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*)

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 herein

Petitioners

And

ERNST & YOUNG INC.

Monitor

LIST OF EXHIBITS OF THE PETITIONERS

DESCRIPTION		TAB
R-1:	**Copy of the U.S. Final DIP Order**	1
R-2:	**BI DIP Amendment No. 1**	2
R-3:	**Copy of the amended pages of the BI DIP Credit Agreement, with the amendments black lined**	3
R-4:	**Draft of Amendment No. 2**	4

Montreal, this 17th day of June, 2009

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

#10443189 v1

R-1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
ABITIBIBOWATER INC., *et al.*,[1]	)	Case No. 09-11296(KJC)
Debtors.	)	(Jointly Administered)

FINAL ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 364 AND 507 (1) APPROVING POSTPETITION FINANCING, (2) AUTHORIZING USE OF CASH COLLATERAL, (3) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (4) GRANTING ADEQUATE PROTECTION, AND (5) MODIFYING THE AUTOMATIC STAY
(Conformed Version of Order [Docket No. 407])[2]

THIS MATTER having come before the Bankruptcy Court upon the motion (the "**DIP Motion**") by AbitibiBowater Inc. ("**Parent**"), Bowater Incorporated ("**Bowater**", together with Parent, collectively, the "**US Borrowers**"), Bowater Newsprint South LLC and all the direct and indirect domestic subsidiaries of Bowater and Bowater Newsprint South LLC, in each case, that is a

1 The debtors-in-possession in these cases, along with the last four digits of each Debtor's federal or Canadian tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (6050), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (3225), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (0999), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (8810), Bowater Canadian Forest Products Inc. (2010), Bowater Canadian Holdings Incorporated (6828), Bowater Canadian Limited (7373), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (5722), Bowater Maritimes Inc. (5684), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0186), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). The corporate headquarters of the debtors-in-possession is located at, and the mailing address for each debtor-in-possession is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

2 Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the DIP Loan Agreement.

debtor-in-possession in the above-captioned chapter 11 cases (the "**Cases**") as guarantors of the obligations of the US Borrowers (together with any domestic subsidiaries of Bowater that subsequently commence jointly administered chapter 11 cases and become guarantors of the obligations of the US Borrowers and Bowater Canada, collectively, the "**US Guarantors**" and together with the US Borrowers, collectively, the "**US Debtors**"), and Bowater Canadian Forest Products Inc., as a borrower ("**Bowater Canada**") under the DIP Loan Agreement (as defined herein), and the direct and indirect Canadian subsidiaries of Bowater that are debtors-in-possession in the Cases and guarantors of the obligations of Bowater Canada (together with any Canadian subsidiaries of Bowater that subsequently commence jointly administered chapter 11 cases and become guarantors of the obligations of Bowater Canada, collectively, the "**Canadian Guarantors**", together with Bowater Canada, collectively the "**Canadian Debtors**" and together with the US Debtors, collectively the "**Bowater Debtors**"),[3] seeking entry of an order (this "**Order**") authorizing the Bowater Debtors to:

(a) obtain credit and incur debt, pursuant to sections 363, 364(c) and 364(d)(1) of chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"):

(i) upon entry of the Interim Order approving the relief requested substantially in the form filed with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") on April 16, 2009 in the DIP Motion, in the form of a term loan in the aggregate principal amount of up to USD 360,000,000 (consisting of a USD

[3] For the avoidance of doubt, the reference to Bowater Debtors herein do not include any the following entities (or any existing or subsequently formed direct or indirect subsidiary thereof): AbitibiBowater US Holding 1 Corp., AbitibiBowater US Holding LLC, AbitibiBowater Canada Inc., Abitibi-Consolidated Alabama Corporation, Abitibi-Consolidated Corporation, Abitibi-Consolidated Finance LP, Abitibi Consolidated Sales Corporation, Alabama River Newsprint Company, Augusta Woodlands, LLC, Donohue Corp. or Tenex Data Inc. The Canadian Guarantors are Bowater Canadian Holdings Incorporated, Bowater Canada Finance Limited, Bowater Shelburne Corporation and Bowater LaHave Corporation.

166,000,000 term loan for borrowings of the US Borrowers and a USD 40,000,000 term loan for borrowings of Bowater Canada (the **"Initial Loan"**), plus, subject to further approval from the Bankruptcy Court only after notice and a further hearing, an incremental USD 154,000,000 which may be advanced after the date of this Order, (the **"Incremental Facility"** and, together with the Initial Loan, the **"Term Loan"**)), with all borrowings of the US Borrowers guaranteed by the US Guarantors and all borrowings by Bowater Canada guaranteed by all of the Bowater Debtors on terms and conditions more fully described herein, secured by liens (as defined in section 101(37) of the Bankruptcy Code and referred to herein as **"Liens"**) on property of the estates pursuant to sections 364(c)(2), 364(c)(3) of the Bankruptcy Code and, solely with respect to the lien of record on that certain parcel of real property referenced in the DIP Loan Agreement as the **"Catawba Acre"** (the **"Catawba Acre Lien"**), section 364(d) of the Bankruptcy Code, and pursuant to Rule 4001(c) of the Federal Rules of Bankruptcy Procedure (the **"Bankruptcy Rules"**) and the Local Bankruptcy Rules for the District of Delaware (the **"Local Rules"**), including Local Rule 4001-2, on the terms and conditions set forth in this Order; and

(ii) upon entry of a further order of the Bankruptcy Court, in the form of an asset-backed revolving credit facility (an **"ABL Facility"**) in an aggregate principal amount not to exceed USD 600,000,000 minus the outstanding principal amount of the Term Loans at such time, as defined below, at any time, on terms reasonably acceptable to the Required Lenders, and subject to intercreditor arrangements on terms acceptable to the Initial Lenders, the proceeds of which are to be used only after notice and a further hearing, first, to refinance the obligations under the Prepetition Loan Documents, as defined below (the **"Prepetition Facilities"**), and, after the Prepetition Facilities have been paid in full, for working capital and general corporate purposes;

(b) establish a financing arrangement consisting of the Term Loan and, upon entry of an order of the Bankruptcy Court approving the ABL Facility and with the consent of the Initial Lenders under the Term Loan, the ABL Facility (collectively, the "**DIP Facility**") pursuant to that certain Senior Secured Superpriority Debtor-in-Possession Credit Agreement, dated as of April 21, 2009, as amended by Amendment No. 1 ("**Amendment No. 1**") filed with the Bankruptcy Court on June 3, 2009 (as may be further amended, supplemented or otherwise modified from time to time the "**DIP Loan Agreement**") among Fairfax Financial Holdings Ltd. and Avenue Investments, L.P., as Initial Lenders (in such capacity and, together with the other financial institutions from time to time party thereto, collectively, the "**DIP Lenders**"), Law Debenture Trust Company of New York, as administrative agent (in such capacity, the "**DIP Agent**") and Law Debenture Trust Company of New York, as collateral agent (in such capacity, the "**DIP Collateral Agent**" and, together with the DIP Agent, the "**DIP Agents**"), to incur the "Obligations" under the DIP Loan Agreement (as provided for, and defined in, the DIP Loan Agreement, the "**DIP Obligations**");

(c) authorize the Bowater Debtors to use the proceeds of the DIP Facility in a manner consistent with the DIP Loan Agreement and use Cash Collateral for (a) working capital; (b) other general corporate purposes of the Bowater Debtors; (c) payment of any related transaction costs, fees and expenses; (d) the payment of Adequate Protection Obligations (as defined below); and (e) the costs associated with administration of these Cases;

(d) with respect to the DIP Obligations of the Bowater Debtors, grant the DIP Collateral Agent for the ratable benefit of the DIP Lenders, Liens upon the property of the US Debtors as provided in and as contemplated by the DIP Loan Agreement and the Collateral Documents (as defined in the DIP Loan Agreement; the DIP Loan Agreement, the Collateral

Documents and all such instruments and documents as may be executed and delivered in connection therewith or which relate thereto, and as each may be amended, supplemented, or otherwise modified from time to time, collectively, the "**DIP Loan Documents**"), as supplemented by this Order and, pursuant to section 364(c)(1) of the Bankruptcy Code, an allowed Superpriority Claim payable from and having recourse to all prepetition and postpetition property of the estates of the US Debtors, as provided herein;

(e) with respect to the DIP Obligations of the Canadian Debtors, grant the DIP Collateral Agent, for the ratable benefit of the DIP Lenders, Liens upon the property of the Canadian Debtors as provided in and as contemplated by the DIP Loan Documents, as supplemented by this Order, and, pursuant to section 364(c)(1) of the Bankruptcy Code, an allowed Superpriority Claim payable from and having recourse to all prepetition and postpetition property of the estates of the Canadian Debtors, as provided herein;

(f) authorize the Bowater Debtors to use cash collateral (including cash maintained in deposit and securities accounts subject to prepetition control agreements) and other collateral that is subject to prepetition liens under the Prepetition Facilities pursuant to sections 363(c) and 363(e) of the Bankruptcy Code and Bankruptcy Rule 4001(b) and Local Rule 4001-2, on the terms and conditions set forth in this Order;

(g) authorize the US Debtors to provide adequate protection to Wachovia Bank, National Association as agent (the "**US Prepetition Agent**") under, and to the lenders party to (and any lender or any affiliate thereof, who entered into a cash management arrangement and/or hedging obligations, the "**US Prepetition Lenders**" and together with the US Prepetition Agent, the "**US Prepetition Lienholders**"), 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 June 30, 2008, that certain Seventh Amendment and Waiver dated as of August 7, 2008, that certain Eighth Amendment and Waiver dated as of November 12, 2008 and that certain Ninth Amendment and Consent dated as of February 27, 2009; and as further modified by letter agreements dated March 17, 2009, March 23, 2009, March 31, 2009 and April 6, 2009 and as otherwise modified as of the date hereof (the "**US Prepetition Credit Agreement**"), among Bowater, Bowater Alabama LLC, Bowater Newsprint South LLC and Bowater Newsprint South Operations LLC (collectively, the "**US Prepetition Borrowers**"), the guarantors named therein (the "**US Prepetition Guarantors**"), the US Prepetition Lienholders, and all collateral, security and ancillary documents executed in connection therewith or which relate thereto (collectively, the "**US Prepetition Loan Documents**"), for any diminution in value of their interests in the US Prepetition Collateral (as defined in paragraph L hereof), including the Cash Collateral, resulting from (i) the Bowater Debtors' use of the Cash Collateral, (ii) the use, sale or lease of the Prepetition Collateral other than the Cash Collateral and (iii) the imposition of the automatic stay pursuant to section 362(a) of the Bankruptcy Code;

(h) authorize the Bowater Debtors to provide adequate protection to The Bank of Nova Scotia as administrative agent (the "**Canadian Prepetition Agent,**" together with the US Prepetition Agent, the "**Prepetition Agents**") under, and to the lenders party to (and any lender or affiliate thereof, who entered into a cash management arrangement and/or hedging obligations, the "**Canadian Prepetition Lenders,**" together with the Canadian Prepetition Agent, collectively the "**Canadian Prepetition Lienholders**" and together with the US

Prepetition Lienholders, collectively the "**Prepetition Lienholders**"), 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, (the "**Canadian Prepetition Credit Agreement,**" and together with the US Prepetition Credit Agreement, the "**Prepetition Credit Agreements**"), among Bowater Canada, as the borrower (the "**Canadian Prepetition Borrower**") and Bowater, Bowater Alabama LLC, Bowater Newsprint South Operations LLC, Bowater Newsprint South LLC and certain of the Canadian Guarantors, as guarantors (the "**Canadian Prepetition Guarantors**"), the Canadian Prepetition Agent and the Canadian Prepetition Lenders and all collateral, security and ancillary documents executed in connection therewith or which relate thereto (the "**Canadian Prepetition Loan Documents,**" and together with the US Prepetition Loan Documents, the "**Prepetition Loan Documents**"), for any diminution in value of their interests in the Canadian Prepetition Collateral (as defined in paragraph L hereof), including the Cash Collateral, resulting from (i) the Bowater Debtors' use of the Cash Collateral, (ii) the use, sale or lease of the Canadian Prepetition Collateral other than the Cash Collateral and (iii) the imposition of the automatic stay pursuant to section 362(a) of the Bankruptcy Code;

(i) approve, in connection with the entry of this Order, a waiver of the provisions of section 506(c) of the Bankruptcy Code; and

(j) waive any applicable stay (including under Rule 6004 of the Federal Rules of Bankruptcy Procedure) and provide for immediate effectiveness of this Order.

An interim hearing having been held by the Bankruptcy Court on April 17, 2009 (the "**Interim Hearing**"), and the Bankruptcy Court having entered an interim order (dated April 17, 2009, as amended and restated by Docket No. 115 entered by the Bankruptcy Court, (collectively, as amended, the "**Interim Order**") dated April 24, 2009 (Docket No. 115), that, among other things, scheduled a final hearing (the "**Final Hearing**") to consider entry of this Order authorizing borrowings under the DIP Loan Documents on a final basis, as set forth in the DIP Motion and DIP Loan Documents.

Due and appropriate notice of the DIP Motion, the final relief requested herein and the Final Hearing, as well as the Interim Order, have been served by telecopy, overnight delivery service, hand delivery or U.S. mail to each of the Initial Notice Parties[4] and, without duplication, to (i) the entities listed on the Consolidated List of Creditors Holding the 50 Largest Unsecured Claims, (ii) counsel to the DIP Agents and counsel to each DIP Lender, if known by the Bowater Debtors, (iii) counsel to the Prepetition Agents, (iv) if practicable, the applicable state and local taxing authorities, (v) parties who have filed a request for service prior to such date, and (vi) other secured parties as shown on any Uniform Commercial Code searches conducted prepetition.

<u>THE COURT HEREBY FINDS THAT:</u>

A. On April 16, 2009 (the "**Petition Date**"), the Bowater Debtors filed voluntary petitions in the Bankruptcy Court for relief, and commenced proceedings under,

[4] As defined in the Interim Order.

chapter 11 of the Bankruptcy Code. The Cases have been consolidated procedurally for administrative purposes, and the Bowater Debtors have continued in the possession of their assets and in the management of their businesses pursuant to sections 1107 and 1108 of the Bankruptcy Code.

B. The Bankruptcy Court has jurisdiction, pursuant to 28 U.S.C. §§ 157(b) and 1334, over the Cases, and over the persons and property affected hereby. Consideration of the DIP Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 105, 361, 362, 363, 364, 365 and 507 of the Bankruptcy Code and Bankruptcy Rules 2002 and 4001 and the Local Bankruptcy Rules. Venue of the Cases in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. The office of the U.S. Trustee appointed the Committee on April 28, 2009 (Docket No. 128).

D. Prior to the Petition Date, certain of the Bowater Debtors were provided financing pursuant to the Prepetition Credit Agreements.

E. The Bowater Debtors have requested that the DIP Agents and the DIP Lenders enter into the DIP Facility to fund expenses, adequate protection and other general corporate purposes of the Bowater Debtors subject to compliance with the DIP Loan Agreement, including payment of all fees and expenses then due and payable to the DIP Agents and DIP Lenders and payment of costs, fees and expenses in connection with the Bowater Debtors' Cases.

F. Certain of the Bowater Debtors need to obtain funds and financial accommodations with which to continue their ordinary course operations, meet their payroll and other necessary, ordinary course business expenditures, acquire raw materials, goods and services, satisfy the adequate protection provisions hereunder, and administer and preserve the value of their estates. The ability of the Bowater Debtors to finance their operations, requires the availability of additional working capital, the absence of which would immediately and irreparably harm the Bowater Debtors, their estates, and their creditors. It is vital that the Bowater Debtors maintain the ability to finance their operations in order to preserve and maintain their going concern value.

G. The Bowater Debtors are unable to obtain unsecured credit under sections 503(b)(1), 364(a) and (b) of the Bankruptcy Code and are only able to obtain secured credit under sections 364(c)(1), 364(c)(2), 364(c)(3) and, solely in respect of the Catawba Acre Lien, 364(d) of the Bankruptcy Code under the terms and conditions set forth in this Order and in the DIP Loan Documents.

H. The relief requested in the DIP Motion, as modified by this Order, is necessary, essential and appropriate for the continued operation of the Bowater Debtors' businesses and the management and preservation of their properties.

I. It is in the best interest of Bowater Debtors' estates to be authorized to borrow under the DIP Facility contemplated by the DIP Loan Agreement, the other DIP Loan Documents and this Order.

J. The terms and conditions of the DIP Facility, as modified by this Order, including those which provide for the payment of interest to, and fees of, the DIP Agents (for the ratable benefit of DIP Agents and the DIP Lenders) and the DIP Lenders at the times, and in the manner provided under the DIP Loan Documents, as well as any fees paid directly to the DIP Agents or the DIP Lenders, are fair, reasonable, and the best available under the circumstances and reflect the Bowater Debtors' prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and consideration.

K. The DIP Loan Documents were negotiated in good faith and at arm's length between the Bowater Debtors, on the one hand, and the DIP Agents and the DIP Lenders, on the other hand. Credit to be extended under the DIP Facility will be so extended in good faith, in consequence of which the DIP Agents and the DIP Lenders are entitled to the protection and benefits of section 364(e) of the Bankruptcy Code.

L. Without prejudice to the rights of parties in interest (other than the Bowater Debtors) as set forth in paragraph 26 hereof, the Bowater Debtors (on behalf of and for themselves) admit, stipulate, acknowledge, agree as follows (the "**Bowater Debtors' Stipulations**"):

(i) Pursuant to the US Prepetition Credit Agreement, the US Prepetition Agent and the US Prepetition Lenders made loans and other financial accommodations to or for the benefit of the US Debtors.

(ii) The US Prepetition Credit Agreement provided the US Prepetition Borrowers with, among other things, USD 370,436,241 in aggregate principal amount of revolving commitments. As of the Petition Date, (x) the outstanding principal amount owed by the US Prepetition Borrowers under the US Prepetition Agreement was approximately USD 204,000,000; and (y) the outstanding face amount of all undrawn letters of credit under the US Prepetition Agreement was approximately USD 68,500,000 (collectively, together with all other Obligations as defined in the US Prepetition Credit Agreement, the "**US Prepetition Secured Indebtedness**").

(iii) To secure the US Prepetition Secured Indebtedness, the US Prepetition Borrowers and US Guarantors granted to the US Prepetition Lienholders valid, perfected, first priority security interests and liens on substantially all of the US Collateral, including among other things (a) substantially all of the assets consisting of personal property of Bowater, Bowater America Inc., Bowater Nuway Inc., Bowater Nuway Mid-States Inc., Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, and Bowater Alabama LLC, including without limitation (in each case as defined in the US Prepetition Credit Agreement) all (A) accounts; (B) cash and currency; (C) chattel paper; (D) deposit accounts; (E) documents; (F) general intangibles; (G) instruments; (H) inventory; (I) investment property; (J) letter-of-credit rights; (K) books and records pertaining to the foregoing; and (L) to the extent not otherwise included, all proceeds and products of any and all of the foregoing and all collateral security and supporting obligations given by any Bowater Debtor with respect to any of the foregoing; (b) the real estate, including land, fixtures, improvements, equipment, leases, rents, proceeds, and all personal, real and mixed property thereunder of Bowater Alabama LLC and Bowater Newsprint South Operations LLC (collectively the "**Shared Real Estate Assets**"); (c) certain other assets of Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, and Bowater Alabama LLC (collectively, the "**US Prepetition Collateral**").

(iv) Based on the US Debtors and the Canadian Debtors' preliminary analysis, to the best of their knowledge, as of the Petition Date, the US Prepetition Collateral is in excess of the US Prepetition Secured Indebtedness and the Canadian Prepetition Collateral is in excess of the Canadian Prepetition Secured Indebtedness.

(v) Certain of the US Guarantors have guaranteed the US Prepetition Secured Indebtedness.

(vi) Pursuant to the Canadian Prepetition Credit Agreement, the Canadian Prepetition Agent and the Canadian Prepetition Lenders made loans and other financial accommodations to or for the benefit of Bowater Canada.

(vii) The Canadian Prepetition Credit Agreement provided the Canadian Prepetition Borrower with, among other things, USD 163,893,053 in aggregate principal amount of revolving commitments, with a USD 50,000,000 sublimit for the issuance of standby letters of credit and a USD 10,000,000 sublimit for swingline loans. As of the Petition Date, (w) the outstanding principal amount owed by the Canadian Prepetition Borrower under the Canadian Prepetition Credit Agreement was approximately CAD 61,110,910 as Canadian Prime Rate Loans (capitalized terms used in this paragraph only, but not otherwise defined in this Order, shall have the meanings ascribed to them in the Canadian Prepetition Credit Agreement) plus approximately USD 18,474,500 as Base Rate Loans; (x) the outstanding face amounts of all Letters of Credit under the Canadian Prepetition Credit Agreement was approximately CAD 33,379,173 under the Letters of Credit denominated in Canadian Dollars plus USD 877,039 under the Letters of Credit denominated in Dollars; and (y) in addition to the above, the Canadian Prepetition Borrower owes USD 12,000,000 of outstanding principal as the Fairfax Credit Loan (as defined in the Canadian Prepetition Credit Agreement) and USD 18,300,000 of outstanding principal as the EDC Credit Loan and (z) certain outstanding amounts under the Swingline Loans (collectively, together with all other Obligations as defined in the Canadian Prepetition Credit Agreement, the "**Canadian Prepetition Secured Indebtedness**," and together with the US Prepetition Secured Indebtedness, the "**Prepetition Secured Indebtedness**"). As set forth in the Canadian Prepetition Credit Agreement, any payments or distributions on account of the Canadian Prepetition Secured Indebtedness shall be made in the applicable Permitted Currency for such Loans or other Obligations, as provided by the Canadian Prepetition Credit Agreement, or in the equivalent amount of U.S. dollars at the spot exchange rate as of the date of such payment or distribution. The Canadian Prepetition Agent, on behalf of itself and each Canadian Prepetition Lender, reserves the right to revise, amend and/or supplement any amounts referred to herein with respect to the Canadian Prepetition Secured Indebtedness, including, but not limited to, adjustments based on fluctuations in applicable exchange rates or any indemnification to which such parties are entitled. In addition, nothing herein shall be construed to waive any additional amounts, claims, rights or defenses of the Canadian Prepetition Agent or any Canadian Prepetition Lender against the Debtors, including, but not limited to, in connection with transactions other than the Canadian Prepetition Credit Agreement, administrative expense claims in accordance with section 503 or 507 of the Bankruptcy Code, or amounts owed pursuant to section 506(b) of the Bankruptcy Code.

(viii) The Canadian Prepetition Secured Indebtedness is secured by valid, perfected, first priority liens in and security interests on, among other things, (a) the inventory, accounts receivable, deposit accounts and certain other assets of Bowater Canada, Bowater Canadian Holdings Incorporated, Bowater Canada Finance Limited Partnership, Bowater Shelburne Corporation and Bowater LaHave Corporation, (b) 100% of total issued and outstanding units of Bowater Korea Ltd., (c) the Shared Real Estate Assets, and (d) mortgages on certain other real property and improvements thereon, together with certain other rights related thereto, owned by Bowater Canada in Canada (the **"Canadian Real Estate Assets"**) (collectively, the **"Canadian Prepetition Collateral,"** together with the US Prepetition Collateral, the **"Prepetition Collateral"**); *provided, however*, that nothing herein shall be deemed to be a stipulation, admission or agreement by the Bowater Debtors as to any claims or causes of action against the Fairfax Credit Lenders (as defined in the Canadian Prepetition Credit Agreement) that arise under this Order, the Canadian Prepetition Credit Agreement or related credit documents, the Bankruptcy Code or applicable law.

(ix) U.S. Prepetition Borrowers and the Canadian Guarantors have guaranteed the Canadian Prepetition Secured Indebtedness.

(x) Nothing in this Order or any DIP Loan Document shall be construed as limiting the amount of Prepetition Secured Indebtedness or prejudice the right of the DIP Agents or any DIP Lenders, or the rights of any party in interest other than the Bowater Debtors (subject to the terms set forth herein) to contest the amount of Prepetition Secured Indebtedness.

(xi) The Bowater Debtors do not owe any debts or obligations secured by the Catawba Acre Lien.

M. As a result of the grant of the DIP Liens, subordination to the Carve-Out (defined below), and the use of the Prepetition Collateral, including Cash Collateral, authorized herein, and the imposition of the automatic stay under section 362 of the Bankruptcy Code, the

Prepetition Lienholders are entitled to adequate protection pursuant to sections 361, 362 and 363 of the Bankruptcy Code as set forth herein. The Bowater Debtors have agreed, in their reasoned business judgment, to provide adequate protection to the Prepetition Lienholders on the terms and conditions set forth in this Order, which terms and conditions are fair and reasonable and were negotiated in good faith and at arm's length.

N. Good and sufficient cause has been shown for the entry of this Order. Among other things, the entry of this Order will enable the Bowater Debtors: to continue the operation of their business and avoid immediate and irreparable harm to the Bowater Debtors' estates and their properties; to meet payroll, related taxes and other operating expenses; to obtain needed supplies and raw materials; and to avoid disputes with the Prepetition Lienholders with respect to adequate protection. Entry of this Order is in the best interests of the Bowater Debtors, their creditors, and their estates. Approval of the DIP Facility is vital to avoid immediate and irreparable harm to the Bowater Debtors' estates, and is therefore in the best interests of all stakeholders in the Bowater Debtors' estates.

NOW THEREFORE, based upon the DIP Motion and the record before the Bankruptcy Court with respect to the DIP Motion made by the Debtors at the Interim Hearing and the Final Hearing; and all objections, if any, to the entry of this Order having been withdrawn, resolved or overruled by this Bankruptcy Court; and after due deliberation and consideration, and for good and sufficient cause appearing therefor,

IT IS ORDERED that:

1. The relief requested in the DIP Motion, as modified by this Order, is hereby granted on a final basis, and the terms and the conditions of the DIP Loan Documents are hereby approved. The Bowater Debtors are authorized to:

(a) enter into the DIP Facility;

(b) execute and deliver each of the DIP Loan Documents to which any Bowater Debtor is a party, including Amendment No. 1;

(c) with respect to the Borrowers, borrow and obtain extensions of credit up to USD 360,000,000 (USD 154,000,000 of which shall only be borrowed after further approval from the Bankruptcy Court only after notice and a further hearing) under the DIP Loan Agreement;

(d) pay all fees and expenses required under or referred to in the DIP Loan Documents as they become due, including, agent fees, closing fees and exit fees, and reasonable fees and expenses of attorneys and other professionals in accordance with the terms of the DIP Loan Agreement and this Order;

(e) use the proceeds of the DIP Facility in a manner consistent with the DIP Loan Agreement for (a) working capital; (b) other general corporate purposes of the Bowater Debtors; (c) payment of any related transaction costs, fees and expenses; and (d) the costs associated with administration of the Bowater Debtors' Cases; *provided however*, that nothing contained in this Order or the DIP Loan Agreement shall permit the use of proceeds of the DIP Facility to fund directly or indirectly the working capital and other general corporate purposes of any Debtors other than the Bowater Debtors, nor shall such proceeds be used to fund the administrative expenses of the Parent's Case, unless such expenses are subject to allocation, in the ordinary course of business, among the Bowater Debtors and the other Debtors or such payments constitute permitted affiliate or intercompany transactions under the DIP Loan Documents ; and

(f) pay Adequate Protection Obligations (as defined in paragraphs 9 and 10).

2. The Bowater Debtors are hereby authorized and directed to do and perform all acts and to make, execute, and deliver all instruments and documents that may be required or necessary for the performance by the Bowater Debtors under the DIP Loan Documents and the creation and perfection of (i) the Liens granted by the Bowater Debtors, as described in and provided for by the DIP Loan Documents and (ii) the Adequate Protection Liens (as defined in paragraphs 9 and 10).

3. Each officer of the Bowater Debtors hereby is authorized to execute and deliver each of the DIP Loan Documents, such execution and delivery to be conclusive of their respective authority to act in the name of and on behalf of the Bowater Debtors.

4. (a) The US Debtors are hereby authorized and directed to grant, subject to the Carve-Out, to the DIP Collateral Agent (for the ratable benefit of the DIP Lenders) and the DIP Collateral Agent is hereby granted (for the ratable benefit of the DIP Lenders), subject to the Carve-Out, as collateral pursuant to the DIP Loan Documents to secure all DIP Obligations of the US Debtors, valid, enforceable and perfected security interests in and Liens (collectively, the "**US DIP Liens**") on all assets, including without limitation, all personal, real and mixed property, of the US Debtors whether existing as of the Petition Date or thereafter, (but excluding Avoidance Actions as defined below), including without limitation, all intercompany debt payable to the US Debtors (the "**US Intercompany Claims**"), 100% of the capital stock held by the US Debtors in domestic subsidiaries and 65% of the capital stock held by the US Debtors in foreign Subsidiaries (collectively, the "**US Collateral**"), with such security interests and US DIP Liens having the following priority: (A) pursuant to section 364(c)(3) of the Bankruptcy Code, immediately junior to valid, enforceable and perfected Liens upon (the "**Permitted US Prepetition Liens**") the US Collateral granted pursuant to the US Prepetition Loan Documents

or the Canadian Prepetition Loan Documents or perfected by the US Prepetition Agent or the Canadian Prepetition Agent (but not granted) after the Petition Date to the extent such post-Petition Date perfection in respect of prepetition claims is permitted under the Bankruptcy Code and such other Liens as are expressly permitted under the DIP Loan Documents or this Order, including any valid claims or properly perfected liens of Applied Industrial Technologies, Inc. in connection with certain goods consigned to the Debtors (the **"AIT Consigned Goods"**), whether the AIT Consigned Goods are provided to the Debtors prepetition or postpetition, and including any pre or postpetition cash proceeds received from the sale of the AIT Consigned Goods (for the avoidance of doubt, the AIT Consigned Goods shall not include inventory manufactured using the Consigned Goods), and any US Intercompany Claims in existence as of the Petition Date and replacement liens granted as adequate protection hereunder, but excluding US Intercompany Claims arising after the Petition Date (B) pursuant to section 364(c)(2) of the Bankruptcy Code, a first-priority valid, enforceable and perfected security interest in, and Liens upon (i) the real property, physical plants, fixtures, equipment and other related property of the US Debtors (not including assets subject to valid, enforceable and perfected Permitted US Prepetition Liens) including but not limited to the real property, physical plants, fixtures, equipment and other related property that comprise the Bowater Debtors' respective properties located in Catawba, South Carolina and Calhoun, Tennessee, and (ii) any US Intercompany Claims arising after the Petition Date; and (C) pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, binding, enforceable and perfected priming Liens upon that portion of such property comprising the Catawba Acre, solely to the extent of the Catawba Acre Lien (the collateral described in clauses (B) and (C) hereunder, being the **"US Lender Priority Collateral"**).

(b) The Canadian Debtors are hereby authorized and directed to grant, subject to the Carve-Out, to the DIP Collateral Agent (for the ratable benefit of the DIP Lenders) and the DIP Collateral Agent is hereby granted (for the ratable benefit of the DIP Lenders), subject to the Carve-Out, as collateral pursuant to the DIP Loan Documents to secure all DIP Obligations of the Canadian Debtors, valid, enforceable and perfected security interests in and Liens (collectively, the "**Canadian DIP Liens**", together with the US DIP Liens, collectively, the "**DIP Liens**") on all assets, including without limitation, all personal, real and mixed property, of the Canadian Debtors whether existing as of the Petition Date or thereafter (but excluding Avoidance Actions as defined below), including without limitation, all intercompany debt payable to the Canadian Debtors (the "**Canadian Intercompany Claims**"), 100% of the capital stock held by the Canadian Debtors in their Subsidiaries (collectively, the "**Canadian Collateral**", together with the US Collateral, collectively, the "**Collateral**"), with such security interests and Canadian DIP Liens having the following priority: (A) pursuant to section 364(c)(3) of the Bankruptcy Code, immediately <u>junior</u> to valid, enforceable and perfected Liens upon (the "**Permitted Canadian Prepetition Liens**" and together with the Permitted US Prepetition Liens, the "**Permitted Prepetition Liens**") the Canadian Collateral granted pursuant to the Prepetition Facilities or perfected by the Prepetition Agents (but not granted) after the Petition Date to the extent such post-Petition Date perfection in respect of prepetition claims is permitted under the Bankruptcy Code and such other Liens as are expressly permitted under the DIP Loan Documents or this Order, including any Canadian Intercompany Claims in existence as of the Petition Date and replacement liens granted as adequate protection hereunder but excluding Canadian Intercompany Claims arising after the Petition Date, and (B) pursuant to section 364(c)(2) of the Bankruptcy Code, a first-priority valid, enforceable and perfected security interest in, and Liens upon (i) assets of the Canadian Debtors not subject to valid, enforceable and perfected Permitted Canadian Prepetition Liens, and (ii) Canadian Intercompany Claims arising after the Petition Date (the collateral described in clause (B) hereunder, being the "**Canadian Lender Priority Collateral**", together with the US Lender Priority Collateral, collectively the "**Lender Priority Collateral**").

(c) the Canadian Debtors are authorized to grant the US Debtors, and there is granted, subject to the Carve-Out, as collateral to secure all intercompany claims arising after the Petition Date, pursuant to section 364(c)(3) of the Bankruptcy Code, security interests in and liens on all Canadian Collateral, junior to the Canadian DIP Liens, Permitted Canadian Prepetition Liens, and the Canadian Adequate Protection Liens.

(d) Notwithstanding the foregoing clauses (a) and (b), the Collateral under this Order shall not include any causes of action or other avoidance power claims arising under sections 544, 545, 547, 548, 550 (solely with respect to claims asserted under sections 544, 545, 547, 548 and 553 of the Bankruptcy Code) and 553 of the Bankruptcy Code (collectively, "**Avoidance Actions**") or the proceeds thereof.

5. Notwithstanding the automatic stay imposed under section 362(a) of the Bankruptcy Code, (i) the Bowater Debtors are hereby permitted to grant, and do hereby grant, the DIP Liens and the Adequate Protection Liens, and perform the DIP Obligations and Adequate Protection Obligations and incur the liabilities to the DIP Agents and the DIP Lenders under the DIP Loan Documents, (ii) the DIP Agent may deliver an Enforcement Notice (as defined in paragraph 21) following a DIP Order Event of Default with respect to the Lender Priority Collateral, and (iii) the DIP Agents and the Prepetition Agents are hereby permitted to file and record financing statements, mortgages or other instruments to provide further notice of

and evidence the grant and perfection of the Liens granted to the DIP Collateral Agent and DIP Lenders and the Prepetition Agents (on behalf of the Prepetition Lienholders); *provided, however,* that notwithstanding the order in which any financing statements, mortgages or other instruments are filed, the priority of the liens granted in favor of the DIP Collateral Agent, the DIP Lenders and the Prepetition Agents (on behalf of the Prepetition Lienholders) shall be governed solely by the terms of this Order.

6. (a) The Bowater Debtors are hereby authorized to use the cash and cash equivalent proceeds of the Prepetition Collateral that constitute "cash collateral" within the meaning of section 363 of the Bankruptcy Code, located in deposit or securities accounts subject to control agreements or otherwise within the control of the Prepetition Agent or the Prepetition Lenders (the "**Cash Collateral**") and other property in which the Prepetition Agent and the Prepetition Lenders have an interest pursuant to sections 363(b) and 363(c) of the Bankruptcy Code in accordance with the terms and conditions of the DIP Loan Agreement and this Order; *provided* that, such Cash Collateral may be used as authorized and permitted herein for (a) working capital; (b) other general corporate purposes of the Bowater Debtors; and (c) payment of the costs associated with administration of the Bowater Debtors' cases, and, except for use of Cash Collateral in respect of the Carve-Out, only so long as (i) the Termination Date (as defined in paragraph 18) shall not have occurred under the DIP Loan Agreement and (ii) there is no continuing default by the Bowater Debtors of the Adequate Protection Obligations arising under paragraph 9(c) or 10(c) of this Order.

(b) Except as otherwise agreed in writing among the Bowater Debtors, the DIP Agents and the DIP Lenders, the Bowater Debtors shall use proceeds of the DIP Facility and proceeds of DIP Collateral only as permitted under the DIP Loan Documents; *provided that* notwithstanding anything to the contrary herein or in any DIP Loan Document, net cash proceeds from the disposition of Prepetition Collateral (other than proceeds of Intercompany Claims, proceeds of accounts receivable and from the sale or disposition of inventory in the ordinary course and obsolete, worn-out or surplus equipment in an aggregate amount not greater than USD 3,000,000) shall not constitute cash collateral and the Debtors shall not be permitted to use such proceeds other than pursuant to further Bankruptcy Court order.

7. The DIP Liens and the Adequate Protection Liens shall not be subject or subordinate to (i) any Prepetition Permitted Lien or security interest that is avoided and preserved for the benefit of the Bowater Debtors and their estates including liens preserved under section 551 of the Bankruptcy Code, (ii) except as provided in this Order and the DIP Loan Documents, any Liens arising after the Petition Date including, any Liens or security interests granted in favor of any federal, state, provincial, municipal or other governmental unit, commission, board or court for any liability of the Bowater Debtors; or (iii) any intercompany or affiliate liens of the US Debtors. In the event the US Debtors default in the performance of the Adequate Protection Obligations described in paragraph 9(c) below, the US Prepetition Agent may seek relief from the automatic stay to enforce any and all rights and remedies with respect to the US Prepetition Secured Indebtedness and US Prepetition Collateral if such default shall be continuing for more than five business days. In the event the Canadian Debtors default in the performance of the Adequate Protection Obligations described in paragraph 10(c) below, the Canadian Prepetition Agent may seek relief from the automatic stay to enforce any and all rights and remedies with respect to the Canadian Prepetition Secured Indebtedness and the Canadian Prepetition Collateral and Canadian Lender Priority Collateral if such default shall be continuing for more than five business days. Notwithstanding the foregoing, the Prepetition Lienholders

shall not have the right to sell or otherwise dispose of any collateral on which the DIP Collateral Agent and the DIP Lenders have a Lien senior to the Liens of any Prepetition Lienholder.

8. All amounts applied to the payment of the DIP Obligations shall be applied thereto in the manner set forth in the DIP Loan Documents.

9. The Bowater Debtors acknowledge and stipulate that the US Prepetition Lienholders are entitled, pursuant to sections 361 and 363(e) of the Bankruptcy Code, to adequate protection of their interest in the US Prepetition Collateral, including the Cash Collateral, for any diminution in value of the US Prepetition Lienholders' US Prepetition Collateral, including, without limitation, any such diminution resulting from the sale, lease or use by the Bowater Debtors (or other decline in value) of Cash Collateral and any other US Prepetition Collateral, and the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code. As adequate protection, the US Prepetition Lienholders are hereby granted the following (collectively, the "**US Adequate Protection Obligations**"):

(a) The US Prepetition Agent (for itself and for the ratable benefit of the US Prepetition Lienholders) is hereby granted valid, binding enforceable Liens effective and perfected upon the date of this Order (without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements or other agreements) replacement security interests in and Liens upon all the US Collateral, subject only to the Carve-Out and having the following priorities: (i) first priority Liens on all pre-and postpetition accounts, cash and currency (other than proceeds of DIP Facility loans and Lender Priority Collateral), chattel paper, deposit accounts (other than proceeds of DIP Facility Loans and Lender Priority Collateral), documents, general intangibles (including the intercompany claims referred to in paragraph 4(c) above), instruments, inventory, investment property, letter-of-credit rights, and proceeds and products of the foregoing; *provided* that any such first priority Lien on Intercompany Claims shall be limited to the amount of the US Intercompany Claims in existence as of the Petition Date; (ii) first priority Liens on the Shared Real Estate Assets, which shall be *pari passu* and *pro rata* with the Liens securing the Canadian Adequate Protection Obligations; and (iii) second priority Liens on all US Lender Priority Collateral, immediately junior to the DIP Liens (the "**US Adequate Protection Liens**").

(b) The US Prepetition Agent and other US Prepetition Lienholders are hereby granted, subject to the payment of the Carve-Out, a super priority claim pursuant to section 507(b) of the Bankruptcy Code (against the US Debtors) which shall be *pari passu* with the Superpriority Claims held by the DIP Agents and DIP Lenders.

(c) The US Prepetition Agent shall receive from the US Debtors (i) immediate cash payment of all accrued and unpaid interest on the US Prepetition Secured Indebtedness at the non-default rates provided for in the US Prepetition Credit Agreement, and all accrued and unpaid fees and disbursements owed to the US Prepetition Agent and reasonable fees of counsel and other professionals of the US Prepetition Agent under the US Prepetition Agreement incurred prior to the Petition Date, (ii) current cash payment of all fees and expenses payable (including without limitation, US Prepetition Agent fees and letter of credit fees owing to Issuing Lenders (as defined in the US Prepetition Credit Agreement)) under the US Prepetition Credit Agreement, and, with respect to the US Prepetition Agent, the reasonable fees and disbursements of counsel and other professionals for the US Prepetition Agent, and (iii) current monthly payment of all accrued but unpaid interest on such US Prepetition Secured Indebtedness at the non-default rate until repayment in full of such debt. With respect to all interests, fees, and expenses described in this paragraph, the US Prepetition Lienholders reserve their rights to assert claims for the payment of additional interest or fees calculated at any other applicable rate (including, without limitation, default rates), or on any other basis, provided for in the US Prepetition Agreement, without prejudice to the rights of any other party to contest such assertion; *provided, however*, in the event that it is determined by a final, non-appealable order that any payments received by any of the Prepetition Agents and Prepetition Lenders as adequate protection could not be applied to post-petition interest, fees and expenses under section 506(b) of the Bankruptcy Code, any such payments may, upon appropriate notice, hearing and order, be recharacterized as payment of principal or subject to such other relief as the Bankruptcy Court may order.

(d) The US Prepetition Agent and the US Prepetition Lenders shall receive all financial statements and other reports that are furnished to the DIP Agent and the DIP Lenders at the same time provided for in the DIP Loan Documents.

10. In accordance with sections 361 and 363(e) of the Bankruptcy Code, as adequate protection, the Canadian Prepetition Agent is hereby granted (for the ratable benefit of the Canadian Prepetition Agent and the Canadian Prepetition Lenders) the following forms of adequate protection to the extent of diminution in the value of the Canadian Prepetition Collateral subsequent to the Petition Date (the **"Canadian Adequate Protection Obligations,"** and together with the US Adequate Protection Obligations, the **"Adequate Protection Obligations"**) by (i) sale, lease or use of the Prepetition Collateral including any Canadian Cash Collateral, and (ii) the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code:

(a) The Canadian Prepetition Agent (for itself and for the ratable benefit of the Canadian Prepetition Lienholders) is hereby granted valid, binding, enforceable Liens effective and perfected upon the date of this Order (without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements or other agreements) in each case subject to the Carve-Out, as follows (collectively, (a)(i) – (iv), the "**Canadian Adequate Protection Liens**" and together with the US Adequate Protection Liens, the "**Adequate Protection Liens**"):

i. <u>Replacement of Liens on Canadian Prepetition Collateral</u>. First priority replacement security interests in and Liens upon (the "**Canadian Replacement Liens**") the Canadian Prepetition Collateral, including, without limitation, first priority Liens on the Shared Real Estate Assets, which shall be *pari passu* and *pro rata* with the Liens securing the US Adequate Protection Obligations, all proceeds thereof and accounts receivable generated therefrom, but excluding any and all postpetition Intercompany Claims;

ii. <u>Postpetition Junior Liens on Certain DIP Collateral</u>. Subject and subordinate only to the DIP Liens relating to the Canadian Lender Priority Collateral and Permitted Prepetition Liens, security interests in and Liens upon the Canadian Lender Priority Collateral, including, without limitation, all postpetition Intercompany Claims and all proceeds thereof and accounts receivable generated therefrom;

iii. <u>Third Liens on Canadian Prepetition Collateral</u>. Subject and subordinate only to the DIP Liens relating to the Canadian Real Estate Assets, security interests in and Liens upon the Canadian Real Estate Assets, including, without limitation, all proceeds thereof and accounts receivable generated therefrom; and

iv. <u>Junior Liens on US DIP Collateral</u>. Subject and subordinate only to the DIP Liens relating to the US Lender Priority Collateral, the US Adequate Protection Liens and the Permitted US Prepetition Liens, security interests in and Liens upon the any and all assets or property of the US Debtors that constitute the DIP Collateral hereunder, including, without limitation, all Intercompany Claims, all proceeds thereof and accounts receivable generated therefrom.

(b) The Canadian Prepetition Agent and other Canadian Prepetition Lienholders are hereby granted, subject to the payment of the Carve-Out, a super priority claim pursuant to section 507(b) of the Bankruptcy Code (against the Canadian Debtors) which shall be *pari passu* with the Superpriority Claims held by the DIP Agents and DIP Lenders.

(c) The Canadian Prepetition Agent shall receive from the Canadian Debtors (i) immediate cash payment of all accrued and unpaid interest on the Canadian Prepetition Secured Indebtedness at the non-default rates provided for in the Canadian Prepetition Credit Agreement, and all accrued and unpaid fees and disbursements owed to the Canadian Prepetition Agent and reasonable fees of counsel and other professionals of the Canadian Prepetition Agent under the Canadian Prepetition Agreement incurred prior to the Petition Date, (ii) current cash payment of all fees and expenses payable (including without limitation, Canadian Prepetition Agent fees and letter of credit fees owing to Issuing Lenders (as defined in the Canadian Prepetition Credit Agreement)) under the Canadian Prepetition Credit Agreement, and, with respect to the Canadian Prepetition Agent, the reasonable fees and disbursements of counsel and other professionals for the Canadian Prepetition Agent, and (iii) current monthly payment of all accrued but unpaid interest on such Canadian Prepetition Secured Indebtedness at the non-default rate until repayment in full of such debt. With respect to all interests, fees, and expenses described in this paragraph, the Canadian Prepetition Lienholders reserve their rights to assert claims for the payment of additional interest or fees calculated at any other applicable rate (including, without limitation, default rates), or on any other basis, provided for in the Canadian Prepetition Agreement, without prejudice to the rights of any other party to contest such assertion; *provided, however*, in the event that it is determined by a final, non-appealable order that any payments received by any of the Prepetition Agents and Prepetition Lenders as adequate protection could not be applied to post-petition interest, fees and expenses under section 506(b) of the Bankruptcy Code, any such payments may, upon appropriate notice, hearing and order, be recharacterized as payment of principal or subject to such other relief as the Bankruptcy Court may order.

(d) The Canadian Prepetition Agent and the Canadian Prepetition Lenders shall receive all financial statements and other reports that are furnished to the DIP Agent and the DIP Lenders at the same time provided for in the DIP Loan Documents.

11. (a) This Order shall be sufficient and conclusive notice and evidence of the grant, validity, perfection, and priority of (i) the DIP Liens and (ii) the Adequate Protection Liens, in each case without the necessity of filing or recording this Order (other than as docketed in the Cases) or any financing statement, mortgage or other instrument or document which may otherwise be required under the law of any jurisdiction or the taking of any other action to validate or perfect the DIP Liens and the Adequate Protection Liens, or to entitle the DIP Collateral Agent or the Prepetition Agent to the priorities granted herein (including, in respect of cash or deposits or investment property, any requirement that the DIP Collateral Agent or a DIP Lender have possession of or dominion and control over, any such cash in order to perfect an interest therein); *provided* that the Bowater Debtors are authorized to execute and the DIP Collateral Agent and the Prepetition Agents may file or record financing statements, mortgages or other instruments further to evidence or further to perfect the DIP Liens and Adequate Protection Liens authorized, granted and perfected hereby; and *provided further* that no such filing or recordation shall be necessary or required in order to create, perfect or affect the priority of any such Lien.

(b) The Bowater Debtors are hereby authorized and directed to pay, no later than ten (10) business days after receipt of invoices described in the proviso below, (i) to the extent provided for in the DIP Loan Agreement, all reasonable and documented costs, fees and out of pocket expenses of the DIP Agents and each DIP Lender, including costs, fees and expenses incurred in connection with the negotiation and documentation of the DIP Facility, the DIP Loan Documents and the matters set forth in this Order and (ii) Adequate Protection Payments on account of professional fees described in paragraphs 9 and 10. No such costs and expenses shall be subject to the approval of the Bankruptcy Court, and no recipient of any such payment shall be required to file with respect thereto any interim or final fee application with the Bankruptcy Court, *provided* that invoices detailing the name, billing rate, time spent by each professional and the services rendered, and a description of expenses incurred, shall be provided to counsel for the Bowater Debtors, the Committee and the U.S. Trustee. The Bankruptcy Court shall have exclusive jurisdiction over any objections raised to the fees proposed to be paid to the DIP Lenders or the DIP Agents.

12. The DIP Loan Agreement and each of the DIP Loan Documents, respectively, shall constitute and evidence the valid and binding DIP Obligations of each of the Bowater Debtors, which DIP Obligations shall be enforceable against all of the Bowater Debtors in accordance with their terms and the terms of this Order.

13. (a) The DIP Obligations shall be an allowed administrative expense claim with priority, subject and subordinate only to the Carve-Out, under sections 364(c)(1) and 507(b) of the Bankruptcy Code and otherwise over all administrative expense claims and unsecured claims against the Bowater Debtors, now existing or hereafter arising, of any kind or nature whatsoever, other than as provided in clause (c) of this paragraph 13 (the "**DIP Superpriority Claim**").

(b) Claims of the Prepetition Agents and Prepetition Lenders with respect to the Adequate Protection Obligations shall be entitled to all of the benefits of section 507(b) of the Bankruptcy Code; with priority, subject and subordinate only to the Carve-Out, and otherwise over all administrative expense claims and unsecured claims against the Bowater Debtors, now existing or hereafter arising, of any kind or nature whatsoever, other than as provided in clause (c) of this paragraph 13 (the "**Adequate Protection Superpriority Claim**").

(c) Notwithstanding anything to the contrary herein, the DIP Superpriority Claim and the Adequate Protection Superpriority Claim shall be treated as *pari passu* claims against the Bowater Debtors; provided, however, such claims shall not be satisfied from the proceeds of any Avoidance Actions.

14. Interest on the DIP Obligations shall accrue at the rates and shall be paid at the times as provided in the DIP Loan Documents. All DIP Obligations shall become due and payable, without notice or demand, on the Termination Date (as defined in Paragraph 18).

15. Except for the Carve-Out, no costs or expenses of administration, including, professional fees allowed and payable under sections 330 and 331 of the Bankruptcy Code that have been or may be incurred in the Cases, and no priority claims to the Collateral are, or will be, prior to or on a parity with the DIP Obligations, the Adequate Protection Obligations, any DIP Superpriority Claim or Adequate Protection Claim, or any other claims of the DIP Agents (whether for itself or for the ratable benefit of the DIP Lenders), the DIP Lenders or the Prepetition Agents (whether for themselves or for the ratable benefit of the Prepetition Lenders) arising hereunder.

16. The term "**Carve-Out**" means: (x) with respect to the US Debtors and their respective Cases and assets: (i) all fees required to be paid to the Clerk of the Bankruptcy Court and the Office of the U.S. Trustee pursuant to 28 U.S.C. §1930; (ii) after the occurrence and during the continuance of an Event of Default, an amount not to exceed USD 7,500,000 plus all

earned, accrued and unpaid professional fees and disbursements incurred prior to the occurrence of the Event of Default to the extent allowed by the Bankruptcy Court at any time, which amount may be used subject to the terms of this Order, to pay any fees or expenses incurred by the Bowater Debtors and any statutory committee appointed in the Cases in respect compensation for services rendered or reimbursement of expenses allowed by the Bankruptcy Court to professionals of the Bowater Debtors or any statutory committee appointed in the Cases; provided, however, that any retainers held by professionals shall be applied before payment of fees or expenses provided in this clause (x)ii; and (iii) in the event of the conversion of the Cases to cases under Chapter 7 of the Bankruptcy Code, an amount not to exceed USD 50,000 in respect of allowances of compensation for services rendered and reimbursement of expenses awarded by the Bankruptcy Court to the chapter 7 trustee or any professional retained by such trustee; and (y) with respect to the Canadian Debtors and their respective Cases and assets: (i) the administration charge ordered by the Superior Court of Quebec (Commercial Division) (the "**Canadian Court**") in an aggregate amount not to exceed CAD 2,000,000 (the "**Administration Charge**") for the payment of (A) incurred and unpaid professional fees and disbursements incurred by professionals and advisers retained by the Canadian Debtors in the cases pending before the Canadian Bankruptcy Court under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the "**Canadian Proceeding**"), and (B) incurred and unpaid professional fees and disbursements of the monitor in the Canadian Proceeding, including allowed and unpaid fees and expenses of its counsel; and (ii) upon receipt of an Enforcement Notice (as defined in paragraph 21), the Canadian Court ordered charge for directors in an aggregate amount not to exceed CAD 7,500,000 (the "**Directors' Indemnification and Charge**"), securing the Canadian Debtors' obligation to indemnify the directors of the Canadian

Debtors for liability arising after entry of the CCAA Order or in connection with the Canadian Debtors' failure to make payments in respect of employee obligations (as set forth more fully in paragraph 50 of the CCAA Order); *provided, however*, the dollar limitation set forth in clause (x)(ii) of this paragraph shall not be reduced by the amount of any compensation or reimbursement of expenses incurred but unpaid, or paid (to the extent ultimately allowed by an order of the Bankruptcy Court), prior to the receipt of an Enforcement Notice (as defined in paragraph 21) in respect of which the Carve-Out is invoked or by any fees, expenses, indemnities or other amounts paid to the DIP Agents, any DIP Lender, any Prepetition Lienholder or their respective attorneys and agents hereunder or otherwise; *provided further, however*, that to the extent approval of professional fees are subject to approval of the Bankruptcy Court, nothing in this paragraph shall be construed to impair the ability of any party to object, pursuant to section 330 of the Bankruptcy Code, to the reasonableness of the fees, expenses, reimbursement or compensation described herein.

17. Except for the Carve-Out, no costs or expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the Collateral, the Prepetition Collateral or the Cash Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law without the prior written consent of (i) the DIP Agent and the Required Lenders or (ii) the Prepetition Agents, as the case may be, and no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Agent, the DIP Lenders, the Prepetition Agents or the Prepetition Lenders. In addition, the DIP Agents, the DIP Lenders, the Prepetition Agents or the Prepetition Lenders shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and the "equities of the case"

exception under section 552(b) of the Bankruptcy Code shall not apply to the DIP Agents, the DIP Lenders, the Prepetition Agents or the Prepetition Lenders with respect to proceeds, product, offspring or profits of any of the Collateral or the Prepetition Collateral.

18. All (a) DIP Obligations shall be immediately due and payable, without notice and demand, and (b) authority to use the proceeds of the DIP Facility and to Collateral, including Cash Collateral shall cease, subject to the obligations with respect to the Carve-Out, on the Maturity Date (as defined in the DIP Loan Agreement) (the "**Termination Date**").

19. The occurrence of the Termination Date or, if sooner, the DIP Agent's furnishing the Bowater Debtors with notice of the occurrence of any Event of Default (as defined in the DIP Loan Agreement) shall constitute a "**DIP Order Event of Default**". Unless and until the DIP Obligations and Adequate Protection Obligations are unconditionally and indefeasibly repaid in full in cash, the protections afforded respectively to the DIP Agents and the Prepetition Agents under the DIP Loan Documents and hereunder, and any actions taken pursuant thereto and hereto, and the Carve-Out (as to pre-conversion or pre-effective date services) shall survive the entry of any order confirming a plan of reorganization or converting any of the Cases into a case pursuant to chapter 7 of the Bankruptcy Code. The Bowater Debtors agree not to seek, and it shall constitute an Event of Default under the DIP Loan Agreement, if any of the Bowater Debtors seek, without the written consent of the DIP Agents and the DIP Lenders, or if there is entered, (i) any modifications or extensions of this Order without the prior written consent of the DIP Agents and the DIP Lenders, and no such consent shall be implied by any other action, inaction or acquiescence by the DIP Agents or the DIP Lenders, (ii) an order converting any of the Cases to a case under chapter 7 of the Bankruptcy Code or (iii) an order dismissing any of the Cases. The Bowater Debtors further agree that the consensual use of Cash Collateral shall be

deemed terminated if any of the Bowater Debtors seek, without the written consent of the Prepetition Agents, and no such consent shall be implied by any other action, inaction or acquiescence by the Prepetition Agents, or if there is entered: (i) an order converting any of the Cases to a case under chapter 7 of the Bankruptcy Code; (ii) an order dismissing any of the Cases; or (iii) any modification or extension of this Order that materially impairs the rights of either of the Prepetition Agents or their respective Prepetition Lenders. If an order dismissing any of the Cases under section 1122 of the Bankruptcy Code or otherwise is at any time entered, such order shall provide (in accordance with sections 105 and 349 of the Bankruptcy Code), to the fullest extent permitted by law, that (i) the DIP Liens, the Adequate Protection Liens, the DIP Superpriority Claim and the Adequate Protection Superpriority Claim granted, pursuant to the DIP Loan Documents and this Order, shall continue in full force and effect and maintain their priorities as provided in this Order until the DIP Obligations and Adequate Protection Obligations are indefeasibly paid in full in cash and (ii) the Bankruptcy Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing the claims, Liens, priorities and security interests as provided in this Order.

20. The time and manner of payment of the DIP Obligations, the DIP Liens and the DIP Superpriority Claim shall not be altered or impaired by any chapter 11 plan of reorganization, that may hereafter be confirmed or by any further order of the Bankruptcy Court which may hereafter be entered without the consent of the DIP Agents and the DIP Lenders.

21. Upon the occurrence of a DIP Order Event of Default and at any time thereafter during the continuance thereof, with five business days' prior written notice (an "**Enforcement Notice**") of such occurrence, in each case given to the Bowater Debtors and the Bowater Debtors' counsel, counsel to the Committee, the Prepetition Agents, and the U.S. Trustee, the

DIP Agents shall be entitled to exercise any and all rights and remedies as set forth in the DIP Loan Documents or under applicable law and the DIP Lenders shall be entitled to exercise set-off rights in accordance with the DIP Loan Documents or under applicable law; *provided however*, that notwithstanding anything to the contrary contained herein or in any DIP Loan Documents, the DIP Collateral Agent and the DIP Lenders shall not have the right to sell or otherwise dispose of any collateral on which the Prepetition Agents have a Lien senior to the Lien of any of the DIP Collateral Agent and the DIP Lenders, whether as a result of the Prepetition Liens or the Adequate Protection Liens. Any Enforcement Notice shall also be filed with the Bankruptcy Court and the Canadian Court. Following the giving of an Enforcement Notice, the Bowater Debtors, the Committee, the Prepetition Agents and the U.S. Trustee shall be entitled to an emergency hearing before this Bankruptcy Court to oppose the exercise of remedies; *provided* that the only issue that may be raised by the Bowater Debtors in opposition thereto shall be whether a DIP Order Event of Default has in fact occurred and is continuing, and the Bowater Debtors hereby waive their right to seek any relief, whether under section 105 of the Bankruptcy Code or otherwise, that would in any way impair, limit or restrict, or delay the exercise or benefit of, the rights and remedies of DIP Agents or the DIP Lenders under the DIP Loan Documents or this Order; *provided, further,* however, that in the event that the DIP Collateral Agent or any DIP Lender proposes to dispose of any real property on or in which there is located any Prepetition Collateral on which either of the Prepetition Agents has a first lien, then a reasonable period of time shall be given to such Prepetition Agent to remove or dispose of such collateral before effecting such disposition. Subject to the preceding sentence, at the expiration of the five business day period, unless otherwise ordered by the Bankruptcy Court, the DIP Agents shall be entitled to pursue all rights and remedies under the DIP Loan Documents or applicable law and any DIP Lender shall be entitled to exercise set-off rights with the proceeds to be applied in accordance with the DIP Loan Documents and this Order without further order of the Bankruptcy Court. The automatic stay is hereby deemed modified to permit the pursuit of the remedies described in this paragraph 21. In no event shall the DIP Agents or the Prepetition Agents be subject to the equitable doctrine of "marshalling" or any similar doctrine with respect to the Collateral.

22. Nothing included herein shall prejudice, impair, or otherwise affect the rights of the DIP Agents, the DIP Lenders, the Prepetition Agents or the Prepetition Lenders to seek any other or supplemental relief in respect of the Bowater Debtors consistent with and subject to the provisions of this Order.

23. If any provision of this Order is hereafter modified, amended, vacated, reversed or stayed in any respect by subsequent order of this or any other court for any reason, such modification, amendment, vacation, reversal or stay shall not affect the validity of any Obligation or liability incurred pursuant to this Order.

24. The DIP Liens, DIP Superpriority Claim, Adequate Protection Liens and Adequate Protection Superpriority Claim granted to the DIP Agents and DIP Lenders under the DIP Facility and this Order, and to the Prepetition Agents and Prepetition Lenders under this Order, and the priority thereof, and any payments made pursuant to the DIP Facility and this Order, shall be binding (subject to the terms of this Order) on the Bowater Debtors, any successor trustee or examiner, and all creditors of the Bowater Debtors, as provided in section 364(e) of the Bankruptcy Code.

25. Notwithstanding anything herein or in any other order by the Bankruptcy Court to the contrary, no party may, and no borrowings, Cash Collateral, Prepetition Collateral, DIP

Collateral, portion of the proceeds of the DIP Facility or part of the Carve-Out may be used for any of the following (each, a "**Lender Claim**") without the prior written consent of each affected party to: (a) object, contest or raise any defense to the validity, perfection, priority, extent or enforceability of any amount due under any DIP Loan Document or the Prepetition Credit Agreement or the Liens or claims granted under this Order, any DIP Loan Document or the Prepetition Credit Agreements, (b) assert any claim or cause of action against any entity that is a DIP Agents, DIP Lender, Prepetition Agent or Prepetition Lender (in their capacities as such) or their respective agents, affiliates, representatives, attorneys or advisors, (c) except as otherwise permitted herein, prevent, hinder or otherwise delay the DIP Collateral Agent's or the Prepetition Agents' assertion, enforcement or realization on the Cash Collateral, the Prepetition Collateral or the Collateral in accordance with the DIP Loan Documents, the Prepetition Credit Agreements or this Order, (d) assert or prosecute any action for preferences, fraudulent conveyances, other avoidance power claims or any other claims, counterclaims or causes of action, objections, contests or defenses against any Prepetition Lender or DIP Lender or their respective agents, affiliates, representatives, attorneys or advisors, or (e) seek to modify any of the rights granted to the DIP Agents, the DIP Lenders, the Prepetition Agents or the Prepetition Lenders hereunder or under the DIP Loan Documents or the Prepetition Credit Agreements, provided that advisors to the Committee may investigate the Prepetition Secured Indebtedness, and the Bowater Debtors may investigate the Prepetition Secured Indebtedness only to the extent of claims and causes of action identified in the proviso to paragraph L(viii), and, subject to paragraph 26(c) and to any applicable law with respect to standing, commence any related proceedings as a representative of the Bowater Debtors' estates at an expense not to exceed USD 100,000 to be shared between the Committee and the Bowater Debtors.

26. (a) Each stipulation, admission and agreement contained in this Order shall be binding upon the Bowater Debtors and any successor thereto (including, any chapter 7 or chapter 11 trustee appointed or elected for any of the Bowater Debtors), and the Bowater Debtors are deemed to have irrevocably waived and relinquished all Lender Claims as of the date of entry of the Interim Order. Each stipulation, admission and agreement contained in this Order shall also be binding upon all other parties in interest, including the Committee, under all circumstances and for all purposes, except to the extent that (i) a party in interest has, subject to the limitations contained herein, including, *inter alia,* in paragraph 25, timely and properly filed an adversary proceeding or contested matter asserting a Lender Claim with respect to any of the stipulations or admissions set forth in this Order by no later than the date that is 120 days (or such later date as has been agreed to, in writing, by the DIP Agent and Prepetition Agents, or by order of the Bankruptcy Court for cause shown, as applicable) after the appointment of the Committee, and (ii) the Bankruptcy Court enters a final order in favor of the plaintiff sustaining such Lender Claim.

(b) The success of any particular Lender Claim shall not alter the binding effect on each party in interest of any stipulation or admission not subject to such Lender Claim. Except to the extent (but only to the extent) a timely and properly filed adversary proceeding or contested matter asserting a Lender Claim is successful, (i) the Prepetition Secured Indebtedness shall constitute allowed claims, not subject to avoidance, recharacterization, recovery, subordination, attack, offset, counterclaims, defense or "claim" (as such term is defined in the Bankruptcy Code) of any kind pursuant to the Bankruptcy Code or other applicable law, for all purposes in the Cases and any subsequent chapter 7 cases, (ii) the security interests of the Prepetition Agents and Prepetition Lenders pursuant to the Prepetition Credit Agreements to the extent securing the Prepetition Secured Indebtedness shall be deemed to have been, as of the Petition Date, legal, valid, binding perfected and enforceable liens and security interests not subject to avoidance, recharacterization, recovery, subordination, attack, offset, counterclaims, defense or "claim" (as such term is defined in the Bankruptcy Code) of any kind, and (iii) the Prepetition Secured Indebtedness and the security interests of the Prepetition Agents and Prepetition Lenders pursuant to the Prepetition Credit Agreements to the extent securing the Prepetition Secured Indebtedness shall not be subject to any other or further challenge by any party in interest seeking to exercise the rights of the Bowater Debtors' estates, including, any successor thereto (including, any chapter 7 or chapter 11 trustee appointed or elected for any of the Bowater Debtors).

(c) Nothing in this Order vests or confers on any person (as defined in the Bankruptcy Code), including the Creditors Committee, with standing or authority to pursue any cause of action belonging to the Bowater Debtors or their estates, including, Lender Claims.

27. The DIP Agents' or any DIP Lender's failure to seek relief or otherwise exercise its rights and remedies under the DIP Facility or this Order, and the Prepetition Agents' or any Prepetition Lender's failure to seek relief or otherwise exercise its rights and remedies under this Order, shall not constitute a waiver of any of the DIP Agents', the Prepetition Agents' or such DIP Lender's or Prepetition Lenders' rights hereunder, thereunder, or otherwise.

28. Subject to the provisions of the DIP Loan Agreement, the Bowater Debtors, the DIP Agents and the Required Lenders (as defined in the DIP Loan Documents) may amend, and the DIP Agents and the DIP Lenders may waive, any provision of the DIP Loan Documents, without seeking the approval of the Bankruptcy Court; *provided* that such amendment or waiver is either nonprejudicial to the rights of the Prepetition Lenders and other third parties or is not

material, and that notice thereof be provided to the Prepetition Agents, counsel for the Prepetition Agents, counsel for the Committee and the U.S. Trustee no less than three business days prior to the effective date of such amendment or waiver (or such shorter period as to which such parties may agree). Except as otherwise set forth in the foregoing sentence, no waiver, modification, or amendment of any of the provisions hereof or of the DIP Loan Documents shall be effective unless set forth in writing and approved by the Bankruptcy Court.

29. Nothing in this Order or in any of the DIP Loan Documents or any other documents or agreements related to the DIP Facility shall in any way be construed or interpreted to impose upon the DIP Agents or any of the DIP Lenders, any liability for any claims or causes of action arising from activities by the Bowater Debtors or any of their affiliates prior to the Petition Date or subsequent to the Petition Date, whether in connection with the operation of their businesses, the Cases, any restructuring efforts prior to the commencement of the Cases, or otherwise. In no event shall the DIP Agents or any DIP Lender, whether in connection with the exercise of any rights or remedies under the DIP Loan Documents or otherwise, be deemed to be in control of the operations of the Bowater Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Bowater Debtors, so long as the DIP Lenders' actions do not constitute, within the meaning of 42 U.S.C. §§ 901(20)(F), actual participation in the management or operational affairs of a vessel or facility owned or operated by a Bowater Debtor, or otherwise cause liability to arise to the federal or state government or the status of responsible person or managing agent to exist under applicable law (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, sections 9601 *et seq.* of title 29, United States Code, as amended, or any similar federal or state statute).

30. Nothing in this Order or in any of the DIP Loan Documents or any other documents or agreements related to the DIP Facility shall in any way be construed or interpreted to impose upon the Prepetition Agents or any of the Prepetition Lenders, any liability for any claims or causes of action arising from activities by the Bowater Debtors or any of their affiliates subsequent to the Petition Date or in connection with the negotiation of the DIP Loan Documents or this Order. In no event shall the Prepetition Agents or any Prepetition Lender, be deemed to be in control of the operations of the Bowater Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Bowater Debtors, so long as the Prepetition Lenders' actions do not constitute, within the meaning of 42 U.S.C. §§ 901(20)(F), actual participation in the management or operational affairs of a vessel or facility owned or operated by a Bowater Debtor, or otherwise cause liability to arise to the federal or state government or the status of responsible person or managing agent to exist under applicable law (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, sections 9601 *et seq.* of title 29, United States Code, as amended, or any similar federal or state statute).

31. Any Subsidiary (as defined in the DIP Loan Agreement) of the Bowater Debtors that hereafter becomes a debtor in a case under chapter 11 of the Bankruptcy Code in this Bankruptcy Court shall automatically, immediately upon the filing of a petition for relief for such Subsidiary, be deemed (subject to footnote 3 below) to be one of the "Bowater Debtors" hereunder in all respects, and all the terms and provisions of this Order, including, those provisions granting security interests in, and Liens on, the DIP Collateral, DIP Superpriority Claims, Adequate Protection Obligations and Adequate Protection Superpriority Claims in each

of the Cases, shall immediately be applicable in all respects to such Subsidiary and its chapter 11 estate.

32. In the event of any inconsistency between the terms and conditions of any DIP Loan Document and of this Order, the provisions of this Order shall govern and control.

33. By no later than July 10, 2009 (or such later date as may be agreed by the Bowater Debtors, the DIP Lenders, the Prepetition Agents, advisors to the Committee, and subject to appropriate confidentiality agreements, advisors to Wilmington Trust Company, in its capacity as indenture trustee for the 7.95% Notes issued by Bowater Canada Finance Corporation (**"WTC"**) and advisors to Aurelius Capital Management, LP), representatives of the Bowater Debtors shall meet and confer with the DIP Lenders, the Prepetition Agents and advisors to the Committee to discuss an overview prepared by the Bowater Debtors of the Bowater Debtors' periodic intercompany advances and intercompany obligations to each other and to the other Debtors. If by no later than August 7, 2009 (or such later date as may be agreed), the Bowater Debtors, the DIP Lenders, the Prepetition Agents and the Committee have not reached consensus on a methodology for reconciling intercompany advances and obligations (whether prepetition or postpetition and which may or may not include a true-up of postpetition intercompany balances), the DIP Lenders, the Prepetition Agents, the Committee, WTC or Aurelius Capital Management, LP each shall have the right to seek appropriate relief from the Bankruptcy Court.

34. This Order shall constitute findings of fact and conclusions of law and shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Order. Specifically, pursuant to this Order, the ten day automatic stay periods of Bankruptcy Rule 6004 are expressly inapplicable to this Order and the transactions

including, without limitation, transfers contemplated hereby, and accordingly, this Order shall become operative immediately upon entry on the docket

35. Any objection which has not been withdrawn or resolved is, to the extent not withdrawn or resolved is, hereby overruled.

36. Notwithstanding anything to the contrary in this Order or the DIP Loan Documents to the contrary, (i) Bowater Canada Finance Corporation (**"BCFC"**), and its assets (except for the pledge of the stock of BCFC to the US Prepetition Agent), shall not be subject to any Liens, DIP Superpriority Claims or Adequate Protection Claims granted hereunder, (ii) the Debtors are prohibited from transferring any assets, proceeds of the Term Loan or any Cash Collateral to BCFC and (iii) BCFC shall be deemed to be expressly excluded from the defined term "Bowater Debtors" hereunder and shall not be a guarantor of the DIP Obligations. The Debtors are authorized to enter into such amendments to the DIP Loan Documents as requested by the DIP Lenders to incorporate and implement this paragraph 36.

SO ORDERED by the Bankruptcy Court this 4th day of June, 2009.

6-16-09

KEVIN J. CAREY
CHIEF UNITED STATES
BANKRUPTCY JUDGE

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. *et al*

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

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

EXHIBIT-1

ORIGINAL

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

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

"***Consolidated EBITDA***" means, for any period, the sum for the Bowater Entities (determined on a combined basis, without duplication, in accordance with GAAP) of the following:

(a) Consolidated Net Income for such period,

plus

(b) the sum of the following to the extent deducted in determining Consolidated Net Income for such period:

(i) income taxes for such period (or minus, to the extent added in determining Consolidated Net Income for such period, income tax benefit for such period);

(ii) amortization, depreciation and depletion expense for such period;

(iii) other non-cash charges for such period including, but not limited to, non-cash pension expense, non-cash incentive compensation expense and equity-based compensation expense;

(iv) minority interest expense for such period;

(v) Consolidated Interest Expense for such period;

(vi) any extraordinary charges for such period;

(vii) any unusual or non-recurring charges for such period including, but not limited to (a) Chapter 11 and CCAA expenses (or administrative costs reflecting Chapter 11 and CCAA expenses, including, but not limited to, professional fees) and (b) severance expense and closure costs up to an amount not to exceed five percent (5%) of the Consolidated EBITDA of the Parent and its Subsidiaries (as calculated without giving effect to this clause (vii) or clause (viii) below); and

(viii) any net loss on any Asset Disposition during such period,

less

(c) the sum of the following to the extent included in determining Consolidated Net Income for such period:

(i) the aggregate amount of interest income for such period;

(ii) any extraordinary gains during such period;

(iii) any unusual or non-recurring gains during such period, which shall exclude any income associated with fuel tax credits arising under IRC Section 6426(e); and

(iv) any net gain on any Asset Disposition during such period;

provided that, for purposes of this Agreement, Consolidated EBITDA shall be adjusted on a pro forma basis, in a manner consistent with Regulation S-X of the SEC or otherwise reasonably acceptable to the Required Lenders, to include or exclude, as applicable, as of the first day of any applicable period, any permitted Asset Disposition closed during such period.

(d) The defined term "Consolidated Fixed Charge Coverage Ratio" set forth in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

"***Consolidated Fixed Charge Coverage Ratio***" means, as of the last day of any Fiscal Quarter, with respect to the Bowater Entities for the period of four consecutive Fiscal Quarters most recently ended on or prior to such date, taken as one accounting period, the ratio of (a) Consolidated EBITDA as of such last day of such Fiscal Quarter to (b) the sum of (i) interest payable on, and amortization of debt discount in respect of, all Debt for borrowed money, plus (ii) principal amounts of all Debt for borrowed money payable, in each case, of or by the Bowater Entities for or during such period.

(e) Section 1.01 of the Credit Agreement is hereby amended to add the new defined term "Federal Funds Rate" in its proper alphabetical order:

"***Federal Funds Rate***" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

(f) The first paragraph of Section 2.05 of the Credit Agreement is hereby amended in its entirety to read as follows:

"The Borrowers shall pay interest on the unpaid principal amount of the Advances from the Borrowing Date until such principal amount shall be paid in full, in arrears on the 21st day of each calendar month (or if such day is not a Business Day, the immediately preceding Business Day), and (with respect to LIBOR Advances) at the end of each Interest Period, and on the date that such Advances are Converted or repaid in full, at the following rates per annum:".

(g) The definition of "ABL Facility" set forth in Section 1.01 of the Credit Agreement, and each of Sections 2.10(e), 2.12(a), 2.14(d) and 5.02(a)(iii) of the Credit Agreement, are hereby amended to add the words "each of" before the words "the Initial Lenders".

(h) Section 5.01(n)(v) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(v) As soon as reasonably practicable but no later than June 20, 2009 (or such later date as the Required Lenders may approve), the Borrowers shall have appointed a Chief Restructuring Officer reasonably acceptable to the Required Lenders."

(i) Section 5.01(n)(vii) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(vii) As soon as reasonably practicable but no later than June 30, 2009, the Borrowers shall obtain private debt ratings on the Obligations under the DIP Facility from Moody's and Standard & Poor's."

(j) Section 5.01(n)(x) of the Credit Agreement is hereby amended by replacing the words "Within 45 days following the Closing Date" set forth in the first line thereof with the words "As soon as reasonably practicable but no later than June 30, 2009".

(k) Section 5.02(b) is hereby amended as follows: (i) clause (xv) is amended by replacing the phrase "together with any equity or capital investments permitted pursuant to Section 5.01(h)(vii)" with the phrase "together with any Investments permitted pursuant to Section 5.02(g)(viii)", (ii) clause (xvii) is amended by deleting the word "and" after the semicolon at the end thereof, (iii) clause (xviii) is amended by replacing the period at the end thereof with "; and" and (iv) new clause (xix) is hereby added at the end thereof to read as follows:

"(xix) Debt owed by Calhoun Newsprint Company to one or more Bowater Entities (provided that such Debt shall be payable by such entity on demand by the Credit Party to the extent required pursuant to the Intercompany Subordination Agreement); provided that the aggregate amount of such Debt, together with any Investments in Calhoun Newsprint Company permitted pursuant to Section 5.02(g)(viii) (without duplication), shall not exceed $10,000,000 outstanding on any date of determination (which amount shall be calculated as the net balance of such loans, advances and investments as reduced by any repayments or distributions made with respect thereto)."

(l) Section 5.02(g)(viii) is hereby amended by replacing the phrase "to the extent permitted by Section 5.02(b)(xv)" with the phrase "to the extent permitted by Section 5.02(b)(xv) or (xix)."

(m) Section 7.01(m) of the Credit Agreement is hereby amended by replacing the phrase "an event with respect to any Canadian Pension Plan which would entitle any Person (without the consent of the applicable Credit Party) to wind-up or terminate any Canadian Pension Plan, in whole or in part, or which could reasonably be expected to adversely affect the tax status thereof, shall occur" with the phrase "an event with respect to any Canadian Pension Plan (other than the failure to pay the Special Amortization Payments) which would entitle any Person (without the consent of the applicable Credit Party) to wind-up or terminate any Canadian Pension Plan, in whole or in part, or which could reasonably be expected to adversely affect the tax status thereof, shall occur".

(n) The Lenders and the Administrative Agent hereby waive any Event of Default arising out of the failure of the interest payment required to have been made under the Credit Agreement on May 21, 2009 to have been made in a timely manner.

SECTION 2. Conditions Precedent.

(a) Sections 1(h), (i) and (j) of this Amendment shall become effective as of the date hereof when, and only when, (i) the Agent shall have received counterparts of this Amendment executed by each of the parties hereto and (ii) the U.S. Bankruptcy Court shall have entered the Final Order, which shall authorize and approve, in addition to the matters specified in Section 5.01(n)(i) of the Credit Agreement, this Amendment and its provisions, and shall not have been vacated, reversed or stayed or, without the consent of the Required Lenders, modified or amended.

(b) Except as set forth in clause 2(a) above with respect to Sections 1(h), (i) and (j), Section 1 of this Amendment shall become effective as of the date hereof when, and only when, (i) the Agent shall have received counterparts of this Amendment executed by each of the parties hereto, (ii) the U.S. Bankruptcy Court shall have entered the Final Order, which shall authorize and approve, in addition to the matters specified in Section 5.01(n)(i) of the Credit Agreement, this Amendment and its provisions, and (iii) the Canadian Bankruptcy Court shall have entered an order which shall authorize and approve this Amendment and its provisions, and each of the orders referred to in clauses (ii) and (iii) above shall not have been vacated, reversed or stayed or, without the consent of the Required Lenders, modified or amended.

SECTION 3. Representations and Warranties of the Borrowers. Each of the Borrowers hereby represents and warrants to the Agent and the Lenders as follows:

(a) The execution, delivery and performance by such Borrower of this Amendment and the Credit Agreement (as amended hereby), and the transactions contemplated hereby and thereby, are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) such Borrower's charter or by-laws or (ii) any law or contractual restriction binding on or affecting such Borrower, and do not result in or require the creation of any Lien upon or with respect to any of its properties.

(b) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by such Borrower of this Amendment or the Credit Agreement (as amended hereby), or for the perfection of or the exercise by the Agent or any Lender of their respective rights and remedies under the Loan Documents (as amended hereby).

(c) This Amendment and the Credit Agreement (as amended hereby) have been duly executed and delivered by such Borrower. This Amendment, together with the Credit Agreement (as amended hereby), are the legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and to general equitable principles.

SECTION 4. Reference to and Effect on the Loan Documents, Etc.

(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in each of the other Loan Documents to the Credit Agreement, "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) The Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York and, to the extent applicable, the Bankruptcy Codes.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Very truly yours,

LAW DEBENTURE TRUST COMPANY
OF NEW YORK, as Administrative Agent and
Collateral Agent

By: ______________________________
Name: James D. Heaney
Title: Managing Director

Required Lenders:

AVENUE INVESTMENTS, L.P., as a Lender

By: ______________________________
Name:
Title:

ODYSSEY AMERICA REINSURANCE
CORPORATION, as a Lender

NSPIRE RE LIMITED, as a Lender

TIG INSURANCE COMPANY, as a Lender

THE NORTH RIVER INSURANCE COMPANY,
as a Lender

By: Hamblin Watsa Investment Counsel Ltd., as
Investment Manager for each of the foregoing

By ______________________________
Name:
Title:

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Very truly yours,

LAW DEBENTURE TRUST COMPANY
OF NEW YORK, as Administrative Agent and
Collateral Agent

By:______________________________
Name:
Title:

Required Lenders:

AVENUE INVESTMENTS, L.P., as a Lender

By:______________________________
Name: SONIA GARDNER
Title:

ODYSSEY AMERICA REINSURANCE
CORPORATION, as a Lender

NSPIRE RE LIMITED, as a Lender

TIG INSURANCE COMPANY, as a Lender

THE NORTH RIVER INSURANCE
COMPANY, as a Lender

By: Hamblin Watsa Investment Counsel Ltd.,
as Investment Manager for each of the
foregoing

By ______________________________
Name:
Title:

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Very truly yours,

LAW DEBENTURE TRUST COMPANY
OF NEW YORK, as Administrative Agent and
Collateral Agent

By:______________________________
Name:
Title:

Required Lenders:

AVENUE INVESTMENTS, L.P., as a Lender

By:______________________________
Name:
Title:

ODYSSEY AMERICA REINSURANCE
CORPORATION, as a Lender

NSPIRE RE LIMITED, as a Lender

TIG INSURANCE COMPANY, as a Lender

THE NORTH RIVER INSURANCE COMPANY,
as a Lender

By: Hamblin Watsa Investment Counsel Ltd., as
Investment Manager for each of the foregoing

By ______________________________
Name:
Title:

Borrowers:

ABITIBIBOWATER INC.

By: ______________________
Title:
Name:

BOWATER INCORPORATED

By: ______________________
Title:
Name:

BOWATER CANADIAN FOREST PRODUCTS INC.

By: ______________________
Title:
Name:

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. et al

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

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

EXHIBIT-2

ORIGINAL

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

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

R-3

Conformed to Amendment
No. 1 dated as of June 5, 2009

**SENIOR SECURED SUPERPRIORITY DEBTOR IN POSSESSION
CREDIT AGREEMENT**

dated as of April 21, 2009

by and among
ABITIBIBOWATER INC., BOWATER INCORPORATED and BOWATER CANADIAN FOREST PRODUCTS INC.,

as Debtors and Debtors in Possession,
as Borrowers,

the Lenders from time to time party hereto,

and

FAIRFAX FINANCIAL HOLDINGS LTD.

as Initial Lender, Initial Administrative Agent and Initial Collateral Agent

WHEREAS, each of the Guarantors has agreed, to the extent set forth in Article VI hereof, to guaranty the obligations of the Borrowers hereunder and each Borrower and each Guarantor has agreed to secure its obligations to the Lenders hereunder with, *inter alia*, security interests in, and liens on, all of its property and assets, whether real or personal, tangible or intangible, now existing or hereafter acquired or arising, all as more fully provided herein, in the DIP Financing Orders and in the Collateral Documents;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein and such other consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such terms to be equally applicable to both the singular and plural forms of the terms defined):

"***Abitibi Entities***" means, collectively, (a) Abitibi-Consolidated Inc. and its Subsidiaries and (b) AbitibiBowater US Holding LLC and its Subsidiaries.

"***ABL Facility***" means a debtor in possession asset-backed revolving credit facility in an amount not to exceed $600,000,000 minus the outstanding principal amount of the DIP Facility at any time, which may be entered into after the Final Order has been entered, on terms reasonably acceptable to the Required Lenders, and subject to intercreditor arrangements on terms acceptable to each of the Initial Lenders, the proceeds of which are to be used, first, to refinance the Existing Facilities and, after the Existing Facilities have been repaid in full, for working capital and general corporate purposes.

"***Accounts***" has the meaning set forth in the UCC and, in the case of the Canadian Guarantors, in the PPSA.

"***Account Collateral***" has the meaning specified in Section 9.01(f).

"***Advance***" means a Term Advance or an advance under the Incremental Facility.

"***Affiliate***" means:

(a) as to any Agent or Lender, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person; and

(b) as to any Person other than an Agent or Lender, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this clause (b), the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 10% or more of the Voting Interests of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"***Agents***" means, collectively, the Administrative Agent and the Collateral Agent.

"***Agreement Value***" means, for each Hedge Agreement, on any date of determination, an amount equal to: (a) in the case of a Hedge Agreement documented pursuant to the Master Agreement (Multicurrency-Cross Border) published by the International Swap and Derivatives Association, Inc. (the "***Master Agreement***"), the amount, if any, that would be payable by any Credit Party or any of its Subsidiaries to its counterparty to such Hedge Agreement, as if (a) in the case of a Hedge Agreement traded on an exchange, the mark-to-market value of such Hedge Agreement, which will be the unrealized loss or gain on such Hedge Agreement to the Credit Party or Subsidiary of a Credit Party to such Hedge Agreement based on the settlement price of such Hedge Agreement on such date of determination; or (b) in all other cases, the mark-to-market value of such Hedge Agreement, which will be the unrealized loss or gain on such Hedge Agreement to the Credit Party or Subsidiary of a Credit Party to such Hedge Agreement determined as the amount, if any, by which (i) the present value of the future cash flows to be paid by such Credit Party or Subsidiary exceeds (ii) the present value of the future cash flows to be received by such Credit Party or Subsidiary pursuant to such Hedge Agreement; capitalized terms used and not otherwise defined in this definition shall have the respective meanings set forth in the above described Master Agreement.

"***Applicable Margin***" means, in the case of a Base Rate Advance, 6.50% and in the case of a LIBOR Advance, 7.50%; provided that if all obligations hereunder shall not have been repaid in full within 12 months following the Closing Date, "Applicable Margin" shall mean, in the case of a Base Rate Advance, 7.0% and in the case of a LIBOR Advance, 8.0%.

"***Applicable Law***" means all applicable statutes, laws, ordinances, regulations, orders, writs, injunctions or decrees of the United States, any state, Canada, any provinces, any foreign country or any other Governmental Authority.

"***Approved Fund***" means any fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"***Asset Disposition***" means the disposition of any or all of the assets (including, without limitation, any Equity Interest owned thereby) of Parent or any of its Subsidiaries, in one transaction or a series of transactions, whether by sale, lease, transfer or otherwise. The term "Asset Disposition" shall not include any Insurance and Condemnation Event.

"***Assignment and Acceptance***" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, and, if required, the Borrowers, in accordance with Section 10.07 and in substantially the form of Exhibit A hereto.

"***Assuming Lender***" has the meaning specified in Section 2.10(d).

"***Avoidance Actions***" shall mean avoidance actions of the Borrowers under Chapter 5 or Section 724(a) of the Bankruptcy Code (and proceeds thereof~~ other than proceeds of avoidance actions under Section 547 of the Bankruptcy Code~~). The term does not include an action to avoid a transfer under Section 549 of the Bankruptcy Code.

"***Bankruptcy Code***" shall mean the Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. Section 101 et seq.

"***Bankruptcy Courts***" means, collectively, the U.S. Bankruptcy Court and the Canadian Bankruptcy Court, or any other court having jurisdiction over the Cases from time to time.

"***Bankruptcy Petition Date***" has the meaning specified in Preliminary Statement.

"***Base Rate***" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of (a) ½ of 1% per annum above the Federal Funds Rate and (b) ~~2.50~~4.50%.

"***Base Rate Advance***" means an Advance bearing interest at the Base Rate.

"***BIA***" means the Bankruptcy and Insolvency Act (Canada) or any successor statute, as amended.

"***Borrowers***" shall have the meaning set out in the preamble.

"***Borrowing***" means a Term Borrowing or a borrowing under an Incremental Facility.

"***Borrowing Date***" means the date on which the Term Advance is made.

"***Bowater D&O Charge***" means the Canadian court-ordered charge for directors and officers in an aggregate amount not to exceed $25,000,000 Canadian Dollars securing the Canadian Credit Parties' obligation to indemnify the directors and officers of the Canadian Credit Parties for certain liabilities arising after entry of the Initial CCAA Order or in connection with the Canadian Credit Parties' failure to make payments in respect of employee obligations (as set forth more fully in paragraphs 51 and 53 of the Initial CCAA Order).

"***Bowater Entities***" means Bowater, Newsprint South and each of their respective Subsidiaries. For the avoidance of doubt, "Bowater Entities" shall not include the Abitibi Entities.

"***Budget Variance Report***" means a report, in each case certified by a Responsible Officer of the Parent, in form reasonably satisfactory to the Required Lenders, delivered in accordance with Section 5.03(g), showing actual cash flows and the aggregate maximum amount of utilization of the Advances for each such week as of the end of the week immediately preceding the week during which such Budget Variance Report is delivered and the variance (as a percentage) of such amounts from the corresponding anticipated amounts therefor set forth in the DIP Budget.

"***Business Day***" means a day of the year on which banks are not required or authorized by law to close in New York, New York.

"***Canadian Bankruptcy Court***" has the meaning specified in the Preliminary Statements.

"***Canadian Credit Parties***" means Bowater Canada and the Canadian Guarantors.

"***Canadian DIP Recognition Order***" means a recognition order made by the Canadian Bankruptcy Court pursuant to section 18.6 of the CCAA, in form and substance acceptable to the Required Lenders in their sole discretion, recognizing and giving full force and effect to the Interim Order.

"***Canadian Dollars***" means lawful money of Canada.

"***Collateral Documents***" means, collectively, the DIP Financing Orders and any other security agreement, pledge agreement, mortgage or other documents delivered pursuant to Section 5.01(l) or otherwise that creates or purports to create a Lien in favor of the Collateral Agent for the benefit of the Secured Parties.

"***Commitment***" means, with respect to any Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Commitment" or, if such Lender has entered into an Assignment and Acceptance, the amount set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 10.07 as such Lender's "Commitment."

"***Commitment Assumption Agreement***" has the meaning specified in Section 2.10(d)(B).

"***Commitment Letter***" means the commitment letter, dated as of April 11, 2009, between the Parent, Bowater, Newsprint South and FFH.

"***Computer Software***" has the meaning specified in Section 9.01(g)(iv).

"***Confidential Information***" means any and all material non-public information delivered or made available by any Credit Party or any Subsidiary relating to any Credit Party or any Subsidiary or their respective businesses, other than any such information that is or has been made available publicly by a Credit Party or any Subsidiary.

"***Confirmation Order***" means collectively, an order of the U.S. Bankruptcy Court confirming a Reorganization Plan in the Chapter 11 Cases and an order of the Canadian Bankruptcy Court confirming a Reorganization Plan in the CCAA Case, which orders shall be in form and substance reasonably satisfactory to the Required Lenders.

"***Consolidated***" refers to the consolidation of accounts in accordance with GAAP.

"***Consolidated EBITDA***" means, for any period, the sum for the Bowater Entities (determined on a combined basis, without duplication, in accordance with GAAP) of the following:

(a) Consolidated Net Income for such period,

plus

(b) the sum of the following to the extent deducted in determining Consolidated Net Income for such period:

(i) income taxes for such period (or minus, to the extent added in determining Consolidated Net Income for such period, income tax benefit for such period);

(ii) amortization, depreciation~~,~~ and depletion ~~and~~ expense for such period;

(iii) other non-cash charges for such period~~;~~ including, but not limited to, non-cash pension expense, non-cash incentive compensation expense and equity-based compensation expense;

(iv) minority interest expense for such period;

(~~iii~~v) Consolidated Interest Expense for such period;

(~~iv~~vi) any extraordinary charges for such period;

(~~v~~vii) any unusual or non-recurring charges for such period including, but not limited to (a) Chapter 11 and CCAA expenses (or administrative costs reflecting Chapter 11 and CCAA expenses, including, but not limited to, professional fees) and (b) severance expense and closure costs up to an amount not to exceed five percent (5%) of the Consolidated EBITDA of the Parent and its Subsidiaries (as calculated without giving effect to this clause (~~v~~vii) or clause (~~vi~~viii) below); and

(~~vi~~viii) any net loss on any Asset Disposition during such period,

less

(c) the sum of the following to the extent included in determining Consolidated Net Income for such period:

(i) the aggregate amount of interest income for such period;

(ii) any extraordinary gains during such period;

(iii) any unusual or non-recurring gains during such period, which shall exclude any income associated with fuel tax credits arising under IRC Section 6426(e); and

(iv) any net gain on any Asset Disposition during such period;

provided that, for purposes of this Agreement, Consolidated EBITDA shall be adjusted on a pro forma basis, in a manner consistent with Regulation S-X of the SEC or otherwise reasonably acceptable to the Required Lenders, to include or exclude, as applicable, as of the first day of any applicable period, any permitted Asset Disposition closed during such period.

"***Consolidated Fixed Charge Coverage Ratio***" means, as of the last day of any Fiscal Quarter, with respect to the Bowater Entities for the period of four consecutive Fiscal Quarters most recently ended on or prior to such date, taken as one accounting period, the ratio of (a) Consolidated EBITDA as of such last day of such Fiscal Quarter to (b) the sum of (i) interest payable on, and amortization of debt discount in respect of, all Debt for borrowed money, plus (ii~~) rentals payable under leases of real or personal, or mixed, property, *plus* (iii~~) principal amounts of all Debt for borrowed money payable, in each case, of or by the Bowater Entities for or during such period.

"***Consolidated Interest Expense***" means, with respect to the Bowater Entities, for any period, the gross interest expense determined for such period on a combined basis without duplication, in accordance with GAAP.

"***Consolidated Net Income***" means, with respect to the Bowater Entities, for any period, the net income (or loss) of the Bowater Entities for such period, determined on a combined basis and otherwise determined in accordance with GAAP.

"***Consolidated Subsidiary***" means, for any Person, each Subsidiary of such Person (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of such Person in accordance with GAAP, excluding, in the case of the Parent, the Abitibi Entities.

(vi) any rights under any lease, contract or agreement to the extent that the granting of a security interest therein is specifically prohibited in writing by, or would constitute an event of default under or would grant a party a termination right under any agreement governing such right unless such prohibition is not enforceable or is otherwise ineffective under Applicable Law; provided, however, that this clause (vi) shall not affect, limit, restrict or impair the grant by any Credit Party of a security interest in any Account, money or other amounts due and payable to any Credit Party or to become due and payable to any Credit Party under such lease, contract or agreement unless such Security Interest in such Account, money or other amount due and payable is also specifically prohibited by the terms of such lease, contract or agreement or such security interest in such Account, money or other amount due and payable or would expressly constitute an event of default under or would expressly grant a party a termination right under any such lease contract or agreement, in each case unless such prohibition is not enforceable or is otherwise ineffective under Applicable Law; provided, further, that notwithstanding anything to the contrary contained in the foregoing proviso, the security interests granted herein shall immediately attach to and the term "Collateral" shall immediately include the rights under any such lease, contract, or agreement and in such Account, money, or other amounts due and payable to any Credit Party at such time as such prohibition, event of default or termination right shall terminate or shall be waived;

(vii) any Excluded Deposit Accounts and Excluded Investment Property; and

(viii) any Avoidance Actions.

"***Excluded Taxes***" means (a) Income Taxes imposed directly on an Indemnified Party (or its members or shareholders) in respect of payments hereunder or under any other Loan Documents, and (b) any withholding or other taxes imposed or otherwise due in respect of such payments because the Indemnified Party fails to satisfy the requirements of Section 2.14(e).

"***Existing Facilities***" has the meaning specified in Section 4.01(m).

"***Federal Funds Rate***" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"***Fee Letter***" means the fee letter, dated as of April 11, 2009, between the Parent and FFH.

SECTION 2.03. Voluntary Prepayment of the Advances. The Borrowers may, upon at least five Business Days' notice (or such shorter notice period agreed by the Lenders) to the Administrative Agent, stating the proposed date and the aggregate principal amount of the prepayment, prepay the outstanding principal amount of the Advances in whole or in part, together with all interest and other amounts required to be paid pursuant to Sections 2.08(c) and 2.12 in connection with such prepayment.

SECTION 2.04. Mandatory Prepayment of the Advances. Each Borrower shall, within three Business Days of receipt by the Parent or any Bowater Entity of Net Cash Proceeds arising from (i) any Asset Disposition in respect of a sale or other disposition of any property or assets of the Parent or any Bowater Entity (including any sale of any Equity Interests in the Abitibi Entities) but excluding any Asset Disposition permitted by clauses (i), (iii) – (v) or (vii) of Section 5.02(h), (ii) any Insurance and Condemnation Event with respect to any property of the Parent or any Bowater Entity to the extent resulting in the receipt of Net Cash Proceeds in excess of $5,000,000, or (iii) proceeds from the incurrence of Debt for borrowed money by the Parent or any Bowater Entity in excess of $5,000,000 (other than Debt permitted by Section 5.02(b)), immediately pay or cause to be paid to the Administrative Agent for the account of the Lenders an amount equal to 100% of such Net Cash Proceeds; provided, however, that, so long as no Event of Default shall be continuing, any Credit Party may (A) with respect to any Net Cash Proceeds received in connection with the sale of any equipment in the ordinary course of business, upon any such receipt, reinvest such Net Cash Proceeds to acquire replacement equipment and (B) with respect to any Net Cash Proceeds received in connection with any Insurance and Condemnation Event, upon any such receipt, reinvest such Net Cash Proceeds to replace or repair the property or assets lost or damaged, in each case, within the earlier of (i) the Maturity Date and (ii) 90 days following the date of receipt of such Net Cash Proceeds; provided, further, that no repayment shall be required hereunder as a result of any Net Cash Proceeds received by a Subsidiary that is not wholly-owned except to the extent such Net Cash Proceeds are distributed to a Borrower or a wholly-owned Subsidiary of a Borrower.

SECTION 2.05. Scheduled Interest. The Borrowers shall pay interest on the unpaid principal amount of the Advances from the Borrowing Date until such principal amount shall be paid in full, in arrears ~~monthly~~on the 21st day of each calendar month (or if such day is not a Business Day, the immediately preceding Business Day), and (with respect to LIBOR Advances) at the end of each Interest Period, and on the date that such Advances are Converted or repaid in full, at the following rates per annum:

(a) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (i) the Base Rate in effect from time to time plus (ii) the Applicable Margin in effect from time to time.

(b) LIBOR Advances. During such periods as such Advance is a LIBOR Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (A) LIBOR for such Interest Period for such Advance plus (B) the Applicable Margin in effect on the first day of such Interest Period.

(e) On the applicable Increase Date, each Eligible Assignee that accepts an offer to participate in a requested Incremental Commitment in accordance with Section 2.10(c) (each such Eligible Assignee, an "***Assuming Lender***") shall become a Lender to this Agreement as of the applicable Increase Date and the Commitment of each Increasing Lender for such Incremental Commitment shall be so increased by such amount (or by the amount allocated to such Lender pursuant to the last sentence of Section 2.10(b)) as of such Increase Date; provided, however, that the Administrative Agent shall have received on or before the Increase Date the following, each dated such date:

(i) certified copies of resolutions of the board of directors of the Credit Parties approving the applicable Incremental Commitment and the corresponding modifications to this Agreement;

(ii) an assumption agreement from each Assuming Lender, if any, in form and substance satisfactory to the Borrowers and the Administrative Agent (each a "***Commitment Assumption Agreement***"), duly executed by such Eligible Assignee, the Administrative Agent and each Borrower;

(iii) confirmation from each Increasing Lender of the increase in the amount of its Commitment in a writing satisfactory to the Borrower and the Administrative Agent; and

(iv) orders of the Bankruptcy Courts approving such Incremental Facility in form and substance acceptable to the Required Lenders in their sole discretion.

On the applicable Increase Date, upon fulfillment of the conditions set forth in the immediately preceding sentence of this Section 2.10(d), the Administrative Agent shall notify the Lenders (including, without limitation, each Assuming Lender) and the Borrowers, on or before 1:00 p.m. (New York City time), by telecopier or telex, of the occurrence of the applicable Incremental Commitment to be effected on the related Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date.

(f) The Borrowers may, at any time and from time to time after the Closing Date and prior to the Maturity Date, by notice to the Administrative Agent, request that an ABL Facility be incorporated into the DIP Facility. The approval of the addition of an ABL Facility to the DIP Facility shall be at the discretion of each of the Initial Lenders and, if so approved, shall be reflected in amendments to the Loan Documents adopted in accordance with Section 10.01.

SECTION 2.11. Use of Proceeds. The proceeds of the Advances shall be available (and each Borrower agrees that it shall use such proceeds) solely (i) to pay transaction costs, fees and expenses, which are incurred in connection with this Agreement, (ii) for working capital purposes, (iii) to pay adequate protection to holders of Debt under the Existing Facilities, as set forth in the DIP Financing Orders, and (iv) for other general corporate purposes of the Borrowers and their Subsidiaries, provided, however, that the proceeds of the Advances shall not be used to repay Prepetition Debt.

SECTION 2.12. Fees.

(b) Closing Fees. The Borrowers shall pay fees (the "***Closing Fees***") to each Lender, as fee compensation for the funding of such Lender's Term Advances, in an amount equal to 2.0% of the stated principal amount of such Lender's Term Advances, earned when funded and payable to such Lender out of the proceeds of its Term Advances; provided that (i) 50% of such Closing Fees shall be payable to such Lender upon entry of the Interim Order and (ii) 50% of such Closing Fees shall be deposited into an escrow account (on terms acceptable to each of the Initial Lenders) and funded to such Lender upon the earlier of (x) the Maturity Date and (y) the U.S. Bankruptcy Court entering the Final Order; provided however, that in the case of any Incremental Facility, 100% of the closing fees agreed in connection therewith shall be earned and payable upon the funding of such Incremental Facility. The Closing Fees, once paid, shall be non-refundable in all circumstances.

(c) Upfront Fee. The Borrowers shall pay an upfront fee to the Administrative Agent for the account of the Lenders, on the Closing Date, in an amount equal to 3.0% of the stated principal amount of the Term Advance. Such upfront fee, once paid, shall be non-refundable in all circumstances.

(d) Extension Fees. The Borrowers shall pay the following extension fees to the Administrative Agent for the account of the Lenders:

(i) if the Maturity Date is extended past twelve months pursuant to the definition thereof, the Borrowers shall pay an extension fee equal to 0.5% of the aggregate amount of Advances made by each Lender hereunder payable on the date that is twelve months following the Closing Date; and

(ii) in addition, if the Maturity Date is extended past fifteen months pursuant to the definition thereof, the Borrowers shall pay an extension fee equal to 0.5% of the aggregate amount of Advances made by each Lender hereunder payable on the date that is fifteen months following the Closing Date.

Each such extension fee, once paid, shall be non-refundable in all circumstances.

(e) Exit Fees. The Borrowers shall pay fees (the "***Exit Fees***") to each Lender in an amount equal to 2.0% of the aggregate amount of Advances made by such Lender hereunder upon the earlier of (i) the Maturity Date and (ii) repayment in full of all Obligations hereunder. The Exit Fees, once paid, shall be non-refundable in all circumstances.

(d) Within 30 days after the date of any payment of Taxes, the appropriate Credit Party shall furnish to the Administrative Agent, at its address referred to in Section 10.02, the original or a certified copy of a receipt evidencing such payment, to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to each of the Initial Lenders. In the case of any payment hereunder or under the other Loan Documents by or on behalf of a Credit Party through an account or branch outside the United States or by or on behalf of a Credit Party by a payor that is not a United States person, if such Credit Party determines that no Taxes are payable in respect thereof, such Credit Party shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from Taxes. For purposes of subsections (d) and (e) of this Section 2.14, the term "***United States person***" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution and delivery of this Agreement in the case of the Initial Lenders and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Borrowers (but only so long as such Lender remains lawfully able to do so), provide the Administrative Agent, the Initial Lenders and the Borrowers with two original properly completed Internal Revenue Service Forms W-8BEN, W-8IMY or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the other Loan Documents or, in the case of a Lender that has certified that it is not a "bank" as described above, certifying that such Lender is a foreign corporation, partnership, estate or trust. Each Lender claiming exemption from withholding tax pursuant to the portfolio interest exception set forth in sections 871(h) and 881(c) of the Code shall provide the Administrative Agent, the Initial Lender and the Borrowers such forms, certificates or documents required by the Internal Revenue Service to establish entitlement to such exemption. If the forms provided by a Lender at the time such Lender first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms; provided, however, that if, at the effective date of the Assignment and Acceptance pursuant to which a Lender becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) of this Section 2.14 in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service Form W-8BEN, W-8IMY, W-8ECI or any successor, or the related certificate described above, that the applicable Lender reasonably considers to be confidential, such Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(ii) The Borrowers shall be in compliance with the DIP Financing Orders and the Recognition Orders and each of the DIP Financing Orders and the Recognition Orders shall not have been reversed, modified, amended, stayed or vacated, in the case of any amendment or modification, without the prior written consent of the Required Lenders; provided, however, that any such modification or amendment that is adverse to an Initial Lender shall be subject to the consent of such Initial Lender.

(iii) Within 45 days following the Closing Date (or such later date as the Required Lenders may approve), the Credit Parties shall have executed and delivered any security agreements, pledge agreements and any other documents and agreements relating thereto reasonably requested by FFH, in each case, in form and substance reasonably acceptable to FFH.

(iv) Within 10 days following the Closing Date (or such later date as the Required Lenders may approve), the Collateral Agent shall have received a certificate from the Borrowers' insurance broker or other evidence satisfactory to it that all insurance required to be maintained by the Credit Parties hereunder is in full force and effect, together with endorsements naming the Collateral Agent as additional insured and loss payee thereunder.

(v) ~~Within 45 days following the Closing Date~~As soon as reasonably practicable but no later than June 20, 2009 (or such later date as the Required Lenders may approve), the Borrowers shall have appointed a Chief Restructuring Officer reasonably acceptable to the Required Lenders.

(vi) The Credit Parties shall provide written notice to the Administrative Agent and FFH in reasonable detail within two Business Days of (A) any purchase offer that any Credit Party or a Subsidiary may receive with respect to any material asset (including with respect to the Abitibi Entities), (B) any plan or proposal to sell or otherwise dispose of any material asset of the Credit Parties or their Material Subsidiaries (including with respect to the Abitibi Entities), and (C) any plan or proposal for the issuance of Debt or Equity Interests by any Credit Party or any Subsidiary thereof (excluding the Abitibi Entities), and, in each case, at the request of FFH, additional details with respect to any such offer, plan or proposal, to the extent not prohibited by confidentiality requirements.

(vii) ~~Within 45 days following the Closing Date,~~As soon as reasonably practicable but no later than June 30, 2009, the Borrowers shall obtain private debt ratings on the Obligations under the DIP Facility from Moody's and Standard & Poor's.

(viii) Within 10 days following the Closing Date, the Administrative Agent shall have received from each Secondary Guarantor duly executed counterparts of the closing documents described in Sections 3.01(a)(iii), (iv), (v) and (vi).

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EXECUTION VERSION

AMENDMENT NO. 1 TO THE CREDIT AGREEMENT

Dated as of June 5, 2009

THIS AMENDMENT NO. 1 TO THE CREDIT AGREEMENT (this "***Amendment***") is entered into by and among LAW DEBENTURE TRUST COMPANY OF NEW YORK, as Administrative Agent under the Credit Agreement referred to below (the "***Agent***"), ABITIBIBOWATER INC., a Delaware corporation ("***Parent***"), BOWATER INCORPORATED, a Delaware corporation ("***Bowater***"), BOWATER CANADIAN FOREST PRODUCTS INC. a Nova Scotia company ("***Bowater Canada***", and together with the Parent and Bowater, the "***Borrowers***"), and each of the Lenders under the Credit Agreement referred to below (the "***Lenders***").

PRELIMINARY STATEMENTS:

(1) Reference is made to that certain Senior Secured Superpriority Debtor In Possession Credit Agreement dated as of April 21, 2009 (the "***Credit Agreement***") in connection with the Cases (as defined therein) by and among the Borrowers, the guarantors from time to time party thereto, the Lenders and the Agent. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

(2) The parties to the Credit Agreement have agreed to make certain amendments thereto as set forth below.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments and Limited Waiver. Effective as of the date hereof, subject to the satisfaction of the conditions precedent set forth in Section 2 hereof:

(a) The defined term "Avoidance Actions" set forth in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

> "***Avoidance Actions***" shall mean avoidance actions of the Borrowers under Chapter 5 or Section 724(a) of the Bankruptcy Code (and proceeds thereof). The term does not include an action to avoid a transfer under Section 549 of the Bankruptcy Code.

(b) The defined term "Base Rate" set forth in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

> "***Base Rate***" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of (a) ½ of 1% per annum above the Federal Funds Rate and (b) 4.50%.

(c) The defined term "Consolidated EBITDA" set forth in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

(ix) Within 10 Business Days following the Closing Date, the Administrative Agent shall have received a complete and accurate list of (A) all Material Real Property owned by any Credit Party or any of its Subsidiaries, showing as of the date hereof the street address (if available), county or other relevant jurisdiction, state, record owner and book value thereof, (B) all leases of Material Real Property under which any Credit Party or any of its Subsidiaries is the lessee, showing as of the date hereof the street address, (if available) county or other relevant jurisdiction, state, lessor, lessee, expiration date and annual rental cost thereof and (C) all leases of Material Real Property under which any Credit Party is the lessor, showing as of the date hereof the street address, county or other relevant jurisdiction, state, lessor, lessee, expiration date and annual rental cost thereof.

(x) ~~Within 45 days following the Closing Date,~~As soon as reasonably practicable but no later than June 30, 2009, as such time period may be extended by the Administrative Agent and FFH in their sole discretion (provided, that if substantially all of the items described in this Section 5.01(I) are not delivered by the date that is 90 days after the Closing Date, any additional extensions shall be subject to the approval of the Required Lenders), the Borrower shall deliver deeds of trust, trust deeds, mortgages, leasehold mortgages and leasehold deeds of trust in form and substance reasonably satisfactory to the Administrative Agent and FFH (the "***Mortgages***") with respect to the properties requested by FFH after the date hereof, duly executed by the appropriate Credit Party, together with:

(A) evidence that counterparts of the Mortgages have been duly executed, acknowledged and delivered on or before the date that is 45 days after the Closing Date (or such later date as approved by the Administrative Agent and FFH in their sole discretion) and are in form suitable for filing or recording in all filing or recording offices that the Administrative Agent may deem necessary or desirable in order to create a valid and subsisting Lien on the property described therein in favor of the Collateral Agent for the benefit of the Secured Parties and that all filing and recording taxes and fees have been paid;

(B) fully paid American Land Title Association Lender's Extended Coverage (or, with respect to properties located in Canada, a Canadian equivalent thereof reasonably acceptable to the Administrative Agent and FFH) title insurance policies (the "***Mortgage Policies***") in form and substance, with endorsements and in amount reasonably acceptable to the Administrative Agent and FFH, issued by Chicago Title or one or more other title insurers reasonably acceptable to the Administrative Agent and FFH, insuring the Mortgages to be valid and subsisting Liens on the real property described therein, free and clear of all defects (including, but not limited to, mechanics' and materialmen's Liens) and encumbrances, excepting only Permitted Liens, and providing for such other affirmative insurance (including endorsements for future advances under the Loan Documents and for mechanics' and materialmen's Liens) as the Administrative Agent may reasonably deem necessary or desirable, and a zoning report from Planning and Zoning Resources Corporation (or, with respect to properties located in Canada, a Canadian equivalent thereof reasonably acceptable to the Administrative Agent and FFH) satisfactory to Administrative Agent and FFH;

(o) Abitibi Entities. Promptly notify FFH with respect to any purchase offer or any proposal received by the Parent or any Abitibi Entity to sell, transfer or otherwise dispose of all, substantially all or any significant portion of the assets of the Abitibi Entities (including, without limitation, any Equity Interests therein), and consult with FFH in good faith prior to entering into any agreement with respect thereto.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, no Credit Party will, at any time:

(a) Liens. Incur, create, assume or suffer to exist any Lien on any asset of the Borrowers or any of their respective Subsidiaries now owned or hereafter acquired by any of the Borrowers or the Guarantors, other than:

(i) Liens in favor of the Collateral Agent and the Secured Parties;

(ii) Liens in connection with Debt permitted to be incurred pursuant to Section 5.02(b)(vii) so long as such Liens extend solely to the property (and improvements and proceeds of such property) acquired with the proceeds of such Debt or subject to the applicable Capitalized Lease;

(iii) Liens securing Debt in respect of any ABL Facility; provided that Liens against Lender Priority Collateral securing any ABL Facility shall be subordinated to the Lien in favor of the Collateral Agent hereunder pursuant to intercreditor arrangements on terms reasonably acceptable to each of the Initial Lenders;

(iv) Liens securing the Carve-Out and other Liens contemplated under the DIP Financing Orders (including Liens securing the Existing Facilities);

(v) (A) purchase money Liens (including precautionary Lien filings made under the Code of any jurisdiction) on equipment acquired or held by any Credit Party or any of its Subsidiaries in the ordinary course of its business to secure the purchase price of such equipment or Debt incurred solely for the purpose of financing the acquisition of such equipment or (B) Liens existing on such equipment at the time of its acquisition; provided, however, that in the case of each of clauses (A) and (B), (x) no such Lien shall extend to or cover any other property of any Credit Party or any of its Subsidiaries, and (y) the aggregate principal amount of Debt secured by any or all such Liens shall not exceed at any one time outstanding $10,000,000;

(vi) Liens arising from judgments, orders, or other awards not constituting an Event of Default;

(vii) Liens in existence on the Closing Date with respect to each Credit Party or any Subsidiary of a Credit Party, in each case described on Schedule 5.02(a)(vii); provided that the scope of any such Lien shall not be increased, or otherwise expanded, to cover any additional property or type of asset, as applicable, beyond that in existence on the Closing Date;

(ix) Debt incurred in connection with a Hedge Agreement (A) which is entered into for interest rate, foreign currency or other business purposes and not for speculative purposes and (B) with a counterparty reasonably satisfactory to the Administrative Agent; provided that any counterparty that is a Lender or any Affiliate thereof shall be deemed satisfactory to the Administrative Agent;

(x) Debt in respect of non-Credit Parties in existence on the Closing Date and set forth on Schedule 5.02(b);

(xi) Debt arising from judgments, orders or other awards to the extent not constituting an Event of Default;

(xii) other unsecured Debt in an aggregate principal amount outstanding not at any time exceeding $5,000,000;

(xiii) Debt owed by any Credit Party to any other Credit Party (provided that, if requested by the Administrative Agent, such Debt shall be subordinated to the Obligations on terms and conditions reasonably satisfactory to the Administrative Agent);

(xiv) Debt owed by any Subsidiary which is not a Credit Party to any other Subsidiary which is not a Credit Party;

(xv) Debt owed by any Subsidiary which is not a Credit Party to a Credit Party (provided that such Debt shall be payable by such Subsidiary on demand by the Credit Party to the extent required pursuant to the Intercompany Subordination Agreement); provided that the aggregate amount of such Debt, together with any ~~equity or capital investments~~Investments permitted pursuant to Section ~~5.01(h~~5.02(g)(~~vii~~viii) (without duplication), shall not exceed $25,000,000 outstanding on any date of determination (which amount shall be calculated as the net balance of such loans, advances and investments as reduced by any repayments or distributions made with respect thereto);

(xvi) Debt in respect of insurance premium financing arrangements incurred in the ordinary course of business and provided that such Debt does not exceed the unpaid amount of such premiums;

(xvii) Debt of non-U.S. Subsidiaries in an aggregate amount not to exceed at any time $15,000,000; ~~and~~

(xviii) Debt of the Parent or any of its Subsidiaries (but excluding, for the avoidance of doubt, the Abitibi Entities) as an account party in respect of trade letters of credit entered into in the ordinary course of business; provided that no such trade letter of credit shall be secured by any assets of the Parent or any of its Subsidiaries other than the assets being acquired or shipped pursuant to such letter of credit; and

(xix) Debt owed by Calhoun Newsprint Company to one or more Bowater Entities (provided that such Debt shall be payable by such entity on demand by the Credit Party to the extent required pursuant to the Intercompany Subordination Agreement); provided that the aggregate amount of such Debt, together with any Investments in Calhoun Newsprint Company permitted pursuant to Section 5.02(g)(viii) (without duplication), shall not exceed $10,000,000 outstanding on any date of determination (which amount shall be calculated as the net balance of such loans, advances and investments as reduced by any repayments or distributions made with respect thereto).

(c) Chapter 11 Claims. Subject to the DIP Financing Orders, incur, create, assume, suffer to exist or permit any claim that is pari passu with or senior to the claims of the Secured Parties against the Borrowers and the Guarantors, other than in accordance with the applicable DIP Financing Orders.

(d) Dividends; Capital Stock. Declare or pay, directly or indirectly, any dividends or make any other distribution, or payment, whether in cash, property, securities or a combination thereof, with respect to (whether by reduction of capital or otherwise) any shares of capital stock (or any options, warrants, rights or other equity securities or agreements relating to any capital stock) of the Borrowers, or set apart any sum for the aforesaid purposes; provided that:

(i) the Borrowers or any of their Subsidiaries may make cash distributions or equity repurchases pursuant to employee benefit plans or incentive compensation plans, in each case to the extent such distributions constitute compensation to executives or employees of such Borrower or of the applicable Subsidiary and in each case as approved by the applicable Bankruptcy Court (whether or not such repurchase constitutes compensation);

(ii) any Subsidiary of the Parent may make distributions or pay dividends to the Parent or any other Subsidiary of the Parent that owns any Equity Interests in such Subsidiary and, in the case of a distribution or dividend by a Subsidiary that is not a wholly-owned Subsidiary, to each other owner of Equity Interests in such Subsidiary based on their relative ownership interests; and

(iii) AbitibiBowater Canada Inc. may repurchase all or any portion of the Exchangeable Shares solely with either shares of common stock of the Parent, consideration received from the Abitibi Entities (including, but not limited to, any consideration received for the repurchase of the shares of Abitibi held by AbitibiBowater Canada Inc.) or any combination thereof, in each case as approved in the CCAA Case for the Abitibi Entities.

(iv) Investments (A) received in satisfaction or partial satisfaction thereof from financially troubled account debtors or in connection with the settlement of delinquent accounts and disputes with customers and suppliers, or (B) received in settlement of debts created in the ordinary course of business and owing to the Borrower or any Subsidiary or in satisfaction of judgments;

(v) Investments (A) in the form of deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with current market practices, (B) in the form of extensions of trade credit in the ordinary course of business, (C) in the form of prepaid expenses and deposits to other Persons in the ordinary course of business and (D) Investments constituting Hedge Agreements entered into for non-speculative purposes and permitted pursuant to Section 5.02(b);

(vi) Investments made after the Closing Date in any Subsidiary formed after the Closing Date so long as (A) such Subsidiary is a Guarantor hereunder and (B) the Borrowers and their respective Subsidiaries comply with the applicable provisions of 5.02(i);

(vii) Investments in the form of loans and advances to employees in the ordinary course of business, which, in the aggregate, do not exceed at any time $5,000,000;

(viii) Investments in the form of intercompany Debt to the extent permitted by Section 5.02(b)(xv) or (xix);

(ix) Investments in the ordinary course of business consisting of UCC Article 3 endorsements for collection or deposit and UCC Article 4 customary trade arrangements with customers;

(x) Investments in the form of payment of expenses to the extent permitted under Section 5.02(f)(vi); and

(xi) other Investments in an aggregate amount not to exceed $500,000.

(h) Fundamental Changes; Acquisitions; Asset Dispositions. Take any of the following actions, or permit any of its Subsidiaries to do any of the foregoing: (x) wind-up, liquidate or dissolve, or merge, consolidate or amalgamate with any Person, (y) purchase or otherwise acquire, whether in one transaction or a series of related transactions, all or substantially all of the assets of any Person (or any division thereof), or (z) make any Asset Disposition; other than, with respect to this sub-clause (z):

(i) the sale of inventory in the ordinary course of business;

(ii) the sale of obsolete, worn-out or surplus assets in the ordinary course of business that are no longer used or usable in the business of the Parent or any of its Subsidiaries;

(i) any Collateral Document after delivery thereof shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected lien on and security interest in the Collateral purported to be covered thereby; or

(j) any ERISA Event shall have occurred with respect to an ERISA Plan if such ERISA Event, along with any other ERISA Event that has occurred and then exists, is reasonably likely to result in any additional liability of a Credit Party or an ERISA Affiliate with respect to an ERISA Plan that exceeds $10,000,000; or

(k) any Credit Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Credit Parties and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds $10,000,000 or requires payments exceeding $1,000,000 per annum; or

(l) any Credit Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Credit Parties and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding $10,000,000; or

(m) a contribution or premium required, other than the Special Amortization Payments, to be paid to or in respect of any Canadian Pension Plan is not paid in a timely fashion in accordance with the terms thereof and all applicable law, or material taxes, penalties or fees are owing or exigible under any Canadian Pension Plan beyond the date permitted for payment of same; a proceeding, action, suit or claim (other than routine claims for benefits) is commenced or instituted involving any Canadian Pension Plan or its assets; an event with respect to any Canadian Pension Plan (other than the failure to pay the Special Amortization Payments) which would entitle any Person (without the consent of the applicable Credit Party) to wind-up or terminate any Canadian Pension Plan, in whole or in part, or which could reasonably be expected to adversely affect the tax status thereof, shall occur; a going concern unfunded actuarial liability, past service unfunded liability or solvency deficiency shall exist with respect to any single Canadian Pension Plan which exceeds $200,000,000; or an improper withdrawal or transfer of assets from any Canadian Pension Plan shall occur; or

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ABITIBIBOWATER INC.

By: ______________________________
Title:
Name:

BOWATER INCORPORATED

By: ______________________________
Title:
Name:

BOWATER CANADIAN FOREST PRODUCTS INC.

By: ______________________________
Title:
Name:

AVENUE INVESTMENTS, L.P.
By Avenue Partners, LLC, its General Partner

By: ______________________________
Title:
Name:

FAIRFAX FINANCIAL HOLDINGS LTD.

By: ______________________________
Title:
Name:

[GUARANTORS]

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

N^{o}. **500-11-036133-094**

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

In the matter of Plan of Compromise or Arrangement of:

ABITIBIBOWATER INC. et al

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

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

EXHIBIT-3

ORIGINAL

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

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

R-4

S&S Draft 06/17/09

AMENDMENT NO. 2 TO THE CREDIT AGREEMENT

Dated as of June [__], 2009

THIS AMENDMENT NO. 2 TO THE CREDIT AGREEMENT (this "***Amendment***") is entered into by and among LAW DEBENTURE TRUST COMPANY OF NEW YORK, as Administrative Agent under the Credit Agreement referred to below (the "***Agent***"), ABITIBIBOWATER INC., a Delaware corporation ("***Parent***"), BOWATER INCORPORATED, a Delaware corporation ("***Bowater***"), BOWATER CANADIAN FOREST PRODUCTS INC., a Nova Scotia company ("***Bowater Canada***", and together with the Parent and Bowater, the "***Borrowers***"), and each of the Lenders under the Credit Agreement referred to below (the "***Lenders***").

PRELIMINARY STATEMENTS:

(1) Reference is made to that certain Senior Secured Superpriority Debtor In Possession Credit Agreement, dated as of April 21, 2009, as amended by Amendment No. 1 to the Credit Agreement dated as of June 5, 2009 (the "***Credit Agreement***"), in connection with the Cases (as defined therein) by and among the Borrowers, the guarantors from time to time party thereto, the Lenders and the Agent. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

(2) The parties to the Credit Agreement have agreed to make certain amendments thereto as set forth below.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments; Partial Release. Effective as of the date hereof, subject to the satisfaction of the conditions precedent set forth in Section 2 hereof:

(a) Section 1.01 of the Credit Agreement is hereby amended to add the new defined term "BCFC" in its proper alphabetical order:

"***BCFC***" means Bowater Canada Finance Corporation, a Nova Scotia company.

(b) Schedule II of the Credit Agreement (Guarantors) is hereby amended by replacing the words "Bowater Canada Finance Corporation, a Nova Scotia company," with the words "[intentionally deleted]."

(c) Section 4.01 of the Credit Agreement is hereby amended to add a new subsection (p) to read as follows:

"(p) the sole assets of BCFC consist of (i) 10,425,752 shares of Class "A" Preferred stock in Bowater Canadian Holdings Incorporated, (ii) deferred financing costs of approximately CN$2,200,000 and (iii) cash and cash equivalents not in excess of $5000."

(d) Section 5.02(b)(xv) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(xv) Debt between any Subsidiary which is not a Credit Party and a Credit Party (provided that any Debt owed by a Subsidiary which is not a Credit Party to a Credit Party shall be payable by such Subsidiary on demand by the Credit Party to the extent required pursuant to the Intercompany Subordination Agreement); provided that the aggregate amount of such Debt owed by Subsidiaries which are not Credit Parties to a Credit Party, together with any Investments permitted pursuant to Section 5.02(g)(viii) (without duplication), shall not exceed $25,000,000 outstanding on any date of determination (which amount shall be calculated as the net balance of such loans, advances and investments as reduced by any repayments or distributions made with respect thereto);"

(e) Section 5.02(b)(xix) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(xix) Debt between Calhoun Newsprint Company and one or more Bowater Entities (provided that any Debt owed by Calhoun Newsprint Company to one or more Bowater Entities shall be payable by Calhoun Newsprint Company on demand by the Credit Party to the extent required pursuant to the Intercompany Subordination Agreement); provided that the aggregate amount of such Debt owed by Calhoun Newsprint Company to a Bowater Entity, together with any Investments in Calhoun Newsprint Company permitted pursuant to Section 5.02(g)(viii) (without duplication), shall not exceed $10,000,000 outstanding on any date of determination (which amount shall be calculated as the net balance of such loans, advances and investments as reduced by any repayments or distributions made with respect thereto)."

(f) Section 5.02(g)(iii) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(iii) Investments by (A) any Credit Party in any other Credit Party, (B) any non-Credit Party in any other non-Credit Party and (C) any Credit Party or non-Credit Party in Bowater Canada and its Subsidiaries; provided that (i) no Investment may be made in any Abitibi Entity and (ii) any Investment made in Bowater Canada and its Subsidiaries after the Closing Date shall be in the form of intercompany Debt."

(g) Section 5.02 of the Credit Agreement is hereby amended to add a new subsection (o) immediately the end of such Section 5.02 as follows:

"(o) BCFC Debt. Notwithstanding anything contained in Sections 5.02(b) and (g) to the contrary, BCFC will not contract, create, incur, assume or suffer to exist any intercompany Debt, Debt arising from Investments, or any Debt under this Agreement and the other Loan Documents other than intercompany Debt arising prior to the commencement of the Cases that was disclosed to the Initial Lenders in writing on or prior to the Closing Date."

(h) Section 7.01(w) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(w) the Canadian Second DIP Recognition Order shall not be issued by the Canadian Bankruptcy Court by the fifteenth Business Day after the issuance of the Final Order by the U.S. Bankruptcy Court;"

(i) Upon the satisfaction of the conditions precedent set forth in Section 2 of this Amendment, (i) BCFC is hereby released from its obligations as a Guarantor, as a Credit Party and as a Grantor under the Loan Documents, (ii) BCFC shall no longer be a party to the Loan Documents, and (iii) the Collateral Agent hereby releases its security interest in the Collateral owned by BCFC and authorizes BCFC to file, at BCFC's own cost and expense, (i) a UCC-3 termination statement naming BCFC as the debtor evidencing such release and (ii) a PPSA termination statement naming BCFC as the debtor evidencing such release. Such release shall be limited solely to the Collateral owned by BCFC and shall not constitute a release, waiver or other modification of the security interest of the Collateral Agent in any Collateral owned by any Credit Party other than BCFC.

SECTION 2. Conditions Precedent. This Amendment shall become effective as of the date hereof when, and only when, (i) the Agent shall have received counterparts of this Amendment executed by each of the parties hereto and (ii) the Canadian Bankruptcy Court shall have entered an order which shall authorize and approve this Amendment and its provisions, and such order shall not have been vacated, reversed or stayed or, without the consent of the Required Lenders, modified or amended.

SECTION 3. Representations and Warranties of the Borrowers. Each of the Borrowers hereby represents and warrants to the Agent and the Lenders as follows:

(a) The execution, delivery and performance by such Borrower of this Amendment and the Credit Agreement (as amended hereby), and the transactions contemplated hereby and thereby, are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) such Borrower's charter or by-laws or (ii) any law or contractual restriction binding on or affecting such Borrower, and do not result in or require the creation of any Lien upon or with respect to any of its properties.

(b) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by such Borrower of this Amendment or the Credit Agreement (as amended hereby), or for the perfection of or the exercise by the Agent or any Lender of their respective rights and remedies under the Loan Documents (as amended hereby).

(c) This Amendment and the Credit Agreement (as amended hereby) have been duly executed and delivered by such Borrower. This Amendment, together with the Credit Agreement (as amended hereby), are the legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and to general equitable principles.

(d) The representation and warranty contained in Section 4.01(p) of the Credit Agreement is true and correct on the date hereof.

SECTION 4. Reference to and Effect on the Loan Documents, Etc.

(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in each of the other Loan Documents to the Credit Agreement, "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) The Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York and, to the extent applicable, the Bankruptcy Code.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Very truly yours,

LAW DEBENTURE TRUST COMPANY
OF NEW YORK, as Administrative Agent and
Collateral Agent

By:__________________________________
Name:
Title:

Required Lenders:

AVENUE INVESTMENTS, L.P., as a Lender

By:__________________________________
Name:
Title:

ODYSSEY AMERICA REINSURANCE
CORPORATION, as a Lender

NSPIRE RE LIMITED, as a Lender

TIG INSURANCE COMPANY, as a Lender

THE NORTH RIVER INSURANCE COMPANY,
as a Lender

By: Hamblin Watsa Investment Counsel Ltd., as
Investment Manager for each of the foregoing

By __________________________________
Name:
Title:

Borrowers:

ABITIBIBOWATER INC.

By: ______________________________
Title:
Name:

BOWATER INCORPORATED

By: ______________________________
Title:
Name:

BOWATER CANADIAN FOREST PRODUCTS INC.

By: ______________________________
Title:
Name:

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. et al

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

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

EXHIBIT-4

ORIGINAL

Me Guy P. Martel

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Montréal, Canada H3B 3V2

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. *et al*

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

BS0350 n/dos.: 041053-1170

LIST OF EXHIBITS AND EXHIBIT R-1 TO R-4

ORIGINAL

Me Guy P. Martel (514) 397-3163
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