, the "*U.S. Credit Parties*").

All obligations of the Canadian Borrowers under the Asset-Based Facility including, if applicable, obligations of the Canadian Borrowers arising under the Secured Hedging Agreements and the Secured Cash Management Agreements, will be unconditionally guaranteed, jointly and severally on a senior secured basis (the "*Canadian Guarantees*") and, together with the U.S. Guarantees, the "*Guarantees*") by the Canadian Borrowers (the "*Canadian Guarantors*" and, together with the Canadian Borrowers, the "*Canadian Credit Parties*").

The U.S. Credit Parties and the Canadian Credit Parties are collectively referred to herein as the "*Credit Parties*". Each such entity providing a guarantee is referred to herein as a "*Guarantor*".

Administrative Agent:

Citibank, N.A. or an affiliate thereof will act as sole and exclusive administrative agent (in such capacity, the "*Administrative Agent*") for the Lenders (as defined below).

Collateral Agent:

Citibank, N.A., will act as collateral agent (the "*Collateral Agent*") for the Lenders.

Joint Lead Arrangers:

Citigroup Global Markets, Inc., Barclays Capital, the investment banking division of Barclays Bank PLC ("*Barclays Capital*") and

- J.P. Morgan Securities Inc., will act as exclusive joint lead arrangers (collectively, together with their affiliates, the "*Joint Lead Arrangers*").
- Syndication Agent: Barclays Capital, together with one or more other persons reasonably selected by the Joint Lead Arrangers in consultation with the Company, will act as syndication agents (collectively, the "*Syndication Agent*") for the Asset-Based Facility.
- Documentation Agent: J.P. Morgan Securities Inc., together with one or more other persons reasonably selected by the Joint Lead Arrangers in consultation with the Company, will act as documentation agents (collectively, the "*Documentation Agent*") for the Asset-Based Facility.
- Joint Bookrunners: Citigroup Global Markets, Inc., Barclays Capital and J.P. Morgan Securities Inc. will act as joint bookrunners (collectively, together with their affiliates, the "*Joint Bookrunners*").
- Lenders: Citibank, N.A., Barclays Bank PLC ("*Barclays*"), JPMorgan Chase Bank, N.A. ("*JPMCB*") and other financial institutions or entities acceptable to the Joint Lead Arrangers (as defined below) and selected in consultation with the Company (the "*Lenders*").
- Fronting Banks: Citibank, N.A., Barclays and JPMCB (or affiliates thereof) and other mutually satisfactory Lenders or their affiliates, in each case subject to individual issuance limits to be mutually agreed (collectively, the "*Fronting Banks*").
- Asset-Based Facility: A non amortizing revolving credit facility, subject to Maximum Facility Availability (as defined below), will be made available to the Borrowers in a principal amount of up to \$600,000,000 (the "*Asset-Based Facility*") during the period from (and including) the Effective Date (as defined below) to (but excluding) the Termination Date (as defined below). Subject to the Maximum U.S. Borrower Availability (as defined below), the Asset-Based Facility will be available to the U.S. Borrowers (denominated in U.S. dollars); *provided that* subject to Maximum Canadian Borrower Availability (as defined below), up to \$400,000,000 of the Asset-Based Facility, will be available to the Canadian Borrowers (denominated in U.S. dollars or Canadian dollars) (the "*Canadian Sub-Facility*"). All loans outstanding under the Asset-Based Facility (the "*Loans*") shall become due and payable on the Termination Date.
- A. *Letters of Credit:* Up to \$150,000,000 of the Asset-Based Facility, subject to Maximum Facility Availability, will be available for the issuance of letters of credit by the Fronting Banks for the account of the Borrowers (the "*Letters of Credit*"). No Letter of Credit will be issued or shall expire after the 30th day preceding the Termination Date (as defined below) and none shall have a term of more than one year; *provided that* any Letter of Credit may provide for renewal thereof for additional periods of up to twelve months.

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- B. **Swingline Loans:** Up to \$20,000,000 of the Asset-Based Facility, subject to Maximum Facility Availability, will be available at the discretion of Citibank, N.A. (or an affiliate thereof) as swingline lender (the "**Swingline Lender**") to the Borrowers for swingline loans from the Swingline Lender.
- C. **Increase Option:** The Asset-Based Facility may from time to time, at the option of the Borrowers, be increased through the addition of new Lenders or increases in the commitments of existing Lenders, subject to the satisfaction of customary conditions; *provided* that no existing Lender will be obligated to provide any such increase. The aggregate amount of all increases in the Asset-Based Facility may not exceed \$100,000,000 and each individual increase(s) shall be in an amount greater than or equal to \$25,000,000.

Use of Proceeds:

The proceeds of the Asset-Based Facility will be used by the Borrowers for funding amounts payable under the Plan and the CCAA Plan and for working capital and general corporate purposes.

Credit Documents:

The documents governing the Asset-Based Facility and the rights and obligations of the Borrowers, the Guarantors and Lenders with respect to the Asset-Based Facility and any security therefor (the "**Credit Documents**").

Termination Date:

The fourth anniversary of the Effective Date (the "**Termination Date**").

Maximum Facility Availability:

Availability under that portion of the Facility that may be made available to U.S. Borrowers (the "**Maximum U.S. Borrower Availability**") will be at any date an amount equal to the lesser of (a) the then effective commitments under the Asset-Based Facility on such date and (b) the aggregate amount of the Borrowing Base (as defined below) attributable to the U.S. Credit Parties on such date.

Availability under the Canadian Sub-Facility (the "**Maximum Canadian Borrower Availability**") will be at any date an amount equal to the lesser of (a) \$400,000,000 and (b) the aggregate amount of the Borrowing Base attributable to the Canadian Credit Parties on such date.

Notwithstanding the foregoing, aggregate availability under the Asset-Based Facility (the "**Maximum Facility Availability**") will be at any date an amount equal to the lesser of (a) the then effective commitments under the Asset-Based Facility on such date and (b) the aggregate amount of the Borrowing Base (as defined below) on such date.

Borrowing Base:

"**Borrowing Base**" means, at any time, an amount equal to the sum of (i) 85% of the eligible accounts receivable *plus* (ii) the lesser of (x) 65% of eligible inventory and (y) 85% of the net orderly liquidation value of such eligible inventory, *minus* (iii) the sum of (x) aggregate

net exposure under Secured Hedging Agreements (as defined below) which are pari passu in right of payment with the Asset-Based Facility, (y) aggregate net exposure under Secured Cash Management Agreements (as defined below) which are pari passu in right of payment with the Asset-Based Facility and (z) reserves established by the Administrative Agent in its reasonable credit judgment; *provided* that the methodology for deriving Borrowing Base will not be materially different than that reflected in the spreadsheet furnished by the Administrative Agent to the Company on August 3, 2010 (the "*Spreadsheet*").

"*Secured Hedging Agreements*" means certain interest rate, foreign currency and commodity hedging agreements entered into by the Credit Parties with the Lenders (as defined below) or their affiliates and designated as such by the Company.¹

"*Secured Cash Management Agreements*" means certain cash management agreements entered into by the Credit Parties with the Lenders or their affiliates and designated as such by the Company.²

Eligibility:

Eligibility of accounts receivable for purposes of computing "*Borrowing Base*" will be determined by the Administrative Agent in accordance with criteria substantially similar to those contained in the Administrative Agent's credit agreements for similar asset-based financings; *provided* that the eligibility criteria will not be materially different than the criteria reflected in the Spreadsheet.

Borrowing Base Calculations:

The Borrowing Base will be computed monthly (or weekly in the case of receivables during an event of default or upon Excess Availability (as defined below) falling below 20% of the then effective commitments under the Asset-Based Facility), by the Company and a borrowing base certificate (a "*Borrowing Base Certificate*") presenting the Company's computation of the Borrowing Base will be delivered to the Administrative Agent promptly, but in no event later than (i) during the three-month period following the Effective Date, the 25th day following the end of each month and (ii) thereafter, the 20th day following the end of each month, (or third business day following the end of each week, when weekly Borrowing Base Certificates are required); *provided, however* that the Company shall have the option to deliver a Borrowing Base Certificate with respect to Eligible Receivables on a weekly basis.

Cash Management:

"*Concentration Account*" means, collectively, the accounts into which all proceeds of the ABL Collateral (as defined below) will be deposited. The Concentration Account will be subject to control agreements in favor of the Administrative Agent.

¹ Cap TBD.

² Cap TBD.

During a Cash Dominion Period, all amounts collected in the Concentration Account will be automatically applied to the repayment of Loans in accordance with a waterfall that will be set forth in the definitive Credit Documents. "*Cash Dominion Period*" means any period during which Excess Availability is less than 17.5% of the then effective commitments under the Asset-Based Facility or during which an Event of Default shall have occurred. Once Excess Availability is equal to or greater than 17.5% of the then effective commitments under the Asset-Based Facility for a period of 45 consecutive days, the Cash Dominion Period shall end (unless an Event of Default shall be continuing).

"*Excess Availability*" means an amount equal to (i) the Maximum Facility Availability less (ii) the sum of the outstanding principal amounts of all revolving Loans, Letter of Credit exposures and swingline exposure under the Asset-Based Facility ("*Total Outstandings*"). Total Outstandings shall be determined as of the close of business on each business day giving effect to all changes in Total Outstandings during such business day.

Optional Prepayments:

The Borrowers may ratably prepay the Loans under either tranche at any time in whole or in part without premium or penalty (other than breakage costs, if applicable), subject to customary notice and minimum denomination requirements.

Commitment Reductions:

The Borrowers may at any time in whole permanently terminate, or from time to time in part permanently and ratably reduce, the commitments, subject to customary notice and minimum denomination requirements.

Mandatory Prepayments:

Mandatory prepayments of the Asset-Based Facility shall be required upon receipt of net cash proceeds from (i) sales of ABL Collateral (as defined below) not in the ordinary course of business and (ii) insurance and condemnation awards with respect to ABL Collateral, in each case received by the Company or any of its subsidiaries in excess of \$5,000,000.

On any date that (i) the Total Outstandings owed by the U.S. Borrowers exceed the Maximum U.S. Borrower Availability, (ii) the Total Outstandings owed by the Canadian Borrowers exceed the Maximum Canadian Borrower Availability or (iii) the Total Outstandings exceed the Maximum Facility Availability, then in each case, not later than the next business day, the Borrowers must prepay the Loans so that the Total Outstandings no longer exceed the Maximum U.S. Borrower Availability, the Maximum Canadian Borrower Availability or the Maximum Facility Availability, as applicable.

Security:

All amounts owing by the U.S. Credit Parties under the Asset-Based Facility will be secured by (i) a first priority perfected lien on all now owned or hereafter acquired inventory, accounts receivable, cash and other related rights to payment, deposit and securities accounts,

books and records, intangibles to the extent necessary to sell the U.S. ABL Collateral (as defined below), and contracts and assets of the U.S. Credit Parties evidencing or relating to the inventory or accounts receivable, together with proceeds of the foregoing (collectively, the "*U.S. ABL Collateral*") and (ii) a second priority perfected lien on all other now owned or hereafter acquired assets of the U.S. Credit Parties pledged to secure the Senior Secured Notes (as defined below) (other than the U.S. ABL Collateral) (collectively, the "*Other U.S. Collateral*") and together with the U.S. ABL Collateral, the "*U.S. Tranche Collateral*").

All amounts owing by the Canadian Credit Parties under the Asset-Based Facility will be secured by (i) a first priority perfected lien on all now owned or hereafter acquired inventory, accounts receivable, cash and other related rights to payment, deposit and securities accounts, books and records, intangibles to the extent necessary to sell the Canadian ABL Collateral (as defined below), and contracts and assets of the Canadian Credit Parties evidencing or relating to the inventory or account receivable, together with proceeds of the foregoing (collectively, the "*Canadian ABL Collateral*") and (ii) a second priority perfected lien on all other now owned or hereafter acquired assets of the Canadian Credit Parties pledged to secure the Senior Secured Notes (other than the Canadian ABL Collateral) (collectively, the "*Other Canadian Collateral*") and together with the Canadian ABL Collateral, the "*Canadian Tranche Collateral*"). The Canadian ABL Collateral and the U.S. ABL Collateral are collectively referred to herein as the "*ABL Collateral*".

"*Senior Secured Notes*" means the senior first lien notes to be issued by the Company in connection with its exit from Chapter 11 or any term loan financing entered into by the Company in lieu of all or any portion thereof.

Intercreditor Agreement:

The lien priority, relative rights and other creditors' rights issues in respect of the Asset-Based Facility, the Secured Hedging Agreements and the Secured Cash Management Agreements on the one hand, and the Senior Secured Notes, on the other, will be set forth in an intercreditor agreement, which shall be customary for transactions of this type and acceptable to the Joint Lead Arrangers (the "*Intercreditor Agreement*").

Conditions Precedent to Effective Date:

The conditions precedent to the Effective Date shall be those customarily found in the Administrative Agent's agreements for similar financings and other conditions deemed by the Administrative Agent to be appropriate to the specific transaction and in any event include without limitation:

- A. entry by the US Bankruptcy Court of an order (which order may be the confirmation order) approving the Asset-Based

Facility and all related documentation, in form and substance satisfactory to the Joint Lead Arrangers and Joint Bookrunners, which order shall be in full force and effect, unstayed, final and non-appealable, and shall not have been amended, supplemented or otherwise modified without the written consent of the Joint Lead Arrangers and the Joint Bookrunners.

- B. the US Disclosure Statement (as defined below) shall be reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners (it being understood that the US Disclosure Statement filed with the US Bankruptcy Court on August 2, 2010 is satisfactory to the Joint Lead Arrangers and Joint Bookrunners) and shall have been approved by the US Bankruptcy Court (as defined below).
- C. the US Plan (as defined below) and all other related documentation (a) shall be satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such US Plan that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects (it being understood that the US Plan filed with the US Bankruptcy Court on August 2, 2010 is satisfactory to the Joint Lead Arrangers and Joint Bookrunners) (b) shall have been confirmed by an order of the US Bankruptcy Court satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such order that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects, which order shall be in full force and effect, unstayed, final and non-appealable, and shall not have been modified or amended without the written consent of the Joint Lead Arrangers and the Joint Bookrunners, reversed or vacated, and (c) all conditions precedent to the effectiveness of the US Plan as set forth therein shall have been satisfied or waived (the waiver thereof having been approved by the Joint Lead Arrangers), and the substantial consummation (as defined in Section 1101 of the Bankruptcy Code) of the US Plan in accordance with its terms shall have occurred contemporaneously with the closing of the Asset-Based Facility.
- D. the CCAA Plan (as defined below) and all other related documentation (a) shall be satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such CCAA Plan that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects (it being understood that the CCAA Plan filed with the Canadian Bankruptcy Court on May 4, 2010, as amended on May 24, 2010 and as further amended on July 8, 2010 is satisfactory to the Joint Lead Arrangers and Joint Bookrunners) (b) shall have been

approved by a Sanction Order issued by the Canadian Bankruptcy Court satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such order that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects, which order shall be in full force and effect, unstayed, final and non-appealable, and shall not have been modified or amended without the written consent of the Joint Lead Arrangers and the Joint Bookrunners, reversed or vacated, and (c) all conditions precedent to the effectiveness of the CCAA Plan as set forth therein shall have been satisfied or waived (the waiver thereof having been approved by the Joint Lead Arrangers), and the implementation of the CCAA Plan in accordance with its terms shall have occurred contemporaneously with the closing of the Asset-Based Facility.

- E. except as disclosed in the US Disclosure Statement, since December 31, 2009 there has not been any event, occurrence, development or state of circumstances or facts that has had or would reasonably be expected to have, individually or in the aggregate a Material Adverse Effect (as defined below).
- F. the satisfactory negotiation, execution and delivery of customary definitive documentation relating to the Asset-Based Facility, including without limitation, a credit agreement, guarantees, security agreements, pledge agreements, real property security agreements, opinions of counsel and other related definitive documents to be based upon and substantially consistent with the terms set forth in this Term Sheet and otherwise satisfactory to the Joint Lead Arrangers.
- G. payment of all costs, fees and expenses then due.
- H. the repayment in full of all amounts owing to the lenders and agents under the existing securitization facility in cash and the termination of such facility.
- I. delivery of an inventory appraisal report and a field examination report with respect to the Borrowing Base, which in each case shall be dated no earlier than August 2010 and shall be satisfactory to the Collateral Agent.
- J. delivery of a completed borrowing base certificate with respect to the Borrowers, calculated in the same manner as the Spreadsheet, as of a date no earlier than 30 days preceding the Effective Date satisfactory to the Joint Lead Arrangers.
- K. Excess Availability plus unrestricted cash on hand of not less than \$480,000,000.

- L. minimum EBITDA (as defined below) of the Company and its subsidiaries of (i) in the event the Effective Date occurs prior to October 20, 2010, \$72,000,000 and (ii) if the Effective Date occurs thereafter, \$90,000,000, in each case, for the most recent three month period ended not less than 20 days prior to the Effective Date.
- M. the Company shall have received minimum aggregate gross proceeds of (i) \$600,000,000 in cash from the issuance of Senior Secured Notes and (ii) \$900,000,000 in cash from the issuance of Senior Secured Notes, term loans, the issuance of convertible notes pursuant to the Rights Offering, asset sales (other than cash applied to prepay convertible notes issued pursuant to the Rights Offering), the settlement of the Company's NAFTA claim against the Government of Canada, or other third party debt financing, in each case, on terms and conditions reasonably satisfactory to the Joint Lead Arrangers.
- N. delivery of evidence that all required insurance has been maintained and that the Collateral Agent has been named as loss payee and additional insured.
- O. compliance with customary documentation conditions, including the delivery of customary legal opinions and a customary solvency certificate from the chief financial officer of the Company as to the solvency of U.S. Credit Parties and of the Canadian Credit Parties, in each case, taken as a whole, good standing certificates, certified organizational documents and customary officer's certificates (including evidence of authority), in each case, in form and substance reasonably satisfactory to the Joint Lead Arrangers.
- P. delivery of all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including without limitation the Patriot Act, in each case at least five (5) business days prior to the Effective Date.
- Q. credit insurance programs with Economic Development Company of Canada (the "*Credit Insurance Programs*") with respect to all non-U.S. and non-Canadian accounts receivable shall continue to be in effect.

The first date on which all of the foregoing conditions have been satisfied shall be referred to herein as the "*Effective Date*".

"*Canadian Debtors*" means certain of the US Debtors and certain non-debtor subsidiaries that are debtors in cases under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 pending in the Quebec Superior Court, Commercial Division, for

the Judicial District of Montreal (the "Canadian Bankruptcy Court").

"*CCAA Plan*" means the plan of reorganization and compromise of the Canadian Debtors filed with the Canadian Bankruptcy Court on May 4, 2010, as amended on May 24, 2010, and further amended on July 8, 2010, and as may be further amended, supplemented or otherwise modified from time to time.

"*US Debtors*" means the Company and its subsidiaries that are debtors in possession in jointly-administered cases commenced in the United States Bankruptcy Court for the District of Delaware (the "*US Bankruptcy Court*").

"*US Disclosure Statement*" means that certain First Amended Disclosure Statement of the US Debtors filed with the US Bankruptcy Court on May 24, 2010, as may be amended, supplemented or otherwise modified from time to time.

"*US Plan*" means the First Amended Joint Chapter 11 Plan of Reorganization for the US Debtors filed with the US Bankruptcy Court on May 24, 2010, as may be amended, supplemented or otherwise modified from time to time.

"*Rights Offering*" means the rights offering for the issuance of convertible unsecured subordinated notes by the Company.

"*EBITDA*" means, for any period, net income, calculated before interest expense, provision for income taxes, depreciation, depletion and amortization expense, non-cash income or charges, extraordinary gains or losses, non-recurring non-cash charges, non-recurring cash charges (subject to a cap to be agreed), reorganizational charges (subject to a cap to be agreed) and net gain or loss on asset dispositions (in each case, for such period and to the extent included in determining net income for such period), determined on a consolidated basis for the Company and its subsidiaries.

Conditions Precedent to Each Credit Event:

On the date of each Credit Event (i) there shall exist no default under the Credit Documents and the representations and warranties in the Credit Documents shall be true and correct in all material respects (unless such representations and warranties are qualified as to materiality, in which case they shall be true and correct in all respects), in each case, immediately prior to, and after giving effect to, such Credit Event; (ii) after giving effect to such Credit Event, Total Outstandings owed by the U.S. Borrowers will not exceed the Maximum U.S. Borrower Availability, (iii) after giving effect to such Credit Event, Total Outstandings owed by the Canadian Borrowers will not exceed the Maximum Canadian Borrower Availability, (iv) after giving effect to such Credit Event, the Total

Outstandings will not exceed Maximum Facility Availability; and (v) the making of such Loan (or the issuance of such Letter of Credit) shall not violate any requirement of law and shall not be enjoined, temporarily, preliminarily or permanently.

"Credit Event" means the funding date of each Loan and the date of issuance, amendment or extension of any Letter of Credit.

Material Adverse Effect:

Means the following: (a) material adverse effect on the business, operations, prospects (taking into account the cyclical nature of the pulp and paper industry) or assets of the Credit Parties and their subsidiaries (taken as a whole), (b) material adverse effect on ability of the Credit Parties and their subsidiaries (taken as a whole) to perform their respective obligations under the Asset-Based Facility or (c) a material adverse effect on the legality, validity or enforceability of the Credit Documents (including, without limitation, the validity, enforceability or priority of the security interests granted thereunder).

Interest Rates, Yields and Fees:

As set forth on Annex I attached hereto.

Representations and Warranties:

The Credit Documents will contain representations and warranties customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other representations and warranties deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation with respect to: valid existence, compliance with law, requisite power, due authorization, no conflict with agreements or applicable law, enforceability of the Credit Documents, ownership of subsidiaries, accuracy of financial statements and all other information provided, absence of Material Adverse Effect, solvency, absence of material litigation, taxes, margin regulations, no burdensome restrictions, no default under material agreements or the Credit Documents, inapplicability of Investment Company Act, use of proceeds, insurance, labor matters, ERISA, environmental matters, necessary rights to intellectual property and ownership of properties.

Affirmative Covenants:

The Credit Documents will contain affirmative covenants customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other affirmative covenants reasonably deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation, the following:

- A. Preservation of existence.
- B. Compliance with laws (including ERISA and applicable environmental laws).
- C. Conduct of business.

- D. Payment of taxes.
- E. Maintenance of insurance.
- F. Access to books and records and visitation rights.
- G. Maintenance of books and records.
- H. Maintenance of properties.
- I. Use of proceeds.
- J. Provision of additional collateral, guarantees and mortgages.
- K. Further assurances.
- L. Maintenance of cash management as set forth above.
- M. Field audits, examinations and appraisals of receivables and inventory at any time at the reasonable request of the Administrative Agent; *provided* that if no Event of Default has occurred and is continuing, such audits and examinations shall be limited to 2 in any 12 month period plus one additional field audit, examination and appraisal during the 12 months following any date on which Excess Availability is less than 17.5% of the then effective commitments under the Asset-Based Facility.
- N. Delivery of Borrowing Base Certificates as set forth above.
- O. Delivery of audited and unaudited consolidated financial statements, annual budget and other customary information and notices.

Negative Covenants:

The Credit Documents will contain negative covenants customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other negative covenants reasonably deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation, the following (in each case, subject to customary exceptions and baskets to be mutually agreed):

- A. Limitations on debt and guarantees provided that the following debt and guarantees shall be permitted:
 - (1) Intercompany loans and advances among the Credit Parties.
 - (2) Debt incurred by a majority owned subsidiary or joint venture that is, except for a pledge of the equity of such subsidiary on a non-recourse basis, without recourse to the Credit Parties.

B. Limitations on liens provided that liens on the equity interests or assets of a majority owned subsidiary or joint venture, securing indebtedness permitted under clause A.(2) above shall be permitted.

C. Limitations on loans and investments provided that:

(1) An acquisition basket in an amount to be agreed shall be permitted, subject to customary conditions including minimum Excess Availability of 25% of the then effective commitments under the Asset-Based Facility and the Fixed Charge Coverage Ratio (determined on a pro forma basis) not less than 1.10 to 1.00.

(2) Investments in connection with the acquisition of the minority joint venture interest in Augusta Newsprint Company shall be permitted; *provided* that the consideration for such acquisition shall be equity or cash generated by Augusta Newsprint Company.

D. Limitations on asset dispositions, including, without limitation, the issuance and sale of capital stock of subsidiaries provided that the following asset sales shall be permitted:

(1) The sale of the equity or assets of (i) Abitibi-Consolidated Hydro, Inc. and/or ACH Limited Partnership or (ii) Bowater-Korea Ltd.

(2) The sale of timberlands.

(3) The sale of closed mills.

(4) Other asset sales in an aggregate amount to be agreed.

E. Limitations on dividends, redemptions and repurchases with respect to capital stock.

F. Limitations on cancellation of debt and on prepayments, redemptions and repurchases of debt (other than the Loans) provided that the following cancellation and prepayments of debt shall be permitted subject to customary conditions including minimum Excess Availability of 25% of the then effective commitments under the Asset-Based Facility and the Fixed Charge Coverage Ratio (determined on a pro forma basis) not less than 1.10 to 1.00:

(1) Cancellations and prepayments made pursuant to the Plan or the CCAA Plan.

(2) Prepayment of the convertible notes issued pursuant to the Rights Offering from the proceeds of asset sales (other than sales of ABL Collateral) and the proceeds of Escrowed Notes (as defined in and subject to the terms specified in the

First Amendment to the Backstop Commitment Agreement dated as of July 20, 2010 and the exhibits thereto).

G. Limitations on mergers, consolidations, acquisitions, joint ventures or creation of subsidiaries provided that the following shall be permitted:

(1) Mergers, consolidations and amalgamations among the Credit Parties (subject to customary restrictions).

(2) Joint ventures and acquisitions that comply with the investments covenants.

(3) Creation of new subsidiaries; *provided* that if such subsidiary is organized under the laws of the United States or Canada and such subsidiary is a material subsidiary, then such subsidiary shall become a U.S. Borrower or Canadian Borrower, as the case may be.

H. Limitations on changes in business.

I. Limitations on transactions with affiliates.

J. Limitations on restrictions on distributions from subsidiaries and granting of negative pledges.

K. Limitations on amendment of constituent documents and material debt instruments, except for modifications that could not reasonably be expected to materially affect the interests of the Lenders.

L. Limitations on changes in accounting treatment and reporting practices or the fiscal year; *provided* that the Company shall be permitted a one time change from generally accepted accounting principles to international financial reporting standards.

M. Limitations on hedging transactions except for the sole purpose of hedging risks in the normal course of business and consistent with industry practices.

Notwithstanding the foregoing, it is understood and agreed that the negative covenants shall permit assets and funds to be transferred between Credit Parties without a cap.

Financial Covenant:

A Fixed Charge Coverage Ratio of no less than 1.10 to 1.00, applicable if Excess Availability on any day is less than 15% of the then effective commitments under the Asset-Based Facility.

"Fixed Charge Coverage Ratio" means, the ratio of (a) EBITDA minus capital expenditures (except those financed with borrowed money (other than Loans), asset sales or equity proceeds) and cash taxes paid in the ordinary course, to (b) the sum of cash interest

expense, scheduled principal payments on indebtedness (including capital lease obligations), dividends or distributions paid in cash (excluding items eliminated in consolidation) by the Company and its subsidiaries and cash contributions to any pension plans in excess of expense or to the extent not otherwise included in the calculation of EBITDA, determined on a consolidated basis for the Company and its subsidiaries,

Events of Default:

The Credit Documents will contain events of default customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other events of default reasonably deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation, the following:

- A. Failure to pay principal, interest or any other amount when due (subject to grace periods for interest or other amounts to be agreed).
- B. Representations and warranties incorrect in any material respect when given.
- C. Failure to comply with covenants (with grace periods as applicable).
- D. Cross-default to payment defaults, or default or event of default if the effect is to accelerate or permit acceleration in excess of amounts to be agreed.
- E. Failure to satisfy or stay execution of judgments in excess of specified amounts.
- F. Bankruptcy or insolvency.
- G. The existence of certain materially adverse employee benefit or environmental liabilities.
- H. Actual and asserted invalidity or impairment of any Credit Document (including the failure of any lien to remain perfected).
- I. Change of ownership or control.
- J. Termination of the Credit Insurance Programs.

Indemnification:

The Credit Documents will contain customary indemnification provisions (including coverage of environmental liabilities) by the Credit Parties (jointly and severally) in favor of the Administrative Agent and any other agents or co-agents appointed in respect of the Asset-Based Facility, the Joint Lead Arrangers, each Lender and each of their respective affiliates and the respective officers,

directors, employees, agents, advisors, attorneys and representatives of each of them.

Expenses:

The Credit Parties shall jointly and severally pay or reimburse the Administrative Agent, any other agents or co-agents appointed in respect of the Asset-Based Facility and the Joint Lead Arrangers for all reasonable and documented costs and expenses incurred by the Administrative Agent, any other agents or co-agents appointed in respect of the Asset-Based Facility and the Joint Lead Arrangers (including reasonable attorneys' fees and expenses) in connection with (i) the preparation, negotiation and execution of the Credit Documents; (ii) the syndication and funding of the Loans and any issuance of Letters of Credit; (iii) the creation, perfection or protection of the liens under the Credit Documents (including all search, filing and recording fees); (iv) the on-going administration of the Credit Documents (including the preparation, negotiation and execution of any amendments, consents, waivers, assignments, restatements or supplements thereto); and (v) the reasonable and documented initial and ongoing field audits, examinations and appraisals in respect of the ABL Collateral; *provided* that if no Event of Default has occurred and is continuing, such audits and examinations shall be limited to 2 in any 12 months period plus an one additional field audit, examination and appraisal during the 12 months following any date on which Excess Availability is less than 17.5% of the then effective commitments under the Asset-Based Facility.

The Credit Parties further agree to jointly and severally pay or reimburse the Administrative Agent, any other agents or co-agents appointed in respect of the Asset-Based Facility and each of the Lenders for all costs and expenses, including reasonable attorneys' fees and expenses, incurred by the Administrative Agent or such Lenders in connection with (i) the enforcement of the Credit Documents; (ii) any refinancing or restructuring of the Asset-Based Facility in the nature of a "work-out" or any insolvency or bankruptcy proceeding; and (iii) any legal proceeding relating to or arising out of the Asset-Based Facility or the other Credit Documents.

Assignments and Participations:

Assignments must be in a minimum amount of \$2,500,000 and are subject to the approval of the Administrative Agent, each Fronting Bank and the Company, which in the case of the Company, shall not be unreasonably withheld or delayed or required (x) during the primary syndication of the Asset-Based Facility, (y) during the continuance of an event of default under the Credit Documents, or (z) with respect to any assignment to a Lender, an affiliate of a Lender or a fund engaged in investing in commercial loans that is advised or managed by a Lender. Consent of the Company shall be deemed to have been given if the Company has not responded within five business days of a request for such consent. No participation shall

include voting rights, other than for matters requiring consent of 100% of the Lenders.

Requisite Lenders:

Lenders holding more than 50% of the outstanding commitments and/or exposure under the Asset-Based Facility (the "Requisite Lenders").

Amendments:

Requisite Lenders, except for provisions customarily requiring approval by all affected Lenders; *provided* that amendments to the Borrowing Base definitions that would result in an increase in availability shall require the approval of Lenders holding at least 66⅔% of the of the outstanding commitments and/or exposure under the Asset-Based Facility.

Defaulting Lenders:

The Credit Documents will contain customary provisions relating to Defaulting Lenders.

Miscellaneous:

The Credit Documents will include (i) standard yield protection provisions (including, without limitation, provisions relating to compliance with risk-based capital guidelines, increased costs and payments free and clear of withholding taxes), (ii) a waiver of consequential damages and (iii) normal agency, set-off and sharing language.

Governing Law and Forum:

State of New York.

Counsel to Administrative Agent:

Davis Polk & Wardwell LLP.

ANNEX I to
AbitibiBowater Inc.
Senior Secured Asset-Based Credit Facility
Summary of Principal Terms and Conditions

INTEREST RATES AND FEES

Interest Rates:

Loans will bear interest, at the option of the Borrowers, at one of the following rates:

- (a) in the case of U.S. dollar denominated Loans:
 - (i) the Applicable Margin (as defined below) *plus* the Alternate Base Rate (as defined below), calculated on a 365/366-day basis and payable monthly in arrears; or
 - (ii) the Applicable Margin *plus* the current LIBO rate as quoted by Reuters LIBOR01 page, adjusted for reserve requirements, if any, and subject to customary change of circumstance provisions, for interest periods of one month (the "*LIBO Rate*"), calculated on a 360-day basis and payable at the end of the relevant interest period; and
- (b) in the case of Canadian dollar denominated Loans:
 - (i) the Applicable Margin (as defined below) *plus* the Canadian Prime Rate (as defined below), calculated on a 365/366-day basis and payable monthly in arrears; or
 - (ii) the Applicable Margin *plus* the BA Rate (as defined below), adjusted for reserve requirements, if any, and subject to customary change of circumstance provisions, for contract periods of one month, calculated on a 365/366-day basis and payable at the end of the relevant contract period, but in any event at least quarterly.

"Applicable Margin" means:

- (i) until the completion of the second full fiscal quarter commencing after the Effective Date, 2.00% per annum, in the case of Loans bearing interest based on the Alternate Base Rate ("*ABR Loans*") or the Canadian Prime Rate ("*Canadian Prime Loans*"), and 3.00% per annum, in the case of Loans bearing interest at a rate based on the LIBO Rate ("*LIBOR Loans*") or the BA Rate ("*BA Loans*"); and
- (ii) thereafter, a per annum rate equal to the rate set forth below opposite the then applicable average monthly Excess Availability:

**AVERAGE MONTHLY
EXCESS AVAILABILITY**

**ABR
LOANS
AND
CANADIAN
PRIME
LOANS**

**LIBOR
LOANS AND
BA LOANS**

Greater than or equal to 66.7%	1.75%	2.75%
Less than 66.7% and greater than or equal to 33.3%	2.00%	3.00%
Less than 33.3%	2.25%	3.25%

"*Alternate Base Rate*" means the highest of (i) Citibank, N.A.'s base rate, (ii) one-month LIBO Rate *plus* 1% , (iii) the three-month certificate of deposit rate *plus* 1/2 of 1% and (iv) the Federal Funds Effective Rate *plus* 1/2 of 1%.

"*BA Rate*" means, with respect to a BA loan being made by a Lender on any day for a particular contract period, (a) for a Lender named on Schedule I to the *Bank Act* (Canada), the CDOR Rate on such day for such contract period, and (b) for any other Lender, the lesser of (i) the percentage discount rate quoted by such Lender as the percentage discount rate at which such Lender would, in accordance with its normal practices, at or about 10:00 a.m. on such date, be prepared to purchase bankers' acceptances or make BA loans having a face amount and term comparable to the face amount and term of such bankers' acceptance, and (ii) the CDOR Rate on such day for such contract period *plus* 0.10%.

"*Canadian Prime Rate*" means, on any day, the highest of (i) the annual rate of interest announced by the Administrative Agent and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Canadian dollar denominated commercial loans in Canada, and (ii) the annual rate of interest equal to the sum of (A) the one-month CDOR Rate in effect on such day, *plus* (B) 1.00%.

"*CDOR Rate*" means, on any day and for any period, an annual rate of interest equal to the average rate applicable to Canadian Dollar bankers' acceptances for the applicable period appearing on the "*Reuters Screen CDOR Page*" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time), rounded to the nearest 1/100th of 1% (with .005% being rounded up), at approximately 10:00 a.m., on such day, or if such day is not a business day, then on the immediately preceding business day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then the CDOR Rate on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) which are also Lenders as of 10:00 a.m.,

on such day or, if such day is not a business day, then on the immediately preceding business day.

Default Interest:

Following notice in writing from the Required Lenders, during the continuance of an event of default under the Credit Documents, Loans will bear interest at an additional 2% per annum; *provided* such increase in interest rates shall apply automatically without the requirement for such notice in the event of a payment or bankruptcy default.

Unused Commitment Fee:

From and after the Effective Date, a non-refundable unused commitment fee will accrue at the Applicable Commitment Fee Rate on the daily average unused portion of the Asset-Based Facility and during, and computed at the end of, each month (whether or not then available), payable quarterly in arrears and on the Termination Date. Swingline usage will not count for purposes of calculating this fee.

"Applicable Commitment Fee Rate" means (i) until the completion of the second full fiscal quarter commencing after the Effective Date, 0.75% per annum and (ii) thereafter, 0.75% for any day on which Total Outstandings are less than or equal to 50% of the amount of the commitments, and 0.50% for any day on which Total Outstandings exceed 50% of the amount of the commitments.

Letter of Credit Fees:

A percentage per annum equal to the Applicable L/C Margin to the Lenders, and 0.25% per annum to the Fronting Bank, will accrue on the outstanding undrawn amount of any Letter of Credit, payable quarterly in arrears and computed on a 360-day basis. The *"Applicable L/C Margin"* means the Applicable Margin for LIBOR Loans and BA Loans, as applicable, as in effect from time to time.

Following notice in writing from the Required Lenders, during the continuance of an event of default under the Credit Documents, the Letter of Credit Fees will bear interest at an additional 2% per annum; provided such increase in interest rates shall apply automatically without the requirement for such notice in the event of a payment or bankruptcy default.

EXHIBIT II
TERM LOAN EXIT FINANCING FACILITY

J.P. Morgan Securities Inc.
383 Madison Avenue
New York, New York 10179

Barclays Bank PLC
745 Seventh Avenue
New York, New York 10019

Citigroup Global Markets Inc.
388 Greenwich St.
New York, New York 10013

August 6, 2010

Private and Confidential

AbitibiBowater Inc.
1155 Metcalfe Street, Suite 800
Montreal, Quebec, Canada H3B5H2

Term Loan Engagement Letter

Ladies and Gentlemen:

This letter agreement confirms the terms on which AbitibiBowater Inc. (as a debtor-in-possession and a reorganized debtor, as applicable, the "Company" or "you") has engaged J.P. Morgan Securities Inc. ("J.P. Morgan"), Barclays Capital, the investment banking division of Barclays Bank PLC ("Barclays") and Citigroup Global Markets Inc. ("Citigroup"; J.P. Morgan, Barclays and Citigroup are sometimes hereinafter referred to individually as an "Engagement Party" and collectively as the "Engagement Parties") in connection with obtaining a new term loan facility (the "Term Loan Facility"). It is intended that the Term Loan Facility may constitute all or a portion of the Term Loan Exit Financing Facility (as that term is defined in the U.S. Plan referred to below).

We understand that the Company and certain of its subsidiaries and its affiliates (together with the Company, the "U.S. Debtors") have filed the Debtors' First Amended Joint Plan of Reorganization under Chapter 11 of the U.S. Bankruptcy Code, dated May 24, 2010 (as the same may be amended, supplemented or modified from time to time in accordance with the terms therein, the "U.S. Plan"), in the Chapter 11 cases of the U.S. Debtors (the "Chapter 11 Cases") pending in the United States Bankruptcy Court for the District of Delaware (the "U.S. Bankruptcy Court").

We also understand that the Monitor (as defined in the CCAA Plan referred to below) for the CCAA Debtors (as defined in the CCAA Plan) has filed a report dated May 4, 2010, attaching the Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36 (as amended, the "CCAA") and Section 191 of the *Canada Business Corporations Act*, and [has filed] a further report attaching an amended version thereof on or about May 24, 2010 (as the Plan of Reorganization and Compromise may be amended, supplemented or modified from time to time in accordance with the terms therein and herein, the "CCAA Plan" and, together with the U.S. Plan, the "Plans") in the CCAA cases (the "CCAA Cases") pending before the Quebec Superior Court of Justice, Commercial Division, for the Judicial District of Montreal, Canada (the "Canadian Court" and, together with the U.S. Bankruptcy Court, the "Courts").

You hereby engage the Engagement Parties to use their best efforts to arrange a syndicate of financial institutions and to act as the joint lead arrangers and joint bookrunners for the Term Loan Facility (in such capacities, the "Lead Arrangers"), and you shall offer of JPMor-

gan Chase Bank, N.A. (or, at J.P. Morgan's sole discretion, one of its other affiliates) the right to act as the administrative agent in respect of the Term Loan Facility. You agree that no other agents, co-agents or arrangers will be appointed, no other titles will be awarded and no compensation will be paid in connection with the Term Loan Facility unless you and we shall so agree (except that you may appoint additional financial institutions reasonably acceptable to the Lead Arrangers to receive documentation agent titles and an aggregate of up to 10% of the aggregate Arrangement Fee (as defined in Confidential Schedule A) payable by you as set forth on Confidential Schedule A (or, if we consent in our discretion, 20% of such aggregate Arrangement Fee)); provided, that, J.P. Morgan will have "left" placement in all marketing materials and transaction documents, and that Barclays shall be directly to the right of J.P. Morgan on such documentation, and that Citigroup shall be directly to the right of Barclays on such documentation.

We intend to syndicate the Term Loan Facility to a group of lenders (the "Lenders"). We intend to commence syndication efforts promptly after you and we shall agree, and you agree actively to assist us in completing a syndication reasonably satisfactory to us. Such assistance shall include (a) your using commercially reasonable efforts to ensure that the syndication efforts benefit materially from the existing banking relationships of the Company, (b) direct contact between senior management and advisors of the Company and the proposed Lenders, (c) as set forth in the next paragraph, assistance from the Company in the preparation of materials to be used in connection with the syndication (such materials, the "Information Materials") and (d) the hosting, with us and senior management of the Company, of one or more meetings of prospective Lenders.

You will assist us in preparing Information Materials, including Confidential Information Memoranda, for distribution to prospective Lenders. You also will assist us in preparing an additional version of the Information Materials (the "Public-Side Version") to be used by prospective Lenders' public-side employees and representatives ("Public-Siders") who do not wish to receive material non-public information (within the meaning of United States federal securities laws) with respect to the Company, its affiliates and any of their respective securities ("MNPI") and who may be engaged in investment and other market related activities with respect to any such entity's securities or loans. Before distribution of any Information Materials, you agree to execute and deliver to us (i) a letter in which you authorize distribution of the Information Materials to a prospective Lender's employees willing to receive MNPI ("Private-Siders") and (ii) a separate letter in which you authorize distribution of the Public-Side Version to Public-Siders and represent that no MNPI is contained therein.

The Company agrees that the following documents may be distributed to both Private-Siders and Public-Siders, unless the Company advises the Lead Arrangers in writing (including by email) within a reasonable time prior to their intended distribution that such materials should only be distributed to Private-Siders: (a) administrative materials prepared by the Agent for prospective Lenders (such as a lender meeting invitation, lender allocation, if any, and funding and closing memoranda), (b) notification of changes in the terms of the Term Loan Facility and (c) other materials intended for prospective Lenders who are Public-Siders after the initial distribution of Information Materials. If you advise us that any of the foregoing should be distributed only to Private-Siders, then Public-Siders will not receive such materials without further discussions with you.

The Company hereby authorizes the Engagement Parties to distribute drafts and final versions of definitive documentation with respect to the Term Loan Facility to Private-Siders and Public-Siders.

J.P. Morgan, in its capacity as Lead Arranger, will manage, in consultation with you, all aspects of the syndication, including decisions as to the selection of institutions to be approached and when they will be approached, when their commitments will be accepted, which institutions will participate, the allocation of the commitments among the Lenders and the amount and distribution of fees among the Lenders. In their capacities as Lead Arrangers, the Engagement Parties will have no responsibility other than to arrange the syndication as set forth herein and in no event shall be subject to any fiduciary or other implied duties. Additionally, the Company acknowledges and agrees that the Lead Arrangers are not advising the Company as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction.

To assist us in our syndication efforts, you agree promptly to prepare and provide to us all information with respect to the Company and its subsidiaries and the transactions contemplated hereby, including all financial information and projections (the "Projections"), as we may reasonably request in connection with the arrangement and syndication of the Term Loan Facility. You hereby represent and covenant that (a) all information other than the Projections (the "Information") that has been or will be made available to us by you or any of your representatives is or will be, taken as a whole, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (b) the Projections that have been or will be made available to us by you or any of your representatives have been or will be prepared in good faith based upon assumptions believed by the Company to be reasonable at the time the Projections were prepared; provided, however, that the Projections do not reflect the application of "fresh start" accounting principles for the Company and its Subsidiaries. You understand that in arranging and syndicating the Term Loan Facility we may use and rely on the Information and Projections without independent verification thereof. If, at any time from the date hereof until the termination of this Engagement Letter, any of the representations and warranties in this paragraph would not be accurate and complete in any material respect if the Information or Projections were being furnished, and such representations and warranties were being made, at such time, then you agree to promptly supplement the Information and/or Projections from time to time so that the representations and warranties contained in this paragraph remain accurate and complete in all material respects under those circumstances. Your obligations under this paragraph shall terminate upon the closing of the initial syndication (as determined by the Lead Arrangers) of the Term Loan Facility.

In payment for services to be rendered by each Engagement Party, you agree to pay to each Engagement Party, in the event any amount is borrowed or funded under the Term Loan Facility, the fees set forth and in accordance with Confidential Schedule A.

You agree (a) to indemnify and hold harmless the Engagement Parties, their affiliates and their respective directors, officers, employees, advisors, and agents (each, an "Indemnified person") from and against any and all losses, claims, damages and liabilities to which any such Indemnified person may become subject arising out of or in connection with this Letter agreement, the Term Loan Facility, the use of the proceeds thereof or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified person is a party thereto, and to reimburse each Indemnified person upon demand for any reasonable and documented legal or other expenses incurred in connection with investigating or defending any of the foregoing, provided that the foregoing indemnity will not, as to any Indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to have arisen from the willful misconduct or gross negligence of such Indemnified person, and

(b) to reimburse the Engagement Parties and their affiliates on demand for all reasonable and documented out-of-pocket expenses (including due diligence expenses, syndication expenses, travel expenses, and reasonable fees, charges and disbursements of New York legal counsel and one firm of Delaware legal counsel and one firm of Canadian legal counsel (which, in the case of such Delaware counsel and Canadian counsel, shall be the same counsel as are employed by the arrangers for the Company's proposed asset-backed lending facilities unless, in the reasonable opinion of any Engagement Party, representation of all Engagement Parties (and, where applicable, the arrangers for the Company's proposed asset-backed lending facilities) by one such Delaware or Canadian counsel would be inappropriate due to the existence of an actual or potential conflict of interest)) incurred in connection with the Term Loan Facility and any related documentation (including this letter agreement and the definitive financing documentation) or the administration, amendment, modification or waiver thereof. You acknowledge that information and documents relating to the Term Loan Facility may be transmitted through Intralinks or another similar secured electronic platform, and notwithstanding anything herein to the contrary, no indemnified person shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems except to the extent any such damages are found by a final, non-appealable judgment of a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such indemnified person or such indemnified person's affiliates, directors, employees, advisors or agents. In addition, no party hereto shall be liable to any other party hereto for any special, indirect, consequential or punitive damages in connection with the Senior Facilities and any related documentation (including this Letter agreement and the definitive financing documentation), even if advised of the possibility thereof; provided that nothing in this sentence is intended to relieve the Company of any obligation it may otherwise have to indemnify any indemnified person against any special, indirect, consequential or punitive damages asserted against such indemnified person by a third party.

The Company acknowledges and agrees that each Engagement Party has been engaged solely as an independent contractor to provide the services set forth herein. In rendering such services each Engagement Party will be acting solely pursuant to a contractual relationship on an arm's length basis with respect to the Term Loan Facility (including in connection with determining the terms of the Term Loan Facility) and not as a financial advisor or a fiduciary to the Company or any other person. Additionally, the Company acknowledges that each Engagement Party is not advising it or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and no Engagement Party shall have any responsibility or liability to the Company with respect thereto. The Company further acknowledges and agrees that any review by any Engagement Party of the Company, the Term Loan Facility, the terms of the Term Loan Facility and other matters relating thereto will be performed solely for the benefit of the Engagement Parties and shall not be on behalf of the Company or any other person. Finally, the Company agrees that each Engagement Party may perform the services contemplated hereby in conjunction with any of its affiliates, and that any such affiliates performing services hereunder shall be entitled to the benefits and be subject to the terms of this letter agreement and each Engagement Party shall remain liable for any services performed by its affiliates (and any acts or omissions of such affiliate in connection therewith) other than as required in connection with the Chapter 11 Cases and the CCAA Cases (provided that prior to any such quotation or reference, the Company shall, to the extent permitted by law, provide prior written notice a reasonable time in advance to the applicable Engagement Parties).

Following the closing of the Term Loan Facility, the Engagement Parties shall have the right to place advertisements in financial and other newspapers and journals at their own expense describing their services to the Company hereunder. The Engagement Parties may not, without their prior consent a reasonable time in advance, be quoted or referred to in any document, release or communication prepared, issued or transmitted by the Company (including any entity controlled by, or under common control with the Company or any director, officer, employee or agent thereof).

Furthermore, the Company acknowledges that the Engagement Parties and their affiliates may have fiduciary or other relationships whereby such Engagement Party and any such affiliate may exercise voting power over securities and loans of various persons, which securities and loans may from time to time include securities and loans of the Company, potential Lenders or others with interests in respect of the Term Loan Facility. The Company acknowledges that the Engagement Parties and their affiliates may exercise such powers and otherwise perform their functions in connection with such fiduciary or other relationships without regard to any Engagement Party's relationship to the Company hereunder.

You acknowledge that the Engagement Parties and their affiliates (the term "Engagement Parties" as used below in this paragraph being understood to include such affiliates) may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transactions described herein and otherwise. The Engagement Parties will not use confidential information obtained from you by virtue of the transactions contemplated hereby or their other relationships with you in connection with the performance by any Engagement Party of services for other companies, and the Engagement Parties will not furnish any such information to other companies. You also acknowledge that the Engagement Parties have no obligation to use in connection with the transactions contemplated hereby, or to furnish to you, confidential information obtained from other companies. You further acknowledge that each Engagement Party is a full service securities firm and any Engagement Party may from time to time effect transactions, for its own or its affiliates' account or the account of customers, and hold positions in loans, securities or options on loans or securities of the Company and its affiliates and of other companies that may be the subject of the transactions contemplated by this Letter agreement.

The Company agrees to cooperate with the Engagement Parties and provide information reasonably required by the Engagement Parties in connection with the syndication of the Term Loan Facility and any other similar financing contemplated by this letter agreement.

The Company recognizes that, in providing our services pursuant to this letter agreement, the Engagement Parties will rely upon and assume the accuracy and completeness of all of the financial, accounting, tax and other information discussed with or reviewed by the Engagement Parties for such purposes, and the Engagement Parties do not assume responsibility for the accuracy or completeness thereof. The Engagement Parties will have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities of the Company or any other party or to advise or opine on any related solvency issues.

This Letter agreement does not constitute a commitment by any Engagement Party or any of their affiliates to provide any portion of the Term Loan Facility and the commitments, if any, of any Engagement Party and any of their affiliates to provide any portion of the Term Loan Facility shall only be as set forth in the definitive documentation for the Term Loan Facility.

This letter agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. This letter agreement may not be amended or modified except by a writing executed by each of the parties hereto. Section headings herein are for convenience only and are not a part of this letter agreement. This letter agreement is solely for the benefit of the Company and the Engagement Parties, and no other person (except for indemnified persons to the extent set forth above) shall acquire or have any rights under or by virtue of this letter agreement. This letter agreement may not be assigned by the Company without the prior written consent of each Engagement Party or by an Engagement Party without the Company's prior written consent. For avoidance of doubt, the rights and obligations of each Engagement Party hereunder are several, not joint.

This letter agreement, including Confidential Schedule A, shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws principles thereof, and applicable Canadian and United States bankruptcy law. Each of the parties hereto irrevocably agrees to waive trial by jury in any action, proceeding, claim or counterclaim brought by or on behalf of either party related to or arising out of this letter agreement or the performance of services hereunder. Each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of the U.S. Bankruptcy Court (or, if the U.S. Bankruptcy Court does not have or abstains from jurisdiction, any state or federal court sitting in the City of New York, Borough of Manhattan) with respect to any suit, action or proceeding arising out of or relating to this letter agreement and waives any objection to the laying of venue of any such suit, action or proceeding brought in any such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The Company hereby agrees that service of any process, summons, notice or document by hand delivery or registered mail to it at its address above or to its registered office in Delaware (as set forth in the Company's certificate of incorporation) shall be effective service of process for any suit, action or proceeding brought in any such court. A final judgment in any such suit, action or proceeding brought in any such court may be enforced in any other courts to whose jurisdiction the Company is or may be subject, by suit upon judgment. The Company further agrees that nothing herein shall affect any Engagement Parties' right to effect service of process in any other manner permitted by law or bring a suit action or proceeding (including a proceeding for enforcement of a judgment) in any other court or jurisdiction in accordance with applicable law.

This letter agreement, including the amounts of fees set forth herein and in Confidential Schedule A, and any final arrangements, proposals or advice rendered by the Engagement Parties pursuant to this letter agreement may not be disclosed in any manner without the Engagement Parties' prior written approval and shall be treated as confidential, *provided* that nothing herein shall prevent you from disclosing such information (a) upon the order of any court or administrative agency, (b) upon demand of any regulatory agency or authority, (c) to the Company's affiliates and their respective officers, directors, employees, advisors, agents and representatives on a confidential and "need-to-know" basis in connection with the transactions contemplated by this letter agreement or (d) as required by applicable law, including the Bankruptcy Code or the CCCA. Notwithstanding the foregoing, you shall be permitted to file a copy of the Arrangement Fee Letter with the Courts; *provided* that Confidential Schedule A hereto shall be filed under seal and may be provided on a professionals-only basis to the professionals retained by the Creditors Committee (as defined in the Plan) and professionals retained by the Ad Hoc Unsecured Noteholders Committee (as defined in the CCAA Plan), subject to confidentiality agreements reasonably satisfactory to the Engagement Parties and to the Office of the United States Trustee, the Monitor and such other parties in interest as may be necessary to obtain the required approvals of the Courts of the Term Loan Facility and the agreements and

obligations related thereto; provided that any copies of Confidential Schedule A hereto may only be furnished pursuant to and in compliance with the terms of a seal order that is anticipated to be entered by each of the courts pursuant to a motion filed by the Company. The provisions contained in this paragraph shall remain in full force and effect notwithstanding termination of this letter agreement.

The Engagement Parties' engagement hereunder may be terminated by any Engagement Party (as to itself) at any time upon 10 days' prior written notice to the Company. This letter agreement may be terminated by the Company (as to one or more Engagement Parties) at any time upon 10 days' prior written notice to any Engagement Party, except that termination of one Engagement Party shall not constitute a termination of any other Engagement Party, and shall automatically terminate upon the Company entering into the Term Loan Facility where the Engagement Parties serve in the roles contemplated hereby. This paragraph and the provisions of this letter agreement relating to the payment of fees and expenses, indemnification, the immediately preceding paragraph hereof, references to the Engagement Parties and governing law and submission to jurisdiction will survive any termination or expiration of this letter agreement. The Company agrees that if, at any time prior to "substantial consummation" (as such term is defined in Section 1101(2) of the Bankruptcy Code) of the Plans in the event that this letter agreement with respect to any Engagement Party is terminated by the Company (except as a result of a material breach by such Engagement Party of its obligations under this letter agreement), the Company or any of its affiliates shall enter into any Term Loan Facility prior to the earlier of (i) "substantial consummation" of the Plans and (ii) December 31, 2010, the Company shall pay to such terminated Engagement Party a cash fee equal to the amount that would have been payable to such Engagement Party pursuant to Confidential Schedule A had the engagement of such Engagement Party not been terminated.

We hereby notify you that pursuant to the requirements of the U.S.A. Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Patriot Act"), we are and each other Lender is required to obtain, verify and record information that identifies the Company, which information includes the name, address, tax identification number and other information regarding the Company that will allow us or such Lender to identify the Company in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective as to us and each Lender.

Notwithstanding anything to the contrary in this letter agreement, any obligations of the Company under this letter agreement shall have no force and effect unless and until the U.S. Bankruptcy Court and either or both of the Monitor and the Canadian Court have approved the entry into this letter agreement. In addition, the Company agrees that, as a condition to the Engagement Parties' services hereunder, the Courts shall have approved the Engagement Parties' compensation as set forth herein and payments made pursuant to the expense reimbursements and indemnification provisions of this letter agreement shall be allowed in full as administrative expenses under Bankruptcy Code Sections 503(b)(1), 364(b) and 507(a)(2) (and analogous provisions of the CCAA) against the Company and its debtor affiliates, without the need to file any motion (other than any motion as may be necessary to obtain the approvals of this letter agreement), application or proof of claim, and shall be immediately payable without further notice or order of either of the Courts. The Company understands that marketing and syndication efforts in respect of the Term Loan Facility will not commence until such approval has been granted, and the Company agrees to endeavor to obtain such approval and orders as soon as practicable. Notwithstanding the foregoing, marketing and syndication efforts in respect of the Term Loan Facility may commence before such approval has been granted at the sole discretion of the Engagement Parties; provided that the Engagement

Parties shall have the right to suspend marketing and syndication efforts at any time before such approval has been obtained. The Engagement Parties shall not commence a syndication of the Term Loan Facility until directed to do so by the Company.

This letter agreement may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument. Such counterparts may be delivered by facsimile or ".pdf" file and shall have the same effect as the original.

If the foregoing correctly sets forth our understanding, please so indicate by executing this letter, together with the enclosed duplicate originals, in the places indicated and returning two of these originals for our files. We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

J.P. MORGAN SECURITIES INC.

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By: _____
Name:
Title

CITIGROUP GLOBAL MARKETS INC.

By: Th. M.
Name: Thomas M. Halsch
Title Director

BARCLAYS BANK PLC

By: _____
Name:
Title

[Signature Page to Term Loan Engagement Letter]

If the foregoing correctly sets forth our understanding, please so indicate by executing this letter, together with the enclosed duplicate originals, in the place indicated and returning two of these originals for our files. We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

J.P. MORGAN SECURITIES INC.

By: _____
Name:
Title:

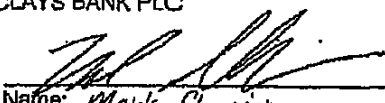
JPMORGAN CHASE BANK, N.A.

By: _____
Name:
Title:

CITIGROUP GLOBAL MARKETS INC.

By: _____
Name:
Title:

BARCLAYS BANK PLC

By: 
Name: Mark Shapiro
Title: Managing Director

Accepted and agreed to as of
the date first written above.

ABITIBIBOWATER, INC.

By: William G. Harvey
Name: WILLIAM G. HARVEY
Title: EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

[Signature Page to Term Loan Engagement Letter]



Court File No. 500-11-036133-094

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)

AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE

OF

ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION
CIRCULAR DATED AUGUST 2, 2010

PLAN SUPPLEMENT 6.8(a)

TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010

UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA),

SECTION 191 OF THE CANADA BUSINESS CORPORATIONS ACT,

AND SUCH OTHER SECTIONS AND LEGISLATION TO BE SET FORTH IN THE
RESTRUCTURING TRANSACTIONS NOTICE TO BE DATED SEPTEMBER 3, 2010

September 3, 2010

NOTICE OF FILING OF CCAA PLAN SUPPLEMENT 6.8(a)

PLEASE TAKE NOTICE that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA, Section 191 of the CBCA and such other legislation to be set forth in the Restructuring Transactions Notice (the "CCAA Plan") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act* and such other legislation to be set forth in the Restructuring Transactions Notice involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "Circular"), this CCAA Plan Supplement (the "CCAA Plan Supplement 6.8(a)") is to be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date with notice of such posting to be provided to the Service List (as such CCAA Plan Supplement 6.8(a) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this CCAA Plan Supplement 6.8(a) shall have the meanings ascribed to them in the Circular.

PLEASE TAKE FURTHER NOTICE that this CCAA Plan Supplement 6.8(a) supplements Section 6.8(a) of the CCAA Plan with a summary of the 2010 Equity Incentive Plan of Reorganized ABH and the complete version of the 2010 Equity Incentive Plan, respectively attached hereto as Exhibit I and Exhibit II.

PLEASE TAKE FURTHER NOTICE that you are advised and encouraged to read this CCAA Plan Supplement 6.8(a) and its Exhibits I and II in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

PLEASE TAKE FURTHER NOTICE that a true and complete copy of the CCAA Plan Supplement 6.8(a) is attached hereto.

PLEASE TAKE FURTHER NOTICE that copies of the CCAA Plan Supplement 6.8(a) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

EXHIBIT I

SUMMARY OF 2010 EQUITY INCENTIVE PLAN

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LTIP Summary of Material Terms

Reorganized ABH 2010 Equity Incentive Plan

The following description of the Reorganized ABH 2010 Equity Incentive Plan (the "LTIP") is only a summary of the material provisions thereof and is qualified in its entirety by reference to its full text, a copy of which can be found at Exhibit II to this CCAA Plan Supplement 6.8(a), and should be read in conjunction with the following summary. Terms not otherwise defined in this CCAA Plan Supplement 6.8(a) or this summary have the meaning ascribed to them in the LTIP.

Purpose – The LTIP has been established to (i) attract and retain persons eligible to participate in the LTIP, including directors, officers, employees, consultants and advisors of the Company, its affiliates and its subsidiaries; (ii) motivate participants, by means of appropriate incentives, to achieve long-range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) further align participant interests with those of the Company's other stockholders through compensation that is based on the Company's common stock; and thereby promote the long-term financial interest of the Company including the growth in value of the Company's equity and enhancement of long-term stockholder return.

Effective Date – The effective date of the LTIP (the "Effective Date") will be the later of (i) the effective date of the Second Amended Joint Plan of Reorganization of AbitibiBowater Inc. and its Affiliated Debtors, dated August 2, 2010, as confirmed by the United States Bankruptcy Court for the District of Delaware and (ii) the date the sanction order by the Québec Superior Court of Justice shall have been made and entered and the operation and effect of such order will not have been stayed, reversed or amended, which sanction order will sanction the plan of reorganization and compromise jointly filed by certain direct and indirect subsidiaries of AbitibiBowater Inc. pursuant to the provisions of the *Companies' Creditors Arrangement Act* (Canada), as such order may be amended, or supplemented from time to time. The LTIP will continue in effect until terminated by the Board; provided, however, that no awards may be granted under the LTIP after the ten-year anniversary of the Effective Date. However, any awards that are outstanding after the termination of the LTIP shall remain subject to the terms of the LTIP.

Types of Awards – The LTIP provides for the grant of nonqualified and incentive stock options ("ISOs"), stock appreciation rights ("SARs"), full value awards (including, but not limited to, restricted stock, restricted stock units ("RSUs") and deferred stock units) and cash incentive awards.

Administration – The LTIP is administered by the Human Resources and Compensation/Nonuniting and Governance Committee of the Board (the "Committee"). The Committee selects from the eligible individuals those persons to whom awards under the LTIP will be granted, the types of awards to be granted and the applicable terms, conditions, performance criteria, restrictions and other provisions of such awards. The Committee also has the authority to modify or waive, including after the date of grant, the vesting, exercisability or other terms of an award or otherwise amend, cancel or suspend awards. The Committee may delegate all or any portion of its responsibilities or powers under the LTIP to one or more officers of the Company or any of its affiliates, except for grants of awards to persons (i) subject to Section 16 of the Securities Exchange Act of 1934, as amended, and any successor thereto, or (ii) who are, or who are reasonably expected to be, "covered employees" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. If the Committee ceases to exist, or for any other reason determined by the Board and to the extent not prohibited by applicable law or the applicable rules of any stock exchange, the Board may take any action under the LTIP that

would otherwise be the responsibility of the Committee. The Committee has the authority and discretion to interpret, administer, reconcile any inconsistency in and correct any defect in the LTIP and any instrument or agreement related to an award granted under the LTIP.

Share Pool – The maximum number of shares that may be delivered to participants and their beneficiaries under the LTIP is [9,020,962]¹ shares of New ABH Common Stock (the "Share Limit"). Shares covered by an award that are not delivered on an unrestricted basis (because the award is forfeited or canceled) and shares issued in connection with the substitution for or assumption of awards previously granted by an entity that is acquired by the Company shall not count toward the Share Limit. Any shares tendered by a participant or withheld by the Company (i) in connection with the payment of an exercise price, (ii) to satisfy any tax withholding obligation in connection with an award or (iii) subject to a SAR that are not issued in connection with the stock settlement of the SAR on exercise thereof will also not be counted towards the Share Limit.

The following additional limits apply to awards under the LTIP: (i) no more than [9,020,962] shares of New ABH Common Stock for incentive stock options may be delivered to participants and their beneficiaries under the LTIP; (ii) the maximum number of shares of New ABH Common Stock that may be covered by options and SARs granted to any one participant in any one calendar year may not exceed 300,000 shares; (iii) the maximum number of shares of stock that may be issued in conjunction with awards during any one–calendar–year period relating to full value awards and cash incentive awards, (but only to the extent they are settled in stock) shall be 200,000 shares of Common Stock; (iv) the maximum number of shares of stock that may be issued in conjunction with awards granted relating to full value awards and cash incentive awards (but only to the extent they are settled in stock) over the life of the LTIP shall be 3,000,000 shares of New ABH Common Stock; (v) the maximum number of shares that may be delivered pursuant to full value awards intended to be performance–based compensation (as described below) granted to any one participant during any one calendar–year period, regardless of whether settlement of the award is to occur prior to, at the time of, or after the time of vesting, may not exceed 200,000 shares; (vi) the aggregate number of share of New ABH Common Stock that is issued to insiders of the Company, within any one year period, and issuable to insiders of the Company, at any time, under the Plan, or when combined with all of the Company's other security-based compensation arrangements, shall not exceed 10% of the Company's total issued and outstanding New ABH Common Stock, respectively; and (vii) the maximum amount of cash incentive awards intended to be performance–based compensation payable to any one participant with respect to any performance period shall equal \$200,000 multiplied by the number of calendar months included in that performance period (\$2,400,000 for a 12–month performance period).

The shares of Common Stock with respect to which awards may be made under the LTIP shall be shares currently authorized but unissued or, to the extent permitted by applicable law, currently held or acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions. At the discretion of the Committee, an award under the LTIP may be settled in cash rather than New ABH Common Stock.

¹ Representing the number of shares equal to 8.5% of New ABH Common Stock outstanding at emergence on a fully-diluted basis.

Eligibility – All employees and directors of the Company or its subsidiaries, as well as consultants and other persons providing services to the Company or its subsidiaries, are eligible to become participants in the LTIP, except that non-employees may not be granted incentive stock options. The specific employees who initially will be granted awards under the LTIP and the type and amount of any such awards will be determined by the Committee in its sole discretion.

General – The Committee may use shares of New ABH Common Stock available under the LTIP as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or a subsidiary, including the plans and arrangements of the Company or a subsidiary assumed in business combinations.

In the event of a corporate transaction involving the Company (including, without limitation, any dividend or distribution to its stockholders (whether in the form of cash, shares of stock, other securities or property), stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, sale of assets or subsidiaries, combination or exchange of shares, issuance of warrants or other rights to acquire stock or other securities of the Company, other similar corporate transaction or event that affects the shares of stock, unusual or non-recurring event affecting the Company, any affiliate of the Company or the financial statements of the Company or any of its affiliates, or change in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law), the Committee will equitably or proportionately adjust awards to (i) preserve the benefits or potential benefits of the awards and (ii) prevent undue dilution or enlargement of the intended benefits or potential benefits of the awards. Action by the Committee may include: (i) adjustment of the number and kind of shares which may be delivered under the LTIP; (ii) adjustment of the number and kind of shares subject to outstanding awards; (iii) adjustment of the exercise price of outstanding options and SARs; (iv) adjustment of any applicable performance measures; and (v) any other adjustments that the Committee determines to be equitable, which may include, without limitation, (I) replacement of awards with other awards which the Committee determines have comparable value and which are based on stock of a company resulting from the transaction, (II) providing for a substitution or assumption of awards, accelerating the exercisability of, lapse of restrictions on, or termination of, awards or providing for a period of time for exercise prior to the occurrence of such event; and (III) cancelling any one or more outstanding awards and causing to be paid to the holders thereof, in cash, shares of stock, other securities or other property, or any combination thereof, the value of such awards, if any, as determined by the Committee (which, if applicable, may be based upon the price per share of stock received or to be received by other stockholders of the Company in such event), including without limitation, in the case of an outstanding option or SAR, a cash payment in an amount equal to the excess, if any, of the fair market value (as of a date specified by the Committee) of the shares of stock subject to such option or SAR over the aggregate exercise price of such option or SAR, respectively (it being understood that, in such event, any option or SAR having a per share exercise price equal to, or in excess of, the fair market value of a share of stock subject thereto may be canceled and terminated without any payment or consideration therefor).

Except as otherwise provided by the Committee, awards under the LTIP are not transferable except as designated by the participant by will or by the laws of descent and distribution.

Options – The Committee may grant an incentive stock option or nonqualified stock option to purchase the New ABH Common Stock at an exercise price determined under the option. All options granted under the LTIP shall be "nonqualified" unless the applicable award agreement

expressly states that the option is intended to be an "incentive stock option". The exercise price for an option shall not be less than the fair market value (as defined under the LTIP) of the New ABH Common Stock at the time the option is granted except that the Committee may grant options with an exercise price less than fair market value of the New ABH Common Stock at the time of grant in replacement for awards under other plans assumed in connection with business combinations if the Committee determines that doing so is appropriate to preserve the benefit of the awards being replaced.

The full exercise price for shares of stock purchased upon the exercise of any option shall be paid at the time of such exercise. Subject to applicable law, the exercise price shall be payable in cash, check, cash equivalent or by tendering, by either actual delivery of shares or by attestation, shares of stock acceptable to the Committee, and valued at fair market value as of the day of exercise, or in any combination thereof, as determined by the Committee. The Committee may permit a participant to elect to pay the exercise price upon (i) the exercise of an option by irrevocably authorizing a third party to sell shares of stock (or a sufficient portion of the shares) acquired upon exercise of the option and remit to the Company a sufficient portion of the sale proceeds to pay the entire exercise price and any tax withholding resulting from such exercise, (ii) upon a "net exercise" procedure approved by the Committee or (iii) such other method which is approved by the Committee. Notwithstanding the foregoing, if on the last day of the option period, the fair market value exceeds the exercise price, the participant has not exercised the option, and the option has not expired, such option shall be deemed to have been exercised by the participant on such last day by means of a net exercise and the Company shall deliver to the participant the number of shares of stock for which the option was deemed exercised less such number of shares of stock required to be withheld to cover the payment of the exercise price and all applicable required withholding taxes.

SARs – A SAR entitles the participant to receive the amount (in cash or stock) by which the fair market value of a specified number of shares on the exercise date exceeds an exercise price established by the Committee. The exercise price for an SAR shall not be less than the fair market value of the Common Stock at the time the SAR is granted or, if less, the exercise price of the tandem option. The Committee may grant an SAR independent of any option grant and may grant an option and SAR in tandem with each other, and SARs and options granted in tandem may be granted on different dates but may have the same exercise price.

Vesting and Exercisability of Options and SARs – Unless otherwise provided by the Committee in an award agreement, each option and SAR shall vest and become exercisable with respect to 25% of the shares of stock subject to such option or SAR on each of the first four anniversaries of the date of grant, subject to continued employment or service through each such vesting date. Both the unvested and the vested portion of an option and SAR shall expire upon the termination of employment or service by the Company for cause. Upon retirement, each option and SAR shall vest pro rata based on the number of full months of service elapsed, including any applicable severance period, and the vested options and SARs shall remain exercisable during the one-year period immediately following such retirement (upon death after retirement, any then vested options and SARs remain exercisable for two years following death). Upon involuntary termination of employment or service with retirement eligibility at termination or immediately following any applicable severance period, each option and SAR shall vest pro rata based on the number of full months of service elapsed, including any applicable severance period, and the vested options and SARs shall remain exercisable during the one-year period immediately following such termination (upon death after such termination, any then vested options and SARs remain exercisable for two years following death). Upon involuntary termination of employment or service prior to retirement eligibility, each Option and SAR shall vest pro rata based on the

number of full months of service elapsed, including any applicable severance period, and the vested the Options and SARs shall remain exercisable for 1 year (upon death after such termination, any then vested options/SARs remain exercisable for two years following death). Upon death while employed, each Option and SAR shall become vested with respect to the next tranche of shares of New ABH Common Stock scheduled to vest, and the vested Options and SARs shall remain exercisable remain exercisable for 2 years. Any then vested options and SARs remain exercisable for 90 days following termination of employment or service due to resignation (upon death after such resignation, any then vested options and SARs remain exercisable for one year following death). Each option and SAR shall continue vesting during any applicable short-term disability period, and upon becoming eligible for long-term disability benefits, each option and SAR shall become vested with respect to the next tranche of shares of New ABH Common Stock scheduled to vest (including short-term disability period) and the vested Options and SARs shall remain exercisable for two years thereafter. Notwithstanding any vesting dates set by the Committee, the Committee may, in its sole discretion, accelerate the exercisability of any option and/or SAR, which acceleration shall not affect the terms and conditions of such option and/or SAR other than with respect to exercisability. In no event shall any option or SAR remain outstanding past its originally scheduled expiration date (and such originally scheduled expiration date shall not exceed ten years from the date of grant).

Full Value Awards – The following types of "full value awards" may be granted, as determined by the Committee:

- The Committee may grant the right to receive one or more shares of stock, or the cash value of such shares, in the future (including, without limitation, unrestricted stock, restricted stock or RSUs, performance stock or performance stock units and deferred stock or deferred stock units).
- The Committee may grant shares of Common Stock that may be in return for previously performed services or in return for the participant surrendering other compensation that may be due.
- The Committee may grant shares of Common Stock that are contingent on the achievement of performance or other objectives during a specified period.
- The Committee may grant shares of stock subject to a risk of forfeiture or other restrictions that lapse upon the achievement of one or more goals relating to completion of service by the participant, or the achievement of performance or other objectives, or any combination of any of the foregoing.

Any such awards shall be subject to such other conditions, restrictions and contingencies as the Committee determines. Unless otherwise provided by the Committee in an award agreement: (i) all vested and unvested Full Value Awards shall terminate upon termination of employment or service by the Company for cause or upon the participant's resignation; (ii) upon retirement (in accordance with Company policy), Full Value Awards shall vest pro rata based on the number of full months of service elapsed, including any applicable severance period (no further vesting after subsequent death); (iii) upon involuntary termination of employment or service with retirement eligibility at termination or immediately following any applicable severance period, Full Value Awards shall vest pro rata based on the number of full months of service elapsed, including any applicable severance period (no further vesting after subsequent death); (iv) upon involuntary termination of employment or service prior to retirement eligibility, Full Value Awards shall vest pro rata based on the number of full months of service elapsed, including any applicable severance period (no further vesting after subsequent death); (v) upon death while employed, Full Value Awards shall become vested with respect to the next tranche of shares of New ABH Common Stock scheduled to vest; and (vi) Full Value Awards continue vesting on their regular

schedule during short-term disability period (but cease vesting upon becoming eligible to receive long-term disability benefits and shall become vested with respect to the next tranche of shares of New ABH Common Stock scheduled to vest, including any short-term disability period).

Cash Incentive Awards – The Committee may grant cash incentive awards (including the right to receive payment of stock having the value equivalent to the cash otherwise payable) that may be contingent on achievement of a participant's performance objectives over a specified period established by the Committee. The grant of cash incentive awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee.

Performance-Based Compensation – It is expected that, generally, options and SARs granted under the LTIP will satisfy the requirements for "performance-based compensation" under Section 162(m) of the Internal Revenue Code of 1986, as amended. The Committee may designate whether any awards being granted to any participant are intended to be "performance-based compensation" as that term is used in Section 162(m) of the Internal Revenue Code of 1986, as amended. Any such awards designated as intended to be "performance-based compensation" shall be conditioned on the achievement of one or more performance measures, to the extent required by Section 162(m) of the Internal Revenue Code of 1986, as amended. The Committee may select as a basis for granting such awards any one or more of the following performance measures established by the Company or a subsidiary, operating unit or division of the Company:

- net earnings or net income (before or after taxes);
- basic or diluted earnings per share (before or after taxes);
- net revenue or net revenue growth;
- gross revenue or gross revenue growth, gross profit or gross profit growth;
- net operating profit (before or after taxes);
- return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity or sales);
- cash flow measures (including, but not limited to, operating cash flow, free cash flow and cash flow return on capital), which may but are not required to be measured on a per-share basis;
- earnings before or after taxes, interest, depreciation, and amortization (including EBIT and EBITDA);
- gross or net operating margins;
- productivity ratios;
- share price (including, but not limited to, growth measures and total stockholder return);
- expense targets or cost reduction goals, general and administrative expense savings;
- operating efficiency;
- objective measures of customer satisfaction;
- working capital targets;
- measures of economic value added or other "value creation" metrics;
- inventory control;
- enterprise value;
- sales;
- stockholder return;
- client retention;
- competitive market metrics;
- employee retention;
- timely completion of new product rollouts;

- timely launch of new facilities;
- objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets);
- system-wide revenues;
- market share;
- cost of capital, debt leverage year-end cash position or book value;
- strategic objectives, development of new product lines and related revenue, sales and margin targets or international operations; or
- any combination of the foregoing.

Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, stockholders' equity and/or shares outstanding, investments or to assets or net assets. The Committee shall have sole discretion to select the length of any performance period (which shall not be less than one year, except in the case of newly hired or newly promoted employees), the type(s) of performance-based compensation to be issued, the performance measure that will be used to establish the performance goal(s), the kind(s) and/or level(s) of the performance goals(s) that is (are) to apply and the performance formula. Within the first 90 days of a performance period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Internal Revenue Code of 1986, as amended), the Committee shall, with regard to the performance-based compensation to be issued for such performance period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence. The Committee also has the authority to accelerate vesting of any award based on the achievement of performance goals pursuant to performance measures and to the extent required under Section 162(m) of the Internal Revenue Code of 1986, as amended, the Committee shall, within the first 90 days of a performance period define in an objective fashion the manner of calculating the performance measure it selects to use for such performance period.

Minimum Vesting Requirements – The Plan provides that if the right to become vested in an award is conditioned on the completion of a specified period of service with the Company, without achievement of performance objectives being required as a condition of vesting, and without it being granted in lieu of other compensation, then the required period of service for full vesting shall be not less than four years or ratably (whether monthly, quarterly, annual or otherwise) over not less than a four-year period and that performance-based stock awards (other than those in respect of 2010) will have a minimum performance period of one year, in each case subject to acceleration of vesting, to the extent permitted by the Committee, in the event of the participant's death, disability, retirement, or involuntary termination of employment or service (referred to as the "minimum 4-year vesting period"). The minimum 4-year vesting period does not apply to an award that is granted as an inducement to a person being hired or rehired by the Company or with respect to 5% of the shares authorized under the LTIP. The Committee in its discretion may modify or accelerate the vesting schedule of an award, or remove, waive or modify any applicable performance objectives, subject to an award intended to qualify as performance-based compensation, so long as the revised vesting schedule is no more rapid than the minimum 4-year vesting period.

"Clawback" Provisions – The LTIP contains "clawback" provisions, which provide that the Committee may include in an award, that if a participant is determined by the Committee to have violated a noncompete, nonsolicit, nondisclosure or other agreement or taken action that would constitute a "detrimental activity," as that term is defined in the LTIP, all rights of the participant under the LTIP and any agreements evidencing an award then held by the participant will terminate and be forfeited and the Committee may require the participant to surrender and return to the Company any shares received, and/or to repay any profits or any other economic value made or realized by the participant.

Amendment and Termination – The LTIP may be amended or terminated at any time by the Board, and the Board or the Committee may amend any award granted under the LTIP, provided that no amendment or termination may adversely affect the rights of any participant under the award granted prior to the date such amendment is adopted without the participant's written consent. The Board may not amend the provision of the LTIP related to repricing without approval of stockholders. Approval by the Company's stockholders will be required for any material revision (as defined under the NYSE listing standards) to the terms of the LTIP. The LTIP will remain in effect as long as any awards under it are outstanding, but no new awards may be granted after the tenth anniversary of the Effective Date. Unless otherwise determined by the Board, no amendment requiring stockholder approval under Treasury Regulation Section 1.162-27 (relating to Section 162(m) of the Internal Revenue Code of 1986, as amended) or Section 422 of the Internal Revenue Code of 1986, as amended, (relating to ISOs) shall be valid unless such stockholder approval is secured.

Governing Law – The LTIP shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof.

New Plan Benefits – Except for certain "Emergence Date Grants" as described immediately below, it is not possible to determine the benefits or amounts that will be received by or allocated to participants under the LTIP or would have been received by or allocated to participants for the last completed fiscal year if the LTIP then had been in effect because awards under the LTIP will be made at the discretion of the Committee (or subcommittee thereof, if necessary for Section 162(m) of the Internal Revenue Code of 1986, as amended).

Emergence Date Grants – Awards with respect to up to $[4,245,158]^2$ shares (the "4.0% Cap") of New ABH Common Stock (the "Emergence Date Grants") may be granted under the LTIP to selected participants on the 31st calendar day following the date the New ABH Common Stock is officially listed or quoted for trading on the NYSE (the "Grant Date"). Emergence Date Grants shall be made only in the form of stock options or RSUs. Emergence Date Grants that are in the form of stock options will have a per-share exercise price equal to the fair market value of a share of New ABH Common Stock on the Grant Date, determined by taking the arithmetic mean of the per-share closing trading price of New ABH Common Stock for trading days that occur within the thirty (30) calendar day period commencing on the date the New ABH Common Stock is officially listed or quoted for trading on the NYSE (such price, the "Grant Date FMV"). The Emergence Date Grants will vest twenty-five percent (25%) on each of the first four anniversaries of the Effective Date, subject to the participant's continued employment with the Company. To the extent any Emergence Date Grants of RSUs are settled in cash, the shares that would

² Representing the number of shares equal to 4.0% of New ABH Common Stock outstanding at emergence on a fully-diluted basis.

otherwise have been distributable in settlement thereof shall be treated as having been issued for purposes of the determining whether the 4.0% Cap has been exceeded. Emergence Date Grants of RSUs will be settled in shares of New ABH Common Stock but may be settled through cash payments at the Committee's discretion. Emergence Date Grants will have a value determined for each participant equal to a percentage of their base salary (after giving effect to the Company-wide salary reduction program) as follows:

	Percent of Annual Base Salary
CEO	225%
CEO's Direct Reports	125%
Grades 40 and above (not directly reporting to the CEO)	80%
Grades 29-32	40%
Exceptions in Grades 27 and 28	40%

The value of the Emergence Date Grant determined in accordance with the chart above is referred to herein as the "Award Value." The Emergence Date Grant for each recipient shall consist of (i) a grant of nonqualified stock options to purchase the number of shares of New ABH Common Stock determined by dividing 75% of the Award Value by the Black-Scholes value of an option to purchase one share of New ABH Common Stock on the Grant Date and (ii) a grant of RSUs with respect to a number of shares of New ABH Common Stock, determined by dividing 25% of the Award Value by the Grant Date FMV.

EXHIBIT II
2010 EQUITY INCENTIVE PLAN

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ABITIBIBOWATER INC.
2010 EQUITY INCENTIVE PLAN

SECTION 1
GENERAL

1.1 Purpose. The AbitibiBowater Inc. Equity Incentive Plan (the "Plan") has been established by AbitibiBowater Inc. (the "Company") to (i) attract and retain persons eligible to participate in the Plan including directors, officers, employees, consultants and advisors of the Company, its Affiliates and its Subsidiaries; (ii) motivate Participants, by means of appropriate incentives, to achieve long-range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) further align Participants' interests with those of the Company's other stockholders through compensation that is based on the Company's common stock; and thereby promote the long-term financial interest of the Company and the Subsidiaries, including the growth in value of the Company's equity and enhancement of long-term stockholder return.

1.2 Operation, Administration, and Definitions. The operation and administration of the Plan, including the Awards made under the Plan, shall be subject to the provisions of Sections 3 and 7. Capitalized terms in the Plan shall be defined as set forth in the Plan (including the definition provisions of Section 2).

SECTION 2
DEFINED TERMS

In addition to the other definitions contained herein, the following definitions shall apply:

2.1 Act. The term "Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

2.2 Affiliate. The term "Affiliate" shall have the meaning ascribed to it in Rule 12b-2 of the Act.

2.3 Award. The term "Award" means any award or benefit granted under the Plan, including, without limitation, the grant of Options, SARs, Full Value Awards, Cash Incentive Awards and Performance-Based Compensation.

2.4 Board. The term "Board" means the Board of Directors of the Company.

2.5 Cause. The term "Cause" means, in the case of a particular Award, unless the applicable Award Agreement states otherwise, (i) the Company, an Affiliate or a Subsidiary having "cause" to terminate a Participant's employment or service, as defined in any employment or consulting agreement between the Participant and the Company, an Affiliate or a Subsidiary in effect at the time of such termination or (ii) in the absence of any such employment or consulting agreement (or the absence of any definition of "Cause" contained therein), (A) the Participant's commission of a felony or a crime involving moral turpitude, or other material act or omission involving dishonesty or fraud, (B) Participant's engaging in conduct that would bring or is reasonably likely to bring the Company, or any of its Affiliates or Subsidiaries into public

disgrace or disrepute or that would affect the Company's or any Affiliate's or Subsidiary's business in any material way, (C) the Participant's failure to perform duties as reasonably directed by the Company (which, if reasonably curable, is not cured within 10 days after notice thereof is provided to the Participant) or (D) the Participant's gross negligence, willful malfeasance or material act of disloyalty or other breach of fiduciary duty with respect to the Company, its Affiliates or Subsidiaries (which, if reasonably curable, is not cured within 10 days after notice thereof is provided to the Participant). Any determination of whether Cause exists shall be made by the Committee in its sole discretion.

2.6 Code. The term "Code" means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.

2.7 Date of Grant. The term "Date of Grant" means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization.

2.8 "Detrimental Activity" means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of the Company, its Affiliates or Subsidiaries, (ii) any activity that would be grounds to terminate the Participant's employment or service with the Company, an Affiliate or a Subsidiary for Cause, (iii) whether in writing or orally, maligning, denigrating or disparaging the Company, its Affiliates, its Subsidiaries, or their respective predecessors and successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publishing (whether in writing or orally) statements that tend to portray any of the aforementioned persons or entities in an unfavorable light, or (iv) the breach of any noncompetition, nonsolicitation or other agreement containing restrictive covenants, with the Company, its Affiliates or Subsidiaries.

2.9 Disability. The term "Disability" shall have the meaning contained in the Company's applicable long-term disability plan, or if no such plan exists or the Participant is not eligible to participate in such plan, then the Participant's inability, due to physical or mental incapacity, to substantially perform his duties and responsibilities for 180 consecutive days. Any determination as to whether Disability exists shall be made by the Committee in its sole discretion.

2.10 Effective Date. The term "Effective Date" means the later of (i) the effective date of the Second Amended Joint Plan of Reorganization of AbitibiBowater Inc. and its Affiliated Debtors, dated August 2, 2010, as confirmed by the United States Bankruptcy Court for the District of Delaware; and (ii) the date the sanction order by the Québec Superior Court of Justice shall have been made and entered and the operation and effect of such order will not have been stayed, reversed or amended, which sanction order will sanction the plan of reorganization and compromise jointly filed by certain direct and indirect subsidiaries of AbitibiBowater Inc. pursuant to the provisions of the *Companies' Creditors Arrangement Act* (Canada), as such order may be amended, or supplemented from time to time.

2.11 Eligible Individual. For purposes of the Plan, the term "Eligible Individual" means any employee of the Company or a Subsidiary, any director, officer, consultant, advisor (who may be offered securities registrable on Form S-8 of the Securities Act) or other persons providing services to the Company or a Subsidiary; provided, however, that an ISO may only be granted to an employee of the Company or a Subsidiary. An Award may be granted to an

employee or other individual providing services, in connection with hiring, retention or otherwise, prior to the date the employee or individual first performs services for the Company or the Subsidiaries, provided that such individual has accepted an offer of employment or consultancy from the Company or a Subsidiary and would satisfy the foregoing once he or she begins employment with or providing services to the Company or a Subsidiary and such Awards shall not become vested prior to the date the employee or service provider first performs such services.

2.12 Emergence Date Grant. The term "Emergence Date Grant" means the grant of an Option or a grant of an Award of restricted stock units that is approved prior to, at or about the Effective Date in connection with the emergence of the Company from creditors protection.

2.13 Exercise Price. The "Exercise Price" of each Option and/or SAR granted under Section 4 shall be established by the Committee or shall be determined by a method established by the Committee at the time the Option or SAR is granted. The Exercise Price per share of Stock shall not be less than 100% of the Fair Market Value of a share of Stock on the Date of Grant (or, if greater, the par value of a share of Stock); provided, however, that the Exercise Price for an Emergence Date Grant that is an Option shall be equal to the arithmetic mean of the per-share closing trading price of the Stock for the thirty (30) calendar day period commencing on the Listing Date.

2.14 Fair Market Value. "Fair Market Value" means, on a given date, except as otherwise determined by the Committee and set forth in an Award Agreement, (i) if the Stock is listed on a national securities exchange, the simple arithmetic mean between the highest and lowest prices per share at which the Stock is traded as reported for the national securities exchange for the day immediately preceding that date, or if not so traded, the simple arithmetic mean between the closing bid-and-asked prices thereof as reported for such national securities exchange on the day immediately preceding that date, rounded to the nearest number within two decimal places; (ii) if the Stock is not listed on any national securities exchange but is quoted in an inter-dealer quotation system on a last sale basis, the simple arithmetic mean between the closing bid-and-asked prices thereof as reported for such quotation system for the day immediately preceding that date, rounded to the nearest number within two decimal places; or (iii) if the Stock is not listed on a national securities exchange or quoted in an inter-dealer quotation system on a last sale basis, the amount determined by the Committee in good faith to be the fair market value of the Stock.

2.15 ISO. The term "ISO" means an Option that is intended to satisfy the requirements applicable to an "incentive stock option" described in section 422(b) of the Code.

2.16 Listing Date. The date on which the shares of Stock are officially listed or quoted for trading on the New York Stock Exchange.

2.17 Negative Discretion. The term "Negative Discretion" means the discretion authorized by the Plan to be applied by the Committee to eliminate or reduce the size of a Performance-Based Compensation Award consistent with Section 162(m) of the Code.

2.18 NQO. The term "NQO" means an Option that is not intended to be an ISO.

2.19 Option. The term "Option" means an ISO or NQO granted under Section 4 which entitles the Participant to purchase shares of Stock at an Exercise Price established by the Committee.

2.20 Participant. The term "Participant" means an Eligible Individual who has been selected by the Committee to participate in the Plan and to receive an Award subject to the Plan.

2.21 Performance-Based Compensation. The term "Performance-Based Compensation" shall have the meaning ascribed to it under Code section 162(m) and the regulations thereunder.

2.22 Performance Formula shall mean, for a Performance Period, the one or more objective formulae applied against the relevant Performance Goal to determine, with regard to the Performance-Based Compensation of a particular Participant, whether all, some portion but less than all, or none of the Performance-Based Compensation has been earned for the Performance Period.

2.23 Performance Goals shall mean, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Measures.

2.24 Performance Measures The term "Performance Measures" shall mean the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance-Based Compensation under the Plan.

2.25 Performance Period shall mean the one or more periods of time, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, Performance-Based Compensation.

2.26 Person. The term "Person" means any individual, firm, corporation, partnership, trust or other entity.

2.27 Securities Act. The term "Securities Act" means the Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

2.28 Subsidiaries. For purposes of the Plan, the term "Subsidiary" means any corporation, partnership, joint venture or other entity during any period in which at least a fifty percent voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company), and any other business venture designated by the Committee in which the Company (or any entity that is a successor to the Company) has a significant interest, as determined in the discretion of the Committee.

2.29 Stock. The term "Stock" means shares of common stock of the Company, par value \$.001 per share (and any stock or other securities into which such common stock may be converted or into which it may be exchanged).

SECTION 3 COMMITTEE

3.1 Administration.

- (a) The authority to control and manage the operation and administration of the Plan shall be vested in a committee (the "Committee") in accordance with this Section 3. Unless otherwise specified herein, all references to the Committee shall refer to the Human Resources and Compensation/Nominating and Governance Committee of the Company. The Committee shall be selected by the Board, and shall consist solely of two or more members of the Board who are intended to qualify as "non-employee directors" under Rule 16b-3 of the Act and "outside directors" as defined in Treasury Regulation Section 1.162-27(e)(3) (an "Eligible Director"). If the Committee does not exist, or for any other reason determined by the Board, and to the extent not prohibited by applicable law or the applicable rules of any stock exchange, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee, and upon such event all references to the Committee shall be deemed to refer to the Board. However, the fact a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.
- (b) No member of the Board, the Committee or any employee or agent of the Company (each such person, an "Indemnifiable Person") shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award hereunder. Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken or determination made under the Plan or any Award Agreement and against and from any and all amounts paid by such Indemnifiable Person with the Company's approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined as provided below that the Indemnifiable Person is not entitled to be indemnified); provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts or omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person's fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Company's Certificate of Incorporation or Bylaws. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold them harmless.

3.2 Powers of Committee. The Committee's administration of the Plan shall be subject to the following:

- (a) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the Eligible Individuals those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria (including Performance Measures), restrictions, vesting requirements and other provisions of such Awards, and (subject to the restrictions imposed by Section 9) to modify or waive, at or after the Date of Grant of an Award, the vesting, exercisability or other terms of an Award or otherwise amend, cancel, or suspend Awards.
- (b) The Committee will have the authority to determine to what extent, and under what circumstances Awards may be settled or exercised in cash, shares of Stock, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; and to what extent, and under what circumstances the delivery of cash, Stock, other securities, other Awards or other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant or of the Committee.
- (c) To the extent that the Committee determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards in jurisdictions outside the United States, the Committee will have the authority and discretion to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States, and to provide for subplans created under the Plan in any such jurisdiction outside the United States.
- (d) The Committee will have the authority and discretion to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to an Award granted under the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any Award Agreement made pursuant to the Plan, and to make all other determinations and take any other action that may be necessary or advisable for the administration of the Plan.
- (e) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.
- (f) In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to the Certificate of Incorporation and Bylaws and other organizational documents of the Company, and applicable state corporate law.

3.3 Delegation by Committee. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time. Without limiting the generality of the foregoing, the Committee may delegate to one or more officers of the Company or any Affiliate or Subsidiary the authority to act on behalf of the Committee with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Committee herein, and which may be so delegated as a matter of law, except for grants of Awards to persons

(i) subject to Section 16 of the Act or (ii) who are, or who are reasonably expected to be, "covered employees" for purposes of Code Section 162(m).

3.4 Information to be Furnished to Committee. The Company and Subsidiaries shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties. The records of the Company and Subsidiaries as to an employee's or Participant's employment (or other provision of services), termination of employment (or cessation of the provision of services), leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan

SECTION 4 OPTIONS AND SARs

4.1 Definitions.

- (a) Each Option granted under the Plan shall be subject to an Award Agreement. All Options granted under the Plan shall be NQO's unless the applicable Award Agreement expressly states that the Option is intended to be an ISO. ISO's shall be granted only to Eligible Persons who are employees of the Company, its Affiliates or its Subsidiaries, and no ISO shall be granted to any Eligible Person who is ineligible to receive an ISO under the Code. In the case of an ISO, the terms and conditions of such grant shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code. If for any reason an Option intended to be an ISO (or any portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a NQO appropriately granted under the Plan.
- (b) A stock appreciation right (a "SAR") entitles the Participant to receive, in cash or Stock (as determined in accordance with subsection 8.8, a payment equal to (or otherwise based on) the excess (if any) of: (a) the Fair Market Value of a specified number of shares of Stock at the time of exercise; over (b) an Exercise Price established by the Committee. Each SAR granted under the Plan shall be subject to an Award Agreement.

4.2 Exercise. Unless otherwise provided by the Committee in an Award Agreement: (i) each Option and SAR shall vest and become exercisable with respect to 25% of the shares of Stock subject to such Option or SAR on each of the first four anniversaries of the Date of Grant (the "Option Period" or "SAR Period", as applicable), subject to continued employment or service of the Participant through each such vesting date; (ii) both the unvested and the vested portion of an Option and SAR shall expire upon the termination of the Participant's employment or service for Cause; (iii) upon retirement (in accordance with applicable policy), each Option and SAR shall vest based on prorated time elapsed, and the vested portion of the Options and SARs shall remain exercisable during the 1-year period immediately following such retirement (upon death after retirement, any then vested Options and SARs remain exercisable for 2 years following death); (iv) upon the Participant's involuntary termination of employment or service with retirement eligibility at termination or immediately following any applicable severance period, each Option and SAR shall vest based on prorated time elapsed, including any applicable severance period, and the vested portion of the Options and SARs shall remain exercisable during the 1-year period immediately following such termination (upon death after such termination, any then vested Options and SARs remain exercisable for 2 years following death); (v) upon the Participant's involuntary termination of employment or service prior to retirement eligibility,

each Option and SAR shall vest based on prorated time elapsed, including any applicable severance period, and the vested portion of the Options and SARs shall remain exercisable for 1 year (upon death after such termination, any then vested Options/SARs remain exercisable for 2 years following death); (vi) upon the Participant's death while employed, each Option and SAR shall become vested with respect to the next tranche of shares of Stock scheduled to vest, and the vested portion of the Options and SARs shall remain exercisable for 2 years; (vii) upon the Participant's termination of employment or service due to resignation, any then vested Options and SARs remain exercisable for 90 days (upon death after such resignation, any then vested Options and SARs remain exercisable for 1 year following death); and (viii) each Option and SAR shall continue to vest during any applicable short-term disability period, and upon the Participant's becoming eligible for long-term disability benefits, each Option and SAR shall become vested with respect to the next tranche of shares of Stock scheduled to vest (including short-term disability period) and the vested portion of the Options and SARs shall remain exercisable for 2 years thereafter; provided, however, that notwithstanding any vesting dates set by the Committee, the Committee may, in its sole discretion, accelerate the exercisability of any Option and/or SAR, which acceleration shall not affect the terms and conditions of such Option and/or SAR other than with respect to exercisability; and provided, further, that in no event shall any Option or SAR remain outstanding past its originally scheduled expiration date (and such originally scheduled expiration date shall not exceed ten years from the Date of Grant).

4.3 Payment of Option Exercise Price. The payment of the Exercise Price of an Option granted under this Section 4 shall be subject to the following:

- (a) Subject to the following provisions of this subsection 4.3, the full Exercise Price for shares of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise (except that, in the case of an exercise arrangement approved by the Committee and described in paragraph 4.3(c), payment may be made as soon as practicable after the exercise).
- (b) Subject to applicable law, the Exercise Price shall be payable in cash, check, cash equivalent or by tendering, by either actual delivery of shares or by attestation, shares of Stock acceptable to the Committee, and valued at Fair Market Value as of the day of exercise, or in any combination thereof, as determined by the Committee.
- (c) Subject to applicable law, the Committee may permit a Participant to elect to pay the Exercise Price upon (i) the exercise of an Option by irrevocably authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise, (ii) upon a "net exercise" procedure approved by the Committee or (iii) such other method which is approved by the Committee. Notwithstanding the foregoing, if on the last day of the Option Period, the Fair Market Value exceeds the Exercise Price, the Participant has not exercised the Option, and the Option has not expired, such Option shall be deemed to have been exercised by the Participant on such last day by means of a net exercise and the Company shall deliver to the Participant the number of shares of Stock for which the Option was deemed exercised less such number of shares of Stock required to be withheld to cover the payment of the Exercise Price and all applicable required withholding taxes.

4.4 No Repricing. Except for either adjustments pursuant to paragraph 8.3 (relating to changes in capital structure), or reductions of the Exercise Price approved by the Company's

stockholders, the Exercise Price for any outstanding Option may not be decreased after the Date of Grant nor may an outstanding Option granted under the Plan be surrendered to the Company as consideration for the grant of a replacement Option with a lower exercise price.

4.5 Compliance With Laws, etc. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner which the Committee determines would violate the Sarbanes-Oxley Act of 2002, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.

4.6 Grants of Options and SARs. An Option may but need not be in tandem with a SAR, and a SAR may but need not be in tandem with an Option (in either case, regardless of whether the original award was granted under this Plan or another plan or arrangement). If an Option is in tandem with a SAR, the Exercise Price of both the Option and SAR shall be the same, and the exercise of the Option or SAR with respect to a share of Stock shall cancel the corresponding tandem SAR or Option right with respect to such share.

SECTION 5 FULL VALUE AWARDS

5.1 Definition. A "Full Value Award" is a grant (other than an Option or a SAR) of one or more shares of Stock or a right to receive one or more shares of Stock in the future (including, without limitation, unrestricted Stock, restricted Stock or restricted stock units, performance Stock or performance stock units, and deferred stock or deferred stock units), with such grant subject to the provisions of Section 7.2 and to one or more of the following, as determined by the Committee:

- (a) The grant shall be in consideration of a Participant's previously performed services, or surrender of other compensation that may be due.
- (b) The grant shall be contingent on the achievement of performance or other objectives during a specified period.
- (c) The grant shall be subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of one or more goals relating to completion of service by the Participant, or achievement of performance or other objectives, or a combination of any of the foregoing.

The grant of Full Value Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee. Each Full Value Award shall be evidenced by an Award Agreement. Unless otherwise provided by the Committee in an Award Agreement: (i) all vested and unvested Full Value Awards shall terminate upon termination of employment or service for Cause or upon the Participant's resignation; (ii) upon retirement (in accordance with applicable policy), Full Value Awards shall vest based on prorated time elapsed (no further vesting after subsequent death); (iii) upon involuntary termination of employment or service with retirement eligibility at termination or immediately following any applicable severance period, Full Value Awards shall vest based on prorated time elapsed, including any applicable severance period (no further vesting after subsequent death); (iv) upon involuntary termination of employment or service prior to retirement eligibility, Full Value Awards shall vest based on prorated time elapsed, including any applicable severance period (no further vesting after

subsequent death); (v) upon death while employed, Full Value Awards shall become vested with respect to the next tranche of shares of Stock scheduled to vest; and (vi) Full Value Awards continue vesting on their regular schedule during short-term disability period (but cease vesting upon becoming eligible to receive long-term disability benefits and shall become vested with respect to the next tranche of shares of Stock scheduled to vest, including any short term disability period).

SECTION 6 CASH INCENTIVE AWARDS

A Cash Incentive Award is the grant of a right to receive a payment of cash (or in the discretion of the Committee, Stock having value equivalent to the cash otherwise payable) that is contingent on achievement of performance objectives over a specified period established by the Committee. The grant of Cash Incentive Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee. Each Cash Incentive Award shall be evidenced by an Award Agreement.

SECTION 7 RESTRICTIONS ON AWARDS

7.1 Performance-Based Compensation. The Committee may designate an Award granted to any Participant as Performance-Based Compensation intended to qualify as "performance-based compensation" under Section 162(m) of the Code. Notwithstanding anything in the Plan to the contrary, if the Company determines that a Participant who has been granted an Award designated as Performance-Based Compensation is not (or is no longer) a "covered employee" (within the meaning of Section 162(m) of the Code), the terms and conditions of such Award may be modified without regard to any restrictions or limitations set forth in this Section 7.1 (but subject otherwise to the provisions of Section 9). To the extent required by Code section 162(m), any Full Value Award designated as Performance-Based Compensation shall be conditioned on the achievement of one or more performance objectives, based on the Performance Measures selected by the Committee, and the following provisions of this Section 7.1 shall apply:

- (a) Discretion of Committee with Respect to Performance-Based Compensation. With regard to a particular Performance Period, the Committee shall have sole discretion to select the length of such Performance Period, the type(s) of Performance-Based Compensation to be issued, the Performance Measure that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goals(s) that is (are) to apply and the Performance Formula. Within the first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code), the Committee shall, with regard to the Performance-Based Compensation to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence and record the same in writing.
- (b) Performance Measures. The "Performance Measures" shall be based on any one or more of the following Company, Subsidiary, operating unit or division performance measures: (i) net earnings or net income (before or after taxes); (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes); (vi) return measures (including, but not limited to, return on investment,

assets, capital, employed capital, invested capital, equity, or sales); (vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital), which may but are not required to be measured on a per share basis; (viii) earnings before or after taxes, interest, depreciation and/or amortization (including EBIT and EBITDA); (ix) gross or net operating margins; (x) productivity ratios; (xi) share price (including, but not limited to, growth measures and total stockholder return); (xii) expense targets or cost reduction goals, general and administrative expense savings; (xiii) operating efficiency; (xiv) objective measures of customer satisfaction; (xv) working capital targets; (xvi) measures of economic value added or other 'value creation' metrics; (xvii) inventory control; (xviii) enterprise value; (xix) sales; (xx) stockholder return; (xxi) client retention; (xxii) competitive market metrics; (xxiii) employee retention; (xxiv) timely completion of new product rollouts; (xxv) timely launch of new facilities; (xxvi) objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets); (xxvii) system-wide revenues; (xxviii) market share; (xxix) cost of capital, debt leverage year-end cash position or book value; (xxx) strategic objectives, development of new product lines and related revenue, sales and margin targets or international operations; (xxxi) safety performance; (xxxii) environmental performance; or (xxxiii) any combination of the foregoing. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, stockholders equity and/or shares outstanding, investments or to assets or net assets. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of Performance Goals pursuant to the Performance Measure specified in this paragraph. To the extent required under Section 162(m) of the Code, the Committee shall, within the first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Measure it selects to use for such Performance Period.

- (c) Modification of Performance Goal(s). In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Measure without obtaining shareholder approval of such alterations, the Committee shall have sole discretion to make such alterations without obtaining shareholder approval. The Committee is authorized at any time during the first 90 days of a Performance Period (or, if longer or shorter, within the maximum period allowed under Section 162(m) of the Code), or at any time thereafter to the extent the exercise of such authority at such time would not cause the Performance-Based Compensation granted to any Participant for such Performance Period to fail to qualify as "performance-based compensation" under Section 162(m) of the Code, in its sole discretion, to adjust or modify the calculation of a Performance Goal for such Performance Period, based on and in order to appropriately reflect the following events: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (d) any reorganization and restructuring programs; (e) extraordinary nonrecurring items as described in Accounting Standards Codification Topic 225-20 (or any successor pronouncement thereto) and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year;

(f) material acquisitions or divestitures; (g) any other specific unusual or nonrecurring events, or objectively determinable category thereof; (h) foreign exchange gains and losses; and (i) a change in the Company's fiscal year.

- (d) Payment of Performance-Based Compensation. Unless otherwise provided in the applicable Award Agreement, and except as otherwise provided in the Plan relating to vesting upon certain terminations of employment or service, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance-Based Compensation for such Performance Period. A Participant shall be eligible to receive payment in respect of Performance-Based Compensation only to the extent that: (A) the Performance Goals for such period are achieved; and (B) all or some of the portion of such Participant's Performance-Based Compensation has been earned for the Performance Period based on the application of the Performance Formula to such achieved Performance Goals.
- (e) Certification. Following the completion of a Performance Period, the Committee shall review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, calculate and certify in writing that amount of the Performance-Based Compensation earned for the period based upon the Performance Formula. The Committee shall then determine the amount of each Participant's Performance-Based Compensation Award actually payable for the Performance Period and, in so doing, may apply Negative Discretion.
- (f) Use of Negative Discretion. In determining the actual amount of an individual Participant's Performance-Based Compensation Award for a Performance Period, the Committee may reduce or eliminate the amount of the Performance Compensation Award earned under the Performance Formula in the Performance Period through the use of Negative Discretion. Unless otherwise provided in the applicable Award Agreement, the Committee shall not have the discretion to (A) grant or provide payment in respect of Performance-Based Compensation Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained; or (B) increase a Performance Compensation-Based Award above the applicable limitations set forth in Section 8.2 of the Plan.
- (g) Timing of Award Payments. Unless otherwise provided in an Award Agreement, Performance-Based Compensation granted for a Performance Period shall be paid to Participants as soon as administratively practicable following completion of the certifications required by Section 7.1(e). Any Performance-Based Compensation that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (i) with respect to Performance-Based Compensation that is payable in cash, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Committee or (ii) with respect to Performance-Based Compensation that is payable in shares of Stock, by an amount greater than the appreciation of a share of Stock from the date such Award is deferred to the payment date.

7.2 Four-Year Minimum Vesting. If the right to become vested in an Award is conditioned on the completion of a specified period of service with the Company or the Subsidiaries, without achievement of Performance Measures or other performance objectives (whether or not related to Performance Measures) being required as a condition of vesting, and without it being granted in lieu of other compensation, then the required period of service for full vesting shall be not less than four years, or ratably (whether monthly, quarterly, annual or

otherwise) over not less than a four-year period, and if the right to become vested in an Award is conditioned on the achievement of Performance Measures or other performance objectives (whether or not related to Performance Measures, and without it being granted in lieu of other compensation), then the required period of service for full vesting shall be not less than one year (in either case, subject to acceleration of vesting, to the extent permitted by the Committee, in the event of the Participant's death, disability, retirement, or involuntary termination of employment or service) (as applicable, the "Minimum Vesting Schedule"); provided, however, that the foregoing limitation of this subsection 7.2 does not apply to an Award that is granted with respect to 2010 performance, or as an inducement to a person being hired or rehired by the Company or any of its Subsidiaries; provided, further, that the Committee in its discretion may modify or accelerate the vesting schedule of an Award, or remove, waive or modify any applicable performance objectives (subject to Section 7.1 in the case of an Award intended to qualify as Performance-Based Compensation), so long as in no event shall the revised vesting schedule be no more rapid than the Minimum Vesting Schedule; and, provided, still further, that the Minimum Vesting Schedule need not be applied to such grants that, when taken together with other Awards not subject to the Minimum Vesting Schedule (other than Options and SARs), comprise Awards with respect to a number of shares of Stock that does not exceed, in the aggregate, five percent (5%) of the maximum number of shares of Stock that may be delivered to Participants and their beneficiaries under the Plan as set forth in Section 8.2(a) (as adjusted pursuant to Sections 8.2 and 8.3).

SECTION 8 OPERATION AND ADMINISTRATION

8.1 Effective Date. The Plan shall be effective as of the Effective Date. In the event of Plan termination, the terms of the Plan shall remain in effect as long as any Awards under it are outstanding; provided, however, that no Awards may be granted under the Plan after the ten-year anniversary of the Effective Date.

8.2 Shares and Other Amounts Subject to Plan. The shares of Stock for which Awards may be granted under the Plan shall be subject to the following:

- (a) The shares of Stock with respect to which Awards may be made under the Plan shall be shares currently authorized but unissued or, to the extent permitted by applicable law, currently held or acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions or a combination of the foregoing.
- (b) Subject to the following provisions of this Section 8.2 and Section 8.3, the maximum number of shares of Stock that may be delivered to Participants and their beneficiaries under the Plan shall be [9,020,962]³ shares.
- (c) Any shares of Stock (i) tendered by a Participant or withheld by the Company in connection with the payment of the Exercise Price or (ii) tendered by a Participant or withheld by the Company to satisfy any tax withholding obligation in connection with an Award or (iii) subject to a SAR that are not issued in connection with the stock settlement of the SAR on exercise thereof, in each case shall not be counted toward the number of shares listed in Section 8.2(b).

³ Representing the number of shares equal to 8.5% of New ABH Common Stock outstanding at emergence on a fully-diluted basis.

- (d) To the extent provided by the Committee, any Award may be settled in cash rather than Stock, although if an Award provides for possible settlement in Stock, all shares of Stock covered by the Award for which settlement is actually made in cash shall be counted toward the number of shares listed in Section 8.2(b).
- (e) Any shares of Stock covered by an Award that are not delivered to a Participant or beneficiary because the Award is forfeited or canceled shall not be counted toward the number of shares listed in Section 8.2(b).
- (f) Any shares of Stock issued in connection with the substitution for, or assumption of, awards previously granted by an entity that is acquired by the Company or any Affiliate or Subsidiary through a merger, acquisition or business combination (collectively, "Substitute Awards") shall not be counted toward the number of shares listed in Section 8.2(b).
- (g) Subject to Section 8.3, the following additional maximums are imposed under the Plan.
 - (i) The maximum number of shares of Stock that may be delivered to Participants and their beneficiaries with respect to ISOs granted under the Plan shall be [9,020,962] shares, provided, that the Substitute Awards intended to qualify as ISOs, if any shall be counted toward the number of shares listed in this paragraph (i).
 - (ii) The maximum number of shares that may be covered by Awards granted to any one Participant during any one calendar-year period pursuant to Section 4 (relating to Options and SARs) shall be 300,000 shares. For purposes of this paragraph (ii), if an Option is in tandem with a SAR, such that the exercise of the Option or SAR with respect to a share of Stock cancels the tandem SAR or Option right, respectively, with respect to such share, the tandem Option and SAR rights with respect to each share of Stock shall be counted as covering only one share of Stock for purposes of applying the limitations of this paragraph (ii).
 - (iii) The maximum number of shares of Stock that may be issued in conjunction with Awards granted to any one Participant during any one-calendar-year period pursuant to Section 5 (relating to Full Value Awards) and Section 6 (relating to Cash Incentive Awards, but only to the extent they are settled in Stock) shall be 200,000 shares. The maximum number of shares of Stock that may be issued in conjunction with Awards granted pursuant to Section 5 (relating to Full Value Awards) and Section 6 (relating to Cash Incentive Awards, but only to the extent they are settled in Stock) over the life of the Plan shall be 3,000,000 shares.
 - (iv) For Full Value Awards that are intended to be Performance-Based Compensation, no more than 200,000 shares of Stock may be delivered pursuant to such Awards granted to any one Participant during any one-calendar-year period (regardless of whether settlement of the Award is to occur prior to, at the time of, or after the time of vesting); provided further that:
 - (A) If the Awards are denominated in Stock but an equivalent amount of cash is delivered in lieu of delivery of shares of Stock, the foregoing limit shall be applied based on the methodology used by the Committee to convert the number of shares of Stock into cash.

- (B) If delivery of Stock or cash is deferred until after shares of Stock have been earned, any adjustment in the amount delivered to reflect actual or deemed investment experience after the date the shares are earned shall be disregarded.
- (v) The aggregate number of the Company's Stock (i) issued to insiders of the Company, within any one year period, and (ii) issuable to insiders of the Company, at any time, under the Plan, or when combined with all of the Company's other security-based compensation arrangements, shall not exceed 10% of the Company's total issued and outstanding Stock, respectively.
- (vi) For Cash Incentive Awards that are intended to be Performance-Based Compensation, the maximum amount payable to any Participant with respect to any Performance Period shall equal \$200,000 multiplied by the number of calendar months included in that Performance Period; provided further that:
 - (A) If the Awards are denominated in cash but an equivalent amount of Stock is delivered in lieu of delivery of cash, the foregoing limit shall be applied to the cash based on the methodology used by the Committee to convert the cash into shares of Stock.
 - (B) If delivery of Stock or cash is deferred until after cash has been earned, any adjustment in the amount delivered to reflect actual or deemed investment experience after the date the cash is earned shall be disregarded.
- (vii) The maximum aggregate number of the shares of Stock that may be delivered with respect to Emergence Date Grants shall be [4,245,158]⁴ shares, provided, that all shares of Stock covered by an Emergence Date Grant for which settlement is actually made in cash shall be counted toward the number of shares listed in this Section 8.2(g)(vii) and, for purposes of clarity, counted toward the number of shares listed in Section 8.2(b).

8.3 Changes in Capital Structure and Similar Events. In the event of (x) a corporate transaction involving the Company (including, without limitation, any dividend (other than regular cash dividends or other distribution (whether in the form of cash, shares of Stock, other securities or other property), stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, sale of assets or subsidiaries, combination or exchange of shares, issuance of warrants or other rights to acquire Stock or other securities of the Company), (y) other similar corporate transaction or event that affects the shares of Stock, or (z) unusual or nonrecurring events affecting the Company, any Affiliate or Subsidiary, or the financial statements of the Company, any Affiliate or Subsidiary, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, then the Committee shall make an equitable or proportionate adjustment to prevent undue dilution or enlargement of the intended benefits or potential benefits of the Award consistent with the purposes of the Plan, including without limitation any or all of the following: (i) adjustment of the number and kind of

⁴ Representing the number of shares equal to 4.0% of New ABH Common Stock outstanding at emergence on a fully-diluted basis.

shares or other securities which may be delivered under the Plan; (ii) adjustment of the number and kind of shares subject to outstanding Awards; (iii) adjustment of the Exercise Price of outstanding Options and SARs; (iv) adjustment of any applicable performance measures (including without limitation, Performance Measures and Performance Goals and (v) any other adjustments that the Committee determines to be equitable (which may include, without limitation, (I) replacement of Awards with other Awards which the Committee determines have comparable value and which are based on stock of a company resulting from the transaction, (II) providing for a substitution or assumption of Awards, accelerating the exercisability of, lapse of restrictions on, or termination of, Awards or providing for a period of time for exercise prior to the occurrence of such event (any such Award not so exercised shall terminate upon the occurrence of such event); and (III) cancelling any one or more outstanding Awards and causing to be paid to the holders thereof, in cash, shares of Stock, other securities or other property, or any combination thereof, the value of such Awards, if any, as determined by the Committee (which if applicable may be based upon the price per share of Stock received or to be received by other shareholders of the Company in such event), including without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the shares of Stock subject to such Option or SAR over the aggregate Exercise Price of such Option or SAR, respectively (it being understood that, in such event, any Option or SAR having a per share Exercise Price equal to, or in excess of, the Fair Market Value of a share of Stock subject thereto may be canceled and terminated without any payment or consideration therefor). Any adjustment in ISOs under this Section 8.3 (other than any cancellation of ISOs) shall be made only to the extent not constituting a "modification" within the meaning of Section 424(h)(3) of the Code, and any adjustments under this Section 8.3 shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Act. The Company shall give each Participant notice of any adjustment hereunder. Any such adjustment shall be conclusive and binding for all purposes.

8.4 General Restrictions. Delivery of shares of Stock or other amounts under the Plan shall be subject to the following: The obligation of the Company to settle Awards in Stock or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Stock to be offered or sold under the Plan. The Committee shall have the authority to provide that all certificates for shares of Stock or other securities of the Company or any Affiliate or Subsidiary delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement, the Federal securities laws, or the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or inter-dealer quotation system upon which such shares or other securities are then listed or quoted and any other applicable Federal, state, local or non-U.S. laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Stock, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange. Notwithstanding

any provision in the Plan to the contrary, the Committee reserves the right to add any additional terms or provisions to any Award granted under the Plan that it in its sole discretion deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

8.5 Tax Withholding. All distributions under the Plan are subject to withholding of all applicable federal, state, local and foreign taxes, and the Committee may condition the delivery of any shares or other benefits under the Plan on satisfaction of the applicable withholding obligations. If permitted by the Committee (in its sole discretion), such withholding obligations may be satisfied (i) through cash payment by the Participant; (ii) through the surrender of shares of Stock which the Participant already owns; (iii) through the surrender of shares of Stock to which the Participant is otherwise entitled under the Plan, provided, however, that such shares under the preceding clause (ii) or this clause (iii) may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income) or (iv) by such other method as specified by the Committee.

8.6 Grant and Use of Awards. The grant and use of Awards under the Plan shall be subject to the following:

- (a) In the discretion of the Committee, a Participant may be granted any Award permitted under the provisions of the Plan, and more than one Award may be granted to a Participant. Subject to subsection 4.4 (relating to repricing), Awards may be granted as alternatives to or replacement of awards granted or outstanding under the Plan, or any other plan or arrangement of the Company or a Subsidiary (including a plan or arrangement of a business or entity, all or a portion of which is acquired by the Company or a Subsidiary).
- (b) Subject to the overall limitation on the number of shares of Stock that may be delivered under the Plan in Section 8.2(b), the Committee may use available shares of Stock as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or a Subsidiary, including any Substitute Awards.
- (c) Notwithstanding the provisions of subsection 4.2, Options and SARs granted under the Plan in replacement for awards under plans and arrangements of a company assumed in business combinations may provide for exercise prices that are less than the Fair Market Value of the Stock at the time of the replacement grants, if the Committee determines that such exercise price is appropriate to preserve the economic benefit of the award.

8.7 Dividends and Dividend Equivalents. An Award (including without limitation an Option or SAR) may provide the Participant with the right to receive dividend or dividend equivalent payments with respect to shares of Stock subject to the Award (both before and after the shares of Stock subject to the Award is earned, vested, or acquired), which payments may be either made currently or credited to an account for the Participant, and may be settled in cash or shares of Stock, as determined by the Committee; provided that no dividend equivalents shall be payable in respect of outstanding (i) Options or SARs or (ii) unearned Performance-Based Compensation Awards or other unearned Awards subject to performance conditions (other than or in addition to the passage of time) (although dividend equivalents may be accumulated in respect of unearned Awards and paid within 15 days after such Awards are earned and become payable or distributable). Any such settlements, and any such crediting of dividends or dividend

equivalents or reinvestment in shares of Stock, may be subject to such conditions, restrictions and contingencies as the Committee shall establish, including the reinvestment of such credited amounts in Stock equivalents.

8.8 Settlement of Awards. The obligation to make payments and distributions with respect to Awards may be satisfied through cash payments, the delivery of shares of Stock, the granting of replacement Awards, or combination thereof as the Committee shall determine. Satisfaction of any such obligations under an Award, which is sometimes referred to as "settlement" of the Award, may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The Committee may permit or require the deferral of any Award payment or distribution, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, and may include converting such credits into deferred Stock equivalents. Each Subsidiary shall be liable for payment of cash due under the Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for cash payments shall be resolved by the Committee.

8.9 Transferability.

- (a) Each Award shall be exercisable only by a Participant during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative. Except as otherwise provided by the Committee, no Award under the Plan may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company, an Affiliate or a Subsidiary; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.
- (b) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than ISOs) to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, to: (A) any person who is a "family member" of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Participant and his or her Immediate Family Members; (C) a partnership or limited liability company whose only partners or shareholders are the Participant and his or her Immediate Family Members; or (D) any other transferee as may be approved either (I) by the Board or the Committee in its sole discretion, or (II) as provided in the applicable Award Agreement;

(each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a "Permitted Transferee"); provided that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan. and provided further that any Permitted Transferee may be required by the Committee to execute an agreement satisfactory to the Company evidencing its agreement to be bound by and subject to all of the terms and conditions of the Plan and any applicable Award Agreement relating to the transferred Award.

- (c) The terms of any Award transferred in accordance with the immediately preceding sentence shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that (i) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (ii) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (iii) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (iv) the consequences of the termination of the Participant's employment by, or services to, the Company, an Affiliate or a Subsidiary under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

8.10 Form and Time of Elections. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be in a writing (which may be electronic) filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

8.11 Agreement With Company. An Award under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Committee shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written (including electronic) document as is determined by the Committee. A copy of such document shall be provided to the Participant, and the Committee may, but need not require that the Participant sign a copy of such document. Such document is referred to in the Plan as an "Award Agreement" regardless of whether any Participant signature is required.

8.12 Action by Company or Subsidiary. Any action required or permitted to be taken by the Company or any Subsidiary shall be by resolution of its board of directors, or by action of one or more members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by applicable law or applicable rules of any stock exchange) by a duly authorized officer of such company.

8.13 Gender and Number. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

8.14 Limitation of Implied Rights.

- (a) Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the shares of Stock or amounts, if any, payable under the Plan, unsecured by any assets

of the Company or any Subsidiary, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any benefits to any person.

- (b) The Plan does not constitute a contract of employment, and selection as a Participant will not give any participating employee the right to be retained in the employ of the Company or any Subsidiary, or the right to continue to provide services to the Company or any Subsidiary, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any rights as a stockholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights.
- (c) There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated.

8.15 Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

8.16 No Section 83(b) Elections Without Consent of Company. No election under Section 83(b) of the Code or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Committee in writing prior to the making of such election. If a Participant, in connection with the acquisition of shares of Stock under the Plan or otherwise, is expressly permitted to make such election and the Participant makes the election, the Participant shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Section 83(b) of the Code or other applicable provision.

8.17 Payments to Persons Other Than Participants. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his spouse, child, relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

8.18 Nonexclusivity of the Plan. The adoption of this Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under this Plan, and such arrangements may be either applicable generally or only in specific cases.

8.19 No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company, or any Affiliate or Subsidiary, on the one hand, and a Participant or other person or

entity, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company.

8.20 Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent public accountant of the Company and its Affiliates and Subsidiaries and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than himself.

8.21 Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan.

8.22 Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof.

8.23 Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or entity or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, person or entity or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

8.24 Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

8.25 Designation and Change of Beneficiary. Each Participant may file with the Committee a written designation of one or more persons as the beneficiary(ies) who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon his death. A Participant may, from time to time, revoke or change his beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be his or her spouse or, if the Participant is unmarried at the time of death, his or her estate.

8.26 Clawback/Forfeiture of Awards. Notwithstanding anything to the contrary contained herein, an Award Agreement may provide that the Committee may in its sole discretion cancel such Award if the Participant, without the consent of the Company, while employed by or providing services to the Company or any Affiliate or Subsidiary, or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement or otherwise has engaged in or engages in Detrimental Activity that is in conflict with or adverse to the interest of the Company, any Affiliate or Subsidiary, including fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion. The Committee may also provide in an Award Agreement that if the Participant otherwise has engaged in or engages in any activity referred to in the preceding sentence, the Participant will forfeit any gain realized on the vesting or exercise of such Award, and must repay the gain to the Company. The Committee may also provide in an Award Agreement that if the Participant receives any amount in excess of what the Participant should have received under the terms of the Award for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company.

8.27 Code Section 162(m) Re-approval. If so determined by the Committee, the provisions of the Plan regarding Performance-Based Compensation Awards shall be submitted for re-approval by the shareholders of the Company no later than the first shareholder meeting that occurs in the fifth year following the year that shareholders previously approved such provisions, for purposes of exempting certain Awards granted after such time from the deduction limitations of Section 162(m) of the Code. Nothing in this subsection, however, shall affect the validity of Awards granted after such time if such shareholder approval has not been obtained.

8.28 Code Section 409A. It is intended that the provisions of this Plan comply with Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to or for the benefit of a Participant subject to U.S. tax (a "U.S. Participant") may not be reduced by, or offset against, any amount owing by the Participant to the Corporation or any of its Affiliates or Subsidiaries. Notwithstanding anything in this Plan to the contrary, if a U.S. Participant becomes entitled to receive payment in respect of any Award as a result of his or her "separation from service" (within the meaning of Section 409A of the Code), and the U.S. Participant is a "specified employee" (within the meaning of Section 409A of the Code) at the time of his or her separation from service, and the Committee makes a good faith determination that (i) all or a portion of the Award constitutes "deferred compensation" (within the meaning of Section 409A of the Code) and (ii) any such deferred compensation that would otherwise be payable during the six-month period following such separation from service is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then payment of such "deferred compensation" shall not be made to the U.S. Participant before the date which is six months after the date of his or her separation from service (and shall be paid (without interest, dividends, dividend equivalents or any compensation for any loss in market value or otherwise which occurs during such period) in a single lump sum on the first day of the seventh month following the date of such separation from service) or, if earlier, the U.S. Participant's date of death. (For illustrative purposes only, if a U.S. Participant who is a specified employee subject to the provisions of the previous sentence incurs a separation from service on January 16 of a calendar year, any payments of deferred compensation that would be payable to such U.S. Participant during the six-month period from such January 16 through July 16 shall be accumulated and paid in a single lump sum to such U.S. Participant on July 17 of such calendar

year, or, if earlier, such U.S Participant's date of death.) Unless otherwise provided by the Committee, in the event that the timing of payments in respect of any Award (that would otherwise be considered "deferred compensation" subject to Section 409A of the Code) would be accelerated upon the occurrence of a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of "Disability" pursuant to Section 409A of the Code. Each U.S Participant, any beneficiary or the U.S Participant's estate, as the case may be, is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S Participant in connection with this Plan (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any Affiliate or Subsidiary shall have any obligation to indemnify or otherwise hold such U.S Participant or beneficiary or the U.S Participant's estate harmless from any or all of such taxes or penalties. Notwithstanding any provision of the Plan to the contrary, in the event that the Committee determines that any amounts payable hereunder will be taxable to a Participant under Section 409A of the Code prior to payment to such Participant of such amount, the Company may (i) adopt such amendments to the Plan and Awards and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Awards hereunder and/or (ii) take such other actions as the Committee determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A of the Code.

SECTION 9 AMENDMENT AND TERMINATION

The Board may, at any time, amend or terminate the Plan, and the Board or the Committee may amend any Award Agreement, provided that no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such amendment is adopted by the Board (or the Committee, if applicable); and further provided that adjustments pursuant to Section 8.3 shall not be subject to the foregoing limitations of this Section 9; and further provided that the provisions of subsection 4.4 (relating to repricing) cannot be amended unless the amendment is approved by the Company's stockholders. Approval by the Company's stockholders will be required for any material revision to the terms of the Plan, with the determination of "material revision" to be made in accordance with the definition provided under the rules of the New York Stock Exchange. Unless otherwise determined by the Board, no amendment requiring stockholder approval under Treasury Regulation Section 1.162-27 or Section 422 of the Code shall be valid unless such stockholder approval is secured as provided therein.

* * * * *

IN WITNESS WHEREOF, the Company has caused this Plan to be executed
by a duly authorized officer this ____ day of _____, 2010.

ABITIBOWATER INC.

By: _____

Name:

Title:



Court File No. 500-11-036133-094

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)
AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE
OF
ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION
CIRCULAR DATED AUGUST 2, 2010

AMENDED PLAN SUPPLEMENT 6.8(b)
TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010
UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA),
AND SECTION 191 OF THE CANADA BUSINESS CORPORATIONS ACT,

September 13, 2010

NOTICE OF FILING OF CCAA PLAN SUPPLEMENT 6.8(b)

PLEASE TAKE NOTICE that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA and Section 191 of the CBCA (the "CCAA Plan") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "Circular"), this amended CCAA Plan Supplement (the "Amended CCAA Plan Supplement 6.8(b)") is to be posted on the Monitor's Website with notice of such posting to be provided to the Service List (as such Amended CCAA Plan Supplement 6.8(b) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this Amended CCAA Plan Supplement 6.8(b) shall have the meanings ascribed to them in the Circular.

PLEASE TAKE FURTHER NOTICE that on September 3, 2010 the Applicants filed the CCAA Plan Supplement 6.8(b) which set forth the material terms of the 2010 Short-Term Incentive Plan (the "Material Terms 2010 STIP").

PLEASE TAKE FURTHER NOTICE that attached hereto as Exhibit I are the amended material terms of the 2010 Short Term Incentive Plan which replace and supersede in their entirety the Material Terms 2010 STIP.

PLEASE TAKE FURTHER NOTICE that you are advised and encouraged to read this Amended CCAA Plan Supplement 6.8(b) and its Exhibit I in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

PLEASE TAKE FURTHER NOTICE that a true and complete copy of the Amended CCAA Plan Supplement 6.8(b) is attached hereto.

PLEASE TAKE FURTHER NOTICE that copies of the Amended CCAA Plan Supplement 6.8(b) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

EXHIBIT I

AMENDED 2010 SHORT-TERM INCENTIVE PLAN

COMPENSATION FACT SHEET
2010 Short-Term Incentive Plan



Purpose As a means of special recognition for the contribution of employees toward the success of the Company, a 2010 Short-Term Incentive Plan (STIP) has been instituted. It is designed to link a portion of employees' total compensation to the attainment of specific, measurable, and bottom-line oriented key company performance indicators.

Eligibility The employee's role, level of responsibilities, and job grade determine eligibility to the 2010 Short-Term Incentive Plan (STIP). The Plan applies to all non-unionized, regular, employees of the Company in grades 25 and above. There are approximately 550 eligible employees.

Performance Period The 2010 STIP relates to the achievement of performance goals over the period from July 1, 2010 to December 31, 2010.

Bonus Payouts The amount of award a participant is eligible to receive is expressed as a certain percentage of the employee's base salary (after giving effect to the Company-wide salary reduction program) as determined by his or her grade level. The threshold, target and maximum award bonus payouts to participants under the STIP as a percentage of such participant's base salary are as follows:

	Threshold	Target	Maximum
CEO and Direct Reports (Grades 43-46)	25%	50%	75%
Grades 40-42	15%	30%	45%
Grades 29-32	12.5%	25%	37.5%
Grades 26-28	8.75%	17.5%	26.25%
Grades 25	5%	10%	15%

The Human Resources and Compensation/Nominating and Governance Committee of the Board of Directors of the Company (the "Committee") will approve all awards before payments are made. Award payments will be made in cash no later than March 15, 2011.

Performance Metric Payout potential for the 2010 STIP is based on Operating Profit (EBITDA) results, for the last six months of 2010 compared with the EBITDA forecast. The design provides for the calculation factors to apply as follows to participant categories:

	Operating Profit Payout Schedule		
	50%	100%	150%
EBITDA	\$200 million	\$273 million	\$346 million

The threshold and maximum performance targets and payouts under the STIP are subject to ratification by the Board of Directors of the Company post-emergence.

The Company reserves the right to reduce or even cancel the bonus payment in the event an employee has demonstrated a lower level of performance than expected.

Full provisions described in Plan Text

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SUMMARY OF MATERIAL TERMS
2010 Short-Term Incentive Plan



Cost Overall cost of the plan at target is \$11 million.

Administrative Guidelines **New Hires**

An employee hired into a regular position after October 1, 2010 is not eligible to participate in the Plan.

Promotion or Status Changes After October 1, 2010

- ▶ If an employee is promoted into one of the grade levels covered by this plan, the employee will be eligible to participate pro rata for time spent in that grade.
- ▶ If an employee is promoted to a position covered by a higher target level, the individual's salary and position for the award calculation will be prorated for time spent in respective positions.
- ▶ If an employee's status changes from temporary to regular, the employee will be eligible to participate prorated for time as a regular employee.

Termination

- ▶ An employee who elects to retire, is terminated for reasons other than cause, or who dies during the performance period prior to the payment date will be eligible to participate pro rata for his or her time during the performance period as an active employee.
- ▶ An employee who voluntarily resigns or is terminated for cause from the Company during the performance period prior to payment date will forfeit their award under the STIP.

Other leaves

- ▶ Maternity/parental/adoption leave: The date at which the leave starts defines the date at which the calculation of the bonus ends.
- ▶ Leave without pay: The bonus is calculated on a prorated basis based on number of months actively at work during the year.
- ▶ Short-term absence due to illness: The length of the absence is included in the calculation of the bonus if it is a bona fide absence as mentioned in the disability medical leave procedure.
- ▶ Long-term absence due to illness (time on long-term disability): The length of the absence is not included in the calculation of the bonus.

Plan Administration

- ▶ The Committee has the right to adjust any or all awards; this includes the right to eliminate any or all awards for any year despite achievement of performance measures. The Board of Directors of the Company may alter, amend or terminate the STIP at any time.

August 2010

Full provisions described in Plan Text

Page 2





Court File No. 500-11-036133-094

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE

OF

ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION
CIRCULAR DATED AUGUST 2, 2010

PLAN SUPPLEMENT 6.8(d)

TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010

UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA),

SECTION 191 OF THE *CANADA BUSINESS CORPORATIONS ACT*,

AND SUCH OTHER SECTIONS AND LEGISLATION TO BE SET FORTH IN THE
RESTRUCTURING TRANSACTIONS NOTICE TO BE DATED SEPTEMBER 3, 2010

September 3, 2010

NOTICE OF FILING OF CCAA PLAN SUPPLEMENT 6.8(d)

PLEASE TAKE NOTICE that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA, Section 191 of the CBCA and such other legislation to be set forth in the Restructuring Transactions Notice (the "CCAA Plan") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act* and such other legislation to be set forth in the Restructuring Transactions Notice involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "Circular"), this CCAA Plan Supplement (the "CCAA Plan Supplement 6.8(d)") is to be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date with notice of such posting to be provided to the Service List (as such CCAA Plan Supplement 6.8(d) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this CCAA Plan Supplement 6.8(d) shall have the meanings ascribed to them in the Circular.

PLEASE TAKE FURTHER NOTICE that this CCAA Plan Supplement 6.8(d) supplements Section 6.8(d) of the CCAA Plan with the material terms of the executive severance policies for U.S. and Canadian executives assumed, as amended, by Reorganized ABH, attached hereto as Exhibit I.

PLEASE TAKE FURTHER NOTICE that you are advised and encouraged to read this CCAA Plan Supplement 6.8(d) and its Exhibit I in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

PLEASE TAKE FURTHER NOTICE that a true and complete copy of the CCAA Plan Supplement 6.8(d) is attached hereto.

PLEASE TAKE FURTHER NOTICE that copies of the CCAA Plan Supplement 6.8(d) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

EXHIBIT I
EXECUTIVE SEVERANCE POLICIES

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SEVERANCE POLICY FACT SHEET
Chief Executive Officer and Direct Reports



Purpose	Severance packages provide financial support to employees should the Company initiate termination of employment.
Eligibility	Chief Executive Officer and his direct reports (in Job Grades 43 and above).
Effective Date	This policy takes effect on emergence date.
Administrative guidelines	Employees will be informed of this policy in a face-to-face meeting and will be given a standard letter setting out the terms and conditions of the severance package.
Payout	Subject to the minimums and maximums below, the severance package will be based on the following criteria: Severance – Six weeks of eligible pay per year of continuous service, with proportional allowance for completed months, up to a maximum of 104 weeks. For short service Executives, a minimum of 52 weeks will be offered. Eligible pay – For severance purposes, eligible pay includes annual base salary and the average of the employee's last 2 paid bonuses (prorated in the case of bonus paid pursuant to the 2010 Short Term Incentive Plan), with a maximum of 125% of bonus target expressed in dollars. Change in Control "Good Reason" trigger – For a period of 12 months following a Change in Control (acquisition of 50% or more of the Company's shares, appointment by a shareholder or a group of shareholders of 50% or more of the Board of Directors; sale, merger or other dispositions pertaining to assets which value equals 50% or more of the Company's market capitalization, or series of transaction having the same effect), the severance package is available in the event of voluntary termination for "good reason" (material adverse change in compensation or responsibility, required relocation or reduction of the protection offer pursuant to this policy). The emergence of the Company from creditor protection will not constitute a change in control for the purpose of this policy.
Other	Non-Compete Clause is included. Reduction – The Company may not reduce the protection offered pursuant to this policy to the current executive officers for a period of two years. Payment of severance upon signed waiver and release agreement – Subject to Company approval, the severance package may be paid as a lump-sum cash amount or in periodic payments where agreed, less any applicable statutory or Company deductions. In the case of persons subject to U.S. tax rules, the release agreement must be signed within 45 days of termination and the severance package will be paid in the form of a lump-sum only. Persons subject to U.S. tax rules shall be subject to additional rules in order to comply with the regulations under Section 409A of the Internal Revenue Code.

Full provisions described in Plan Text

Next page ►



Other

Possible extension of salary continuance – Canadian employees aged between 53 and 55 on their last worked day may be granted a longer salary continuation period, allowing them to retire immediately following their 55th birthday.

Retiring allowance – Canadian employees hired before 1996 may make a tax-deferred transfer of a portion of the severance pay to a Registered Retirement Savings Plan, subject to the maximum defined by Revenue Canada tax rules.

Benefit Coverage – Upon election of a lump sum payment, all benefits and pension cease on the last day worked. Upon election of salary continuance, subject to usual cost-sharing arrangements, participation in group life insurance, medical, dental and pension plans, to the exception of disability plans, will continue to apply. Such coverage will continue until the earliest of:

- the last day of the calendar month during which the salary continuance ends;
- if the former employee is hired by another employer, the date the employee becomes eligible to group insurance coverage under the other employer; or
- the employee's date of retirement.

Short- and long-term disability plans cease on the last day of active employment.

Career Transition Counseling will be available.

August 2010





Court File No. 500-11-036133-094

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)
AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE
OF
ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION
CIRCULAR DATED AUGUST 2, 2010

AMENDED PLAN SUPPLEMENT 6.9(1)
TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010
UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA),
AND SECTION 191 OF THE CANADA BUSINESS CORPORATIONS ACT,
September 17, 2010

NOTICE OF FILING OF AMENDED CCAA PLAN SUPPLEMENT 6.9(1)

PLEASE TAKE NOTICE that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA and Section 191 of the CBCA (the "CCAA Plan") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "Circular"), this amended CCAA Plan Supplement (the "Amended CCAA Plan Supplement 6.9(1)") is to be posted on the Monitor's Website with notice of such posting to be provided to the Service List (as such Amended CCAA Plan Supplement 6.9(1) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this Amended CCAA Plan Supplement 6.9(1) shall have the meanings ascribed to them in the Circular.

PLEASE TAKE FURTHER NOTICE that on September 3, 2010 the Applicants filed CCAA Plan Supplement 6.9(1) which set forth (i) a list of the Applicants' existing pension plans, welfare benefit plans, severance policies and other employee-related plans and programs, including the Applicants' Canadian registered defined benefit and defined contribution plans, which will remain in effect, as amended, following the Implementation Date (the "Continued Plans"), and (ii) a list of the plans and programs, including all of the Applicants' existing non-qualified and non-registered plans, which will be terminated or repudiated under this CCAA Plan and the U.S. Plan and, to the extent applicable, deemed rejected pursuant to Section 365 of the Bankruptcy Code (the "Terminated Plans").

PLEASE TAKE FURTHER NOTICE that attached hereto as Exhibits I and II are the amended lists of Continued Plans and Terminated Plans which replace and supersede in their entirety the ones found in CCAA Plan Supplement 6.9(1).

PLEASE TAKE FURTHER NOTICE that you are advised and encouraged to read this Amended CCAA Plan Supplement 6.9(1) and its Exhibits I and II in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

PLEASE TAKE FURTHER NOTICE that a true and complete copy of the Amended CCAA Plan Supplement 6.9(1) is attached hereto.

PLEASE TAKE FURTHER NOTICE that copies of the Amended CCAA Plan Supplement 6.9(1) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

EXHIBIT I

CONTINUED EMPLOYEE COMPENSATION AND BENEFIT PROGRAMS

I. Pension Plans

Upon the occurrence of the Implementation Date, Bowater Incorporated, and Abitibi-Consolidated Sales Corporation (collectively, the "U.S. Plan Sponsors" and as reorganized under the U.S. Plan, the "Reorganized U.S. Plan Sponsors") shall continue the U.S. Pension Plans, including meeting the minimum funding standards under ERISA and the Internal Revenue Code, paying all PBGC insurance premiums, and administering and operating the U.S. Pension Plans in accordance with their terms and ERISA. Nothing in the U.S. Plan or CCAA Plan shall be deemed to discharge, release, or relieve the U.S. Debtors, the Applicants, the Reorganized Debtors¹, any member of the U.S. Debtors' controlled groups (as defined in 29 U.S.C. § 1301(a)(14)) or any other party, in any capacity, from any current or future liability with respect to the U.S. Pension Plans, and PBGC and the U.S. Pension Plans shall not be enjoined or precluded from enforcing such liability as a result of the U.S. Plan and the CCAA Plan's provisions or confirmation of the U.S. Plan or the CCAA Plan. After the Implementation Date, the Reorganized U.S. Plan Sponsors shall have the authority to terminate, amend or freeze the U.S. Pension Plans in accordance with the terms of the U.S. Pension Plans, ERISA and the Internal Revenue Code. The U.S. Pension Plans are:

- AbitibiBowater Inc. Pension Plan
- AbitibiBowater Inc. Retirement Plan
- Abitibi Consolidated US Pension Plan for Certain Hourly-Paid Employees
- Abitibi Consolidated U.S. Retirement Plan.

In addition, as of the Implementation Date, the Reorganized Debtors shall honor, assume and reinstate, in the ordinary course of business, all of the Company's existing U.S. qualified defined contribution plans and Canadian registered defined benefit and defined contribution plans.

II. Other Continued Employee-related Plans and Programs

Unless otherwise set forth in the U.S. Plan, the CCAA Plan, in CCAA Plan Supplements 6.8(a), 6.8(b), 6.8(d), 6.9(1) or 6.9(2) or in U.S. Plan Supplements 6A, 6B, 7A or 7B, as of the Implementation Date, the Reorganized Debtors shall honor, in the ordinary course of business, the U.S. Debtors and the Applicants' existing employee benefit programs, each as may be amended from time to time in the Reorganized Debtors' sole discretion, including but not limited to, the U.S. Debtors and the Applicants' existing health and welfare benefits, ordinary course perquisites, vacation policies, education reimbursement policies and fitness programs. A summary of the U.S. Debtors and the Applicants' U.S. and Canadian continued severance policies for non-senior executive employees is attached as Schedules 1 and 2 hereto. As of the Implementation Date, the Reorganized Debtors will continue to honor, assume and reinstate, in

¹ "Reorganized Debtors" shall have the meaning ascribed to such term in each of the CCAA Plan and the U.S. Plan.

the ordinary course of business, any incentive and recognition plan entered into or established post-petition, and will continue to honor, assume and reinstate, in the ordinary course of business, any employment agreements entered into post-petition, as well as the temporary work assignment terms and conditions for Robert Cook, Darryl Lambert and Sylvain-Yves Longval.

SCHEDULE 1

**Summary of U.S. Severance Policy
(Job Grade 32 and Below)**

SEVERANCE GUIDELINES (U.S.A.) FACT SHEET
Job Grade 32 and below



Purpose Provide financial support to employees in case of employment termination initiated by the Company.

Eligibility All U.S. active regular, full-time salaried employees of a participating employer whose employment is involuntarily terminated by the Company for lack of work, restructuring of work or reduction in workforce.

Implementation October 14, 2010 or on emergence date.

Administrative Guidelines Employees will be informed in a face to face meeting, and will be given a standard letter setting out the terms and conditions of the severance package.

Payout The Program pays base severance pay on account of a covered termination of employment. You may also be eligible for supplemental severance pay under the Program. Subject to the minimums and maximums below, the severance package will be based on the following criteria:

Base Severance Pay – Two weeks of pay.

Supplemental Severance Pay – Upon providing the Company with a signed Waiver and Release Agreement, you will also be eligible to receive supplemental severance pay and supplemental severance benefits.

The supplemental severance pay is additional weeks of pay, computed at one week for each completed year of service plus one week for each year of completed service greater than 15, with a minimum of one week and a maximum of 52 weeks. The supplemental severance pay would be in addition to the base severance pay.

Eligible pay for severance purposes is defined as annual base pay.

Other **Payment of Severance upon signed waiver and release agreement** – Subject to Company approval, the severance package will be paid as a lump-sum cash amount only, per U.S. tax rules, less any applicable statutory or Company deductions.

Benefit Coverage – Upon termination of employment, an employee's benefits will be terminated as of the last day of the calendar month in which the termination occurs (the "Benefit Termination Date"). After the Benefit Termination Date, the employee is entitled to continue his or her medical and dental coverage as required by law under the Consolidated Omnibus Budget Reconciliation Act (COBRA). To continue medical and dental coverage after the Benefit Termination Date, the employee will be required to make an election to continue medical and dental coverage and pay the applicable premiums. Employees who continue COBRA coverage will be obligated to pay the full cost of the coverage, plus a two percent (2%) administrative charge.

Career Transition Counseling will be available.

Full provisions described in Plan Text

August 2010



SCHEDULE 2

**Summary of Canadian Severance Policy
(Job Grade 32 and Below)**

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:

SEVERANCE GUIDELINES (CANADA) FACT SHEET
Job Grade 32 and below



Purpose	Severance packages provide financial support to employees should the Company initiate termination of employment.
Eligibility	All non-unionized, regular, full-time Canadian employees of the Company in Job Grades 32 and below, and all non-union hourly-paid employees, are eligible for severance packages.
Effective Date	These severance guidelines take effect on October 14, 2010, or on the date of emergence.
Payout	Subject to the minimums and maximums below, severance packages will be based on the following criteria: Hourly-paid non-union positions and positions in job grade 20 and below – A fixed component of 4 weeks, plus a variable component of 2 weeks of base pay per year of continuous service, with proportional allowance for completed months, up to a combined maximum of 52 weeks. For short service employees, a minimum of 8 weeks will be offered. Job grades 21 to 27 inclusive – 3 weeks of base pay per year of continuous service, with proportional allowance for completed months, up to a maximum of 65 weeks. For short service employees, a minimum of 17 weeks will be offered. Job grades 28 to 32 inclusive – 4 weeks of base pay per year of continuous service, with proportional allowance for completed months, up to a maximum of 78 weeks. For short service employees, a minimum of 26 weeks will be offered. Eligible pay – For severance purposes, eligible pay is defined as annual base pay.
Other	Payment of severance upon signed waiver and release agreement – Subject to Company approval, the severance package may be paid as a lump-sum cash amount, or in periodic payments where agreed, less any applicable statutory or Company deductions. Possible extension of salary continuance – Employees aged between 53 and 55 on their last worked day may be granted a longer salary continuation period, allowing them to retire immediately following their 55th birthday. Retiring allowance – Employees hired before 1996 may make a tax-deferred transfer of a portion of the severance pay to a Registered Retirement Savings Plan, subject to the maximum defined by Revenue Canada tax rules.

Full provisions described in Plan Text

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SEVERANCE GUIDELINES (CANADA) FACT SHEET
Job Grade 32 and below

Other

Benefit Coverage – Upon election of a lump-sum severance payment, participation in all benefits and pension plans ends on the last day worked.

Upon election of salary continuance, subject to usual cost-sharing arrangements, participation in group life insurance, medical, dental and pension plans will continue. Such coverage will continue until the earliest of:

- the last day of the calendar month during which the salary continuance ends;
- if the former employee is hired by another employer during salary continuance period, the date the employee becomes eligible for group insurance coverage under the other employer; or
- the employee's date of retirement.

Short- and long-term disability plans cease on the last day of active employment.

Career Transition Counselling will be available.

August 2010

Full provisions described in Plan Text

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EXHIBIT II

TERMINATED PLANS RETIREMENT PLANS AND TERMINATED EMPLOYEE PLANS

I. Terminated Retirement Plans

The Terminated Retirement Plans include the following:

Plans sponsored by AbitibiBowater Inc. and/or Bowater Incorporated or a predecessor company thereof (United States)	
Name of Plan	U.S. Debtor and Applicant Sponsor(s)
Bowater Incorporated Retirement Plan for Outside Directors ("Bowater Directors")	Bowater Incorporated
Supplemental Benefit Plan for Designated Employees of Bowater Incorporated and Affiliated Companies ("Bowater SERP")	Bowater Incorporated
Bowater Incorporated Benefits Equalization Plan ("Bowater Equalization")	Bowater Incorporated
Abitibi Consolidated US Supplemental Executive Retirement Plan (SERP) ("Abitibi SERP")	AbitibiBowater Inc. and its U.S. Debtors and Applicants
Abitibi Building Products Group	Abitibi Consolidated Sales Corporation
AbitibiBowater Inc. Supplemental Retirement Savings Plan ("DC SERP")	The employer of each participant
Bowater Incorporated Compensatory Benefits Plan	AbitibiBowater Inc. and Bowater Incorporated
AbitibiBowater Inc. Outside Directors Deferred Compensation Plan	AbitibiBowater Inc.

Plans sponsored by Bowater Incorporated or a predecessor company (Cross-Border Debtors)	
Name of Plan	U.S. Debtor and Applicant Sponsor(s)
Senior Executive Retirement Plan (SERP) of Bowater Canadian Forest Products Inc. ("BCFPI Senior SERP")	Bowater Canadian Forest Products Inc.
Supplemental Retirement Benefit Plan for Grade 28 and over Employees of Bowater Canadian Forest Products Inc. ("BCFPI SERP 28+")	Bowater Canadian Forest Products Inc.
Supplemental Retirement Benefit Plan for Grade 27 and under Employees of Bowater Canadian Forest Products Inc. ("BCFPI SERP 27-")	Bowater Canadian Forest Products Inc.
Régime complémentaire de retraite relatif aux participants du Régime de retraite des salariés non syndiqués (1995) de Bowater Produits forestiers du Canada Inc. (the "Alliance SERP")	Bowater Canadian Forest Products Inc.
Supplemental Defined Contribution Benefit Plan (2003) for Employees of Bowater Canadian Forest Products Inc. and Bowater Mersey Paper Company Limited ("BCFPI DC SERP")	Bowater Canadian Forest Products Inc.

Plans sponsored by Bowater Incorporated or a predecessor company (Cross-Border Debtors)	
Name of Plan	U.S. Debtor and Applicant Sponsor(s)
2003")	
Unfunded Survivor Income Benefits ("SIB")	Bowater Canadian Forest Products Inc.
Other unfunded arrangements (union and non union special pensions) ("Other BCFPI U" and "Other BCFPI NU") (pensions in payment only)	Bowater Canadian Forest Products Inc.
Various letters of engagement of Bowater Canadian Forest Products Inc. regarding payout of excess flexible contributions	Bowater Canadian Forest Products Inc.
Supplemental Defined Benefit Plan (2003) for Employees of Bowater Canadian Forest Products Inc. and Bowater Mersey Company Limited ("BCFPI SERP 2003")	Bowater Canadian Forest Products Inc.
Régime de conversion industriel prévu à la convention collective (Donnaconna, CSN Conventions collectives de 1984 à 2005) (ERIP)	Bowater Canadian Forest Products Inc.
Régime de conversion industriel de Domtar (Dolbeau, SCEP Local 85 et 252) (ERIP)	Bowater Canadian Forest Products Inc.
Bridging Supplement (Thunder Bay Woods, Collective Agreement Local 1-2693, September 1, 2005 to November 30, 2009) (ERIP)	Bowater Canadian Forest Products Inc.

Plans sponsored by Abitibi-Consolidated Inc. or a predecessor company (Canada)	
Name of Plan	U.S. Debtor and Applicant Sponsor(s)
Canadian Supplemental Executive Retirement Plan (SERP) for Executive Employees of Abitibi-Consolidated Inc. (the "ACI DB SERP")	Abitibi-Consolidated Inc. and AbitibiBowater Inc.
Canadian Defined Contribution Retirement Program for Executive Employees of AbitibiBowater (the "ABH DC SERP")	Abitibi-Consolidated Inc. and AbitibiBowater Inc.
Management Supplementary Benefit Agreements (the "MSBAs")	Abitibi-Consolidated Inc.
Senior Management Retirement Plan of Stone-Consolidated (the "SMRP")	Abitibi-Consolidated Inc.
Régime supplémentaire de retraite des cadres supérieurs désignés de Donohue Inc. (the "Donohue SERP")	Abitibi-Consolidated Inc. and AbitibiBowater Inc.
QUNO Corporation Supplemental Retirement Plan (the "QUNO SERP") ²	Abitibi-Consolidated Inc. and Abitibi Consolidated Company of Canada
Supplemental Plan for Expatriate Employees of Abitibi-Consolidated Inc. (the "SPEE")	Abitibi-Consolidated Inc.
Supplemental Retirement Plan for Senior Executives of Finlay Forest Industries Inc. (the "FF SERP")	Abitibi-Consolidated Inc.

² This plan was terminated effective December 2009, pursuant to and in accordance with the CCAA.

Plans sponsored by Abitibi-Consolidated Inc. or a predecessor company (Canada)	
Name of Plan	U.S. Debtor and Applicant Sponsor(s)
Other unfunded arrangements (union and non union ad hoc benefits and union and non union special pensions) ("Other ACI U" and "Other ACI NU") (pensions in payment only)	Abitibi-Consolidated Company of Canada
Early Retirement Incentive Plan (Grand Falls, Memorandum of Understanding CEP Local 60N- 1999 to 2003) (ERIP)	Abitibi-Consolidated Company of Canada
Re-organization & Manning of paper loading crews (Grand Falls, Effective as of January 1, 1989) (ERIP)	Abitibi-Consolidated Company of Canada
Retirement Agreements entered into between Abitibi-Consolidated Inc. and J.A. Tory, D. Ward and R. Drouin	Abitibi-Consolidated Inc.
Pension bridging provisions and Trigger Bonus (Mackenzie, Collective Bargaining Agreement and the Codification of Local Agreements SCEP Local 402, 2003 to 2008) (ERIP)	Abitibi-Consolidated Company of Canada
Letter of Understanding between CACC and Local 1-2995 (Iroquois Falls Woods, USW, December 1, 2009 to November 30, 2012) (ERIP)	Abitibi-Consolidated Company of Canada
Redundancy Measures Program regarding Displaced Employees at IF Division (C.P.U. Locals 90 and 109, Effective June 1, 1982) (ERIP)	Abitibi-Consolidated Company of Canada

II. Terminated Employee Plans (other than Terminated Retirement Plans)

The Terminated Employee Plans include:

Terminated Employee Plans	
1.	Annual Incentive Plan - 2008
2.	Group Incentive Plan - 2008
3.	Sales Incentive Plan - 2008 - Lumber Group
4.	Sales Incentive Plan - 2008 - Recycling
5.	Sales Incentive Plan - 2009 - Recycling
6.	2008 Equity Incentive Plan and all agreements or arrangements granting awards thereunder
7.	Restricted Share Unit Plan and all agreements or arrangements granting awards thereunder
8.	Executive Deferred Share Unit Plan and all agreements or arrangements granting awards thereunder
9.	Ownership Guidelines - March 25, 2008
10.	Deferred Stock Unit Plan - Non-Employee Director and all agreements or arrangements granting awards thereunder
11.	Amended and Restated Bowater Incorporated Benefit Plan Grantor Trust, Effective as of June 6, 2000 with Wachovia Bank, N.A.
12.	Amended and Restated Bowater Incorporated Outside Directors Benefit Plan Grantor Trust, Effective as of June 6, 2000.

Terminated Employee Plans	
13.	Amended and Restated Bowater Incorporated Executive Severance Grantor Trust, Effective as of June 6, 2000
14.	Supplementary Executive Retirement Compensation Arrangement Trust Agreement, dated April 23, 2004, with Fiducie Desjardins Inc.
15.	Trust Agreement dated November 1st, 2005 with Fiducie Desjardins Inc.
16.	Retirement Compensation Arrangement Trust Agreement with Royal Trust Corporation of Canada, dated as of June 1st, 2005.
17.	Retirement Compensation Arrangement Trust Agreement with CIBC Mellon Trust, dated as of March 20, 2009, effective January 2, 2009.
18.	Retirement Compensation Arrangement Trust Agreement with Montreal Trust Company of Canada, dated as of August 16, 1996
19.	Six Ententes particulières de retraite with C.-A. Poissant, M. Desbiens, V. Camiré, L.-G. Gagnon, C. Hélie and Louis-Marie Bouchard ³

³ These plans were terminated effective January 2010, pursuant to and in accordance with the CCAA.



Court File No. 500-11-036133-094

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)
AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE
OF
ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION
CIRCULAR DATED AUGUST 2, 2010

AMENDED PLAN SUPPLEMENT 6.9(2)
TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010
UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA),
AND SECTION 191 OF THE CANADA BUSINESS CORPORATIONS ACT,

September 17, 2010

NOTICE OF FILING OF AMENDED CCAA PLAN SUPPLEMENT 6.9(2)

PLEASE TAKE NOTICE that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA and Section 191 of the CBCA (the "CCAA Plan") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "Circular"), this amended CCAA Plan Supplement (the "Amended CCAA Plan Supplement 6.9(2)") is to be posted on the Monitor's Website with notice of such posting to be provided to the Service List (as such Amended CCAA Plan Supplement 6.9(2) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this Amended CCAA Plan Supplement 6.9(2) shall have the meanings ascribed to them in the Circular.

PLEASE TAKE FURTHER NOTICE that on September 3, 2010 the Applicants filed CCAA Plan Supplement 6.9(2) which set forth the material terms of the New Plans (the "Initial New Plans").

PLEASE TAKE FURTHER NOTICE that attached hereto as Exhibit I are the amended material terms of the New Plans which replace and supersede in their entirety the Initial New Plans.

PLEASE TAKE FURTHER NOTICE that you are advised and encouraged to read this Amended CCAA Plan Supplement 6.9(2) and its Exhibit I in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

PLEASE TAKE FURTHER NOTICE that a true and complete copy of the Amended CCAA Plan Supplement 6.9(2) is attached hereto.

PLEASE TAKE FURTHER NOTICE that copies of the Amended CCAA Plan Supplement 6.9(2) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

EXHIBIT I

MATERIAL TERMS OF THE NEW PLAN¹

(1) Reinstatement of Certain Retirement Benefits

As set forth in the CCAA Plan Supplement 6.9(1), all of the Company's existing non-qualified and non-registered plans (such terminated non-qualified and non-registered plans and programs referred to herein as the "Terminated Retirement Plans") shall be terminated and, to the extent applicable, deemed rejected as of the Implementation Date pursuant to section 365 of the Bankruptcy Code.

A. Reinstatement Option for Eligible Employees

Effective as of the Implementation Date, the U.S. Debtors, the Applicants and the Reorganized Debtors² will establish non-qualified and non-registered plans, agreements or arrangements (the "New Plans") pursuant to which, among other things, all employees and beneficiaries in active status as of the Implementation Date who were entitled to benefits under any Terminated Retirement Plans as of the Implementation Date (the "Eligible Employees") will be eligible to receive benefits under the New Plans substantially similar to those benefits available to such employee under the Terminated Retirement Plans, to the extent thereof, provided, however, that: (i) all defined benefits available under the New Plans will be frozen as of the Implementation Date; and (ii) the Eligible Employee must waive and forfeit any and all Claims the Eligible Employee has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans (collectively, the "SERP Claims").

Pursuant to the CCAA Plan, all defined benefits available to Eligible Employees under the New Plans will be frozen as of the Implementation Date. Defined benefits accrued by Eligible Employees under the Terminated Retirement Plans will be reinstated under the New Plans on substantially the same terms and conditions as were earned under the Terminated Retirement Plans, provided, however, that at emergence the Company will not secure or collateralize any funding obligations under the New Plans (and no assurance exists that it will do so in the future), and the identity of the plan sponsors may change. In addition, after the Implementation Date, Eligible Employees will only earn benefits under those New Plans that are defined contribution plans (the "DC SERPs") for services rendered after the Implementation Date. The material terms of the DC SERPs are set forth in this CCAA Plan Supplement.

Eligible Employees who retain their SERP Claims may be eligible for benefits under the New Plans, but without receiving any credit under the New Plans for any benefits accrued under the Terminated Retirement Plans.

¹ This CCAA Plan Supplement summarizes the key terms of the New Plans and is not a substitute for the terms and conditions of the actual New Plans. The pertinent plan documents and applicable agreements will in each case govern in the event of any conflict between this summary and the applicable plan documents and/or agreements. Capitalized terms not defined in this CCAA Plan Supplement shall have the same meaning as set forth in the CCAA Plan.

² "Reorganized Debtors" shall have the meaning ascribed to such term in each of the CCAA Plan and the U.S. Plan.

B. Reinstatement Option for Eligible Retirees

Pursuant to the CCAA Plan and the U.S. Plan, all retirees, beneficiaries and deferred vested participants, as of the Implementation Date, under the Terminated Retirement Plans (the "Eligible Retirees") will be eligible to receive benefits after the Implementation Date substantially similar to those benefits available to such Eligible Retiree under the Terminated Retirement Plans to the extent thereof, without retroactive adjustments; provided, however, (i) that the benefits available to each such Eligible Retiree under the New Plans shall be 10% to 35% lower, depending on the applicable Terminated Retirement Plan, than the benefits available to the Eligible Retiree under the Terminated Retirement Plans at the time of termination thereof, as detailed below, (ii) the benefits available to each such Eligible Retiree under the New Plans shall be subject to an annual per participant cap on benefits in amounts ranging from \$40,000 to \$50,000 (in the aggregate) in the case of defined benefit Terminated Retirement Plans and corresponding caps in the case of defined contribution Terminated Retirement Plans, depending on the applicable Terminated Retirement Plans, this annual cap being further reduced by any secured pension benefits received or to be received in respect of the Terminated Retirement Plans, as summarized below, (iii) the Company will note secure or collateralize any funding obligations under the New Plans and the identity of the plan sponsor(s) may change; and (iv) that the Eligible Retiree must waive and forfeit any and all claim such Eligible Retiree has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans (the "Retiree SERP Claims").

Eligible Retirees who retain their Retiree SERP Claims will not receive any benefits under the New Plans and will not receive any credit under the New Plans for any benefits accrued under the Terminated Retirement Plans. Eligible Retirees who retain their Retiree SERP Claims will receive distributions in full satisfaction of such Retiree SERP Claims under the Plan to the extent such claims are Allowed.

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The following schedule identifies the Terminated Retirement Plans, the U.S. Debtors and Applicants sponsoring each plan, and the percent-reduction in benefits and annual benefit cap per participant applicable to such plan under the New Plans.

Plans sponsored by AbitibiBowater Inc. and/or Bowater Incorporated or a predecessor company thereof (United States)			
Name of Plan	U.S Debtor and Applicant Sponsor(s)	% Reduction in Benefits	Annual per Participant Cap
Bowater Incorporated Retirement Plan for Outside Directors ("Bowater Directors")	Bowater Incorporated	35%	USD \$40,000 ³
Supplemental Benefit Plan for Designated Employees of Bowater Incorporated and Affiliated Companies ("Bowater SERP")	Bowater Incorporated	35%	USD \$40,000
Bowater Incorporated Benefits Equalization Plan ("Bowater Equalization")	Bowater Incorporated	35%	USD \$40,000
Abitibi Consolidated US Supplemental Executive Retirement Plan (SERP) ("Abitibi SERP")	AbitibiBowater Inc. and its U.S. Debtors and Applicants	10%	USD \$50,000
Abitibi Building Products Group	Abitibi Consolidated Sales Corporation	35%	USD \$40,000
AbitibiBowater Inc. Supplemental Retirement Savings Plan ("DC SERP")	The employer of each participant	35%	USD \$40,000 ³
Bowater Incorporated Compensatory Benefits Plan	Bowater Incorporated, and AbitibiBowater Inc.	35%	USD \$40,000
AbitibiBowater Inc. Outside Directors Deferred Compensation Plan	AbitibiBowater Inc.	35%	USD \$40,000 ³

Plans sponsored by Bowater Incorporated or a predecessor company (Cross-Border Debtors)			
Name of Plan	U.S Debtor and Applicant Sponsor(s)	% Reduction in Benefits	Annual per Participant Cap
Senior Executive Retirement Plan (SERP) of Bowater Canadian Forest Products Inc. ("BCFPI Senior SERP")	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000
Supplemental Retirement Benefit Plan for Grade 28 and over Employees of Bowater Canadian Forest Products Inc. ("BCFPI SERP 28+")	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000

³ These caps apply to defined benefit plans. Corresponding caps may apply to denied contribution plans.

Plans sponsored by Bowater Incorporated or a predecessor company (Cross-Border Debtors)			
Name of Plan	U.S Debtor and Applicant Sponsor(s)	% Reduction in Benefits	Annual per Participant Cap
Supplemental Retirement Benefit Plan for Grade 27 and under Employees of Bowater Canadian Forest Products Inc. ("BCFPI SERP 27-")	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000
Régime complémentaire de retraite relatif aux participants du Régime de retraite des salariés non syndiqués (1995) de Bowater Produits forestiers du Canada Inc. (the "Alliance SERP")	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000
Supplemental Defined Contribution Benefit Plan (2003) for Employees of Bowater Canadian Forest Products Inc. and Bowater Mersey Paper Company Limited ("BCFPI DC SERP 2003")	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000 ⁴
Supplemental Defined Benefit Plan (2003) for Employees of Bowater Canadian Forest Products Inc. and Bowater Mersey Company Limited ("BCFPI SERP 2003")	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000
Unfunded Survivor Income Benefits ("SIB")	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000
Other unfunded arrangements (union and non union special pensions) ("Other BCFPI U" and "Other BCFPI NU") (pensions in payment only)	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000
Various letters of engagement of Bowater Canadian Forest Products Inc. regarding payout of excess flexible contributions	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000 ⁴
Régime de conversion industriel prévu à la convention collective (Donnacona, CSN Conventions collectives de 1984 à 2005) (ERIP)	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000
Régime de conversion industriel de Dometar (Dolbeau, SCEP Local 85 et 252) (ERIP)	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000
Bridging Supplement (Thunder Bay Woods, Collective Agreement Local 1-2693, September 1, 2005 to November 30, 2009) (ERIP)	Bowater Canadian Forest Products Inc.	10%	CDN \$50,000

⁴ These caps apply to defined benefit plans. Corresponding caps may apply to defined contribution plans.

Plans sponsored by Abitibi-Consolidated Inc. or a predecessor company (Canada)			
Name of Plan	U.S Debtor and Applicant Sponsor(s)	% Reduction in Benefits	Annual per Participant Cap
Canadian Supplemental Executive Retirement Plan (SERP) for Executive Employees of Abitibi-Consolidated Inc. (the "ACI DB SERP")	Abitibi-Consolidated Inc. and AbitibiBowater Inc.	10%	CDN \$50,000
Canadian Defined Contribution Retirement Program for Executive Employees of AbitibiBowater (the "ABH DC SERP")	Abitibi-Consolidated Inc. and AbitibiBowater Inc.	10%	CDN \$50,000 ⁵
Management Supplementary Benefit Agreements (the "MSBAs")	Abitibi-Consolidated Inc.	10%	CDN \$50,000
Senior Management Retirement Plan of Stone-Consolidated (the "SMRP")	Abitibi-Consolidated Inc.	10%	CDN \$50,000
Régime supplémentaire de retraite des cadres supérieurs désignés de Donohue Inc. (the "Donohue SERP")	Abitibi-Consolidated Inc. and AbitibiBowater Inc.	10%	CDN \$50,000
QUNO Corporation Supplemental Retirement Plan (the "QUNO SERP")	Abitibi-Consolidated Inc. and Abitibi Consolidated Company of Canada	10%	CDN \$50,000
Supplemental Plan for Expatriate Employees of Abitibi-Consolidated Inc. (the "SPEE")	Abitibi-Consolidated Inc.	10%	CDN \$50,000
Supplemental Retirement Plan for Senior Executives of Finlay Forest Industries Inc. (the "FF SERP")	Abitibi-Consolidated Inc.	10%	CDN \$50,000
Other unfunded arrangements (union and non union ad hoc benefits and union and non union special pensions) ("Other ACI U" and "Other ACI NU") (pensions in payment only)	Abitibi-Consolidated Company of Canada	10%	CDN \$50,000
Early Retirement Incentive Plan (Grand Falls, Memorandum of Understanding	Abitibi-Consolidated	10%	CDN\$50,000

⁵ These caps apply to defined benefit plans. Corresponding caps may apply to defined contribution plans.

Plans sponsored by Abitibi-Consolidated Inc. or a predecessor company (Canada)			
Name of Plan	U.S Debtor and Applicant Sponsor(s)	% Reduction in Benefits	Annual per Participant Cap
CEP Local 60N- 1999 to 2003) (ERIP)	Company of Canada.		
Re-organization & Manning of paper loading crews (Grand Falls, Effective as of January 1, 1989) (ERIP)	Abitibi- Consolidated Company of Canada	10%	CDN\$50,000
Retirement Agreements entered into between Abitibi-Consolidated Inc. and J.A. Tory, D. Ward and R. Drouin	Abitibi- Consolidated Inc.	10%	CDN \$50,000
Pension bridging provisions and Trigger Bonus (Mackenzie, Collective Bargaining Agreement and the Codification of Local Agreements SCEP Local 402, 2003 to 2008) (ERIP)	Abitibi- Consolidated Company of Canada	10%	CDN \$50,000
Letter of Understanding between CACC and Local 1-2995 (Iroquois Falls Woods, USW, December 1, 2009 to November 30, 2012) (ERIP)	Abitibi- Consolidated Company of Canada	10%	CDN \$50,000
Redundancy Measures Program regarding Displaced Employees at IF Division (C.P.U. Locals 90 and 109, Effective June 1, 1982) (ERIP)	Abitibi- Consolidated Company of Canada	10%	CDN \$50,000

C. Miscellaneous

The U.S. Debtors', the Applicants' or Reorganized Debtors' performance of any employment agreement, plan or policy that is not terminated under the U.S. Plan or the CCAA Plan will not entitle any person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Implementation Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program or plan. Nothing in the U.S. Plan or the CCAA Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans.

Notwithstanding anything to the contrary contained herein, on and after the Implementation Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

(2) Material Terms of DC SERPs

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COMPENSATION FACT SHEET

AbitibiBowater Inc. Supplemental Retirement Savings Plan (for grades 29 and above)



Purpose

The AbitibiBowater Inc. Supplemental Retirement Savings Plans (or "DC SERP") helps employees save for retirement. Qualified DC plan contributions are subject to a tax limit, so the DC SERP allows employees to benefit based on his or her full earnings.

The **DC SERP** is an unfunded plan that is paid through the Company's operating expenses and is not governed by pension legislation. The goal of the DC SERP is to provide company contributions to highly-compensated employees for retirement purposes that cannot be received from the AbitibiBowater Inc. Retirement Savings Plan (or "DC plan") due to Internal Revenue Service limitations. In other words, the DC SERP supplements the DC plan benefit.

Eligibility

Employees who are at salary grade 29 or above and are listed on the U.S. payroll participate in the DC SERP as of the date of emergence. Any executive who is hired into or appointed to a position corresponding to salary grade 29 or above after the date of emergence will automatically become a participant in the DC SERP.

An employee will cease to be eligible for any DC SERP contributions as of the date he or she is no longer actively employed in a position corresponding to salary grade 29 or above. If an employee moves to a position corresponding to salary grade 28 or below, he or she will be covered only under the DC plan.

There are approximately 23 eligible employees.

Contributions

Contributions are allocated to 2 plans under the DC retirement program:

- ▶ The DC plan, for total employee and Company contributions up to Internal Revenue Service limits; and
- ▶ The DC SERP, for Company contributions in excess of Internal Revenue Service limits as well as some additional Company contributions.

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COMPENSATION FACT SHEET**AbitibiBowater Inc. Supplemental Retirement Savings Plan****Contributions**

Contribution levels for the DC SERP are as follows:

	Company Contributions
Basic	6.5% of eligible earnings Minus Company contributions to the DC plan
Match	4% of eligible earnings Minus Maximum Company match in the DC plan
Additional ► For executives at salary grade 43 and above reporting to the CEO ► For the CEO	10% of eligible earnings 12% of eligible earnings

Eligible earnings

Eligible earnings include base salary, as well as the paid bonus under annual incentive plans. The paid bonus excludes any special bonuses unless authorized by the Company.

Tax Limit

The sum of employee and Company contributions to the DC plan is subject to the limit prescribed by the Internal Revenue Service. The limit for employee contributions is \$16,500 while the limit for the sum of employee and Company contributions is \$49,000 for 2010. Moreover, contributions can not be made on any compensation above \$245,000. These amounts are expected to rise annually in future years.

Program Overview

Vesting	Participants become fully vested in Company contributions upon three Years of Service. Excess Matching Contributions credited before January 1, 2009 and Company contributions associated with salary deferrals (before January 1, 2009) are fully vested.
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COMPENSATION FACT SHEET

AbitibiBowater Inc. Supplemental Retirement Savings Plan



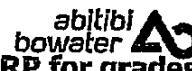
How Money Grows	Participants allocate their contributions (in whole percentages) to investment funds made available by the Plan Administrator. Individual Participant Accounts grow at the cumulative rate of return recognized by the portfolio created by their investment elections.
Termination of Employment or Retirement	After an employee leaves the Company, his or her vested DC SERP is paid in cash, less applicable taxes. It is paid out in 2 equal payments at 6 months and at 12 months after the employee leaves the Company.
Death Benefits	▶ If the employee dies before leaving the Company, his or her spouse or beneficiary will receive a lump-sum payment equal to 100% of the DC SERP account in cash, less applicable taxes. ▶ If the employee dies after leaving the Company, but before having received the amount to which he or she was entitled when leaving the Company, the employee's spouse or beneficiary will receive any remaining payments that he or she would have been entitled to receive had death not occurred. This amount is paid in cash, less applicable taxes.
Disability	If the employee becomes disabled, he or she will receive a lump-sum payment equal to 100% of the DC SERP account in cash, less applicable taxes.

August 2010



COMPENSATION FACT SHEET

Defined Contribution (DC) Retirement Program- (DC plan and DC SERP for grades 29 and above)



Purpose

The defined contribution (DC) retirement program (or "retirement program") helps employees save for retirement. It consists of 2 plans: the defined contribution plan (or "DC plan") and the defined contribution supplemental executive retirement plan (or "DC SERP"). DC plan contributions are subject to a tax limit, so the DC SERP allows employees to benefit based on his or her full earnings.

The **DC plan** is a registered plan, which means that it is funded and governed by pension legislation. Employee contributions, along with the Company's matching contributions, are deposited in an individual account and allocated to investment funds that the employee chooses.

The **DC SERP** is an unfunded plan that is paid through the Company's operating expenses and is not governed by pension legislation. The goal of the DC SERP is to provide benefits to highly-compensated employees, whose retirement savings would otherwise be limited in the DC plan by the *Income Tax Act (Canada)* maximum. In other words, the DC SERP supplements the DC plan benefit.

Eligibility

Employees who are at salary grade 29 or above and are listed on the Canadian payroll participate in the DC retirement program as of the date of emergence. Any executive who is hired into or appointed to a position corresponding to salary grade 29 or above after the date of emergence will automatically become a participant in the DC retirement program.

An employee will cease to be eligible for any DC SERP contributions as of the date he or she is no longer actively employed in a position corresponding to salary grade 29 or above. If an employee moves to a position corresponding to salary grade 28 or below, he or she will be covered only under the DC plan for grades 28 or below.

There are approximately 40 eligible employees.

Contributions

Contributions are allocated to 2 plans under the DC retirement program:

- ▶ The DC plan, for total employee and Company contributions up to *Income Tax Act (Canada)* limits; and
- ▶ The DC SERP, for Company contributions in excess of *Income Tax Act (Canada)* limits.

Employees must make contributions to the retirement program equal to 5% of eligible earnings up to the Compensation Limit (U.S.A.). The Compensation Limit (U.S.A.) is set by the Internal Revenue Service (U.S.A.) and is equal to \$245,000 for the year 2010; it is expected to rise annually in future years. These contributions are allocated to the DC plan.

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COMPENSATION FACT SHEET

Defined Contribution (DC) Retirement Program



Contributions

Contribution levels are as follows:

Contributions	Employee Contributions	Company Contributions
Basic	5% of eligible earnings*	10.5% of eligible earnings
Additional		
► For executives at salary grade 43 and above reporting to the CEO	None	10% of eligible earnings
► For the CEO	None	12% of eligible earnings

* Up to the Compensation Limit (U.S.A.)

Company contributions are first deposited in the DC plan up to *Income Tax Act (Canada)* limits. Any amount that exceeds *Income Tax Act (Canada)* limits is then allocated to the DC SERP.

Eligible earnings

Eligible earnings include base salary, as well as the paid bonus under annual incentive plans. The paid bonus excludes any special bonuses unless authorized by the Company.

Tax Limit

The sum of employee and Company contributions to the DC plan is subject to the limit prescribed under the *Income Tax Act (Canada)*. The limit is \$22,450 for 2010. This amount is expected to rise annually in future years.

Program Overview

Vesting	DC plan												
	Employees are immediately fully vested in the DC account;												
	DC SERP												
	Vesting is gradual and depends on age. An employee becomes fully vested upon an involuntary termination without cause or upon death.												
	The vesting schedule for the DC SERP is as follows:												
	<table> <tr> <th>Vested %</th><th>Age</th></tr> <tr> <td>50%</td><td>Younger than 55</td></tr> <tr> <td>70%</td><td>55</td></tr> <tr> <td>80%</td><td>56</td></tr> <tr> <td>90%</td><td>57</td></tr> <tr> <td>100%</td><td>58</td></tr> </table>	Vested %	Age	50%	Younger than 55	70%	55	80%	56	90%	57	100%	58
Vested %	Age												
50%	Younger than 55												
70%	55												
80%	56												
90%	57												
100%	58												



Defined Contribution (DC) Retirement Program

Non-Compete/Confidentiality Provisions	The right to receive any money from the DC SERP is subject to the terms of the non-compete / confidentiality provisions stipulated under the DC SERP plan text.
How Money Grows	DC plan Contributions to the DC plan are deposited in an individual account and allocated to investment funds that the employee chooses. The funds accumulated in an employee's DC account vary over time, depending on the amount of contributions made and investment returns, which can be positive or negative. A range of investment funds are offered in the DC plan to meet employee needs and risk and reward objectives. DC SERP Employees do not have investment options in the DC SERP. Each year, the Company will allocate interests to DC SERP accounts at a rate equal to the average rate of return on the balanced funds offered in the DC plan during the year. However, in the year of termination of employment, interest will be allocated as if the contributions for the year were made at mid-year.
Termination of Employment or Retirement	DC plan ▶ At termination of employment, an employee can transfer the DC account balance to a locked-in retirement savings plan on a tax-sheltered basis. ▶ Upon retirement, the income will depend on the following factors: - The account balance at retirement (employee contributions, Company contributions, and investment income); - The age when the employee chooses to start receiving his or her retirement payments; and - The authorized retirement income plan chosen by the employee. This could be a life annuity, a life income fund (LIF), or a locked-in retirement income fund (LRIF). LIFs and LRIFs are similar to investment accounts, from which withdrawals can be made each year, subject to legislated minimums and maximums. DC SERP After an employee leaves the Company, his or her vested DC SERP is paid in cash, less applicable taxes. It is paid out in 2 equal payments after the employee has left the Company; at 6 months and at 12 months.



Defined Contribution (DC) Retirement Program

Death Benefits	DC plan ▶ If the employee dies before transferring the funds in the DC account out of the Plan, his or her spouse or beneficiary will receive the account balance. ▶ If the employee dies after transferring the DC account out of the Plan, his or her spouse or beneficiary will receive the amounts payable under the terms of the life annuity, locked-in retirement savings plan, or authorized retirement income plan previously chosen by the employee. DC SERP ▶ If the employee dies before leaving the Company, his or her spouse or beneficiary will receive a lump-sum payment equal to 100% of the DC SERP account in cash, less applicable taxes. ▶ If the employee dies after leaving the Company, but before having received the amount to which he or she was entitled when leaving the Company, the employee's spouse or beneficiary will receive any remaining payments that he or she would have been entitled to receive had death not occurred. This amount is paid in cash, less applicable taxes.
Disability	▶ If the employee becomes disabled and is entitled to benefits under the Company's short-term disability plan, the employee and the Company will continue to contribute to the DC Retirement Program during this period. ▶ If the employee becomes disabled and is entitled to benefits under the Company's long-term disability plan, the Company will continue to make its basic and optional contributions to the employee's account of the DC Retirement Program, as well as the contributions he or she was making the day before the start of disability leave. ▶ Contributions will be based on the employee's eligible earnings before the start of disability leave.

August 2010

