CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No. : 500-11-036133-094

SUPERIOR COURT

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

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

ABITIBIBOWATER INC.,

And

ABITIBI-CONSOLIDATED INC.,

And

BOWATER CANADIAN HOLDINGS INC.,

And

the other Petitioners listed herein

Petitioners

And

ERNST & YOUNG INC.,

Monitor

MOTION FOR DIRECTIONS IN RESPECT OF PAYMENTS OWED TO EMPLOYEES OF THE ABH GROUP

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE PETITIONERS RESPECTFULLY SUBMIT THE FOLLOWING:

A. PREAMBLE

1. On April 17, 2009, this Honourable Court issued an order (as amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangements Act* (the "**CCAA**") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (collectively with ACI, the "**Abitibi Petitioners**")[1], (ii) Bowater Canadian Holdings Inc. and subsidiaries thereof (collectively, the "**Bowater Petitioners**")[2] and (iii) certain partnerships.[3]

2. On April 16, 2009, AbitibiBowater Inc. ("**ABH**"), Bowater Inc. and certain of their U.S. and Canadian subsidiaries filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "**Chapter 11 Proceedings**"), and on April 17, 2009, ABH and the certain Petitioners (collectively with ABH, the "**18.6 Petitioners**")[4] obtained orders under s. 18.6 of the CCAA in respect of the Chapter 11 Proceedings.

3. The Abitibi Petitioners, the Bowater Petitioners and the 18.6 Petitioners (collectively, the "**Petitioners**") are all direct or indirect subsidiaries of ABH (collectively, with its subsidiaries, the "**ABH Group**").

B. ORDERS SOUGHT

4. The ABH Group hereby seeks the issuance of orders authorizing it:

   (a) to pay unused vacation entitlements or other similar contractual

---

[1] The Abitibi Petitioners are 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. and 9150-3383 Québec Inc.

[2] The Bowater Petitioners are 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., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products (2001) Inc., Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc. and Bowater Couturier Inc.

[3] The partnerships are Bowater Canada Finance Limited Partnership, Bowater Pulp and Paper Canada Holdings Limited Partnership and Abitibi-Consolidated Finance LP.

[4] The 18.6 Petitioners are AbitibiBowater Inc., AbitibiBowater US Holding 1 Corp., Bowater Ventures Inc., Bowater Incorporated, Bowater Nuway Inc., Bowater Nuway Mid-States Inc., Catawba Property Holdings LLC, Bowater Finance Company Inc., Bowater South American Holdings Incorporated, Bowater America Inc., Lake Superior Forest Products Inc., Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, Bowater Finance II, LLC, Bowater Alabama LLC and Coosa Pines Golf Club Holdings LLC.

entitlements (e.g. accumulated overtime, deferred statutory leave or floating leave) (collectively with vacation entitlements, the "**Employee Entitlements**") that had accrued prior to April 17, 2009 to employees who have resigned, have retired or were laid-off, or will resign, retire or be laid-off, whether before or during the course of these CCAA proceedings;

(b) to permit unused Employee Entitlements that had accrued prior to April 17, 2009 to be taken as paid time-off by employees of the ABH Group or to be paid as lump sum payments to said employees under collective bargaining agreements or existing policies, where applicable; and

(c) to reimburse expenses or other reimbursable amounts incurred prior to April 17, 2009 by employees or former employees of the ABH Group in the context of their employment (including, without limitation, amounts charged by employees to credit cards) consistent with existing compensation policies and arrangements.

C. GROUNDS FOR THIS MOTION

5. On May 26, 2009, this Court amended paragraph 21 of the Initial Order so as to remove any discretion on the part of the ABH Group to make certain payments that were due or accruing due prior to April 17, 2009. Paragraph 21, in its amended form, now reads as follows:

> *[21] **ORDERS** that the Petitioners and the Partnerships shall be entitled to pay the following expenses incurred after this Order:*
>
> *a) all wages, salaries, commissions, vacation pay, current pension contributions and other benefits, reimbursement of expenses (including, without limitation, amounts charged by employees to credit cards) and other amounts payable to current or future employees, officers or directors after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;*
>
> *b) all amounts owing to or in respect of individuals working as independent contractors in connection with the Petitioners' business;*
>
> [...]
>
> *Notwithstanding the foregoing, from and after May 26, 2009, the Petitioners shall be entitled to make any payments of the same nature as those referenced in paragraphs 21 a) or 21 b) that were due or accruing due prior to April 17, 2009, provided that prior leave of this Court is first obtained. Exceptionally, for de minimis payments of up to $2,000 per affected employee or $50,000 in the aggregate, the prior authorization of the Monitor shall be sufficient.*

6. As appears from paragraph 21 of the Initial Order, the ABH Group is entitled to pay certain amounts that were due or accruing due prior to April 17, 2009 with leave of this Court. An exception is made for *de minimis* payments of $2,000 per employee and $50,000 in the aggregate, for which Monitor approval is sufficient.

7. The ABH Group currently has accrued the following facilities:

   (a) accrued, unused Employee Entitlements to former ABH Group employees who resigned, had retired or were laid-off prior to April 17, 2009;

   (b) accrued, unused Employee Entitlements to former ABH Group employees who resigned, had retired or were laid off on or after April 17, 2009, of which a significant portion accrued prior to April 17, 2009;

   (c) accrued, unused Employee Entitlements to current employees of the ABH Group, of which a significant portion accrued prior to April 17, 2009;

   (d) pre-filing expenses or reimbursable amounts incurred by employees or former employees of the ABH Group in the context of their employment (including, without limitation, amounts charged by employees to credit cards) consistent with existing compensation policies and arrangements.

8. The above mentioned entitlements and liabilities, if paid, are in excess of the *de minimis* thresholds provided for in paragraph 21 of the Initial Order. Moreover if the ABH Group were to permit employees to take Employee Entitlements as paid time-off, this could be construed as a form of payment captured by the provisions of paragraph 21. Accordingly, the ABH Group hereby seeks leave from this Court to grant such benefits to its former and current employees.

9. The ABH Group submits that by granting the above mentioned entitlements to all its current and former employees, without any pre- or post-filing distinctions, it adopts a practical, viable and fair solution which treats all employees of the ABH Group equitably, with due regard to its financial position.

10. The relief sought would be consistent with the position adopted in the context of the Chapter 11 Proceedings, where the ABH Group entities known as the U.S. Debtors (as defined in the Initial Order) were authorized to pay prepetition wages, salaries, payroll taxes, employee benefits and related expenses in accordance with their existing policies in the ordinary course of their business.

11. The present petition is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

GRANT the present Motion;

AUTHORIZE the ABH Group:

(a) to pay unused vacation entitlements or other similar contractual entitlements (e.g. accumulated overtime, deferred statutory leave or floating leave) (collectively with vacation entitlements, the "**Employee Entitlements**") that had accrued prior to April 17, 2009 to employees who have resigned, have retired or were laid-off, or will resign, retire or be laid-off, whether before or during the course of these CCAA proceedings;

(b) to permit unused Employee Entitlements that had accrued prior to April 17, 2009 to be taken as paid time-off by employees of the ABH Group or to be paid as lump sum payments to said employees under collective bargaining agreements or existing policies, where applicable; and

(c) to reimburse expenses or other reimbursable amounts incurred prior to April 17, 2009 by employees or former employees of the ABH Group in the context of their employment (including, without limitation, amounts charged by employees to credit cards) consistent with existing compensation policies and arrangements.

ORDER the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security.

THE WHOLE WITHOUT COSTS, save and except in case of contestation.

Montréal, June 10 , 2009

Stikeman Elliott LLP

Stikeman Elliott LLP
Attorneys for the Petitioners

AFFIDAVIT

I, the undersigned, Pierre Laberge, Human Resources Director, having my principal place of business at Suite 800, 1155 Metcalfe Street, Montréal, Quebec, H3B 5H2 solemnly declare the following:

1. I am the Human Resources Director of AbitibiBowater Inc.

2. All the facts alleged in the *Motion for Directions in Respect of Payments Owed to Employees of the ABH Group* are true.

AND I HAVE SIGNED

PIERRE LABERGE

Solemnly declared before me at Montréal, on the 10th day of June, 2009

Commissioner for oaths

COMMISSAIRE À L'ASSERMENTATION
Nicole Leblanc
#132,216
TOUS LES DISTRICTS JUDICIAIRES DU QUÉBEC

NOTICE OF PRESENTATION

TAKE NOTICE that the *Motion for Directions in Respect of Payments Owed to Employees of the ABH Group* will be presented for adjudication before the Honourable Judge Clément Gascon of the Superior Court, sitting in practice in and for the District of Montreal, at the Montreal Court House, 1 Notre-Dame St. East, on **a date to be determined by the Court**, at a time and in a Room to be announced.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, June 10, 2009

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Petitioners

SUPERIOR COURT
Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*)

N°. 500-11-036133-094

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

In the matter of Plan of Compromise or Arrangement of:

ABITIBIBOWATER INC. *and al*

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

BS0350 **n/dos.:** 041053-1170

MOTION FOR DIRECTIONS IN RESPECT OF PAYMENTS OWED TO EMPLOYEES OF THE ABH GROUP, AFFIDAVIT AND NOTICE OF PRESENTATION

ORIGINAL

Me Guy P. Martel **(514) 397-3163**
Fax : (514) 397-3493

Me Stephen Hamilton **(514) 397-3055**
Fax : (514) 397-3585

STIKEMAN ELLIOTT
Stikeman Elliott S.E.N.C.R.L., s.r.l. **AVOCATS**
40e Étage
1155, boul. René-Lévesque Ouest
Montréal, Canada H3B 3V2