CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No. : 500-11-036133-094

SUPERIOR COURT

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

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

ABITIBIBOWATER INC.,

and

ABITIBI-CONSOLIDATED INC.,

and

BOWATER CANADIAN HOLDINGS INC.,

and

the other Petitioners named herein

Petitioners

and

ERNST & YOUNG INC.,

Monitor

MOTION FOR THE ISSUANCE OF AN ORDER AUTHORIZING PETITIONERS ABITIBI-CONSOLIDATED INC. AND ABITIBI-CONSOLIDATED COMPANY OF CANADA TO IMPLEMENT CERTAIN RESTRUCTURING STEPS
(Section 11 of the *Companies' Creditors Arrangement Act* ("CCAA") and Section 191 of the *Canada Business Corporations Act* ("CBCA"))

TO JUSTICE CLÉMENT GASCON J.C.S. OR ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND

FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE PETITIONERS RESPECTFULLY SUBMIT THE FOLLOWING:

A. PREAMBLE

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

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

3. Any undefined capitalized expressions used herein have the meanings set forth in the Petition for the Issuance of an Initial Order dated April 17, 2009.

B. ORDERS SOUGHT

4. In order to repay that certain promissory note issued by Abitibowater U.S. Holding LLC ("**ABH LLC**") to Abitibi-Consolidated Company of Canada

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[1] The Abitibi Petitioners are Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd. and 9150-3383 Québec Inc. Abitibi-Consolidated (U.K.) Inc. was added to the schedule of Abitibi Petitioners on November 10, 2009.

[2] The Bowater Petitioners are Bowater Canadian Holdings Incorporated., Bowater Canada Finance Corporation, Bowater Canadian Limited, 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St. Maurice River Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products (2001) Inc., Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc. and Bowater Couturier Inc.

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

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

("**ACCC**") on April 1, 2008 (the "**ABH LLC Note**") (as explained in greater detail hereinafter), ACI and ACCC hereby seek, *inter alia*, authorization or approval from this Court:

(a) to implement a series of intercompany transactions (the "**Repayment Steps**") involving ACI, ACCC, ABH, ABH LLC, AbitibiBowater Canada Inc. ("**ExchangeCo**") and three newly-created limited liability companies ("**LLC Holdco**", "**LLC 1**" and "**LLC 2**", respectively) in order to repay the ABH LLC Note and ultimately issue a new promissory note (the "**LLC 2 Note**"), the terms and conditions of which are substantially identical to that of the ABH LLC Note;

(b) to execute that certain support agreement (the "**Support Agreement**") among LLC Holdco, ABH LLC, LLC 1 and ACCC; and

(c) to make certain proposed amendments to existing pre-filing financing arrangements.

5. The Repayment Steps will require the participation of ABH, ABH LLC, LLC Holdco, LLC 1 and LLC 2, all of which are debtors in the Chapter 11 Proceedings. As a result, the completion of such steps will also require the authorization or approval of the U.S. Bankruptcy Court for the District of Delaware. Accordingly, on November 4, 2009, *Debtors' Motion for an order pursuant to sections 105 (a), 363 (b) and 364 of the Bankruptcy Code authorizing the debtors to implement certain tax repayment transactions* was served and filed. This motion is scheduled to be heard on November 24, 2009.

C. BACKGROUND

6. On April 1, 2008, ABH LLC issued the ABH LLC Note whereby it promised to pay the sum of U.S. $201,614,222.50 to ACCC, together with any Principal Increase (as defined in the ABH LLC Note) and all accrued and unpaid interest thereon, the whole as appears from a copy of the ABH LLC Note communicated herewith as **Exhibit R-1.**

7. As of April 16, 2009, an amount of approximately U.S. $250 million was outstanding under the ABH LLC Note.

8. Under Canadian tax laws, a non-resident person, who is a shareholder of a particular corporation or connected with a shareholder of a particular corporation may, in a taxation year, receive a loan from or become indebted to the particular corporation without triggering adverse Canadian tax consequences if the loan or the indebtedness is repaid within one year after the end of the taxation year of the lender or creditor in which the loan was made or the indebtedness arose. However, if the loan or the indebtedness is not repaid within this grace period, the loan or the indebtedness is recharacterized as a dividend as of the date of incurrence, which would result in a Canadian withholding tax.

9. The taxation year of ACCC corresponds to the calendar year. Therefore, in order to repay the indebtedness represented by the ABH LLC Note within the grace period as provided by Canadian tax laws, the ABH LLC Note must be repaid on or before December 31, 2009.

10. Should the ABH LLC Note not be repaid by the end of this calendar year, a withholding tax of approximately U.S. $55.25 million, being 25% of the outstanding principal amount of the ABH LLC Note, would have to be remitted by ACCC to the Canadian tax authorities by January 15, 2010 and if ACCC were to not make such remittance, the Canadian tax authorities would have the right to collect the said amount by way of set-off against GST refunds that ACCC would otherwise receive.

11. Given ACCC's current financial situation, a liability in the substantial amount of U.S. $55.25 million as of January 15, 2010 would adversely impact its liquidity position and therefore, the Petitioners' ability to reorganize their affairs in Canada and in the United Stated.

12. The failure of the Petitioners' reorganization would not only be prejudicial to the Petitioners, but also to their creditors and other stakeholders.

D. CONTEMPLATED REPAYMENT STEPS

(a) The Repayment Steps

13. In light of the foregoing, the Petitioners propose to implement the Repayment Steps, which steps would ultimately permit the repayment of the ABH LLC Note without altering ACCC's rights under and pursuant to the ABH LLC Note. The Repayment Steps are reflected graphically in the step plan communicated herewith as **Exhibit R-2** (the "**Step Plan**").

14. The Repayment Steps are hereinafter chronologically described in greater detail. It is crucial that each of the Repayment Steps be implemented in its entirety and in the exact order described below. If the Petitioners were to begin, but not complete, the Repayment Steps, it would significantly disrupt the Petitioners' current capital structure by introducing additional intercompany obligations and potentially impairing certain classes of creditors.

15. Accordingly, the Petitioners request that any order approving the Repayment Steps provide that if all such steps are not completed in the manner described below on or before December 31, 2009, each and every completed steps (if any) will be automatically deemed null and void *ab initio*, thereby leaving the ABH LLC Note and capital structure of each of the parties to the Repayment Steps unchanged.

16. The Repayment Steps consist in the eight (8) following steps:

(a) ***Preliminary Steps***: ABH creates LLC Holdco and LLC 1. ACCC creates LLC 2. The LLC Holdco, LLC 1 and LLC 2 formation documents will prohibit them from engaging in any activities other than implementing the Repayment Steps and holding the ABH LLC Note, the LLC 1 Units (described below), the LLC 2 Note and LLC 2 Preferred Units (described below). LLC Holdco, LLC 1 and LLC 2 file petitions for relief under chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. LLC 2 acquires $1,000 of units in a publicly listed Canadian partnership.

(b) ***Step 1 - Transfer of the ABH LLC Note***: ACCC transfers, subject to the security interest of the ACCC Term Lenders, the ABH LLC Note to LLC 2 in consideration of preferred units of LLC 2 (the "**LLC 2 Preferred Units**") having the following rights and conditions:

(i) the redemption and retraction value of the LLC 2 Preferred Units is equivalent to U.S. $250 million (*i.e.*, the amount of principal and interest outstanding on the ABH LLC Note);

(ii) the LLC 2 Preferred Units are convertible at the option of the holder into a U.S.$250 million promissory note treated as a pre-filing debt with terms and conditions identical to that of the ABH LLC Note, being the LLC 2 Note;

(iii) LLC 2 becomes a guarantor under the ACCC Term Loan, the Secured Notes and the 15.5% Senior Unsecured Notes and pledges the ABH LLC Note in favour of the ACCC Term Lenders; and

(iv) ACCC pledges the LLC 2 Preferred Units in favour of the ACCC Term Lenders.

(c) ***Step 2 - ACCC Reduction of Capital***: ACCC reduces the share capital maintained in respect of its common shares by U.S. $250 million and distributes, subject to the security interest of the ACCC Term Lenders, to ACI the LLC 2 Preferred Units and other units of LLC 2 issued upon its creation (the "**ACCC Reduction of Capital**").

(d) ***Step 3 - ACI Reduction of Capital***: ACI reduces the stated capital maintained in respect of its common shares by U.S. $305 million and distributes U.S. $250 million, being 82% of U.S. $305 million, to ABH through the transfer, subject to the security interest of the ACCC Term Lenders, of the LLC 2 Preferred Units and other units of LLC 2 issued upon its creation ("**ACI Reduction of Capital**"). Concurrently, ExchangeCo renounces to its share of the distribution, being U.S. $55 million or 18% of U.S. $305 million.

(e) ***Step 4 - Transfer of LLC 2 Preferred Units***: ABH transfers, subject to the security interest of the ACCC Term Lenders, the LLC 2 Preferred Units to

LLC 1 in consideration of common units of LLC 1 (such units and other units of LLC 1 issued upon its creation, the "**LLC 1 Units**").

(f) ***<u>Step 5 - Transfer of LLC 1 Units</u>***: ABH transfers the LLC 1 Units to LLC Holdco in consideration of common units of LLC Holdco.

(g) ***<u>Step 6 - Conversion of LLC 2 Preferred Units into the LLC 2 Note</u>***: The LLC 2 Preferred Units are converted into the LLC 2 Note. LLC 1 grants a first priority security interest in all of its assets, including the LLC 2 Note, and LLC Holdco grants a first priority security interest in the LLC 1 Units, in each case in favour of the ACCC Term Lenders.

(h) ***<u>Step 6 - Merger of LLC 2 and ABH LLC</u>***: LLC 2 and ABH LLC merge under Delaware law (the "**Merger**"), ABH LLC being the surviving entity. LLC 2's bankruptcy case under the Chapter 11 Proceedings is dismissed. The surviving entity is not a guarantor under the ACCC Term Loan, ACCC Secured Notes and ACCC 15.5% Senior Unsecured Notes.

In addition:

(i) LLC Holdco, ABH LLC, LLC 1 and ACCC will enter into the Support Agreement, as further described below;

(ii) The U.S. Petitioners will request an order from the U.S. Bankruptcy Court granting a security interest in the LLC 2 Note and the LLC 1 Units in favour of ACCC to secure its interest in the residual value of the LLC 2 Note, subject only to the first priority security interest of the ACCC Term Lenders;

(iii) LLC 1 will become a guarantor under the ACCC Term Loan, ACCC Secured Notes and ACCC 15.5% Senior Unsecured Notes; and

(iv) LLC 1 will pledge the LLC 2 Note to the ACCC Term Lenders.

17. As a result of the Merger, the ABH LLC Note will be deemed, for Canadian tax purposes, to have been settled by a payment made by ABH LLC to LLC 2 equal to LLC 2's cost amount of the ABH LLC Note, being equal to the principal amount outstanding under the ABH LLC Note.

18. The Repayment Steps would not materially affect the Petitioners' corporate structure; an outline of the Petitioners' simplified corporate structure prior to the Repayment Steps and an outline of the simplified corporate structure following the implementation of such steps are included on page 3 of the Step Plan.

19. Moreover, the Repayment Steps constitute the best course of action to repay the ABH LLC Note before year end and not have to pay the substantial Canadian withholding tax which would otherwise have been payable without affecting the

Petitioners' interest (and that of its creditors and other stakeholders) in the residual value of the ABH LLC Note.

(b) **The Support Agreement**

20. In order to protect ACCC's interest in the residual value of the LLC 2 Note, LLC Holdco, ABH LLC, LLC 1, and ACCC would, as part of the Repayment Steps, execute the Support Agreement, a draft of which is communicated herewith as **Exhibit R-3**.

21. Pursuant to the Support Agreement, LLC Holdco and LLC 1 will, among other things and unless otherwise provided in the CCAA Plan and the U.S. Bankruptcy Plan (described below), be required to transfer to ACCC the LLC 2 Note, the LLC 1 Units or assets of equivalent value in case of certain triggering events including: (i) any liquidation event by any of ABH, ACI or Donohue Corp., (ii) the effective date of one or more plans of compromise or arrangement under the CCAA (the "**CCAA Plan**") and of a plan of reorganization under the Bankruptcy Code (the "**U.S. Bankruptcy Plan**"), (iii) any event of default under the LLC 2 Note, (iv) in respect of ABH or DCorp, the dismissal or conversion of their respective Chapter 11 cases and, in respect of ACI, the lifting or expiry of the stay of proceeding granted in the Initial Order, and (v) any default under the Support Agreement.

22. The Support Agreement will also include a covenant by each of ABH LLC and LLC 1 not to make any payment or otherwise reduce any amount owing under the LLC2 Note without an order from this Court and the U.S. Bankruptcy Court.

23. Accordingly, the Petitioners request an order from this Court authorizing LLC Holdco, ABH LLC, LLC 1 and ACCC to enter into the Support Agreement in order to ensure that the interest of ACCC in the ABH LLC Note is unaffected by the Repayment Steps.

24. Furthermore, to secure the performance of the support obligations under the Support Agreement, the U.S. Petitioners have requested an order from the U.S. Bankruptcy Court granting a security interest in the LLC 2 Note and the LLC 1 Units in favour of ACCC, subject only to the first priority security interest of the ACCC Term Lenders.

(c) **Pre-filing Financing Amendments**

25. Following the completion of the Repayments Steps, it is contemplated by the Petitioners that LLC 1 will become a guarantor under :

- the Term Loan Facility;
- the Senior Notes; and

- the US$293M 15.5% Exchange Notes due July 15, 2010 (the "**Exchange Notes**");

26. In addition to the above mentioned guarantees (collectively, the "**New Guarantees**"), LLC 1 will grant a first priority security interest in all of its assets, and pledge the LLC 2 Note, and LLC Holdco will grant a first priority security interest in the LLC 1 Units, in each case in favour of the ACCC Term Lenders (the "**New Security**").

27. As a result, amendments (the "**Pre-filing Financing Amendments**") to the Term Loan Facility, the Senior Notes and the Exchange Notes will be required in order to take into account the New Guarantees and the New Security.

28. The Petitioners submit that the Pre-filing Financing Amendments are non-material and necessary to insure that the rights of ACCC's creditors under the Term Loan Facility, the Senior Notes and the Exchange Notes are preserved.

29. Accordingly, the Petitioners request an order from this Court authorizing the Petitioners to enter into the Pre-filing Financing Amendments.

E. GROUNDS FOR THIS MOTION

30. The Petitioners submit that the Repayment Steps are fair and reasonable, in the Petitioners' interest and will generally benefit the Petitioners' creditors and other stakeholders, including for the following reasons:

    (a) the completion of the Repayment Steps is necessary in order to repay the ABH LLC Note;

    (b) the failure to repay the ABH LLC Notes before January 1, 2010 would result in ACCC becoming liable for Canadian withholding tax in the approximate amount of $55.25 million, representing 25% of the outstanding principal amount of the ABH LLC Note (U.S. $221 million). This would significantly drain on the Petitioners' liquidity and substantially impair the Petitioners' restructuring efforts;

    (c) as a result of the Repayment Steps, the LLC 2 Note, a new note with terms and conditions identical to that of the ABH LLC Note will be created. Such note will be held by LLC 1, a wholly-owned subsidiary of LLC Holdco which is in turn a wholly owned subsidiary of ABH. In addition LLC Holdco, ABH LLC and LLC 1 will conclude a Support Agreement with ACCC pursuant to which, among other things and unless otherwise provided in the CCAA Plan and U.S. Bankruptcy Plan, LLC Holdco and LLC 1 will be required to transfer to ACCC, the LLC 2 Note, the LLC 1 Units or assets of equivalent value to ACCC in a case of certain triggering events. The Support Agreement also includes a covenant by each of ABH LLC and LLC 1 not to make any payment or otherwise reduce any amount owing under the LLC2 Note without an order from this Court and the U.S. Bankruptcy Court. Furthermore, to secure the performance of the support obligations under the Support Agreement, the U.S. Petitioners have requested an order from the U.S. Bankruptcy Court granting a security interest in the LLC 2 Note and the LLC 1 Units in favour of ACCC, subject only to the first priority security interest of the ACCC Term Lenders. The Repayment Steps will therefore not affect the Petitioners' interest in the residual value of the ABH LLC Note;

(d) the Repayment Steps will leave the Petitioners' current corporate structure capital materially unaltered;

(e) to ensure that ACCC's creditors interest with respect to the ABH LLC Note is not affected by the Repayment Steps, (A) LLC 1 will become a guarantor under the Pre-filing Financing Agreements, and (B) LLC 1 will grant a first priority security interest in all of its assets, and pledge the LLC 2 Note, and LLC Holdco will grant a first priority security interest in the LLC 1 Units, in each case in favour of the ACCC Term Lenders;

(f) the Pre-filing Financing Amendments are non-material and necessary to allow LLC 1 to provide ACCC's creditors with the New Guarantees and to allow LLC 1 and LLC Holdco to grant the New Security;

(g) the ACCC Reduction of Capital and the ACI Reduction of Capital form part of the Repayment Steps and will not affect ACCC's nor ACI's creditors or other stakeholders' rights with respect to the ABH LLC Note;

(h) the necessity to implement the Repayment Steps without delay justifies the Petitioners to reduce the stated capital of ACCC and ACI notwithstanding the provisions of sections 123.63 of the QCA and 38(3) of the CBCA;

(i) the Repayment Steps have been found by the Petitioners as being the best course of action to repay the indebtedness represented by the ABH LLC Note within the grace period as provided under Canadian tax laws without impairing with ACCC's and ACI's creditors or other stakeholders rights; and

(j) the Repayment Steps are fair and reasonable and in the best interest of the Petitioners, its creditors and other stakeholders.

31. The Petitioners respectfully submit that this Motion should be granted in accordance with its conclusions.

32. The present Motion is well-founded in fact and in law.

WHEREFORE, MAY THIS COURT:

1. **GRANT** this *Motion for the Issuance of an Order Authorizing Petitioners Abitibi-Consolidated Inc. and Abitibi-Consolidated Company of Canada to Implement Certain Restructuring Transactions* (the "**Motion**").

2. **EXEMPT**, if applicable, the Petitioners from having to serve this Motion and from any notice or delay of presentation.

3. **ORDER AND DECLARE** that Petitioners are authorized to implement and complete the transactions and steps (collectively, the "**Repayment Steps**") contemplated in the Step Plan (the "**Step Plan**") communicated as **Exhibit R-2** in support of the Motion in order to permit the repayment of the promissory note (the "**ABH LLC Note**") issued by AbitibiBowater U.S. Holding LLC ("**ABH LLC**") to Abitibi-Consolidated Company of Canada ("**ACCC**") on April 1, 2008.

4. **ORDER** that in completing the Repayment Steps, ACCC be authorized to execute a certain support agreement ("**Support Agreement**"), a draft of which is communicated as **Exhibit R-3** to the Motion.

5. **ORDER** that in completing the Repayment Steps, ACCC be authorized to enter into non-material amendments to the Term Loan Facility, the Senior Notes and the $293M Exchange Notes due July 15, 2010 (collectively, the "**Pre-filing Financing Agreements**") pursuant to which (a) LLC 1 (as defined in the Motion) will become a guarantor under the Pre-Filing Financing Agreements, and (b) LLC 1 will grant a first priority security interest in all of its assets, and pledge that certain promissory note created as part of the Repayment Steps (being the LLC 2 Note), and LLC Holdco will grant a first priority security interest in the units held in LLC 1, in each case to the ACCC's Term Lenders (collectively, the "**Pre-filing Financing Amendments**").

6. **ORDER** that in completing the Repayment Steps as contemplated in the Step Plan, the Petitioners be authorized:

   (a) to execute the agreements and to execute and deliver any documents and assurances governing or giving effect to the Repayment Steps as the Petitioners, in their discretion, may deem to be reasonably necessary or advisable to conclude the Repayment Steps, including the execution of such deeds, contracts or documents, as may be contemplated in the Step Plan and all such deeds, contracts or documents are hereby ratified, approved and confirmed; and

   (b) to take such steps as are, in the opinion of the Petitioners, necessary or incidental to the implementation of the Repayment Steps.

7. **ORDER AND DECLARE** that the Order to be rendered on the Motion shall constitute the only authorization required by the Petitioners to proceed with the Repayment Steps and that no shareholder or regulatory approval shall be required in connection with the Repayment Steps save and for those contemplated in the Step Plan.

8. **ORDER AND DECLARE** that if all the steps of the Repayment Steps are not completed in their entirety and in the order provided in the Step Plan on or before December 31, 2009, each and every completed steps will be automatically deemed null and void *ab initio*, thereby leaving the ABH LLC Note and capital structure of each of the parties to the Repayment Steps unchanged.

9. **ORDER AND DECLARE** that the transfers of the ABH LLC Note in the context of the implementation of the Repayment Steps shall be made free and clear of any charges, liens or encumbrance including without limitation, (i) the CCAA charges and any and all other encumbrances, liens, assignments, charges, hypothecs, pledges, security interests of any nature, adverse claims, exceptions, reservations, options, privileges or any contract to create any of the foregoing, or (ii) any liability or obligation of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, solidary or not solidary, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether or not the same is required to be accrued on any financial statements, the whole save and except for the rights to be granted under and pursuant to the Pre-filing Financing Amendments and the security interest in the ABH LLC Note in favour of the ACCC Term Lenders.

10. **ORDER AND DECLARE** that the Petitioners be authorized to implement all the necessary steps of the Repayment Steps, including the reduction of ACCC's and ACI's stated capital, under section 123.62 of the *Quebec Companies Act*, L.R.Q. c. C-38 ("**QCA**") and section 191 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 ("**CBCA**").

11. **ORDERS** that notwithstanding:

    (a) the proceedings under the CCAA;

    (b) any petitions for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* ("**BIA**") and any received order issued pursuant to any such petition; or

    (c) the provision of any federal or provincial statute;

    the vesting of the ABH LLC Note, as well as the execution of the Repayment Steps pursuant to this Order and the security interest to be created in favour of the ACCC Term Lenders, are to be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it give rise to an oppression remedy;

12. **ORDER AND DECLARE** that leave be reserved to the Petitioners to apply for such orders or directions as may be required to complete the Repayment Steps or otherwise in connection with the foregoing orders; and

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

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

MONTREAL, November 17, 2009

Stikeman Elliott

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

AFFIDAVIT

I, the undersigned, Joel Ihrig, having my principal place of business at 10 S. Academy Road, Greenville, South Carolina , United States, 29601 solemnly declare the following:

1. I am the Vice President, Taxation of AbitibiBowater Inc.;

2. All the facts alleged in the *Motion for the Issuance of an Order Authorizing Petitioners Abitibi-Consolidated Inc. and Abitibi-Consolidated Company of Canada to Implement Certain Restructuring Steps* are true.

AND I HAVE SIGNED

JOEL IHRIG

Solemnly declared before me at Greenville, on the 17th day of November, 2009

Regina R. Ballew

Notary Public

NOTICE OF PRESENTATION

TO : SERVICE LIST

TAKE NOTICE that the *Motion for the Issuance of an Order Authorizing Petitioners Abitibi-Consolidated Inc. and Abitibi-Consolidated Company of Canada to Implement Certain Restructuring Steps* will be presented for adjudication before one of the Honourable Judges of the Superior Court, sitting in practice in and for the District of Montreal, in the Montreal Court House, 1 Notre-Dame St. East, on **Monday, November 23, 2009** at **9:30 a.m.** in a Room to be determined and communicated to the Service List.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, November 17, 2009

Stikeman Elliott

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

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

N°. 500-11-036133-094

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

In the matter of Plan of Compromise or Arrangement of:

ABITIBIBOWATER INC. *et al*

Petitioners

- and –

ERNST & YOUNG INC.

Monitor

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

MOTION FOR THE ISSUANCE OF AN ORDER AUTHORIZING PETITIONERS ABITIBI-CONSOLIDATED INC. AND ABITIBI-CONSOLIDATED COMPANY OF CANADA TO IMPLEMENT CERTAIN RESTRUCTURING STEPS

ORIGINAL

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