

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No: 500-11-036133-094

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

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

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.,

and

BOWATER CANADIAN HOLDINGS INC.,

and

**The other Debtors listed on Schedules "A", "B"
and "C",**

Petitioners

and

ERNST & YOUNG INC.,

Monitor

and

DDJ CAPITAL MANAGEMENT, LLC

and

NEUSTRART FACTORS, INC

and

STICHTING PENSIOENFONDS ABP

and

THE FOOTHILL GROUP, INC.

and

FOOTHILL CLO I, LTD.

Intervening Parties, *ès qualités*

**INTERVENTION OF THE INTERVENING PARTIES ON PETITIONERS' AMENDED
MOTION FOR THE ISSUANCE OF AN ORDER AUTHORIZING THE SALE OF
PETITIONER ABITIBI-CONSOLIDATED COMPANY OF CANADA'S INDIRECT
INTEREST IN THE MCCORMICK HYDROELECTRIC FACILITY
(Section 11 of the Companies' Creditors Arrangement Act ("CCAA"))**

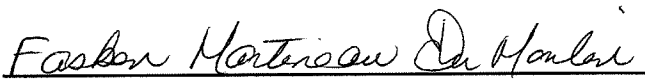
BY WAY OF REPRESENTATIONS ON PETITIONERS' AMENDED MOTION FOR THE ISSUANCE OF AN ORDER AUTHORIZING THE SALE OF PETITIONER ABITIBI-CONSOLIDATED COMPANY OF CANADA'S INDIRECT INTEREST IN THE MCCORMICK HYDROELECTRIC FACILITY, THE INTERVENING PARTIES ACTING ON BEHALF OF THE TERM LENDERS RESPECTFULLY SUBMIT THE FOLLOWING:

1. The Intervening Parties are or represent secured creditors of certain entities within the ABH Group, including ACCC and ACI, pursuant to a Credit and Guarantee Agreement dated as of April 1, 2008 (the "**Credit Agreement**") under the terms of which a \$400,000,000 term loan was made available to ACCC (the "**Term Loan**"), already filed in the Court record as **Exhibit R-1** in support of the *Motion to Vary an Initial Order Rendered Pursuant to the Companies' Creditors Arrangement Act*;
2. The Intervening Parties appear herein on behalf of all lenders under the Credit Agreement (the "**Term Lenders**"), as Administrative Agent:
 - (a) Respondents are or represent Term Lenders who together hold "Term Loan Exposure" representing more than 50% of the aggregate "Term Loan Exposure" of all Lenders. As such, Petitioners are "Requisite Lenders" within the meaning of Section 1.1 of the Credit Agreement;
 - (b) They are deemed to have succeeded to and become vested with all the rights, powers, privileges and duties of the previous Administrative Agent, namely Goldman Sachs Credit Partners L.P. ("Goldman"), pursuant to Section 9.7 of the Credit Agreement; and
 - (c) Pursuant to Section 9 of the Credit Agreement, the Administrative Agent is duly authorized to exercise the rights and remedies of the Term Lenders and act on their behalf;
3. The Term Loan matured and came due on March 30, 2009;
4. The Term Loan is primarily secured by a first ranking charge on certain movable property, corporeal and incorporeal of, *inter alia*, ACCC and ACI, including, without limitation, their respective monies, instruments, inventory, claims, securities and insurance but excluding their movable property charged in connection with the Senior Secured Notes, such as equipment, intellectual property and capital stock of certain subsidiaries, including MPCo;

5. The Term Lenders, being secured lenders themselves, are concerned by the apparent disregard shown by the Petitioners for the security interest of the Senior Secured Noteholders on the occasion of the sale of their interest in the business of MPCo, both with respect to the structure of the proposed transaction and the use of the proceeds thereof;
6. It is worth noting that the value of the MPCo transaction, at \$615 million, is sufficient to cover both the claim of the Senior Secured Noteholders and the repayment of the ACI DIP Facility, thus avoiding the subrogation contemplated by subparagraph 7.6 of the amended motion of the Petitioners;
7. To the extent that this Honourable Court sees fit to grant subparagraph 7.6 of the amended motion, the Term Lenders pray that the order being sought specify that such declaration does not prejudice any issue regarding the amount of the claim that would be secured by such subrogation, the enforcement of such subrogation, the impairment of the security of the other creditors affected by such subrogation and the allocation of such subrogatory charge amongst the assets and creditors, all of which shall remain subject to such further order as this Honourable Court deems fit;
8. Proceeds of the sale of hypothecated property subject to a holdback would normally be invested in presumed sound investments within the meaning of the *Civil Code of Quebec*: the Term Lenders suggest that the Permitted Investments permitted to be made with the Holdback have been arranged by the Petitioners with a view to preventing any debate on the advisability, amount and features of any new interim financing;
9. Should this Honourable Court see fit to grant subparagraph 7.4 of the conclusions of the amended motion, the Term Lenders pray that the order being sought specify that such a prohibitive order does not prejudice any issue related to the advisability, amount, security, priority, interest rates, fees, default, reporting and repayment of any further loan to the debtors, all of which remain subject to such further order as this Honourable Court deems fit, as the case may be;
10. Without prejudice to the other issues at stake, no new DIP loan with a priming charge should be allowed unless it is shown that further interim financing is appropriate, cannot be obtained otherwise and will not cause prejudice to the secured creditors;

THE WHOLE RESPECTFULLY SUBMITTED.

Montréal, September 24, 2009


Fasken Martineau DuMoulin LLP
Attorneys for the Term Lenders

No : 500-11-036133-094

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and

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**DDJ CAPITAL MANAGEMENT, LLC ET
AL.,**

Intervening Parties, *ès qualités*

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**INTERVENTION OF THE INTERVENING PARTIES
ON PETITIONERS' AMENDED MOTION FOR THE
ISSUANCE OF AN ORDER AUTHORIZING THE
SALE OF PETITIONER ABITIBI-CONSOLIDATED
COMPANY OF CANADA'S INDIRECT INTEREST IN
THE MCCORMICK HYDROELECTRIC FACILITY
(Section 11 of the Companies' Creditors
Arrangement Act ("CCAA"))**

ORIGINAL

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