

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

No. : 500-11-036133-094

SUPERIOR COURT

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

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

ABITIBIBOWATER INC.,

and

ABITIBI-CONSOLIDATED INC.,

and

BOWATER CANADIAN HOLDINGS INC.,

and

the other Petitioners listed herein

Petitioners

and

ERNST & YOUNG INC.,

Monitor

MOTION FOR AN ORDER AUTHORIZING THE PETITIONERS TO CONSULT
WITH COMMITTEES OF THEIR STAKEHOLDERS

TO JUSTICE GASCON 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 (the "**Canadian Court**") issued an order (as subsequently amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (the "**Abitibi Petitioners**")¹; (ii) Bowater Canadian Holdings Inc. and subsidiaries thereof (the "**Bowater Petitioners**"², collectively with the Abitibi Petitioners and AbitibiBowater Inc. ("**ABH**"), the "**Petitioners**") and (iii) certain partnerships (the "**Partnerships**")³.
2. Pursuant to the Initial Order, Ernst & Young Inc. (the "**Monitor**") was appointed as Monitor of the Canadian Petitioners and Partnerships under the CCAA and a stay of proceedings was granted in favour of the Canadian Petitioners and Partnerships which was extended most recently until March 15, 2010.
3. On April 16, 2009, ABH, Bowater Inc. and certain of their U.S. and Canadian subsidiaries (the "**U.S. Debtors**")⁴ filed voluntary petitions for relief under Chapter 11 of the *U.S. Bankruptcy Code* in the United States Bankruptcy Court for the District of Delaware. On April 17, 2009, ABH and certain of its subsidiaries (collectively with ABH, the "**18.6 Petitioners**")⁵ obtained orders under s. 18.6 of the CCAA in respect of the Chapter 11 Proceedings.

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 Petitioner 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 US Debtors are AbitibiBowater Inc., AbitibiBowater US Holding LLC, Donohue Corp., Abitibi Consolidated Sales Corporation, Abitibi-Consolidated Alabama Corporation, Alabama River Newsprint Company, Abitibi-Consolidated Corporation, Augusta Woodlands, LLC, Tenex Data 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, Coosa Pines Golf Club Holdings LLC and Abitibi-Consolidated Finance LP;

⁵ 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.

B. ORDERS SOUGHT

4. The Petitioners hereby seek an order from this Court (the "**Consultative Committee Order**") which would, *inter alia*, (i) authorize the formation of consultative committees (the "**Consultative Committees**") from within those groups of the Petitioners' non-unionized employees, former non-unionized employees and pensioners who were non-unionized while employed by the Petitioners and who remain, to this day, unrepresented in the present CCAA Proceedings; (ii) authorize the Petitioners to engage in consultation and negotiations with these Consultative Committees in order to adequately address the impact of proposed restructuring efforts on these stakeholder groups; and (iii) authorize said Consultative Committees to make representations before this Court, should the need arise.

C. BACKGROUND

5. In the context of the present CCAA Proceedings and as a result of the ongoing restructuring process of the Petitioners' businesses, certain actions taken by or imposed upon the Petitioners have impacted and will continue impacting various and diverse groups of their stakeholders, including bondholders, employees, former employees, pensioners and other groups.
6. While certain groups of stakeholders are well-organized and have been represented throughout the course of the CCAA Proceedings, other stakeholders, in particular non-unionized employees, former non-unionized employees and pensioners who were non-unionized while employed by the Petitioners (the "**Affected Stakeholders**") have not formally been represented in these proceedings for a variety of reasons particular to their situation.
7. Certain actions taken and which have impacted the Affected Stakeholders include, to date, the following:
 - (a) the suspension of employee benefits enjoyed by certain categories of employees;
 - (b) the suspension of past service contributions or special payments to funded pensions plans maintained by the Petitioners or Partnerships during the Stay Period, as authorized by this Court's judgment dated May 8, 2009;
 - (c) the cessation of payments under non-registered supplementary pension schemes (or "**SERPs**").
8. The Petitioners are at the stage where they are seeking to formulate their plan of compromise and arrangement in preparation for emergence from the CCAA Proceedings. In connection with this task, it is of assistance both to the Petitioners and to Affected Stakeholders if the Petitioners have counterparts with whom to review proposals, solicit feedback and otherwise assist in the formation of proposals calculated to meet the needs of the Petitioners to emerge from proceedings while mitigating where possible the impact of the process upon the Affected Stakeholders.

9. The Petitioners and this Court are aware of the efforts deployed by certain Affected Stakeholders to appoint representatives for their groups. These efforts include, *inter alia*, those made by the non-unionized Canadian employees who ceased to work for the Petitioners prior to April 17, 2009, who, on October 1, 2009, served and filed a *Motion for the Appointment of a Representative and Solicitors for the Petitioner's Canadian Non-Unionized Former Employees and Other Beneficiaries of the Pension Plans* (the "**Representative Motion**").
10. The Representative Motion was ultimately abandoned by its proponents, in part because they sought to achieve their goals through other channels, including direct dialogue with the Petitioners. While the Petitioners have been engaging in such dialogue and working with the informal committee established with certain of the Affected Stakeholders who originally brought the Representative Motion, certain Affected Stakeholders acting on a volunteer basis have expressed the fear that they might be viewed as undertaking personal legal responsibility should they continue in their informal, consultative role.
11. Such a fear could make the task of consulting, even on an informal basis, more difficult at a critical juncture in the Petitioners' efforts to formulate a plan for emergence from these CCAA Proceedings. In bringing this Motion, the Petitioners are seeking to create a framework which will permit present or future informal or ad hoc committees of Affected Stakeholders to form, engage in non-binding discussions with the Petitioners and generally serve the useful role of sounding board as the Petitioners proceed to develop their Restructuring Plan without fear of personal liability.

D. CONSULTATIVE COMMITTEES ORDER

12. The proposed Consultative Committee Order provides for the formation of one or more informal ad hoc committees of stakeholders (the "**Consultative Committees**") from within those groups of Affected Stakeholders.
13. The proposed order further permits each Consultative Committee, should they so choose, to designate lead representatives (the "**Lead Representatives**") authorized to coordinate the tasks of consulting and representing their stakeholder groups, as well as engaging in discussions with and formulating recommendations to, the Petitioners, the whole on behalf of those Affected Stakeholders who agree to participate in the work of such Consultative Committee.
14. The Petitioners would be authorized to consult with the Consultative Committees directly or through their Lead Representatives. Neither the members of the Committee nor their Lead Representatives would incur liability obligations as a result of the formation of these committees or such consultation. No party would have the power to bind other Affected Stakeholders except to the degree such Affected Stakeholder may agree explicitly in writing, subject to further order of the Court (should a more formal representation process be desirable and presented to the Court in a properly framed motion).

15. The Consultative Committees would be authorized and have standing permitting them to hire legal counsel and to make representations before this Court without incurring personal liability, it being understood that their submissions would not bind any Affected Stakeholders who had not specifically agreed to be bound in writing. Should the Consultative Committee engage counsel or other experts, they would be responsible for their own expenses unless other arrangements are expressly agreed in writing with the Petitioners and approved by the Monitor.

E. GROUND FOR THIS MOTION

16. The restructuring of the businesses ABH and its subsidiaries raises complex and difficult questions. In order to solve these and present a viable plan of arrangement to be presented to their stakeholders, the Petitioners will need to assess the impact of proposed restructuring efforts on all Affected Stakeholders, engage in consultations with these groups and evaluate their recommendations.
17. The fact that several groups of Affected Stakeholders have been unrepresented to this day warrants the creation of the Consultative Committees in accordance with the proposed Consultative Committees Order.
18. The issuance of the proposed order will benefit the Petitioners' creditors as a whole.

F. CONCLUSION

19. It is respectfully submitted that this Motion should be granted in accordance with its conclusions.
20. The present Motion is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

- [1] **GRANT** this *Motion for an Order Authorizing the Petitioners to Consult with Committees of their Stakeholders* (the "**Motion**").
- [2] **EXEMPT**, if applicable, the applicants from having to serve this Motion and from any notice or delay of presentation.
- [3] **AUTHORIZE** the formation of ad hoc committees of stakeholders (the "**Consultative Committees**") by any and all groups of non-unionized employees, former non-unionized employees and pensioners who were non-unionized while employed by the Petitioners and are affected by the restructuring efforts undertaken by the Petitioners (the "**Affected Stakeholders**") and who remain, on the date of the present Order, unrepresented in the present CCAA proceedings.
- [4] **ORDER** that a Consultative Committee may appoint lead representatives (the "**Lead Representatives**") charged with coordinating the tasks of consulting and representing their committee, as well as engaging in discussions with, and formulating recommendations to, the Petitioners.

- [5] **ORDER** that the members of a Consultative Committee and its Lead Representatives if any shall act in an advisory and consultative role only and shall have neither authority to bind any Affected Stakeholder of the Petitioners nor responsibility to any Affected Stakeholder of the Petitioners except as may explicitly be agreed in writing between such stakeholders of the Petitioners and members of the Consultative Committee or as may be prospectively authorized by further Order of this Court on a properly constituted motion.

- [6] **AUTHORIZE** the Petitioners to consult with the Lead Representatives of the Consultative Committees, it being understood that said committees shall be formed for consultative and representation purposes only, and the Petitioners shall incur no further liability obligation as a result of their formation

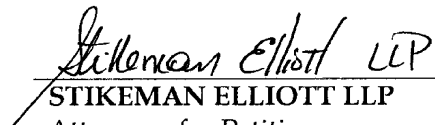
- [7] **AUTHORIZE** the Consultative Committees to hire legal counsel if they so choose and to make representations before this Court providing that such representations shall bind no Affected Stakeholder except such members of the Consultative Committee or other Affected Stakeholders of the Petitioners who have expressly agreed in writing so to be bound. The expenses of such counsel or other experts as may be engaged by a Consultative Committee shall be for the account of those members who agree to retain them unless other arrangements are agreed in writing with the Petitioners and approved by the Monitor.

- [8] **ORDER** that Consultative Committee members, including the Lead Representatives, shall incur no liability or obligation whatsoever as a result of actions taken in reliance upon this Order, and no action or other proceedings shall be commenced against any Consultative Committee member relating to his/her appointment as Lead Representative, his/her conduct as Consultative Committee member or Lead Representative or the carrying out of any Order of this Court, except with prior leave of this Court, on at least seven (7) days notice to the Consultative Committee member concerned, the Monitor and the Monitor's counsel.

- [9] **GRANT** such other and further relief as this Court deems just and proper.

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

Montréal, February 3, 2010

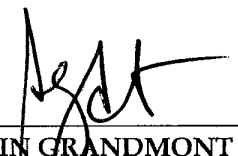

 STIKEMAN ELLIOTT LLP
 Attorneys for Petitioners

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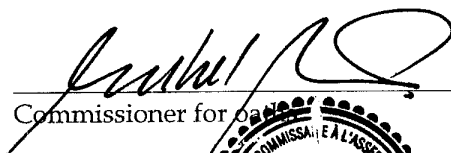
I, the undersigned, Alain Grandmont, having my principal place of business at Suite 800, 1155 Metcalfe Street, Montréal, Quebec, H3B 5H2 solemnly declare the following:

1. I am Executive Vice President, Human Resources and Supply Chain of AbitibiBowater Inc.
2. All the facts alleged in the *Motion for an Order Authorizing the Petitioners to Consult with Committees of their Stakeholders* are true.

AND I HAVE SIGNED


ALAIN GRANDMONT

Solemnly declared before me at Montréal,
on the 3rd day of February, 2010


Commissioner for oaths



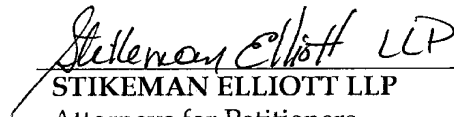
NOTICE OF PRESENTATION

TO: SERVICE LIST

TAKE NOTICE that the *Motion for an Order Authorizing the Petitioners to Consult with Committees of their Stakeholders* will be presented for adjudication before the Honourable Judge Clément Gascon of the Superior Court, sitting in practice in and for the District of Montréal, in the Montréal Court House, 1 Notre-Dame St. East, at a date, time and in a Room to be determined by the Court and announced to this Service List.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, February 3, 2009


STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

SUPERIOR COURT
Commercial Division
put designated pursuant to
Creditors Arrangement Act)

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REAL

f: in the matter of Plan of Compromise or Arrangement

R INC. *et al*

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

BS0350

n/dos.: 041053-1170

MOTION FOR AN ORDER AUTHORIZING THE PETITIONERS TO CONSULT WITH COMMITTEES OF THEIR STAKEHOLDERS

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