CANADA

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",

Debtors

and

ERNST & YOUNG INC.,

Monitor

and

WELLS FARGO BANK, N.A,
ADMINISTRATIVE AGENT UNDER THE *CREDIT AND GUARANTEE AGREEMENT* DATED APRIL 1, 2008

Applicant, *Ès Qualité*

MOTION TO POSTPONE THE HEARING ON THE DEBTORS' *MOTION FOR APPROVAL OF A SECOND DIP FINANCING IN RESPECT OF THE ABITIBI PETITIONERS AND FOR THE DISTRIBUTION OF CERTAIN PROCEEDS OF THE MPCo SALE TRANSACTION TO THE TRUSTEE FOR THE SENIOR SECURED NOTES*

TO THE HONOURABLE CLÉMENT GASCON, J.C.S. OR ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION IN AND FOR THE JUDICIAL DISTRICT OF MONTREAL, THE APPLICANT RESPECTFULLY SUBMITS THE FOLLOWING:

I. INTRODUCTION

1. The Term Lenders are secured creditors of entities within the ABH Group, including Abitibi Consolidated Company of Canada Inc. ("**ACCC**") and Abitibi Consolidated Inc. ("**ACI**"), pursuant to a Credit and Guarantee Agreement dated as of April 1, 2008 (the "**Term Loan Agreement**"), already filed in the Court record as Exhibit **R-1** in support of their *Motion to Vary an Initial Order Rendered Pursuant to the Companies' Creditors Arrangement Act*;

2. The Applicant appears herein on behalf of all lenders under the Term Loan (the "**Term Lenders**"), as Administrative Agent:

   (a) The Applicant succeeded to and became vested with all the rights, powers, privileges and duties of the previous Administrative Agent (Goldman Sachs Credit Partners L.P.) pursuant to section 9.7 of the Term Loan Agreement; and

   (b) Pursuant to section 9 of the Term Loan Agreement, the Applicant as Administrative Agent is authorized to exercise the rights and remedies of the Terms Lenders and act on their behalf.

3. The Term Lenders hereby seek the postponement of the hearing of the Debtors' *Motion for Approval of a Second DIP Financing in Respect of the Abitibi Petitioners and for the Distribution of Certain Proceeds of the MPCo Sale Transaction to the Trustee for the Senior Secured Notes* (the "**New DIP Loan Motion**"), which has been scheduled to take place on October 30, 2009;

4. The New DIP Loan Motion seeks orders authorizing ACI and ACCC to enter into a loan agreement with ULC, as lender, providing for a $230 million super-priority secured debtor in possession credit facility, over and above the existing ACI DIP Loan and priming charge;

5. Capitalized terms that are not otherwise defined in this Motion have the meaning ascribed to them in the Second DIP Loan Motion and other proceedings and orders referred to therein;

II. PROCEDURAL CONTEXT

6. The New DIP Loan Motion was served by the Debtors on October 16, 2009. No date was scheduled for its presentation at the time of its service;

7. On October 23, 2009, the Debtors advised the Service List that the hearing of the New DIP Loan Motion would take place on October 30, 2009 at 9:30 a.m. The hearing was scheduled by the Debtors' counsel, without any prior verification with the Term Lenders' counsel;

8. Despite the nature and complexity of the New DIP Loan Motion, it was served without any supporting financial documentation, which is essential to allow the Term Lenders to properly assess:

   (a) The Debtors' alleged need for such substantial additional liquidity; and

   (b) The possible impact of the proposed ULC DIP Facility and related charge on the Term Lenders' security position;

9. The Term Lenders analyzed the New DIP Loan Motion on the basis of its allegations and on October 23, 2009, the Debtors' counsel was formerly advised that they intended to contest the New DIP Loan Motion;

10. On October 26, 2009, the Term Lenders' counsel advised the Debtors' counsel:

    (a) That they wished to depose Mr. Allan Dea, Vice President, Secretary of Abitibi Consolidated Inc. and Vice President, Treasurer of AbitibiBowater Inc., who signed an affidavit in support of the New DIP Loan Motion;

    (b) That they were awaiting the Monitor's report in support of the New DIP Loan Motion;

    (c) That upon receipt of this report, they intended to file a written contestation to the New DIP Loan Motion and an expert report from Jefferies & Co, Inc., the Term Lenders' financial advisors, to oppose the motion; and

    (d) That given the above, they suggested that the hearing of the New DIP Loan Motion be postponed to a later date;

    the whole as appears from an e-mail exchange filed in support hereof as **Exhibit R-1**;

11. On October 27, 2009, the Debtors' counsel advised the undersigned attorneys that they would insist on proceeding on the New DIP Loan Motion on October 30, 2009 and would contest any request to postpone the hearing, as appears from the e-mail exchange filed as **Exhibit R-1**;

12. At 8:30 p.m. on October 27, 2009, the Nineteenth Report of the Monitor (the "**Report**") was served to the Service List. The report itself is 43 pages long and contains several appendices. It contains detailed and complex analyses regarding the Debtors' financial situation and includes for the first time monthly forecasts going into 2010. Certain appendices were not served, as they have been filed into the Court record under seal and they are not yet available to the Term Lenders;

13. It is obvious from a cursory reading of the Report that it contains complex financial information that is essential to a proper appreciation of the New DIP Loan Motion and the impact that the proposed ULC DIP Facility could have on the Term Lenders' security position. For example:

    (a) Appendix G of the Report provides monthly cash flows for the Debtors until June 2010, while previously available information was limited to December 15, 2009, including essential sensitivity analyses; and

(b) Appendices H and I, which were filed under seal and are not yet available to the Term Lenders, refer to evaluations of certain assets that, according to the Monitor, could eventually be available to cover, in whole or in part, any deficiency in the Term Lenders' secured position;

14. In addition to the seminal financial information it contains, the Report discloses:

(a) That the closing of the Manicouagan Power Company ("**MPCo**") transaction is not anticipated to take place before the end of November or the beginning of December 2009 (paragraph 21); and

(b) Negotiations are still taking place regarding the terms and the conditions of the proposed ULC DIP facility (paragraph 38);

15. The Term Lenders respectfully submit that it is unreasonable to expect, given that the Report was served little more than 48 hours prior to the scheduled hearing, that the Term Lenders and their financial advisors analyze its contents, finalize the written contestation and supporting expert report and prepare for a hearing of the New DIP Loan Motion on October 30, 2009;

16. Imposing such a short delay to analyze complex financial information in the context of proceedings that could have disastrous effects on the Term Lenders' rights is completely unreasonable and constitutes a denial of justice;

17. It is all the more so given that the closing of the MPCo transaction and the finalization of the terms and conditions of the ULC DIP Loan will not be finalized before the end of November or the middle of December 2009, and there is therefore absolutely no urgency to proceed with the hearing of the New DIP Loan Motion on October 30, 2009;

18. In view of the foregoing, the Term Lenders respectfully submit that the hearing of the New DIP Loan Motion should be postponed to a later date. Such postponement would be in the interest of justice by allowing the Term Lenders and all other creditors enough time to analyze the Report;

19. Moreover, the Term Lenders have just received service of an *<u>Amended</u> Motion for Approval of a Second DIP Financing in Respect of the Abitibi Petitioners and for the Distribution of Certain Proceeds of the MPCo Sale Transaction to the Trustee for the Senior Secured Notes*, little more than 24 hours before the hearing, which shows all the more the need to postpone the hearing scheduled for October 30, 2009;

20. The Term Lenders will shortly serve a written Contestation to the New DIP Loan Motion. They are reserving all of their rights to amend said contestation once their financial advisors have been able to fully analyze the Report and have obtained the additional documents filed under seal as appendices to said Report;

21. As for the expert report of Jefferies & Co, Inc., the Term Lenders shall request from the Court to be authorized to file same under seal, as its filing without such restriction would constitute a violation by Jefferies & Co, Inc. of its obligations of confidentiality towards the Term Lenders;

FOR THESE REASONS, MAY IT PLEASE THIS HONOURABLE COURT TO:

GRANT the present Motion;

POSTPONE the hearing of the Petitioners' Motion for Approval of a Second DIP Financing in Respect of the Abitibi Petitioners and for the Distribution of Certain Proceeds of the MPCo Sale Transaction to the Trustee for the Senior Secured Notes to a later date to be determined by this Honourable Court;

THE WHOLE with costs.

Montréal, this October 28, 2009

Fasken Martineau DuMoulin

Fasken Martineau DuMoulin LLP
Attorneys for Applicant

NOTICE OF PRESENTATION

TO: SEE ATTACHED SERVICE LIST

TAKE NOTICE that the present *Motion to Postpone the Hearing on the Debtors' Motion for Approval of a Second DIP Financing in Respect of the Abitibi Petitioners and for the Distribution of Certain Proceeds of the MPCo Sale Transaction to the Trustee for the Senior Secured Notes* will be presented for adjudication before Justice Clément Gascon, J.C.S., sitting in and for the District of Montréal, Commercial Division, on **October 30, 2009**, at **9:30 a.m.**, or so soon thereafter as counsel may be heard, in room **15.04** of the Montréal Courthouse, located at 1 Notre-Dame Street East, Montréal, Québec, H4Z 1E9.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, this October 28, 2009

Fasken Martineau DuMoulin

Fasken Martineau DuMoulin LLP
Attorneys for Applicant

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

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

No: 500-11-036133-094

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

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.,

and

BOWATER CANADIAN HOLDINGS INC.,

and

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

Debtors

and

ERNST & YOUNG INC.,

Monitor

and

WELLS FARGO BANK, N.A,
ADMINISTRATIVE AGENT UNDER THE *CREDIT AND GUARANTEE AGREEMENT* DATED APRIL 1, 2008

Applicant, *Ès Qualité*

LIST OF EXHIBITS

EXHIBIT R-1 : E-mail exchange;

Montréal, this October 28, 2009

Fasken Martineau DuMoulin

Fasken Martineau DuMoulin LLP
Attorneys for Applicant

Riendeau_Alain

De: Sean Dunphy [SDunphy@stikeman.com]
Envoyé: Tuesday, October 27, 2009 5:25 PM
À: Riendeau_Alain
Cc: Martis_Xeno; Milner_Donald; 'Adam Harris'; 'Abbey Walsh'; Onesi_Angela; Guy P. Martel
Objet: RE: In the Matter of AbitibiBowater Inc. et al. - Hearing Date

Alain,
We will of course be happy to produce Mr Dea at the hearing on Friday. We cannot see any basis to require a pre-hearing discovery in this case, particularly given the extensive amount of information that has been made available to your financial advisers over the past ten days. I am sure the Monitor will also be at the hearing and available to be examined although you will obviously need to confirm directly with the Monitor. We can see no reason why the matter cannot proceed as scheduled. There has been plenty of notice and we have provided copious access to financial information to enable you to assess the motion. I would point out that your financial advisers appear to be under the misapprehension that the DIP would impact assets of the Term Lenders outside Canada. This is not the case and if there is something in the motion that is giving you that impression, kindly advise so we can address it. The DIP Charge is the same DIP charge as currently exists (for a different amount).

If you have material to file, we would submit that you should be filing it without delay. We can see no reason why your Contestation needs to await the Monitor's report. To the contrary, I should think the Monitor may wish to take the facts if any in your Contestation into account in finalizing its report.

Sean
Sean Dunphy
Stikeman Elliott LLP - Toronto
Tel : (416) 869-5662
Cell: (647) 988-4029

From: Riendeau_Alain [mailto:ARIENDEAU@fasken.com]
Sent: Monday, October 26, 2009 6:20 PM
To: Sean Dunphy; Guy P. Martel
Cc: Martis_Xeno; Milner_Donald; Adam Harris; Abbey Walsh; Onesi_Angela
Subject: In the Matter of AbitibiBowater Inc. et al. - Hearing Date

Dear confrere,

Following my last telephone conversation with Guy and the notice served last Friday confirming that the Motion for approval of a second DIP Financing will be contested by our clients, I wish to confirm the following :

1. We wish to examine Mr Dea on the allegations contained in his affidavit submitted in support of the Motion. The examination should not take more than half a day. Please provide me with Mr. Dea's availability as well as yours as soon as possible so that we can make the appropriate arrangements;
2. We await receipt of the Monitor's Report to support the Motion. When can we expect it ?
3. Upon receipt of the Monitor's Report we intend to file a written contestation on behalf of our clients, as well as a report from Jefferies in support thereof.
4. Given the above, it will clearly not be possible to proceed on the Motion on Friday, October 30, 2009. We will therefore request that the Court postpone the hearing to a later date to enable us to complete the above steps.

May I suggest that we hold a conference call with Justice Gascon to discuss the above and agree on a new timetable for the presentation of the Motion.

Regards,

Alain Riendeau
Lawyer
Fasken Martineau DuMoulin LLP
Barristers & Solicitors
Patent & Trademark Agents

Tel: 514 397 7678
Fax: 514 397 7600
www.fasken.com

800 Square Victoria
Suite 3400
Montreal, QC Canada
H4Z 1E9

My email address is now ariendeau@fasken.com. Please update your address book accordingly.

Vancouver Calgary Toronto Ottawa Montréal Québec London (UK) Paris Johannesburg

No : 500-11-036133-094

PROVINCE OF QUÉBEC
SUPERIOR COURT (Commercial Division)
DISTRICT OF MONTREAL

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF

ABITIBIBOWATER INC. ET AL.,

Debtors

and

ERNST & YOUNG INC.,

Monitor

and

WELLS FARGO BANK, N.A.,

Applicant, *Ès Qualité*

10760/279780.1 BF1339

MOTION TO POSTPONE THE HEARING ON THE DEBTORS' *MOTION FOR APPROVAL OF A SECOND DIP FINANCING IN RESPECT OF THE ABITIBI PETITIONERS AND FOR THE DISTRIBUTION OF CERTAIN PROCEEDS OF THE MPCo SALE TRANSACTION TO THE TRUSTEE FOR THE SENIOR SECURED NOTES* , NOTICE OF PRESENTATION, LIST OF EXHIBITS AND EXHIBIT R-1

ORIGINAL

Fasken Martineau DuMoulin LLP
Stock Exchange Tower
Suite 3400, P.O. Box 242
800 Place Victoria
Montréal, Quebec
Canada H4Z 1E9

Me Alain Riendeau Tel. 514 397 7578
Me Dominique Gibbens Tel.: 514 397 7615
Fax. 514 397 7600