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

LIST OF EXHIBITS OF THE PETITIONERS

(Motion for the Issuance of (i) (a) an Order Approving Bid Procedures and Bid Protections with Respect to an Auction in Connection with the Petitioners' Rights Offering; (b) Scheduling an Auction and Hearing; (c) Authorizing the Petitioners to Make Certain Payments; and (d) Approving the Form and Manner of Notice Thereof; (ii) an Order Authorizing the Petitioners to (a) Enter into a Backstop Commitment Agreement and (b) Make Certain Payments Thereunder; and (iii) a Recognition Order)

DESCRIPTION		TAB
R-1	Draft Bid Procedure Order	1
R-2	Draft Backstop Commitment Order	2
R-3	Draft Recognition Order	3
R-4	U.S. Motion	4
R-5	Backstop Commitment Agreement	5

Montréal, this 4th day of June, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

EXHIBIT R-1

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

No: 500-11-036133-094

DATE: ●, 2010

PRESENT: THE HONOURABLE MR. JUSTICE CLÉMENT GASCON, J.S.C.

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 ON SCHEDULES "A", "B" AND "C"

Petitioners

and

ERNST & YOUNG INC.

Monitor

ORDER (A) APPROVING BID PROCEDURES AND BID PROTECTIONS WITH RESPECT TO AN AUCTION IN CONNECTION WITH THE PETITIONERS' RIGHTS OFFERING, (B) SCHEDULING AN AUCTION AND HEARING, (C) AUTHORIZING THE PETITIONERS TO MAKE CERTAIN PAYMENTS, AND (C) APPROVING THE FORM AND MANNER OF NOTICE THEREOF
(#●)

---

[1] **CONSIDERING** Petitioners' *Motion for the Issuance of (i) (a) an Order Approving Bid Procedures and Bid Protections with Respect to an Auction in Connection with the Debtors'*

Rights Offering; (b) Scheduling an Auction and Hearing; (c) Authorizing the Petitioners to Make Certain Payments; and (d) Approving the Form and Manner of Notice Thereof; (ii) an Order Authorizing the Debtors to (a) Enter into a Backstop Commitment Agreement and (b) Make Certain Payments Thereunder; and (iii) a Recognition Order (the "**Motion**");

[2] **CONSIDERING** the representations of the parties;

[3] **GIVEN** the provisions of the *Companies' Creditors Arrangement Act* ("**CCAA**");

FOR THESE REASONS, THE COURT:

Approval of Bid Procedures

[4] **APPROVES** the Bid Procedures contained in **Schedule "D"** to this Order and **DECLARES** that the Petitioners are authorized to take any and all actions necessary or appropriate to implement the Bid Procedures and may, in consultation with advisors to the U.S. official committee of unsecured creditors (the "**UCC**") and the Monitor, in accordance with the terms thereof, modify such Bid Procedures as may be necessary and appropriate to maximize the value of the Petitioner's estates. Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Bid Procedures.

[5] **DECLARES** that the Bid Deadline is **June 18, 2010 at 5:00 p.m. (ET).** Any party that does not submit a Qualified Bid by the Bid Deadline will not be permitted to participate in the Auction.

[6] **DECLARES** that the Petitioners are authorized to conduct the Auction as set forth in the Bid Procedures. The Auction shall commence on **June 21, 2010 at 10:00 a.m. (ET),** at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, or such later time or other place as the Petitioners shall timely notify the Qualified Bidders following consultation with the advisors to the UCC and the Monitor and **RESERVES** the Petitioners' right to cancel the Auction at any time by giving notice to the Qualified Bidders.

[7] **DECLARES** that if no timely, conforming Qualified Bid other than the Backstop Commitment Agreement is submitted by the Bid Deadline, the Auction will be deemed cancelled, the Backstop Investors' bid as set out in the Backstop Commitment Agreement will be deemed the Successful Bid, and the Petitioners will immediately be permitted to seek authority to enter into the Backstop Commitment Agreement.

Notice

[8] **DECLARES** that the form and manner of notice regarding the Auction and marketing process and that the form of the Auction Notice attached hereto as **Schedule "E"** are

hereby approved and that the proposed notice is appropriate and reasonably tailored to target potential investors.

Successful Bid Hearing

[9] **DECLARES** that the Court will hold a hearing to consider approval of the Successful Bid (the "**Successful Bid Hearing**") before one of the Honourable Judges of the Superior Court, sitting in practice in and for the District of Montreal, in a Room to be announced of the Montreal Court House, 1 Notre-Dame St. East, on ●, 2010, at a time and in a room to be communicated to the Service List. The Successful Bid Hearing may be continued to a later date, including the date of the hearing on approval of the Petitioners' Information with respect to their Plan, by the Petitioners sending notice prior to, or making an announcement at, the Successful Bid Hearing. No further notice of any such continuance will be required to be provided to any party.

[10] **DECLARES** that objections, if any, to the Motion must (a) be in writing, (b) state the basis of such objection with specificity and (c) be served upon (i) counsel to AbitibiBowater, Stikeman Elliott LLP, (Sean F. Dunphy and Guy P. Martel), (ii) counsel to the Monitor, Thornton Grout Finnigan LLP, (Robert Thornton and Rachel Moncur) , (iii) counsel to the UCC, Bennet Jones LLP, (Richard Orzy), (iv) counsel to the Backstop Investors, Torys LLP, (Michael Rotsztain), and (v) counsel to the Ad Hoc Committee of Noteholders, Goodmans LLP, (Robert Chadwick and Frederic Myers), so as to be actually received no later than 4:00 p.m. (ET) on ●, 2010 (the "**Objection Deadline**").

Termination Payment and Transaction Expenses

[11] **ORDERS** that the Termination Payment and Transaction Expenses set forth in the Backstop Commitment Agreement are hereby approved, and any and all objections to the Termination Payment and Transaction Expenses that were not consensually resolved at or before the Hearing are hereby overruled. The Petitioners are authorized and directed to pay the Termination Payment and Transaction Expenses to the Backstop Investors, if due in accordance with the terms of the Backstop Commitment Agreement without further order of the Court.

[12] **ORDERS** that notwithstanding:

(i) the proceedings under the CCAA;

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

(iii) the provisions of any federal or provincial legislation;

[13] the payment of the Termination Payment and Transaction Expenses to the Backstop Investors by the Petitioners, 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, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it give rise to an oppression or any other remedy;

[14] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian Federal Court or administrative body and other nations and states to give effect to this Order and to assist the Petitioners, Ernst & Young Inc. (the "**Monitor**") and their respective agents in carrying out the terms of this Order and any other Order in these proceedings. All Courts or administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to Abitibi-Consolidated Inc. and/or the Monitor in any foreign proceedings and to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order and any other Order in these proceedings.

[15] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security.

THE WHOLE WITHOUT COSTS.

CLÉMENT GASCON, J.S.C.

●
Stikeman Elliott LLP
Attorneys for Petitioners

SCHEDULE "A"

ABITIBI PETITIONERS

1. ABITIBI-CONSOLIDATED INC.
2. ABITIBI-CONSOLIDATED COMPANY OF CANADA
3. 3224112 NOVA SCOTIA LIMITED
4. MARKETING DONOHUE INC.
5. ABITIBI-CONSOLIDATED CANADIAN OFFICE PRODUCTS HOLDINGS INC.
6. 3834328 CANADA INC.
7. 6169678 CANADA INC.
8. 4042140 CANADA INC.
9. DONOHUE RECYCLING INC.
10. 1508756 ONTARIO INC.
11. 3217925 NOVA SCOTIA COMPANY
12. LA TUQUE FOREST PRODUCTS INC.
13. ABITIBI-CONSOLIDATED NOVA SCOTIA INCORPORATED
14. SAGUENAY FOREST PRODUCTS INC.
15. TERRA NOVA EXPLORATIONS LTD.
16. THE JONQUIERE PULP COMPANY
17. THE INTERNATIONAL BRIDGE AND TERMINAL COMPANY,
18. SCRAMBLE MINING LTD.
19. 9150-3383 QUÉBEC INC.
20. ABITIBI-CONSOLIDATED (U.K.) INC.

SCHEDULE "B"

BOWATER PETITIONERS

1. BOWATER CANADIAN HOLDINGS INC.
2. BOWATER CANADA FINANCE CORPORATION
3. BOWATER CANADIAN LIMITED
4. 3231378 NOVA SCOTIA COMPANY
5. ABITIBIBOWATER CANADA INC.
6. BOWATER CANADA TREASURY CORPORATION
7. BOWATER CANADIAN FOREST PRODUCTS INC.
8. BOWATER SHELBURNE CORPORATION
9. BOWATER LAHAVE CORPORATION
10. ST-MAURICE RIVER DRIVE COMPANY LIMITED
11. BOWATER TREATED WOOD INC.
12. CANEXEL HARDBOARD INC.
13. 9068-9050 QUÉBEC INC.
14. ALLIANCE FOREST PRODUCTS (2001) INC.
15. BOWATER BELLEDUNE SAWMILL INC.
16. BOWATER MARITIMES INC.
17. BOWATER MITIS INC.
18. BOWATER GUÉRETTE INC.
19. BOWATER COUTURIER INC.

SCHEDULE "C"

18.6 CCAA PETITIONERS

1. ABITIBIBOWATER INC.
2. ABITIBIBOWATER US HOLDING 1 CORP.
3. BOWATER VENTURES INC.
4. BOWATER INCORPORATED
5. BOWATER NUWAY INC.
6. BOWATER NUWAY MID-STATES INC.
7. CATAWBA PROPERTY HOLDINGS LLC
8. BOWATER FINANCE COMPANY INC.
9. BOWATER SOUTH AMERICAN HOLDINGS INCORPORATED
10. BOWATER AMERICA INC.
11. LAKE SUPERIOR FOREST PRODUCTS INC.
12. BOWATER NEWSPRINT SOUTH LLC
13. BOWATER NEWSPRINT SOUTH OPERATIONS LLC
14. BOWATER FINANCE II, LLC
15. BOWATER ALABAMA LLC
16. COOSA PINES GOLF CLUB HOLDINGS LLC

SCHEDULE "D"

BIDDING PROCEDURES

Pursuant to the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated May 24, 2010 (as may be amended from time to time, the "U.S. Plan") filed by the Debtors (as defined in the U.S. Bidding Procedure Order) and the Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (the "CCAA") and Section 191 of *Canada Business Corporations Act* dated May 24, 2010 (as may be amended from time to time, the "CCAA Plan" and together with the U.S. Plan, the "Plans") filed by the Petitioners (as defined in the Canadian Bidding Procedure Order), the Debtors and the Petitioners (collectively the "ABH Debtors") intend to offer certain creditors the right to purchase securities (the "Securities") in the reorganized ABH Debtors through a rights offering (the "Rights Offering"). In connection therewith, and as described below, the ABH Debtors have negotiated a backstop commitment with respect to the Rights Offering. These Bidding Procedures (the "Bidding Procedures") set forth the process by which the ABH Debtors will solicit competing proposals for, and conduct an auction (the "Auction") regarding, the terms of a backstop commitment for the Rights Offering, including the terms of the Securities to be issued under the Plans.

These Bidding Procedures have been approved by an order dated [___], 2010 (the "U.S. Bidding Procedures Order"), entered by the United States Bankruptcy Court for the District of Delaware (the "U.S. Bankruptcy Court") and an order dated [___], 2010 (the "Canadian Bidding Procedures Order"), entered by the Quebec Superior Court for the District of Montreal (the "CCAA Court" and together with the U.S. Bankruptcy Court the "Courts").

Stalking Horse Agreement.

On May 24, 2010, the ABH entered into an agreement that sets forth the terms of the commitment of the ABH Debtors and certain of their unsecured creditors (collectively, the "Stalking Horse") to backstop the Rights Offering (the "Backstop Commitment Agreement"). Exhibit C thereto sets forth the terms of the Securities to be issued under the Plans (the "Securities Term Sheet"). The Backstop Commitment Agreement executed by the Stalking Horse, together with the Securities Term Sheet, are collectively referred to herein as the "Stalking Horse Agreement."

Obtaining Due Diligence Access.

Upon execution of a confidentiality agreement (each, a "Confidentiality Agreement") in form and substance satisfactory to the ABH Debtors, the ABH Debtors shall provide interested investors (each, a "Potential Investor") with reasonable due diligence information that has been or will be provided to the Stalking Horse and other Potential Investors, as requested, as soon as reasonably practicable after such request. The due diligence period will end on the Bid Deadline (as defined herein).

The ABH Debtors shall coordinate all reasonable requests for information and due diligence access from Potential Investors. No conditions relating to the completion of due diligence shall be permitted to exist after the Bid Deadline.

Bid Requirements.

To participate in the Auction, a Potential Investor (other than the Stalking Horse) must submit a Qualified Bid (as defined below) by **June 18, 2010 at 5:00 p.m. ET** (the "Bid Deadline") to each of (a) counsel to the Debtors, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019, Attn: Kelley Cornish, Esq. and Alice Belisle Eaton, Esq.; (b) the financial advisor to the Debtors, The Blackstone Group, 345 Park Avenue, New York, New York 10154, Attn: Steve Zelin and Michael O'Hara; (c) counsel to the official committee of unsecured creditors (the "Creditors Committee"), Paul Hastings LLP, Park Avenue Tower, 75 East 55th Street, New York, New York 10022, Attn: Luc Despins, Esq.; (d) the financial advisors to the Creditors Committee, (i) Lazard Freres & Co. LLC, 30 Rockefeller Plaza, New York, New York 10020, Attn: Blake O'Dowd, and (ii) FTI Consulting Inc., Three Times Square, 11th Floor, New York, New York 10036, Attn: Samuel Star; (e) counsel to the Petitioners, Stikeman Elliott LLP, 1155 René-Lévesque Blvd. West, 40th Floor, Montreal, Quebec H2B 3V2, Canada, Attn: Marc Barbeau and Sean Dunphy; (f) the financial advisor to the Petitioners, BMO Capital Markets, 100 King Street West, One First Canadian Place, Toronto, Ontario M5X 1H3, Canada, Attn: Glenn Sauntry and Mark Caiger; (g) Ernst & Young Inc., 222 Bay Street, Toronto, Ontario M5K 1J7, Attn: Alex F. Morrison (the "Monitor"); (h) counsel to the Monitor, ThorntonGroutFinnigan LLP, 100 Wellington St. W., Toronto, Ontario M5K 1K7 Attn: Robert I. Thornton; (i) counsel to the Stalking Horse, Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, Attn: Douglas Bartner, Esq. and Edmund M. Emrich, Esq. and Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: John Bessonette, Esq., and Douglas Mannal, Esq.; (j) counsel to the Stalking Horse, Torys LLP, 79 Wellington St. W., Suite 3000, Box 270, Toronto, Ontario M5K 1N2, Attn: Micheal Rotsztain; and (k) counsel to the Ad Hoc Unsecured Noteholders Committee, Goodmans LLP, 333 Bay St., Suite 3400, Toronto, Ontario M5H 2S7 (collectively, the "Notice Parties").

To constitute a Qualified Bid, a bid must:

(a) be in writing;

(b) be accompanied by a clean and a duly executed Backstop Commitment Agreement, along with all exhibits thereto, including the Securities Term Sheet;

(c) include a mark-up of the Stalking Horse Agreement that reflects all amendments and modifications thereto with respect to both the terms of the Backstop Commitment and the Securities Term Sheet and the Plan Support Agreement;

(d) specifically identify modifications or alterations to the terms of the Plans, if any, contemplated or necessitated by the terms or structure of the bid;

(e) not be conditioned on any contingency, including, among others, on obtaining any of the following: (i) financing, (ii) shareholder, board of directors or other approval, and/or (iii) the outcome or completion of a due diligence review by the Potential Investor; and

(f) must remain irrevocable until 72 hours after the Auction.

In addition to the above, each Potential Investor must:

(g) provide the Notice Parties with sufficient and adequate information to demonstrate, to the ABH Debtors' satisfaction, in consultation with advisors to the Creditors Committee and the Monitor, that such Potential Investor has the financial wherewithal and ability to provide the Backstop Commitment;

(h) provide the Notice Parties with sufficient and adequate information to demonstrate, to the ABH Debtors' satisfaction, in consultation with advisors to the Creditors Committee and the Monitor, that such Potential Investor is duly authorized by any applicable boards or other type of internal governance to submit, execute and provide the Backstop Commitment; and

(i) not be entitled to any break-up fee, transaction fee, Termination Payment, expense reimbursement or any similar type of payment or reimbursement.

The ABH Debtors, in consultation with advisors to the Creditors Committee and the Monitor, shall determine in their sole discretion whether any submitted bid constitutes a "Qualified Bid." Those parties submitting Qualified Bids shall be deemed to be "Qualified Bidders." For the avoidance of doubt, the Stalking Horse is a Qualified Bidder and the Stalking Horse Agreement constitutes a Qualified Bid.

Evaluation of Qualified Bids.

Prior to the Auction, the ABH Debtors shall identify the Qualified Bid that is, in the ABH Debtors' judgment and after consultation with the advisors to the Creditors Committee and the Monitor, the most economic or otherwise best bid (the "Starting Bid"). The ABH Debtors shall notify the Qualified Bidders and the Notice Parties of such determination, and shall distribute copies of the Starting Bid to each Qualified Bidder prior to the commencement of the Auction.

Auction.

If one or more Qualified Bids are received by the Bid Deadline, then the ABH Debtors shall conduct the Auction with respect to the Backstop Commitment and the Securities. The Auction shall commence on **June 21 at 10:00 a.m. (ET)** at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, or such later time or other place as the ABH Debtors shall timely notify the Qualified Bidders following consultation with the advisors to the Creditors Committee and the Monitor; provided, however, that the ABH Debtors reserve the right to cancel the Auction at any time by giving notice to the Qualified Bidders.

The Auction will be conducted in accordance with the following procedures, subject to modification by the ABH Debtors in consultation with advisors to the Creditors Committee and the Monitor at the Auction (the "Auction Procedures"):

(a) the Qualified Bidders shall appear in person at the Auction, or through duly-authorized representatives;

(b) only such authorized representatives of each of the Qualified Bidders, as the case may be, the ABH Debtors, their respective advisors, and the advisors to the Creditors Committee and the Monitor shall be permitted to attend the Auction;

(c) bidding at the Auction shall begin at the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by a Qualified Bidder that (i) improves upon such Qualified Bidder's immediately prior Qualified Bid and (ii) the ABH Debtors determine, in consultation with the advisors to the Creditors Committee and the Monitor, is a higher or otherwise better offer than any other bids submitted in the prior round;

(d) only the Qualified Bidders shall be entitled to submit additional bids at the Auction;

(e) the Stalking Horse shall receive a credit equal to the amount of the Termination Payment (as defined in the Stalking Horse Agreement) when bidding at the Auction;

(f) each bidder will be informed of the terms of the previous bids;

(g) the Auction may, in the ABH Debtors' discretion, in consultation with advisors to the Creditors Committee and the Monitor, include individual negotiations with bidders and/or open bidding in the presence of all of the other Qualified Bidders;

(h) each bidder will be required to confirm on the record of the Auction that it has not engaged in any collusion with respect to the bidding or the Sale; and

(i) the Courts will not consider bids made after the Auction is closed.

Acceptance of the Successful Bid.

The Auction shall continue until the ABH Debtors, in the exercise of their reasonable, good-faith business judgment and after consulting with their advisors and the advisors to the Creditors Committee and the Monitor, determine that they have received the most economic or otherwise best bid or offer (the "Successful Bid"). In making such determination, the ABH Debtors may consider, among other factors: the pricing terms of the Backstop Commitment; the impact, if any, on the proposed Plans or timing for emergence; and the terms and type of Securities to be issued. The Qualified Bidder having submitted the Successful Bid will be deemed the "Successful Bidder." Upon the conclusion of the Auction, the Successful Bidder and the ABH Debtors shall, as soon as commercially reasonable and practicable, complete and sign all agreements, contracts, instruments or other documents evidencing and containing the terms upon which such Successful Bid was made.

U.S. Hearing.

A hearing to consider approval of the Successful Bid (the "U.S. Hearing") is presently scheduled to take place on **June 22, 2010 at 11:00 a.m. (ET)**, or as soon thereafter as counsel may be heard, before the Honorable Kevin J. Carey, United States Bankruptcy Judge, in the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801.

The U.S. Hearing may be continued to a later date, including the date of the hearing on approval of the Debtors' Disclosure Statement with respect to the U.S. Plan by the Debtors sending notice prior to, or making an announcement at, the U.S. Hearing. No further notice of any such continuance will be required to be provided to any party.

Canadian Hearing.

A hearing to consider approval of the Successful Bid (the "Canadian Hearing") is presently scheduled to take place on **June ●, 2010 at ● (ET)**, or as soon thereafter as counsel may be heard, before the Honorable Clément Gascon, Quebec Superior Court Judge, at the Montreal Court House, 1 Notre-Dame Street East, Room ●, Montreal, Quebec, Canada.

The Canadian Hearing may be continued to a later date, including the date of the hearing on approval of the Petitioners' Information Circular with respect to the Canadian Plan by the Petitioners' sending notice prior to, or making an announcement at, the Canadian Hearing. No further notice of any such continuance will be required to be provided to any party.

Reservation of Rights.

The ABH Debtors reserve their rights, following consultation with the advisors to the Creditors Committee and the Monitor, to modify the Bidding Procedures in any manner that will best promote the goals of the bidding process or impose, at or prior to the Auction, additional customary terms and conditions on the Backstop Commitment and/or the Securities, including, without limitation, modifying the requirements for a Qualified Bid, extending the deadlines set forth in the Bidding Procedures, canceling the Auction, and rejecting any or all Qualified Bids if, in the ABH Debtors' business judgment, in consultation with advisors to the Creditors Committee and the Monitor, such Qualified Bid (a) is inadequate or insufficient, (b) not in conformity with the requirements of the Bankruptcy Code, the CCAA or any related rules or the terms set forth herein, or (c) contrary to the best interests of the ABH Debtors and their estates.

SCHEDULE "E"

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

NOTICE OF (A) ENTRY INTO BACKSTOP COMMITMENT AGREEMENT, (B) APPROVAL OF BID PROCEDURES, (C) AUCTION AND (D) HEARING

PLEASE TAKE NOTICE THAT on May 24, 2010 the above-captioned debtors (the "U.S. Debtors"), filed the First Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "U.S. Plan") and the debtors listed in Schedule "A" hereto (the "Canadian Debtors" and together with the U.S. Debtors, the "Debtors"), filed the Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (the "CCAA") and Section 191 of *Canada Business Corporations Act* (the "CCAA Plan" and together with the U.S. Plan, the "Plans"), pursuant to which the Debtors intend to raise capital to fund their obligations under the Plans through, among other sources, a rights offering to unsecured creditors (the "Rights Offering").

---

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). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. 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.

PLEASE TAKE FURTHER NOTICE THAT, in connection with the proposed Rights Offering, on May 24, 2010, the Debtors entered into a commitment agreement (the "Agreement") with a group of investors (the "Backstop Investors") who have agreed to backstop the Rights Offering (that obligation, the "Backstop Commitment"). The Agreement also sets forth the key terms of the unsecured convertible notes (the "Notes") that the Debtors intend to issue in connection with the Rights Offering.

PLEASE TAKE FURTHER NOTICE THAT, on June [●], 2010, the U.S. Bankruptcy Court for the District of Delaware (the "U.S. Bankruptcy Court") entered an order (the "U.S. Bid Procedures Order") authorizing the U.S. Debtors to conduct a public auction with respect to the terms of the Backstop Commitment and the Notes and approving certain procedures (the "Bid Procedures") and protections for the Backstop Investors in connection with that process and that, on June [●], 2010, the Quebec Superior Court for the District of Montreal (the "CCAA Court" and together with the U.S. Bankruptcy Court the "Courts") issued an similar order in respect of the Canadian Debtors (the "Canadian Bid Procedures Order"). Copies of the U.S. Bid Procedures Order and of the Canadian Bid Procedures Order (which both incorporate the Bid Procedures) are enclosed herein.

Contact Person For Parties Interested in Submitting a Bid

The Bid Procedures set forth in detail the requirements for submitting a "Qualified Bid" (defined in the Bid Procedures). **Only Qualified Bids will be considered by the Debtors**. Any person interested in making an offer to backstop the Rights Offering should contact: Steve Zelin and Michael O'Hara at The Blackstone Group at (212) 583-5000.

Obtaining Additional Information

Additional copies of the U.S. Bid Procedures Order, the Bidding Procedures and any other related documents are available upon request to EPIQ Bankruptcy Services, LLC, the U.S. Debtors' notice and claims agent, at (888) 266-9280, or by visiting the case website at http://dm.epiq11.com/ABH.

Additional copies of the Canadian Bid Procedures Order, the Bidding Procedures and any other related documents are available upon request to Ernst & Young Inc., the Canadian Debtors' Monitor, at 1-866-246-7889, or by visiting the case website at www.ey.com/ca/abitibibowater.

Important Dates and Deadlines

- The deadline to submit a Qualified Bid is **5:00 p.m. Eastern Time on June 18, 2010**.
- The deadline to file an objection with the U.S. Bankruptcy Court to the entry of an order approving the Commitment Agreement is **4:00 p.m. Eastern Time on June 18, 2010** (the "U.S. Objection Deadline").
- The deadline to file an objection with the CCAA Court to the entry of an order approving the Commitment Agreement is [●] (the "Canadian Objection Deadline").

- The Auction regarding the Backstop Commitment and the Notes, if one is necessary, will commence promptly at **10:00 a.m. Eastern Time on June 21, 2010**, at the offices of Paul, Weiss, Rifkind, Wharton &Garrison, LLP, located at 1285 Avenue of the Americas, New York, New York 10019.

- A hearing (the "U.S. Hearing") to consider the winning bid will be held before the Honorable Kevin J. Carey of the U.S. Bankruptcy Court at **11:00 a.m. Eastern Time on June 22, 2010**, in Courtroom 5, 824 North Market Street, Third Floor, Wilmington, Delaware 19801.

- A hearing (the "Canadian Hearing") to consider the winning bid will also be held before the Honorable Clément Gascon of the CCAA Court at [●] **Eastern Time on June** [●], **2010**, at the Montreal Court House, 1 Notre-Dame Street East, Room [●], Montreal, Quebec, Canada.

Filing Objections to the Motion

Any objection must (a) be in writing, (b) state with specificity the nature of such objection, (c) comply with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the District of Delaware (if filed in the U.S. Bankruptcy Court) or the CCAA and the *Code of Civil Procedure of Quebec* (if filed in the CCAA Court) and (d) be filed with the U.S. Court or the Canadian Court (as applicable) and served upon, so as to be actually received on or prior to the Objection Deadline, by the following parties:

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP 1285 Avenue of the Americas New York, New York 10019-6064 Attn: Kelley A. Cornish, Esq. Attn: Alice Belisle Eaton, Esq. Counsel to the Debtors	STIKEMAN ELLIOTT LLP 1155, René-Lévesque Blvd. West, 40th fl. Montreal, Quebec H3B 3V2 Attn: Marc Barbeau Attn: Sean Dunphy Counsel to the Canadian Debtors
ERNST & YOUNG INC. 800 René-Lévesque Blvd. West, Suite 1900 Montreal, Quebec H3B 1X9 Attn: Alex Morrison Monitor of the Canadian Debtors	THORNTONGROUTFINNIGAN LLP Suite 3200, Canadian Pacific Tower 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre Toronto, Ontario M5K 1K7 Attn: Robert I. Thornton Counsel to the Monitor
KRAMER LEVIN NAFTALIS & FRANKEL LLP 1177 Avenue of the Americas New York, New York 10036 Attn: John Bessonette Attn: Douglas H. Mannal	SHEARMAN & STERLING LLP 599 Lexington Avenue New York, New York 10022 Attn: Douglas Bartner Attn: Edmund M. Emrich

Counsel to the Backstop Investors	Counsel to the Backstop Investors
TORYS LLP 79 Wellington St. W., Suite 3000, Box 270 Toronto, Ontario M5K 1N2 Attn: Micheal Rotsztain Counsel to the Backstop Investors	PAUL HASTINGS LLP Park Avenue Tower 75 East 55th Street New York, New York 10022 Attn: Luc A. Despins, Esq. Attn: Robert Winter, Esq. Counsel to the Official Committee of Unsecured Creditors
OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE 844 King Street, Suite 2207 Wilmington, Delaware 19801 Attn: David Klauder, Esq.	GOODMANS LLP 333 Bay St., Suite 3400 Toronto, Ontario M5H 2S7 Attn: Robert Chadwick Counsel to the Ad Hoc Unsecured Noteholders Committee

Consequences Of Failing To Timely File And Serve An Objection

ANY PARTY OR ENTITY WHO FAILS TO TIMELY FILE AND SERVE AN OBJECTION ON OR BEFORE THE OBJECTION DEADLINE IN ACCORDANCE WITH THE BID PROCEDURES ORDER SHALL BE FOREVER BARRED FROM ASSERTING AN OBJECTION TO THE COMMITMENT AGREEMENT.

SCHEDULE "A"
CANADIAN DEBTORS

The Canadian Debtors 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., 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.; Bowater Couturier Inc. and Abitibi-Consolidated (U.K.) Inc.

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. *and al*

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

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

EXHIBIT R-1

COPY

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

EXHIBIT R-2

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

No: 500-11-036133-094

DATE: ●, 2010

PRESENT: THE HONOURABLE MR. JUSTICE CLÉMENT GASCON, J.S.C.

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 ON SCHEDULES "A", "B" AND "C"

Petitioners

and

ERNST & YOUNG INC.

Monitor

ORDER AUTHORIZING THE PETITIONERS TO ENTER INTO THE BACKSTOP COMMITMENT AGREEMENT
(#●)

---

[1] **CONSIDERING** Petitioners' *Motion for the Issuance of (i) (a) an Order Approving Bid Procedures and Bid Protections with Respect to an Auction in Connection with the Petitioners' Rights Offering; (b) Scheduling an Auction and Hearing; (c) Authorizing the Petitioners to Make Certain Payments; and (d) Approving the Form and Manner of Notice Thereof; (ii) an Order Authorizing the Petitioners to (a) Enter into a Backstop Commitment*

Agreement and (b) Make Certain Payments Thereunder; and (iii) a Recognition Order (the "**Motion**");

[2] **CONSIDERING** the representations of the parties;

[3] **GIVEN** the provisions of the *Companies' Creditors Arrangement Act* ("**CCAA**");

FOR THESE REASONS, THE COURT:

[4] **APPROVES** the Backstop Commitment Agreement filed as Exhibit R-5 to the Motion, including the payment of the Aggregate Commitment Payments (as defined in the Motion), the indemnification provisions set forth therein and the Plan Support Covenant (as defined in the Motion).

[5] **DECLARES** that the Petitioners are authorized to enter into the Backstop Commitment Agreement and to take all actions necessary to perform their obligations thereunder.

[6] **DECLARES** that the Petitioners are authorized to execute and deliver all instruments and documents and take any other actions as may be necessary or appropriate to implement and effectuate the transactions contemplated by this Order.

[7] **DECLARES** that the Petitioners are authorized to pay all amounts due under the Backstop Commitment Agreement, including the Aggregate Commitment Payments, in accordance with the terms of the Backstop Commitment Agreement.

[8] **ORDERS** that notwithstanding:

(i) the proceedings under the CCAA;

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

(iii) the provisions of any federal or provincial legislation;

the Backstop Commitment Agreement, the Plan Support Covenant and the payment of all amounts, including the Aggregate Commitment Payments, due under the Backstop Commitment Agreement and the performance of the indemnification provisions set forth therein, 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, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall they give rise to an oppression or any other remedy.

[9] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian Federal Court or administrative body and other nations and states to give effect to this Order and to assist the Petitioners, Ernst & Young Inc. (the "**Monitor**") and their respective agents in carrying out the terms of this Order and any other Order in these proceedings. All Courts or administrative bodies, including the United States Bankruptcy Court for the District of Delawaer, are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to Abitibi-Consolidated Inc. and/or the Monitor in any foreign proceedings and to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order and any other Order in these proceedings.

[10] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security.

THE WHOLE WITHOUT COSTS.

CLÉMENT GASCON, J.S.C.

●
Stikeman Elliott LLP
Attorneys for Petitioners

SCHEDULE "A"

ABITIBI PETITIONERS

1. ABITIBI-CONSOLIDATED INC.
2. ABITIBI-CONSOLIDATED COMPANY OF CANADA
3. 3224112 NOVA SCOTIA LIMITED
4. MARKETING DONOHUE INC.
5. ABITIBI-CONSOLIDATED CANADIAN OFFICE PRODUCTS HOLDINGS INC.
6. 3834328 CANADA INC.
7. 6169678 CANADA INC.
8. 4042140 CANADA INC.
9. DONOHUE RECYCLING INC.
10. 1508756 ONTARIO INC.
11. 3217925 NOVA SCOTIA COMPANY
12. LA TUQUE FOREST PRODUCTS INC.
13. ABITIBI-CONSOLIDATED NOVA SCOTIA INCORPORATED
14. SAGUENAY FOREST PRODUCTS INC.
15. TERRA NOVA EXPLORATIONS LTD.
16. THE JONQUIERE PULP COMPANY
17. THE INTERNATIONAL BRIDGE AND TERMINAL COMPANY,
18. SCRAMBLE MINING LTD.
19. 9150-3383 QUÉBEC INC.
20. ABITIBI-CONSOLIDATED (U.K.) INC.

SCHEDULE "B"

BOWATER PETITIONERS

1. BOWATER CANADIAN HOLDINGS INC.
2. BOWATER CANADA FINANCE CORPORATION
3. BOWATER CANADIAN LIMITED
4. 3231378 NOVA SCOTIA COMPANY
5. ABITIBIBOWATER CANADA INC.
6. BOWATER CANADA TREASURY CORPORATION
7. BOWATER CANADIAN FOREST PRODUCTS INC.
8. BOWATER SHELBURNE CORPORATION
9. BOWATER LAHAVE CORPORATION
10. ST-MAURICE RIVER DRIVE COMPANY LIMITED
11. BOWATER TREATED WOOD INC.
12. CANEXEL HARDBOARD INC.
13. 9068-9050 QUÉBEC INC.
14. ALLIANCE FOREST PRODUCTS (2001) INC.
15. BOWATER BELLEDUNE SAWMILL INC.
16. BOWATER MARITIMES INC.
17. BOWATER MITIS INC.
18. BOWATER GUÉRETTE INC.
19. BOWATER COUTURIER INC.

SCHEDULE "C"

18.6 CCAA PETITIONERS

1. ABITIBIBOWATER INC.
2. ABITIBIBOWATER US HOLDING 1 CORP.
3. BOWATER VENTURES INC.
4. BOWATER INCORPORATED
5. BOWATER NUWAY INC.
6. BOWATER NUWAY MID-STATES INC.
7. CATAWBA PROPERTY HOLDINGS LLC
8. BOWATER FINANCE COMPANY INC.
9. BOWATER SOUTH AMERICAN HOLDINGS INCORPORATED
10. BOWATER AMERICA INC.
11. LAKE SUPERIOR FOREST PRODUCTS INC.
12. BOWATER NEWSPRINT SOUTH LLC
13. BOWATER NEWSPRINT SOUTH OPERATIONS LLC
14. BOWATER FINANCE II, LLC
15. BOWATER ALABAMA LLC
16. COOSA PINES GOLF CLUB HOLDINGS LLC

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. *and al*

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

BS0350 n/dos.: 041053-1170

EXHIBIT R-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

EXHIBIT R-3

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

No: 500-11-036133-094

DATE: ●, 2010

PRESENT: THE HONOURABLE MR. JUSTICE CLÉMENT GASCON, J.S.C.

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 ON SCHEDULES "A", "B" AND "C"

Petitioners

and

ERNST & YOUNG INC.

Monitor

RECOGNITION ORDER
(June 11, 2010 Order of the U.S. Bankruptcy Court for the District of Delaware)
(#●)

---

[1] **CONSIDERING** Petitioners' *Motion for the Issuance of (i) (a) an Order Approving Bid Procedures and Bid Protections with Respect to an Auction in Connection with the Petitioners' Rights Offering; (b) Scheduling an Auction and Hearing; (c) Authorizing the Petitioners to Make Certain Payments; and (d) Approving the Form and Manner of Notice Thereof; (ii) an Order Authorizing the Petitioners to (a) Enter into a Backstop Commitment*

Agreement and (b) Make Certain Payments Thereunder; and (iii) a Recognition Order (the "**Motion**");

[2] **CONSIDERING** the representations of the parties;

[3] **GIVEN** the provisions of the *Companies' Creditors Arrangement Act* ("**CCAA**");

FOR THESE REASONS, THE COURT:

[4] **EXEMPTS** the Petitioners listed on Schedule "C" hereto from having to serve the Motion and from any notice of presentation.

[5] **ORDERS AND DECLARES** that the Order issued on ●, 2010 by the United States Bankruptcy Court for the District of Delaware attached as **Schedule "D"** to this Order, is recognized and given full force and effect in all provinces and territories of Canada in respect of all 18.6 Petitioners including, for greater certainty, in respect of AbitibiBowater Inc. and Bowater Inc.

[6] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian Federal Court or administrative body and other nations and states to give effect to this Order and to assist the 18.6 Petitioners, Ernst & Young Inc. (the "**Monitor**") and their respective agents in carrying out the terms of this Order and any other Order in these proceedings. All Courts or administrative bodies, including the United States Bankruptcy Court for the District of Delaware, are hereby respectfully requested to make such orders and to provide such assistance to the 18.6 Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to Abitibi-Consolidated Inc. and/or the Monitor in any foreign proceedings and to assist the 18.6 Petitioners and the Monitor and their respective agents in carrying out the terms of this Order and any other Order in these proceedings.

[7] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security.

THE WHOLE WITHOUT COSTS.

CLÉMENT GASCON, J.S.C.

●
Stikeman Elliott LLP
Attorneys for Petitioners

SCHEDULE "A"

ABITIBI PETITIONERS

1. ABITIBI-CONSOLIDATED INC.
2. ABITIBI-CONSOLIDATED COMPANY OF CANADA
3. 3224112 NOVA SCOTIA LIMITED
4. MARKETING DONOHUE INC.
5. ABITIBI-CONSOLIDATED CANADIAN OFFICE PRODUCTS HOLDINGS INC.
6. 3834328 CANADA INC.
7. 6169678 CANADA INC.
8. 4042140 CANADA INC.
9. DONOHUE RECYCLING INC.
10. 1508756 ONTARIO INC.
11. 3217925 NOVA SCOTIA COMPANY
12. LA TUQUE FOREST PRODUCTS INC.
13. ABITIBI-CONSOLIDATED NOVA SCOTIA INCORPORATED
14. SAGUENAY FOREST PRODUCTS INC.
15. TERRA NOVA EXPLORATIONS LTD.
16. THE JONQUIERE PULP COMPANY
17. THE INTERNATIONAL BRIDGE AND TERMINAL COMPANY,
18. SCRAMBLE MINING LTD.
19. 9150-3383 QUÉBEC INC.
20. ABITIBI-CONSOLIDATED (U.K.) INC.

SCHEDULE "B"

BOWATER PETITIONERS

1. BOWATER CANADIAN HOLDINGS INC.
2. BOWATER CANADA FINANCE CORPORATION
3. BOWATER CANADIAN LIMITED
4. 3231378 NOVA SCOTIA COMPANY
5. ABITIBIBOWATER CANADA INC.
6. BOWATER CANADA TREASURY CORPORATION
7. BOWATER CANADIAN FOREST PRODUCTS INC.
8. BOWATER SHELBURNE CORPORATION
9. BOWATER LAHAVE CORPORATION
10. ST-MAURICE RIVER DRIVE COMPANY LIMITED
11. BOWATER TREATED WOOD INC.
12. CANEXEL HARDBOARD INC.
13. 9068-9050 QUÉBEC INC.
14. ALLIANCE FOREST PRODUCTS (2001) INC.
15. BOWATER BELLEDUNE SAWMILL INC.
16. BOWATER MARITIMES INC.
17. BOWATER MITIS INC.
18. BOWATER GUÉRETTE INC.
19. BOWATER COUTURIER INC.

SCHEDULE "C"

18.6 CCAA PETITIONERS

1. ABITIBIBOWATER INC.
2. ABITIBIBOWATER US HOLDING 1 CORP.
3. BOWATER VENTURES INC.
4. BOWATER INCORPORATED
5. BOWATER NUWAY INC.
6. BOWATER NUWAY MID-STATES INC.
7. CATAWBA PROPERTY HOLDINGS LLC
8. BOWATER FINANCE COMPANY INC.
9. BOWATER SOUTH AMERICAN HOLDINGS INCORPORATED
10. BOWATER AMERICA INC.
11. LAKE SUPERIOR FOREST PRODUCTS INC.
12. BOWATER NEWSPRINT SOUTH LLC
13. BOWATER NEWSPRINT SOUTH OPERATIONS LLC
14. BOWATER FINANCE II, LLC
15. BOWATER ALABAMA LLC
16. COOSA PINES GOLF CLUB HOLDINGS LLC

SCHEDULE "D"

U.S. ORDER

[TO BE INSERTED UPON ISSUANCE]

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. ***and al***

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

BS0350 n/dos.: 041053-1170

EXHIBIT R-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

EXHIBIT R-4

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
	)	
	)	**Hearing Date with respect to Bid Procedures Order: June 11, 2010 at 11:00 a.m. (ET) (requested); Objection Deadline with respect to Bid Procedures: Order: June 7, 2010 at 4:00 p.m. (ET) (requested)**

DEBTORS' MOTION FOR ENTRY OF ORDERS: (I) (A) APPROVING BID PROCEDURES AND BID PROTECTIONS WITH RESPECT TO AN AUCTION IN CONNECTION WITH THE DEBTORS' RIGHTS OFFERING; (B) SCHEDULING AN AUCTION AND HEARING; (C) APPROVING THE FORM AND MANNER OF NOTICE THEREOF; AND (D) APPROVING THE RELEASE OF CERTAIN CLAIMS PURSUANT TO BANKRUPTCY RULE 9019; AND (II) AUTHORIZING THE DEBTORS TO (A) ENTER INTO A BACKSTOP COMMITMENT AGREEMENT AND (B) MAKE CERTAIN PAYMENTS THEREUNDER

AbitibiBowater Inc. and its affiliated debtors and debtors-in-possession in the above-captioned cases (each a "Debtor," and collectively, the "Debtors", and together with its non-Debtor subsidiaries and affiliates, the "Company"), by and through their undersigned counsel, hereby move (the "Motion"), pursuant to section 363 of title 11 of the United States Code (the

---

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). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (together, the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The

"Bankruptcy Code"), Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 2002-1 of the Local Rules of Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules") for entry of an order (i) approving bid procedures, including certain bid protections to the Backstop Investors (as defined below), for a marketing and auction process with respect to a commitment to backstop the Debtors' proposed Rights Offering (as defined below) and the terms of the notes to be issued thereunder, (ii) scheduling an auction and a hearing to consider the winning financing proposal, (iii) approving the form and manner of notice thereof and (iv) approving the settlement and related release by the Debtors and the Creditors Committee (as defined below) of certain claims relating to the Debtors' Convertible Notes (as defined below). By this Motion, the Debtors also seek entry of an order, upon the conclusion of the auction process, authorizing the Debtors to (i) enter into a backstop commitment agreement with the Backstop Investors or such other successful investor(s) at the auction and (ii) make certain payments thereunder. In support of this Motion, the Debtors respectfully state as follows:

PRELIMINARY STATEMENT

1. Concurrently with the filing of this Motion, the Debtors filed their First Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (as may be amended from time to time, the "Plan") and a related disclosure statement (as amended from time to time, the "Disclosure Statement"). A hearing to consider approval of the Disclosure Statement is currently scheduled for July 7, 2010. The Plan contemplates that the Debtors will finance distributions to creditors and their ongoing business operations after emergence from chapter 11 by, among other things, obtaining exit financing and raising up to $500 million through 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.

issuance of Notes (as defined below) pursuant to a rights offering made available to the Company's unsecured creditors (the "Rights Offering"). To ensure that the Rights Offering raises the required funds, the Debtors have entered into a commitment agreement with certain investors to backstop the Rights Offering (that commitment, the "Backstop Commitment").

2. Specifically, on May 24, 2010, the Debtors entered into an agreement with Fairfax (as defined below), Avenue Capital Management and certain other of the Company's prepetition noteholders (collectively, the "Backstop Investors") concerning their commitment to purchase any Notes that are not subscribed for in the Rights Offering (the "Commitment Agreement"). In exchange, the Debtors agreed to (i) pay the Backstop Investors a commitment fee (the "Backstop Payment"), (ii) reimburse certain expenses incurred by the Backstop Investors and their professionals in connection with the contemplated transaction (the "Transaction Expenses") and (iii) indemnify the Backstop Investors (each as described below and collectively, the "Aggregate Commitment Payments"). Because the Commitment Agreement guarantees the success of the Rights Offering and thereby significantly reduces the financing risks associated with consummating the Plans, the Debtors submit that, in the exercise of their business judgment, the Aggregate Commitment Payments are fair and reasonable, and entry into the Commitment Agreement is in the best interests of the Debtors' estates and all parties in interest.

3. To make certain that the terms of (a) the Backstop Commitment and (b) the Notes to be issued under the Plan pursuant to the Rights Offering (collectively, the "Issuance Terms") set forth in the Commitment Agreement are the most favorable terms available under the circumstances, the Debtors specifically negotiated for the ability to conduct a public auction process by which the Debtors will market test the Issuance Terms. Accordingly, by this Motion, the Debtors also request that the Court approve Bid Procedures (defined below) and grant other relief in connection with this marketing process. In exchange for the ability to conduct this

auction process and in consideration for the Backstop Investors' willingness to serve as the "stalking horse" bidder, the Debtors have agreed to make a payment to the Backstop Investors (as described in detail below, the "Termination Payment") if the Commitment Agreement terminates because, among other events, the Debtors obtain superior Issuance Terms to those set forth in the Commitment Agreement. The Debtors believe that market testing the Issuance Terms will provide significant value to the Debtors' estates and will ensure that the Company obtains the most favorable terms available for both the Backstop Commitment and the underlying Notes. The Debtors believe that the Termination Payment, which would be payable only in circumstances where the Backstop Payment is not earned, is a reasonable expense under the circumstances and constitutes an appropriate form of bid protection for the Backstop Investors.

4. Finally, in connection with Fairfax's commitment to participate as a Backstop Investor and provide substantial new capital to the Company through the Commitment Agreement, the Debtors and the Creditors Committee have resolved an outstanding dispute with Fairfax. Specifically, the Creditors Committee previously has alleged that the Debtors' estates may have potential avoidance action claims with respect to certain Convertible Notes (as defined below) issued prepetition to Fairfax. To induce Fairfax to participate in the Commitment Agreement as a Backstop Investor (which the Debtors believe is essential to obtain the participation of some or all of the other Backstop Investors), the Creditors Committee and the Debtors have now agreed, upon the occurrence of certain Release Conditions (as defined below), to release and discharge any and all liabilities the Debtors or the Creditors Committee may have against Fairfax related to Bowater's guaranty of the Convertible Notes. The Debtors and Creditors Committee believe that, in the exercise of their business judgment, it is reasonable and appropriate under the circumstances to grant Fairfax this release as part of the consideration

given to Fairfax in exchange for Fairfax's new capital commitment. As discussed below, without the Release, Fairfax would not have entered into the Commitment Agreement.

5. For the reasons set forth herein, the Debtors request that the Court (i) approve the Bid Procedures (as defined below) with respect to the auction process for the Issuance Terms, including the payment of the Termination Payment, if due pursuant to the Commitment Agreement, and grant associated relief, (ii) approve the Release by the Debtors and Creditors Committee of certain claims in connection with the Convertible Notes and (iii) upon the conclusion of the auction process, authorize the Debtors to enter into the Commitment Agreement with the Backstop Investors or, in the event that another party submits a more favorable bid, such winning investor, and make all payments thereunder.

JURISDICTION

6. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

7. The relief requested herein is predicated on section 363 of the Bankruptcy Code, Bankruptcy Rules 2002 and 9019 and Local Rule 2002-1.

BACKGROUND

8. AbitibiBowater Inc. is incorporated in Delaware and headquartered in Montreal, Quebec. The Company is the world's largest producer of newsprint by capacity and one of the largest publicly traded pulp and paper manufacturers worldwide. It produces an extensive range of commercial printing papers, market pulp and wood products, serving customers in over 90 countries. The Company is also among the world's largest recyclers of newspapers and magazines, and has third-party certified 100% of its managed woodlands to sustainable forest management standards. As of December 31, 2008, it owned or operated 24 pulp and paper

facilities and 30 wood products facilities located in the United States, Canada, the United Kingdom and South Korea, as well as recycling and power generation facilities. Employing around 15,900 people, the Company realized sales of approximately \$6.8 billion[2] in 2008. Its total assets were \$8.1 billion as of December 31, 2008.

The Chapter 11 Cases

9. The Company's financial performance depends primarily on the market demand for its products and the prices at which they can be sold. These products are globally traded commodities, and as such, the balance between supply and demand drives their pricing and shipment levels. Supply and demand, in turn, are affected by global economic conditions, changes in consumption and capacity, the level of customer and producer inventories and fluctuations in currency exchange rates. The recent downturn in the global economy has resulted in an unprecedented decline in demand for newsprint, the Company's primary product.
In addition, substantial price competition and volatility in the pulp and paper industry, along with negative trends in advertising, electronic data transmission and storage and continued expansion of the Internet, have exacerbated downward pressure on revenue. At the same time, the global credit markets suffered a significant contraction, including the failure of some large financial institutions, which has resulted in a severe decline in the credit markets and overall availability of credit. These market disruptions, as well as the Company's high debt levels and the overall weakness in consumer demand, have adversely impacted the Company's financial performance and have necessitated the commencement of these Chapter 11 Cases and coordinated Canadian filings.

2 All monetary figures are presented in U.S. dollars unless specifically noted otherwise.

10. Specifically, on April 16, 2009 (the "Petition Date"), certain of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases").[3] On April 17, 2009, certain of the Debtors (the "Canadian Debtors")[4] and non-debtor subsidiaries of AbitibiBowater (the "CCAA Debtors")[5] applied for protection from their creditors under Canada's Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA"), in the Superior Court, Commercial Division, for the Judicial District of Montreal, Canada (the "Canadian Court" and the filing, the "Canadian Proceeding"). Two of the CCAA Debtors -- Abitibi-Consolidated Inc. ("ACI") and Abitibi-Consolidated Company of Canada ("ACCC") (together, the "Chapter 15 Debtors") -- thereafter filed petitions for recognition under chapter 15 of the Bankruptcy Code (the "Chapter 15 Cases") in this Court seeking emergency provisional relief in support of the Canadian Proceeding. AbitibiBowater and certain of the Debtors also filed for ancillary relief in Canada seeking provisional relief in support of the Chapter 11 Cases in Canada under the Canadian equivalent of chapter 15, section 18.6 of the CCAA.[6]

---

3 The SPV Debtors filed petitions for relief under chapter 11 of the Bankruptcy Code on December 21, 2009.

4 The Canadian Debtors are: Bowater Canada Finance Corporation, Bowater Canadian Holdings Incorporated, AbitibiBowater Canada Inc., Bowater Canadian Forest Products Inc., Bowater Maritimes Inc., Bowater LaHave Corporation and Bowater Canadian Limited.

5 The CCAA Debtors are: Bowater Mitis Inc., Bowater Guerette Inc., Bowater Couturier Inc., Alliance Forest Products (2001) Inc., Bowater Belledune Sawmill Inc., St. Maurice River Drive Company, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Quebec Inc., Bowater Canada Treasury Corporation, Bowater Canada Finance Limited Partnership, Bowater Shelburne Corporation, 3231078 Nova Scotia Company, Bowater Pulp and Paper Canada Holdings Limited Partnership, Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Nova Scotia Incorporated, 32117925 Nova Scotia Company, Terra-Nova Explorations Ltd., The Jonquiere Pulp Company, The International Bridge and Terminal Company, Scramble Mining Limited, 9150-3383 Quebec Inc., Star Lake Hydro Partnership, Saguenay Forest Products Inc., 3224112 Nova Scotia Limited, La Tuque Forest Products Inc., Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated, 4042410 Canada Inc., Donohue Recycling and 1508756 Ontario Inc.

6 The Debtors who obtained section 18.6 relief are: AbitibiBowater Inc., AbitibiBowater US Holding 1 Corp., Bowater Ventures Inc., Bowater Incorporated, Bowater Nuway Inc., Bowater Nuway-Midstates, 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

11. On April 28, 2009, the Office of the United States Trustee for the District of Delaware appointed a statutory committee of unsecured creditors (the "Creditors Committee") in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

12. The Company's ability to reorganize depends on the comprehensive reorganization of its businesses in Canada and the United States. The Debtors' and the CCAA Debtors' interests are united in their integrated, co-dependent business relationship. The Debtors and the CCAA Debtors have therefore committed to engage in a joint and harmonious restructuring in both jurisdictions in an effort to maximize value for the benefit of the Company's collective stakeholders.

Status of Chapter 11 Cases

13. The Company has made significant progress towards confirmation and consummation of viable plans of reorganization and arrangement in the Chapter 11 Cases and Canadian Proceedings, respectively, that will enable the Company to emerge from bankruptcy as a successful going-concern. Concurrently with the filing of this Motion, the Company filed its Plan in the Bankruptcy Court and the Monitor filed, on behalf of the Company, the First Amended Plan of Reorganization and Compromise under the CCAA (the "CCAA Plan" and, together with the Plan, the "Plans") in the Canadian Court. Together, the Plans contemplate repayment in full in cash of all of the Company's prepetition and postpetition secured debt, and recoveries for unsecured creditors in the form of equity in the reorganized Company ("New ABH Stock"). Concurrent with these filings, the Company also filed the Disclosure Statement with respect to the Plan and an information circular with respect to the CCAA Plan. The Debtors intend to file a motion seeking approval of their proposed solicitation materials and procedures

---

South Operations LLC, Bowater Finance II, LLC, Bowater Alabama LLC and Coosa Pines Golf Club Holdings LLC.

with respect to the Plan (the "Solicitation Motion") shortly. The Solicitation Motion will also seek approval of the proposed subscription materials and procedures for the Rights Offering. A hearing on the Solicitation Motion is presently set for July 7, 2010, at which time the Debtors will seek authorization to commence the Plan solicitation process and the Rights Offering.

The Rights Offering and Backstop Commitment Agreement

14. The Company will need to raise significant capital to satisfy its obligations under the Plans and emerge from bankruptcy as a successful going-concern. The Company and its advisors will endeavor to raise the requisite amount of capital through an appropriate exit financing facility. However, in the event that the Company requires financing in addition to the capital that it is able to raise in the exit financing markets, it will have access to proceeds from the Rights Offering. As proposed, the Rights Offering is an alternate capital source that the parties intend to utilize only to the extent necessary to supplement the Company's available exit financing package. Thus, while the Plans presently contemplate that the Company will provide unsecured creditors with the opportunity to purchase their *pro rata* share of up to $500 million of unsecured convertible notes (the "Notes") through the Rights Offering, the Company has the ability to reduce the size of the Rights Offering (or cancel it altogether) if the Company raises the necessary exit financing from other sources.

15. The Company and its advisors have determined, in consultation with the key constituents, that obtaining a portion of the Company's financing needs now through the Rights Offering is the prudent course of action. In addition, to ensure that the Rights Offering yields the full amount of new capital required by the Company, the Company and its advisors have obtained the Backstop Commitment.

Commitment Agreement

16. The Debtors, the Backstop Investors (comprised of some of the Company's largest bondholders), and their respective advisors have engaged in extensive, good faith, arm's-length negotiations regarding the terms of a Backstop Commitment. The resulting Commitment Agreement (attached hereto as Exhibit C) guarantees the success of the Rights Offering by providing that the Backstop Investors will purchase any unsubscribed-for Notes on the effective date of the Plan, and does so on fair and reasonable terms. The Debtors intend for the Commitment Agreement to serve as a "stalking horse" bid in a formal auction process designed to ensure that the Issuance Terms are as competitive and favorable to the Debtors as possible. The Debtors believe that the Commitment Agreement is a strong platform from which they can solicit competing proposals during the auction process. Importantly, the Commitment Agreement also acknowledges that the Debtors will continue to consider and pursue alternate sources of capital and, as such, may choose to reduce or cancel the Rights Offering.

17. The key terms of the Backstop Commitment as set forth in the Commitment Agreement are as follows: [7]

Provision	**Description of Backstop Commitment**
Size of Rights Offering and Exercise Price	$500 million in unsecured convertible notes (described below), at a purchase price of $1 per Note. The Rights Offering is subject to reduction in size or cancellation prior to the effective date of the Plan, in the sole discretion of the Company.
Participation in Rights Offering	Rights will be offered to holders of general unsecured claims that are Eligible Holders, based on the pro rata amount of the Common Shares to be received by such Eligible Holder under the Plans as a distribution in respect

7 The summary of the terms of the Commitment Agreement contained in this Motion is qualified in its entirety by reference to the Commitment Agreement, and any conflict between this Motion and the Commitment Agreement shall be resolved in favor of the Commitment Agreement. Capitalized terms used in this section and not otherwise defined in this Motion shall have the meanings ascribed to them in the Commitment Agreement.

Provision	Description of Backstop Commitment
	of its Eligible Claims, in relation to all Common Shares distributed to all Eligible Holders under the Plans.
Backstop Obligation	Fully backstopped by the Backstop Investors; each Investor is jointly, but not severally, liable for the percentage commitment set forth in the Commitment Agreement.
Duration	The Outside Date will occur on the later of (i) October 15, 2010 and (ii) the date that is the earlier to occur of (x) December 31, 2010 and (y) the latest date on which any of the Company's commitments for Exit Financing Facilities are scheduled to expire, so long as the Company's commitments for the Exit Financing Facilities are in form and substance reasonably acceptable to Majority Investors.
Aggregate Commitment Payments	Backstop Payment equal to the greater of $15 million and 6% of the total size of the Rights Offering (as may be reduced), which percentage is half payable in Cash and half payable in New ABH Stock (subject to a Backstop Investor's election to receive the total payment in New ABH Stock), to be paid on the effective date of the Plan if the Commitment Agreement has not terminated by its terms prior to the effective date. The reasonable out-of-pocket expenses incurred by the Backstop Investors in connection with the transaction on the terms set forth in the Commitment Agreement.
Indemnification of Backstop Investors	Customary indemnification of the Backstop Investors by the Company against any and all losses, claims, damages, liabilities and expenses to which any of the Backstop Investors may become subject in connection with or arising out of the proposed transaction, including the Rights Offering, the Backstop Commitment, the Commitment Agreement or other transaction documents, and the purchase and sale of the Notes, subject to carve-outs for (i) Backstop Investors who default on their obligations under the Commitment Agreement, (ii) bad faith, gross negligence or willful misconduct, and (iii) to the extent a right to indemnification arises from an Investor's assignment of any of its rights or obligations under the Commitment Agreement to a third-party.
Conditions to Backstop Investors' Obligations	Customary conditions precedent, including: (a) filing of Plans and Disclosure Statements that are reasonably acceptable to a majority of the Backstop Investors (the "Majority Investors") within 5 business days of the execution of the Commitment Agreement; (b) Bankruptcy Court approval of the Termination Payment and the Commitment Agreement;

Provision	Description of Backstop Commitment
	(c) entry by the Bankruptcy Courts of orders approving the Plans on terms reasonably satisfactory to the Majority Investors; and (d) exit financing on terms and conditions reasonably satisfactory to the Majority Investors.
Disclosure Statement and Information Circular Support	The Backstop Investors covenant to support the Disclosure Statement with respect to the Plan and the information circular with respect to the CCAA Plan, and covenant not to take any negative action to interfere with approval of thereof. Pursuant to section 12(e) of the Commitment Agreement, this covenant survives termination of the Commitment Agreement.
Plan Support Covenant	The Backstop Investors covenant to enter into a plan support agreement on customary terms (the "Plan Support Agreement", substantially in the form attached to the Commitment Agreement) within 2 business days of entry of an order by the Court approving the Disclosure Statement or the Circular Order, whichever is later in time. The Debtors will seek approval of the Plan Support Agreement by separate motion. Pursuant to section 12(e) of the Commitment Agreement, this covenant survives termination of the Commitment Agreement.
Termination Payment	The Backstop Investors shall be entitled to receive a Termination Payment on the Effective Date or the effective date of a plan that is confirmed if the Commitment Agreement terminates for any of the following reasons: (a) the Company shall not have pursued an alternative transaction and the U.S. Bankruptcy Court or the Canadian Court shall not have entered an order approving the Commitment Agreement by July 10, 2010; (b) Occurrence of the Outside Date; (c) Plan Support Agreements are terminated by the Company or the Majority Investors; (d) delivery of a Satisfaction Notice or a public announcement from the Company that it has obtained sufficient capital from alternative sources and does not require and/or will not seek to complete the Rights Offering. (e) the Company breaches the Commitment Agreement in any material respect, or is in material breach of any of its representations and warranties contained herein and in each case fails to cure such breach, if curable, within ten (10) days after notice of such breach is given to the Company by an Investor; (f) the Company withdraws the Plans, announces its intention not to support the Plans, or pursues other plans or alternative transactions; (g) the U.S. Bankruptcy Court dismisses or converts the Company's

Provision	Description of Backstop Commitment
	chapter 11 case, or appoints a trustee or examiner with enlarged powers; (h) the Company's CCAA case is converted into a bankruptcy case or a trustee, receiver, receiver and manager or liquidator is appointed in respect of the Company; (i) the failure of the Company to satisfy certain conditions precedent (which failure cannot be cured by the earlier of the Effective Date or the Outside Date), or the date on which any of the conditions precedent become incapable of being satisfied; (j) the Disclosure Statement Order and Circular Order have not been entered or issued by July 29, 2010; or (k) the Company terminates the Commitment Agreement, in its sole discretion, for any reason other than those set forth in clauses (c)(1) through (c)(iv) of section 12 of the Commitment Agreement. The amount of the Termination Payment depends on the timing of termination. If a Termination Payment Trigger occurs: (i) after the date on which the Termination Payment is approved by the U.S. Bankruptcy Court but on or before the earlier of (x) the date on which this Commitment Agreement is approved by the U.S. Bankruptcy Court and (y) the later date on which an alternative transaction is approved by the U.S. Bankruptcy Court or Canadian Court (the "Approval Date"), the Termination Payment payable to all Investors shall be an aggregate amount equal to the lesser of (x) \$15,000,000 and (y) 5% of the capital raised in any alternative transaction, but not less than \$7,500,000; (ii) after the Approval Date but on or before October 15, 2010, the Termination Payment payable to all Investors shall be an aggregate amount equal to \$15,000,000; or (iii) after October 15, 2010, the Termination Payment payable to all Investors shall be an aggregate amount equal to the greater of (x) \$15,000,000 and (y) 6% of the Amount as in effect on October 15, 2010.
Termination Events	In addition to the termination events set forth in section 12 of the Commitment Agreement that give rise to a Termination Payment, the Commitment Agreement is subject to termination for any of the following reasons: (i) by mutual consent of the Majority Investors and the Company; (ii) (A) the U.S. Bankruptcy Court shall not have entered an

Provision	Description of Backstop Commitment
	order approving the Termination Payment, the reimbursement of Transaction Expenses and other relief requested by the Company, and the Canadian Court shall not have approved the Termination Payment, the reimbursement of Transaction Expenses and other relief requested by the Company, in each case, by June 25, 2010 and (B) if and to the extent the motion for approval of the Termination Fee contains a motion for relief that is specific to any Investor, then such Investor shall have the individual right to terminate, without the consent of the Majority Investors, should such relief not be approved by June 25, 2010; provided, that if any such Investor does so terminate pursuant to clause (B) above, then the other Investors may also elect to terminate, without the consent of the Majority Investors;
Competing Bids	The Backstop Commitment is subject to better offers. The Company may solicit competing bids through an auction process promptly upon entry of the Bid Procedures Order.

The Debtors believe that these terms are fair and reasonable and reflect market terms for such financing agreements.

18. The Commitment Agreement also sets forth the principal terms of the Notes to be issued under the Plans in a term sheet annexed thereto (the "Notes Term Sheet"). As set forth in the Notes Term Sheet, the parties presently contemplate that the Company will issue Notes on the following terms: [8]

Provision	Description of Notes
Issuer	AbitibiBowater Inc., a holding company incorporated under the laws of the United States or Canada, as formed or reorganized pursuant to the Plans (the "Company").

8 The summary of the Notes Term Sheet contained in this Motion is qualified in its entirety by reference to the Notes Term Sheet, and any conflict between this Motion and the Notes Term Sheet shall be resolved in favor of the Notes Term Sheet. Capitalized terms used in this section and not otherwise defined in this Motion shall have the meanings ascribed to them in the Notes Term Sheet.

Provision	Description of Notes
Issue Amount	New Notes (which collectively shall consist of §1145 Notes and Backstop Notes (each as hereinafter defined)) to be issued in an amount (the "Amount") not to exceed the lesser of: A) US$500 million; and B) the sum of: (i) US$325 million; and (ii) US$1,400 million less the sum of the Available Cash (as defined below) of the Company as of the Effective Date and aggregate principal amount of term indebtedness outstanding under the Exit Financing Facilities (as described in the Plans) and any other available facilities at such time. The Amount is subject to further reduction by the amount of Liquidity (as defined below) of the Company at the Effective Date in excess of $600 million. Any such reduction will be made as provided by the Backstop Commitment Agreement. Available Cash and Liquidity shall have the meaning set forth in the Backstop Commitment Agreement.
Coupon	10%, payable semi-annually in arrears commencing on the date that is six months after the Closing Date, computed on the basis of a 360-day year composed of twelve 30-day months. Subject to any required regulatory approval and provided no event of default has occurred and is continuing, with respect to any interest period, the Company shall have the option to pay half (i.e., 5%) of such interest by issuing additional New Notes ("PIK Notes"), *provided* that if the Company so elects to pay half of the coupon in PIK Notes, the portion of the coupon so payable with respect to such interest period shall be 6% rather than the 5% that would have been payable by the Company had it paid in cash.
Upfront Payment	The Company will pay to each Eligible Holder that subscribes to Rights to purchase New Notes an amount equal to 4% of the aggregate principal amount of such New Notes on the Effective Date, upon issuance of the New Notes.
Use of Proceeds	The proceeds from the issuance and sale of the New Notes shall be used to fund the Debtors' cash needs in connection with consummation of the Plans.
Closing Date	The date of the consummation of the Plans in form and substance reasonably acceptable to the Investors and consistent with the Backstop Commitment Agreement, and the New Notes Term Sheet (the "Closing"), which date shall be the later to occur of (A) October 15, 2010 and (B) the date that is the earlier to occur of (x) December 31, 2010 and (y) the latest date on which any of the Company's commitments for Exit Financing Facilities are scheduled to expire so long as the Company's commitments for the Exit Financing Facilities are acceptable to Majority Investors (as defined in the Backstop Commitment Agreement).

Provision	Description of Notes
Exemptions / Transfers	The issuance of Rights to the creditors and the exercise of the Rights are intended to be exempt from registration under the Securities Act pursuant to Section 1145 of the Bankruptcy Code and exempt from any prospectus requirement under corresponding Canadian securities laws exemptions. The amount of New Rights that each Eligible Holder may subscribe for in the Rights Offering may be decreased by the Issuer to the extent required to allow the Rights Offering to be exempt from registration under the Securities Act pursuant to Section 1145 of the Bankruptcy Code.
Maturity Date	7 years
Mandatory Redemption	If the reorganized Company sells certain specifically identified assets within six months of the issuance of the Notes resulting in net cash proceeds of more than $100 million, the proceeds of the sale must be used to redeem a portion of the Notes at 105% of par value, plus accrued and unpaid interest to the redemption date, subject to certain conditions set forth in the Notes Term Sheet.
Conversion Price	The New Notes shall be convertible as described below into the common stock, par value $0.001 per share, of the Company (the "Common Shares") at the Conversion Price. The "Conversion Price" shall equal (x) $1,800 million (plus any consideration to be received upon issuance of Common Shares outstanding on a fully-diluted basis on the Effective Date after giving effect to the consummation of the Plans, other than Common Shares issuable upon conversion of the New Notes and any Common Shares issued as part of the backstop payment described below) divided by (y) the number of Common Shares outstanding on a fully diluted basis on the Effective Date after giving effect to the consummation of the Plans, other than Common Shares issuable upon conversion of the New Notes and any Common Shares issued as part of the backstop payment described below, the issuance of which would be anti-dilutive as of the Effective Date.
Guarantees	The New Notes will be guaranteed by the wholly-owned U.S. subsidiaries of the Company (the "Guarantees").
Ranking	The New Notes and the Guarantees shall be subordinated in right of payment to the Company's and the Guarantors' obligations under the Company's Exit Financing Facilities, which may include unsecured financings (or replacements or refinancings thereof), and any other unsecured or secured senior debt in an amount not to exceed $200 million in the aggregate. Except as provided in the preceding sentence, the New Notes and the Guarantees shall be pari passu in right of payment with all senior unsecured obligations of the Company or the relevant Guarantor.

Provision	**Description of Notes**
Conversion Rights	As set forth in the Notes Term Sheet.
Conversion Adjustments	As set forth in the Notes Term Sheet.
Redemption	As set forth in the Notes Term Sheet.
Fundamental Change	As set forth in the Notes Term Sheet.
Covenants; Events of Default	Will contain a customary SEC and Canadian Commission reporting covenant. Will contain events of default customary for market converts. Will permit the Company to elect that the sole remedy for a default caused by a failure to comply with the reporting covenant be the payment of additional interest on the Notes for up to 180 days, rather than acceleration.
Registration Rights for the Backstop Notes	With respect to the Backstop Notes and the Common Shares issuable upon conversion thereof, the Company will: • file with SEC within 30 days after the earlier of (i) the date the Company becomes S-3 eligible (and has filed the information required by Part III of Form 10-K) and (ii) April 30, 2011, and • use commercially reasonable efforts to cause to become effective within 75 days after the earlier of (i) the date the Company becomes S-3 eligible (and has filed the information required by Part III of Form 10-K) and (ii) April 30, 2011, a shelf registration statement with respect to the resale of the Backstop Notes and the underlying Common Shares upon conversion of the Backstop Notes. If the Company fails to file such shelf registration statement or register the Backstop Notes and the underlying Common Shares upon conversion of the Backstop Notes by the dates set forth above, the Company will be required to pay additional interest of 0.25% per annum to the holders of the Backstop Notes until such time as the registration statement becomes effective. The Company will keep the registration statement effective until the date that is two years from the date of effectiveness of the registration statement.

The final terms of the Notes will be determined through the auction process. Those terms, once finalized, will be included in any subscription forms and mailings that are approved by the Court in connection with approval of the Disclosure Statement.

Bid Procedures

19. The Debtors propose that the following procedures (the "Bid Procedures") govern the auction regarding the Issuance Terms:[9]

Provision	Description of Bid Procedures Provision
Due Diligence	A Potential Investor who executes an acceptable confidentiality agreement may conduct due diligence from the date an order is entered approving the Bid Procedures and the Termination Payment until the Bid Deadline. The Debtors shall provide Potential Investors with reasonable diligence information as requested.
Bid Deadline	Binding bids must be received by **5:00 p.m. (ET) on June 18, 2010** by the Company, the Backstop Investors, the Creditors Committee, the Monitor and their respective advisors.
Qualified Bid Requirements	Only investors who submit "Qualified Bids" may participate in the Auction. A Qualified Bid must: A. be in writing; B. be accompanied by a clean and a duly executed Commitment Agreement, along with all exhibits thereto, including the Notes Term Sheet and the Plan Support Agreement; C. include a mark-up of the Commitment Agreement that reflects all amendments and modifications thereto with respect to both the terms of the Backstop Commitment and the Notes Term Sheet; D. specifically identify modifications or alterations to the terms of the Plan, if any, contemplated or necessitated by the terms or structure of the bid; E. not be conditioned on any contingency, including on obtaining financing, shareholder, board of directors or other approval, and/or the outcome or completion of a due diligence review; and F. must remain irrevocable until 72 hours after the Auction. In addition, each Potential Investor must: A. provide sufficient and adequate information to demonstrate, to the Company's satisfaction, in consultation with advisors to the Creditors

9 The summary of the Bid Procedures contained in this Motion is qualified in its entirety by reference to the Bid Procedures, annexed as Exhibit A to the form of Bid Procedures Order, and any conflict between this Motion and the Bid Procedures shall be resolved in favor of the Bid Procedures. Capitalized terms used in this section and not otherwise defined in this Motion shall have the meanings ascribed to them in the Bid Procedures.

Provision	Description of Bid Procedures Provision
	Committee, that such Potential Investor has the financial wherewithal and ability to provide the Backstop Commitment; B. provide sufficient and adequate information to demonstrate, to the Company's satisfaction, in consultation with advisors to the Creditors Committee and the Monitor, that such Potential Investor is duly authorized by any applicable boards or other type of internal governance to submit, execute and provide the Backstop Commitment; and C. not be entitled to any break-up fee, transaction fee, Termination Payment, expense reimbursement or any similar type of payment or reimbursement.
Auction	If one or more Qualified Bids are received by the Bid Deadline, an Auction shall commence on **June 21, 2010 at 10:00 a.m. (ET)** at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019 or such other time or place as the Company shall timely notify the Qualified Bidders. Prior to the Auction, the Company will select, after consultation with the advisors to the Creditors Committee and the Monitor, the highest or otherwise best Qualified Bid to serve as the "Starting Bid" and will notify the Qualified Bidders of such selection before the Auction.
Auction Procedures	The Auction will be conducted in accordance with the following: A. the Qualified Bidders shall appear in person at the Auction, or through duly-authorized representatives; B. only such authorized representatives of each of the Qualified Bidders, the Company, and its respective advisors, and the advisors to the Creditors Committee and the Monitor shall be permitted to attend the Auction; C. bidding at the Auction shall begin at the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by a Qualified Bidder that (i) improves upon such Qualified Bidder's immediately prior Qualified Bid and (ii) the Debtors determine, in consultation with the advisors to the Creditors Committee and the Monitor, is a higher or otherwise better offer than any other bids submitted in the prior round; D. only the Qualified Bidders shall be entitled to submit additional bids at the Auction; E. the Backstop Investors shall receive a credit equal to the amount of the Termination Payment when bidding at the Auction; F. each bidder will be informed of the terms of the previous bids; G. the Auction may, in the Company's discretion, include individual negotiations, in consultation with advisors to the Creditors Committee and the Monitor, with bidders and/or open bidding in the presence of all of the

Provision	Description of Bid Procedures Provision
	other Qualified Bidders; H. each bidder will be required to confirm on the record of the Auction that it has not engaged in any collusion with respect to the bidding or the Backstop Commitment. The Company, in consultation with advisors to the Creditors Committee and the Monitor, may announce other Auction Procedures at the Auction.
Successful Bid	The Auction shall continue until the Company selects, in consultation with advisors to the Creditors Committee and the Monitor, the highest or otherwise best offer with respect to the Issuance Terms.
Hearing	A hearing to consider approval of the Successful Bid shall take place in the Bankruptcy Court on **June 22, 2010 at 11:00 a.m. (ET)**.

The Debtors submit that the Bid Procedures are fair and reasonable and are carefully tailored to yield the most favorable Issuance Terms in an efficient and timely manner.

Termination Payment, Transaction Expenses and Indemnification

20. As noted above, to compensate the Backstop Investors for the risks and costs associated with serving as a stalking horse, and in light of the significant benefits that inure to the Debtors' estates as a result thereof, the Debtors have agreed to provide the Backstop Investors with certain bid protections, including a Termination Payment and Transaction Expenses. Specifically, in the event that the Commitment Agreement terminates before it is approved by this Court because, for example, the Debtors select a different investor or group of investors at the auction, the Debtors will pay the Backstop Investors a Termination Payment equal to the lesser of (a) $15 million and (b) 5% of the capital raised by any alternate transaction, but in any event no less than $7.5 million.

21. The Backstop Investors also may become entitled to a Termination Payment after the auction process concludes and this Court has authorized the Debtors to enter into the Commitment Agreement with the Backstop Investors. If the Termination Payment becomes

payable on or before October 15, 2010, the amount of the Termination Payment will be $15 million. If the Termination Payment becomes payable thereafter, the amount of the Termination Payment increases to the greater of (a) $15 million and (b) 6% of the size of the Rights Offering as of October 15, 2010. In other words, after the auction process has concluded and the Debtors have determined to enter into the Commitment Agreement with the Backstop Investors, the Termination Payment is intended to compensate the Backstop Investors for the funds that they have reserved and committed under the Commitment Agreement, and the commensurate benefit to the Debtors' estates of their commitment to reserve such funds. The longer that commitment remains outstanding, the higher the level of compensation.

22. Similarly, upon Court approval of the Commitment Agreement, the Debtors have agreed to indemnify the Backstop Investors against any and all losses, claims, damages, liabilities and expenses to which any of the Backstop Investors may become subject in connection with or arising out of the proposed transaction. This indemnity does not apply to Backstop Investors who default on their obligations under the Commitment Agreement or to losses, claims, damages, liabilities and expenses resulting from a Backstop Investor's bad faith, gross negligence or willful misconduct.

23. The Debtors believe that the Termination Payment, Transaction Expenses and the indemnity are appropriate and reasonable under the circumstances, and submit that without these associated fees and expenses the Backstop Investors would not have (i) agreed to enter into the Commitment Agreement, (ii) permitted the Debtors to conduct an auction with respect to that commitment or (iii) allowed the Debtors to reduce or cancel the Rights Offering at any time prior to the effective date of the Plan. Importantly, the Commitment Fee and the Termination Payment are mutually exclusive: there is no circumstance under which the Backstop Investors would receive both the Commitment Fee (which is payable only upon consummation of the

Rights Offering) and the Termination Payment (which is payable only upon certain Termination Events). Accordingly, in light of the significant benefits provided by having a backstop to the Rights Offering and the ability to seek more favorable terms therefor, the Debtors have determined, in the exercise of their business judgment, that entry into the Commitment Agreement with the Termination Payment is appropriate under the circumstances and in the best interests of the Debtors' estates and all parties in interest.

Notice of Auction

24. To ensure a rigorous auction process in which all potentially interested investors have the opportunity to participate, the Debtors propose to provide notice of the order approving the Bid Procedures by mail to: (a) counsel to the Creditors Committee; (b) the Office of the United States Trustee; (c) counsel to the agents for the Debtors' prepetition secured bank facilities; (d) counsel to the agent for the DIP Lenders; (e) counsel to the agent for the Debtors' securitization facility; (f) the Monitor appointed in the Canadian Proceeding; (g) those parties entitled to notice pursuant to Bankruptcy Rule 2002, in accordance with Local Rule 2002-1(b); and (h) all parties that have contacted the Debtors or their advisors in connection with participating in the Rights Offering or providing any other form of exit financing. The Debtors submit that such notice is sufficient and proper notice that will result in full participation in the auction process by all interested parties.

Fairfax Release

25. In connection with negotiating the terms of the Commitment Agreement and, by extension, the terms of the proposed Plan, the Debtors, the Creditors Committee and Fairfax, one of the proposed Backstop Investors, engaged in extensive discussions concerning certain claims

arising from the 8.0% Convertible Notes due April 15, 2013 (the "Convertible Notes") issued by AbitibiBowater Inc. and guaranteed by Bowater Incorporated ("Bowater" and the claims, the "Guaranty Claims"). Specifically, the Creditors Committee has asserted that the Guaranty Claims may be subject to avoidance under applicable sections of the Bankruptcy Code. Fairfax, one of the Debtors' largest prepetition creditors and a key constituent in formulating and funding the Rights Offering, disputes this allegation and was unwilling to serve as a Backstop Investor under the Commitment Agreement until it had certainty as to the treatment of the Guaranty Claims.

26. After due consideration and for the reasons discussed in greater detail below, the Debtors and the Creditors Committee have agreed, effective only if and when the Release Conditions (as defined herein) occur, to fully and forever irrevocably and unconditionally (i) release and discharge Fairfax Financial Holdings Limited, its successors, permitted assigns, representatives and affiliates (collectively "Fairfax") from any and all liabilities, both at law and in equity, which the Debtors or the Creditors Committee has, has ever had, or may hereafter have against Fairfax arising out of a guaranty (the "Guaranty") of the 8% Convertible Notes Indenture issued by Bowater Incorporated, and (ii) waive their right to challenge the validity, enforceability or effect of the Guaranty under the avoidance provisions of the Bankruptcy Code (including section 548 thereof) or otherwise. No release shall be made by the Debtors or the Creditors Committee unless and until both of the Release Conditions occur; provided, however, that in no event shall the Release Conditions be deemed to have occurred if Fairfax materially breaches or defaults under the Commitment Agreement. Until the Release Conditions occur, all of the Guaranty Claims against Fairfax shall remain fully enforceable and nothing herein shall be construed as or constitute a waiver or release of any right and remedy existing at law or in equity held by the Debtors and the Creditors Committee; provided, that the Debtors and the Creditors

Committee shall not assert or seek to assert, or otherwise exercise any remedies with respect to, the Guaranty Claims unless and until the Company terminates the Commitment Agreement by reason of Fairfax's breach of its material obligations under the Commitment Agreement or the Plan Support Agreement; provided further that nothing herein shall prejudice the right of the Creditors Committee to seek appropriate relief from the Bankruptcy Court upon the occurrence of a breach of Fairfax's material obligations under the Commitment Agreement if the Company fails to exercise such termination rights, or Fairfax's ability to contest such request for relief. If the Release Conditions do not occur, the release contained in this paragraph shall not become operational or effective.

27. As used herein, the "Release Conditions" mean the occurrence of both of the following events: (i) entry of a Final Order(s) by the Bankruptcy Court approving a backstop agreement and Rights Offering process, as described in Section 6.12 of the Plan of Reorganization in the form attached as Exhibit A to the Commitment Agreement and supporting documents (with such amendments, modifications and additions consented to by the Creditors Committee, collectively, the "Plan"); and (ii) the earliest to occur of (w) consummation of the Commitment Agreement and Fairfax's performance thereunder; (x) the Debtors' entry into of a higher, better, or alternative backstop agreement with a third-party which is approved by order of the Bankruptcy Court; or (y) Fairfax's termination or nonperformance of the Commitment Agreement for a reason other than the existence of a Material Adverse Effect or the unintentional breach by the Debtors of any of the representations and warranties set forth in Section 3 of the Commitment Agreement. Thus, the Debtors and the Creditors Committee have ensured that the Release provides a substantial benefit to the Debtors' estates.

RELIEF REQUESTED

28. By this Motion, the Debtors respectfully request entry of an order, pursuant to sections 363(b) of the Bankruptcy Code and Bankruptcy Rules 2002 and 9019, (i) approving the Bid Procedures with respect to an auction concerning the Backstop Commitment and the Notes, (ii) authorizing the Debtors to pay the Termination Payment, if due under the Commitment Agreement, (iii) scheduling the Auction and a hearing on the results thereof, (iv) approving the form and manner of notice of the Auction and (v) approving the Release (the "Bid Procedures Order," the form of which is attached hereto as Exhibit A). By this Motion, the Debtors further request entry of an order, following the conclusion of the Auction, authorizing the Debtors to (i) enter into the Commitment Agreement with the Backstop Investors or such other investor that submits a winning bid at the Auction and (ii) pay the Aggregate Commitment Payments contemplated therein (the "Backstop Commitment Order," the form of which is attached hereto as Exhibit B).

BASIS FOR RELIEF

29. Section 363(b)(1) of the Bankruptcy Code provides that a debtor, "after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). To approve the use, sale, or lease of property outside the ordinary course of business, this Court must find "some articulated business justification" for the proposed action. See In re Abbotts Dairies of Pennsylvania, Inc., 788 F.2d 143, 145-47 (3d Cir. 1986) (adopting good faith test and implicitly adopting the "articulated business justification" test from In re Lionel Corp., 722 F.2d 1063, 1070-71 (2d Cir. 1983)); see also In re Delaware & Hudson Ry. Co., 124 B.R. 169, 175-76 (D. Del. 1991) (concluding that the Third Circuit had

adopted a "sound business purpose" test in Abbotts Dairies); In re Montgomery Ward Holding Corp., 242 B.R. 147, 153 (D. Del. 1999) (applying sound business judgment standard under section 363(b) of the Bankruptcy Code). To determine whether the business judgment test is met, the court "is required to examine whether a reasonable business person would make a similar decision under similar circumstances." In re Exide Techs., Inc., 340 B.R. 222, 239 (Bankr. D. Del. 2006).

30. Once a debtor articulates a valid business justification, it is presumed that "in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company." In re Integrated Res., Inc., 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)). The business judgment rule shields a debtor's management from judicial second-guessing, and mandates that a court approve a debtor's business decision unless that decision is a product of bad faith or gross abuse of discretion. See Lubrizol Enters., Inc. v. Richmond Metal Finishers, Inc., 756 F.2d 1043, 1047 (4th Cir. 1985), cert. denied, 475 U.S. 1057 (1986); see also In re Bridgeport Holdings, Inc., 388 B.R. 548, 567 (Bankr. D. Del. 2008). Thus, if a debtor's decisions satisfy the business judgment rule, then the transaction in question should be approved under section 363(b) of the Bankruptcy Code.

31. Bankruptcy Rule 9019(a) provides that "on motion by the trustee and after a hearing, the Court may approve a compromise or settlement." Fed. R. Bankr. P. 9019(a). The settlement of time-consuming and burdensome litigation, especially in the bankruptcy context, is encouraged. See In re Penn Central Transp. Co., 596 F.2d 1102 (3d Cir. 1979) ("'administering reorganization proceedings in an economical and practical manner it will often be wise to arrange the settlement of claims'") (quoting In re Protective Comm. for Indep. Stockholders of TMT Ferry, Inc. v. Anderson, 390 U.S. 414, 424 (1968)). In determining the fairness and equity

of a compromise in bankruptcy, the United States Court of Appeals for the Third Circuit has stated that it is important that the bankruptcy court "apprise[] itself of all facts necessary to form an intelligent and objective opinion of the probabilities of ultimate success should the claims be litigated . . . . and estimate the complexity, expense and likely duration of such litigation, and other factors relevant to a full and fair assessment of the [claims]." Penn Central, 596 F.2d at 1153.

32. More recently, the Third Circuit Court of Appeals enumerated the following four-factor test to be used in deciding whether a settlement should be approved: "(1) the probability of success in litigation; (2) the likely difficulties in collection; (3) the complexity of the litigation involved and the expense, inconvenience and delay necessarily attending it; and (4) the paramount interest of creditors." In re Nutraquest, Inc., 434 F.3d 639, 644 (3d Cir. 2006).

33. Approval of a proposed settlement is within the "sound discretion" of the bankruptcy court. See In re Neshaminy Office Bldg. Assocs., 62 B.R. 798, 803 (E.D. Pa. 1986). The bankruptcy court should not substitute its judgment for that of the debtor. Id. The court is not to decide numerous questions of law or fact raised by litigation, but rather should canvass the issues to see whether the settlement falls below the lowest point in the range of reasonableness. See In re W.T. Grant & Co., 699 F.2d 599, 608 (2d Cir. 1983), cert. denied, 464 U.S. 22 (1983); see also In re Sea Containers Ltd., 2008 WL 4296562 (Bankr. D. Del. Sept. 19, 2008) at *5.

ENTRY INTO THE COMMITMENT AGREEMENT CONSTITUTES A SOUND EXERCISE OF THE DEBTORS' BUSINESS JUDGMENT

34. The Debtors' decision to enter into the Commitment Agreement is supported by sound business justifications. The Company will need to raise significant new capital to fund its emergence from bankruptcy and operations thereafter. The Backstop Commitment guarantees the availability of up to $500 million if the Company fails to raise sufficient exit financing

capital from other sources. The Backstop Commitment thus eliminates the risks associated with an undersubscribed Rights Offering, and provides the Company and other parties in interest with significant comfort concerning the availability of a significant portion of the Company's capital needs at emergence.

The Terms of the Commitment Agreement are Reasonable and Appropriate.

35. The specific terms of the Commitment Agreement are the result of arm's-length, good faith negotiations among the Company and the Backstop Investors. The Debtors believe that the terms of the Commitment Agreement are fair and reasonable, and reflect market terms for such agreements. Among other things, the Commitment Agreement acknowledges that the Debtors may reduce the size of the Rights Offering, or cancel it entirely, if the Debtors obtain sufficient funds through an exit financing package on superior terms. Under the terms of the Commitment Agreement, the Backstop Investors' obligation to backstop the Rights Offering continues, so long as the Rights Offering is conducted in any amount. Similarly, the Commitment Agreement expressly allows the Debtors to market test the terms of the Backstop Commitment through a public auction, thus assuring that the Debtors obtain the best terms available under the circumstances.

36. The Aggregate Commitment Payments, including the Termination Payment and Transaction Expenses, are reasonable in light of the benefits they provide to the Debtors' estates and are necessary to induce the Backstop Investors to enter into the Commitment Agreement. Under the terms of the Commitment Agreement, the Backstop Investors have committed to provide, if need be, up to $500 million in new capital. This is a significant financial commitment, and one which inherently carries a degree of uncertainty – as the Backstop Investors will not know the full size of their funding obligations until after the Rights Offering

subscription period has concluded. Given the potential size of the funding obligation and the importance of that funding to the Company's ability to timely emerge from bankruptcy, the Debtors submit that the Aggregate Commitment Payments are fair, reasonable and necessary under the circumstances.

37. The amount of the Aggregate Commitment Payments are well-within the range of similar fee structures that have been approved by other courts in this district and elsewhere in the context of a debtor's entry into backstop commitment agreements. See, e.g., In re Cooper-Standard Holdings Inc., Case No. 09-12743 (Bankr. D. Del. March 26, 2010) (3.5% commitment fee for backstop of convertible notes rights offering); In re Aleris Int'l, Inc., Case No. 09-10478 (Bankr. D. Del. March 15, 2010) (3.5% commitment fee for equity rights offering backstop); In re Spansion Inc., Case No. 09-10690 (Bankr. D. Del. Jan. 7, 2010) (4.1% success fee for equity rights offering backstop); In re Accuride Corp., Case No. 09-13449 (Bankr. D. Del. Nov. 2, 2009) (4% commitment fee for backstop of convertible note rights offering); In re Landsource Cmtys. Dev. LLC, Case No. 08-11111 (Bankr. D. Del. June 2, 2009) (reduction in purchase price equal to a 5% premium as fee for rights offering backstop); In re Motor Coach Indus. Int'l, Inc., Case No. 08-12136 (Bankr. D. Del. Oct. 29, 2008) (5% commitment fee paid in preferred stock).[10]

38. Similarly, the indemnification provisions of the Commitment Agreement are an appropriate exercise of the Debtors' business judgment. Such provisions are standard in backstop commitment agreements, like this Commitment Agreement, and were required to obtain the Backstop Investors' entry into the Commitment Agreement.

---

10 Furthermore, courts have routinely approved a debtor's reimbursement of expenses, such as the Transaction Expenses, incurred by participants in a backstop rights offering. See, e.g., Cooper-Standard (Bankr. D. Del. March 26, 2010) (approving expense reimbursement); Landsource (Bankr. D. Del. June 2, 2009) (same); Accuride (Bankr. D. Del. Nov. 2, 2009) (same).

39. The Plan Support Covenant is an important element of the Commitment Agreement that provides significant benefits to the Debtors' estates. By this covenant, the Backstop Investors have indicated that they will commit to support the Company's efforts to consummate the Plans on the terms presently contemplated by the parties. This covenant also ensures that any winning investor at the Auction will similarly support the Company's efforts with respect to the Plans. As such, this covenant is extremely valuable to the Company. The Debtors will seek authorization to enter into the Plan Support Agreement with the Backstop Investors and, to the extent applicable, the winning investor by a separate motion to be heard in connection with this Court's consideration of the Debtors' Disclosure Statement.

THE BID PROCEDURES AND TERMINATION PAYMENT ARE APPROPRIATE AND REASONABLE MEANS TO MAXIMIZE THE VALUE OF THE ESTATES

40. The Bid Procedures are designed to ensure that the terms of both the Backstop Commitment and the Notes to be issued under the Plans are the best terms presently available in the market, thereby maximizing value for the Debtors' estates. To that end, the Bid Procedures establish certain ground rules for the auction process that streamline the process of comparing different offers and provide the Debtors with flexibility to ensure the most advantageous result, among other things. While a formal bid and auction process is not frequently utilized with respect to aspects of a Rights Offering, such processes are commonplace for asset sales and have been uniformly approved. Indeed, at least one court has stated that such procedures are "presumptively valid." See Integrated Res., 147 B.R. at 656-57.

41. Moreover, courts in this and other Districts have approved similar marketing efforts in the context of capital investments. See In re Landsource Cmtys. Dev. LLC (Bankr. D. Del. June 2, 2009) (approving a general marketing of backstop commitment terms between entry of order and 5 days before end of rights offering subscription period); In re Motor Coach Indus.

Int'l, Inc. (Bankr. D. Del. Oct. 29, 2008) (approving backstop commitment contemplating pursuit of alternate transactions more favorable than the restructuring proposal that included the backstopped rights offering); see also In re General Growth Props., Inc., Case No. 09-11977 (Bankr. S.D.N.Y. May 7, 2010) (approving bidding procedures for formal auction process to select plan sponsor or asset purchaser and "stalking horse" investment agreement); In re Extended Stay Inc., Case No. 09-13764 (Bankr. S.D.N.Y. April 23, 2010) (approving bidding procedures for formal auction process to select plan sponsor); In re Frontier Airlines Holdings, Inc., Case No. 08-11298 (Bankr. S.D.N.Y. July 13, 2009) (approving bidding procedures for formal auction process to select plan sponsor investment and "stalking horse" investment).

42. The Debtors believe that the proposed Bid Procedures will promote active bidding from serious potential investors interested in providing the backstop for the Rights Offering and accordingly will yield the best Issuance Terms possible under the circumstances. Because the Bid Procedures will enable the Debtors to confirm that the Issuance Terms, as set forth in the Commitment Agreement, are the most advantageous terms available, the Debtors submit that the proposed Bid Procedures are reasonable and an appropriate means to test the terms of the Commitment Agreement for the benefit of their estates.

Termination Payment and Transaction Expenses

43. To compensate the Backstop Investors for serving as a "stalking horse" in this auction process and in light of the substantial benefit the Backstop Investors are providing to the Debtors' estates by virtue of serving as such, the Debtors seek approval of section 2(d) of the Commitment Agreement, which provides that the Backstop Investors will receive a Termination Payment and Transaction Expenses, in certain events, in conjunction with approval of the Bid Procedures. As set forth in the Commitment Agreement, upon entry of an order approving the

Motion, the Termination Payment shall constitute an allowed superpriority administrative expense claim of AbitibiBowater Inc. that is junior to all superpriority and administrative claims arising under the Final Order (1) Approving Postpetition Financing; (2) Authorizing Use of Cash Collateral; (3) Granting Liens and Providing Superpriority Expense Status; (4) Granting Adequate Protection; and (5) Modifying the Automatic Stay (dated June 4, 2009 and conformed on June 16, 2009, the postpetition financing approved thereby, the "Bowater DIP Agreement"). As a form of bid protection, the Termination Payment will compensate the Backstop Investors for the benefit they provide to the Debtors' estates by setting a baseline against which competing offers can be measured. If the auction process yields a more favorably alternative transaction, the Termination Payment will compensate the Backstop Investors for the funds they have committed on account of their Backstop Commitment obligations.

44. Approval of the Termination Payment and Transaction Expenses are governed by the standards for determining the appropriateness of bidding incentives in the bankruptcy context established by the Third Circuit in Calpine Corp. v. O'Brien Envtl. Energy, Inc. (In re O'Brien Envtl. Energy, Inc.), 181 F.3d 527 (3d Cir. 1999). In O'Brien, the Third Circuit concluded that "the determination whether break-up fees are allowable under § 503(b) must be made in reference to general administrative expense jurisprudence. In other words, [the inquiry] . . . depends upon the requesting party's ability to show that the fees were actually necessary to preserve the value of the estate." O'Brien, 181 F.3d at 535. Here, the Termination Payment and Transaction Expenses should be approved because they unquestionably will provide a substantial benefit to the Debtors' estates.

45. In O'Brien, the Third Circuit referred to nine factors that the bankruptcy court viewed as relevant in deciding whether to award bidding protections: (1) the presence of self-dealing or manipulation in negotiating the break-up fee; (2) whether the fee harms, rather than

encourages, bidding; (3) the reasonableness of the fee relative to the purchase price; (4) whether the "unsuccessful bidder place[d] the estate property in a sale configuration mode to attract other bidders to the auction;" (5) the ability of the request for a break-up fee "to attract or retain a potentially successful bid, establish a bid standard or minimum for other bidders, or attract additional bidders;" (6) the correlation of the fee to a maximization of value of the debtor's estate; (7) the support of the principal secured creditors and creditors committees of the break-up fee and expense reimbursement; (8) the benefits of the safeguards to the debtor's estate; and (9) the "substantial adverse impact [of the break-up fee] on unsecured creditors, where such creditors are in opposition to the break-up fee." See In re O'Brien, 181 F.3d at 536.

46. Whether evaluated under the "business judgment rule" applied by certain courts[11] or the Third Circuit's "administrative expense" standard, the Termination Payment and Transaction Expenses should be approved. First, all negotiations between the Debtors and the Backstop Investors have been conducted in good faith, and arm's length. Second, based on the Debtors' negotiations to date, the Debtors believe that the Termination Payment and Transaction Expenses are necessary to attract and retain the Backstop Investors, and that without approval of the same, the Debtors would lose the certainty and substantial benefits provided by the Backstop Commitment. Third, the Backstop Investors are providing a substantial benefit to the Debtors' estates by establishing a floor against which other potential bids may be judged, which will facilitate a rigorous Auction process.

47. Moreover, the Termination Payment, which represents 3% of the amount of the $500 million Rights Offering (subject to certain modifications depending on the timing of a triggering termination event and the ultimate size of the Rights Offering), constitutes a fair and

---

[11] See e.g., Official Comm. of Subordinated Bondholders v. Integrated Resources, Inc. (In re Integrated Resources, Inc.), 147 B.R. 650 (S.D.N.Y. 1992) appeal dismissed 3 F.3d 49 (2d Cir. 1993).

reasonable percentage of the proposed total investment by the Backstop Investors and is within the range of other such break-up fees that have been approved by courts, even in cases where no further formal marketing of the commitment is contemplated.

48. Approval of bid protections, like the Termination Payment and Transaction Expenses, is common in bankruptcy stalking horse auctions. See e.g. In re 995 Fifth Ave. Assocs., L.P., 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1989) (noting that bidding incentives may "be legitimately necessary to convince a white knight to enter the bidding by providing some form of compensation for the risks it is undertaking"). In the context of backstop commitments, courts in this and other Districts have approved fees, like the Termination Payment and Transaction Expenses, that are payable in the event that the proposed rights offering does not occur. See Cooper-Standard (Bankr. D. Del. March 26, 2010) (3.5% commitment fee payable if the debtor terminates the commitment agreement or the bankruptcy court approves "a capital raising transaction" inconsistent with the rights offering); Aleris Int'l (Bankr. D. Del. March 15, 2010) (2.8% Termination Payment if rights offering not consummated, in addition to 3.5% commitment fee); Spansion (Bankr. D. Del. Jan. 7, 2010) (2.7% breakup fee payable if rights offering not consummated by a date certain); Landsource (Bankr. D. Del. June 2, 2009) (5% premium payable if the debtor terminates the commitment agreement or consummates an alternate transaction, which can include choosing other backstop parties during a marketing process); Motor Coach (Bankr. D. Del. Oct. 29, 2008) ("Topping Fee" of approximately 9% if alternative transaction consummated).

49. Here, where the Company has specifically negotiated for both the ability to market test the terms of the Commitment Agreement through a formal auction process and the ability to reduce the size of, or cancel entirely, the Rights Offering, the likelihood that the transaction contemplated by the Backstop Parties does not occur is higher than usual. For this

reason, the inclusion of the Termination Payment and Transaction was a condition of the Backstop Investors' willingness to enter into the Commitment Agreement. Accordingly, the Debtors submit that the Termination Payment and Transaction Expenses are fair and reasonable and should be approved.

THE RELEASE OF FAIRFAX IS REASONABLE AND APPROPRIATE UNDER THE CIRCUMSTANCES

50. As detailed above, the Commitment Agreement is an important component of the Company's emergence strategy, and the Backstop Commitment is a vital aspect of the overall transaction. Armed with the certainty provided by a firm Backstop Commitment, the Company intends to move swiftly towards confirmation with greater assurance that its projected liquidity needs upon emergence will be satisfied. However, Fairfax, one of the primary Backstop Investors and a key party in formulating, negotiating and funding the Rights Offering, would not serve as a Backstop Investor without certainty as to the treatment of its claims arising out of the Convertible Notes. The Debtors believe that Fairfax's participation in the Backstop Commitment was essential to obtaining the Commitment Agreement. With respect to the Release, the Debtors and the Creditors Committee considered, among other things, the merits of any possible avoidance action that could be asserted with respect to the Convertible Notes, the significant benefits to the Debtors' estates from Fairfax's participation as a Backstop Investor, and the substantial delay, costs, expenses and uncertainty associated with trying to procure alternative financing arrangements without Fairfax's involvement. Upon due consideration and extensive negotiations, the Debtors and the Creditors Committee believe that the proposed Release by the Debtors' estates and the Creditors Committee of potential claims related to the Convertible Notes is reasonable and appropriate under the circumstances.

51. The Release constitutes a reasonable resolution of potential claims regarding the Convertible Notes. The Debtors have been working diligently to craft a viable Plan that is supported by all of their key constituents. The Rights Offering is a key component of the Plan. The Creditors Committee and Fairfax are two of the critical parties whose support of the Plan will facilitate an expeditious emergence from bankruptcy protection. Thus, settlement of the issues addressed by the Release was an essential element of moving forward towards confirmation of a consensual Plan. In considering whether to approve a settlement, courts examine, among other factors, the costs of a dispute, including associated delays, and the paramount interest of creditors. Nutraquest, 434 F.3d at 644. Given the clear benefit to the estates from Fairfax's role as a Backstop Investor, the Company believes that the Release is reasonable and appropriate under the circumstances and more than satisfies the requirements of Bankruptcy Rule 9019.

WAIVER OF STAY

52. Bankruptcy Rule 6004(h) provides that "an order authorizing the use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days after the entry of the order, unless the court orders otherwise." The Debtors request that this Court waive the fourteen-day stay period with respect to the Bid Procedures Order to enable the Company to immediately begin its auction process regarding the Issuance Terms. The hearing to consider approval of the Debtors' Disclosure Statement is presently set for July 7, 2010. To ensure that the Debtors provide sufficient notice to this Court and all parties in interest regarding the Rights Offering, including the final Issuance Terms, the auction process must have concluded prior to that date. At the same time, however, a robust auction process depends on providing Potential Investors with sufficient time to conduct due diligence. To satisfy both of these requirements

and still be ready for the July 7, 2010 hearing on the Disclosure Statement, the Debtors must commence their auction process promptly upon entry of the Bid Procedures Order.

53. In light of these time constraints, and because the Commitment Agreement specifies that the Company may not begin to solicit competing bids until this Court approves the payment of the Termination Payment, if due in accordance with the terms of the Commitment Agreement, there is a strong business justification for waiving the fourteen-day stay.

NOTICE

54. The Debtors have provided notice of this Motion to the following parties, or, in lieu thereof, their counsel: (a) counsel to the Creditors Committee; (b) the Office of the United States Trustee; (c) counsel to the agents for the Debtors' prepetition secured bank facilities; (d) counsel to the agent for the DIP Lenders; (e) counsel to the agent for the Debtors' securitization facility; (f) the Monitor appointed in the Canadian Proceeding; (g) those parties entitled to notice pursuant to Bankruptcy Rule 2002, in accordance with Local Rule 2002-1(b); and (h) all parties that have contacted the Debtors or their advisors in connection with participating in the Rights Offering or providing any other form of exit financing. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

NO PRIOR REQUEST

55. No previous motion for the relief requested herein has been made to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter (i) an order (a) approving the Bid Procedures, (b) authorizing the payment of the Termination Payment, if due under the terms of the Commitment Agreement, (c) scheduling the auction and a hearing on the results thereof, (d) approving the manner and form of notice thereof, and (e) approving the settlement and Release of certain claims in connection with the Convertible Notes and (ii) upon the conclusion of the auction process, an order authorizing the Debtors to (a) enter into the Commitment Agreement with the Backstop Investors or the successful bidder at the Auction and (b) pay the Backstop Fees and Expenses in connection therewith.

Dated: Wilmington, Delaware
May 24, 2010

YOUNG CONAWAY STARGATT & TAYLOR, LLP

____
Pauline K. Morgan (No. 3650)
Sean T. Greecher (No. 4484)
Patrick A. Jackson (No. 4976)
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

\- and -

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
Kelley A. Cornish
Alice Belisle Eaton
Claudia R. Tobler
Lauren Shumejda
1285 Avenue of the Americas
New York, New York 10019-6064
Telephone: (212) 373-3000
Facsimile: (212) 757-3990

Counsel for the Debtors and Debtors-in-Possession

EXHIBIT A
Proposed Bid Procedures Order

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)
	)	
	)	Jointly Administered
Debtors.	)	

ORDER (A) APPROVING BID PROCEDURES AND BID PROTECTIONS WITH RESPECT TO AN AUCTION IN CONNECTION WITH THE DEBTORS' RIGHTS OFFERING, (B) SCHEDULING AN AUCTION AND HEARING, (C) APPROVING THE FORM AND MANNER OF NOTICE THEREOF, AND (D) APPROVING THE RELEASE OF CERTAIN CLAIMS

Upon the Motion[2] of AbitibiBowater Inc. ("AbitibiBowater") and its affiliated debtors and debtors-in-possession in the above-captioned cases (each a "Debtor" and collectively, the "Debtors"), requesting entry of an order (the "Order") pursuant to section 363 of title 11 of the United States Code (the "Bankruptcy Code") and rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") (A) approving the Bid Procedures in the form attached hereto as Exhibit A; (B) authorizing the payment of the

---

1 The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), 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 (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), 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). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada. On February 18, 2010, the Court entered an order dismissing the case of ABH LLC 2.

2 Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

Termination Payment, if due in accordance with the terms of the Commitment Agreement; (C) scheduling the Auction (as defined in the Bid Procedures) and the Successful Bid Hearing (as defined below); (D) approving the manner and notice thereof and (E) approving the Release (as defined below); and it appearing that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors and other parties in interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and adequate notice of the Motion and opportunity for objection having been given; and this Court having reviewed and considered the Motion and any objections thereto; and this Court having heard statements of counsel at a hearing on the Motion (the "Hearing"); and it appearing that no other notice need be given; and it further appearing that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause therefor:

IT IS HEREBY FOUND AND DETERMINED THAT:

A. This Court has core jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334 and this matter is a core proceeding that the Court can determine pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The Debtors have articulated good and sufficient cause for (i) the approval of the Bid Procedures (the "Bid Procedures"), (ii) the granting of certain benefits and bid protections to the Backstop Investors in their role as stalking horse bidder, as provided herein, in the Commitment Agreement and in the Bid Procedures, (iii) the approval of the form and manner of notice of the Auction with respect to the Backstop Commitment and the Notes (the "Auction Notice") attached hereto as Exhibit B, (iv) the scheduling of an Auction, (v) the approval of the Release, and (vi) the scheduling of a Hearing to consider granting other relief requested in the

Motion, including approval of the Commitment Agreement with the Backstop Investors or such other successful bidder at the Auction.

C. Under the circumstances, good and sufficient notice of the relief sought in the Motion has been given and no further notice is required.

D. The Bid Procedures are fair, reasonable and appropriately designed to maximize recovery for the benefit of the Debtors' estates, their creditors and other parties in interest. The Bid Procedures balance the Debtors' interest in ensuring that the Backstop Investors remain committed to backstopping the proposed Rights Offering pursuant to the terms and conditions of the Commitment Agreement, while preserving the opportunity to attract higher and better proposals for the terms of the Backstop Commitment and the Notes to be issued under the proposed Plan.

E. The Debtors have demonstrated a compelling and sound business justification for authorizing the payment of the Termination Payment and Transaction Expenses to the Backstop Investors, if due under the terms and conditions set forth in the Commitment Agreement.

F. The Termination Payment and Transaction Expenses, if due under the terms of the Commitment Agreement (i) would be an actual and necessary cost of preserving the Debtors' estates within the meaning of section 503(b) of the Bankruptcy Code, and is (ii) of substantial benefit to the Debtors' estates, their creditors and other parties in interest, (iii) reasonable and appropriate, in light of, among other things, (A) the size and nature of the proposed Rights Offering, (B) the substantial efforts that have been and will be expended by the Backstop Investors and (C) the benefits the Backstop Investors have provided to the Debtors' estates, their creditors and other parties in interest, notwithstanding that the Commitment Agreement may be terminated by the Debtors if any higher or otherwise better proposal is identified through the

Auction process and (iv) necessary to obtain the Backstop Investors' commitment to backstop the Rights Offering.

G. The Termination Payment and Transaction Expenses induced the Backstop Investors to enter into the Commitment Agreement and the Backstop Investors are unwilling to commit to hold open their proposal to backstop the Rights Offering under the terms and conditions of the Commitment Agreement through the Auction process absent approval of the Termination Payment and Transaction Expenses.

H. The Termination Payment and Transaction Expenses provisions of the Commitment Agreement were negotiated by the parties in good faith and at arm's length.

I. The Termination Payment shall constitute an allowed administrative expense of AbitibiBowater Inc. under section 364(c)(1) of the Bankruptcy Code that is junior to all superpriority and administrative claims arising under the Final Order (1) Approving Postpetition Financing; (2) Authorizing Use of Cash Collateral; (3) Granting Liens and Providing Superpriority Expense Status; (4) Granting Adequate Protection; and (5) Modifying the Automatic Stay (dated June 4, 2009 and conformed on June 16, 2009, the postpetition financing approved thereby, the "Bowater DIP Agreement").

J. The agreement of the Debtors and the Creditors Committee (as defined below), to release and discharge Fairfax Financial Holdings Ltd. (and its successors, permitted assigns, representatives and affiliates, collectively "Fairfax") from any and all claims and liabilities, including avoidance actions or otherwise, that the Debtors or the Creditors Committee has, has ever had, or may hereafter have against Fairfax arising out of a guaranty (the "Guaranty") of 8.0% Convertible Notes due April 15, 2013 (the "Convertible Notes") issued by AbitibiBowater

Inc. and guaranteed by Bowater Inc. (the "Release") upon the occurrence of certain Release Conditions (as defined below) is fair, reasonable and equitable under the circumstances.

K. Fair consideration is being provided by Fairfax in exchange for the Release, including by its Backstop Commitment.

Based on the foregoing, and upon the record made before this Court at the Hearing, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED AND ADJUDGED THAT:

Approval of Bid Procedures

1. The Bid Procedures are approved and incorporated herein by reference. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Bid Procedures and may, in consultation with advisors to the Creditors Committee and in accordance with the terms thereof, modify such Bid Procedures as necessary and appropriate to maximize the value of the Debtors' estates.

2. The Bid Deadline is **June 18, 2010 at 5:00 p.m. (ET).** Any party that does not submit a Qualified Bid (as defined in the Bid Procedures) by the Bid Deadline will not be permitted to participate in the Auction.

3. The Debtors are authorized to conduct the Auction as set forth in the Bid Procedures. The Auction shall commence on **June 21, 2010 at 10:00 a.m. (ET)**, at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, or such later time or other place as the Debtors shall timely notify the Qualified Bidders following consultation with the advisors to the Creditors Committee; provided, however, that the Debtors reserve the right to cancel the Auction at any time by giving notice to the Qualified Bidders.

4. If no timely, conforming Qualified Bid other than the Commitment Agreement is submitted by the Bid Deadline, the Auction will be deemed cancelled, the Backstop Investors will be deemed the Successful Bid (as defined in the Bid Procedures), and the Debtors will immediately seek authority to enter into the Commitment Agreement.

Notice

5. The form and manner of notice regarding the Auction and marketing process are hereby approved. The form of the Auction Notice attached hereto as Exhibit B is hereby approved. The proposed notice is appropriate and reasonably tailored to target potential investors.

Successful Bid Hearing

6. The Court will hold a hearing to consider approval of the Successful Bid (the "Successful Bid Hearing") on **June 22, 2010 at 11:00 a.m. (ET)**, in the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801, or as soon thereafter as counsel may be heard. The Successful Bid Hearing may be continued to a later date, including the date of the hearing on approval of the Debtors' Disclosure Statement with respect to their Plan, by the Debtors sending notice prior to, or making an announcement at, the Successful Bid Hearing. No further notice of any such continuance will be required to be provided to any party.

7. Objections, if any, to the Motion must (a) be in writing, (b) state the basis of such objection with specificity, (c) conform to the Bankruptcy Rules and the Local Bankruptcy Rules, and (d) be served upon (i) counsel to AbitibiBowater, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019-6064, Attn: Kelley A. Cornish, Esq. and Alice Belisle Eaton, Esq., (ii) the financial advisor to AbitibiBowater, The

Blackstone Group, 345 Park Avenue, New York, New York 10154, Attn: Steve Zelin and Michael O'Hara; (iii) counsel to the official committee of unsecured creditors (the "Creditors Committee"), Paul, Hastings, Janofsky & Walker LLP, Park Avenue Tower, 75 East 55th Street, New York, New York 10022, Attn: Luc A. Despins, Esq; and (iv) counsel to the Backstop Investors, Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, Attn: Douglas Bartner, Esq. and Edmund Emrich, Esq. and Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: John Bessonette, Esq., and Douglas Mannal, Esq., so as to be actually received **no later than 4:00 p.m. (ET) on June 18, 2010** (the "Objection Deadline").

Termination Payment and Transaction Expenses

8. The Termination Payment and Transaction Expenses set forth in the Commitment Agreement are hereby approved, and any and all objections to the Termination Payment and Transaction Expenses that were not consensually resolved at or before the Hearing are hereby overruled. The Debtors are authorized and directed to pay the Termination Payment and Transaction Expenses to the Backstop Investors, if due in accordance with the terms of the Commitment Agreement without further order of the Court.

Release

9. Effective only if and when the Release Conditions (as defined herein) occur, the Debtors and the Creditors Committee shall fully and forever irrevocably and unconditionally (i) release and discharge Fairfax Financial Holdings Limited, its successors, permitted assigns, representatives and affiliates (collectively "Fairfax") from any and all liabilities, both at law and in equity, which the Debtors or the Creditors Committee has, has ever had, or may hereafter have against Fairfax arising out of a guaranty (the "Guaranty") of the 8% Convertible Notes

Indenture issued by Bowater Incorporated (the "Guaranty Claims"), and (ii) waive their right to challenge the validity, enforceability or effect of the Guaranty under the avoidance provisions of the Bankruptcy Code (including section 548 thereof) or otherwise. No release shall be made by the Debtors or the Creditors Committee unless and until both of the Release Conditions occur; provided, however, that in no event shall the Release Conditions be deemed to have occurred if Fairfax materially breaches or defaults under, the backstop agreement by and between Fairfax and the Debtors dated as of May 24, 2010 (the "Commitment Agreement", as the same may be amended after the date hereof with the consent of the Creditors Committee). Until the Release Conditions occur, all of the Guaranty Claims against Fairfax shall remain fully enforceable and nothing herein shall be construed as or constitute a waiver or release of any right and remedy existing at law or in equity held by the Debtors and the Creditors Committee; provided, that the Debtors and the Creditors Committee shall not assert or seek to assert, or otherwise exercise any remedies with respect to, the Guaranty Claims unless and until the Company terminates the Commitment Agreement by reason of Fairfax's breach of its material obligations under the Commitment Agreement or the Plan Support Agreement; provided further that nothing herein shall prejudice the right of the Creditors Committee to seek appropriate relief from the Bankruptcy Court upon the occurrence of a breach of Fairfax's material obligations under the Commitment Agreement if the Company fails to exercise such termination rights, or Fairfax's ability to contest such request for relief. If the Release Conditions do not occur, the release contained in this paragraph shall not become operational or effective.

10. As used herein, the "Release Conditions" mean the occurrence of both of the following events: (i) entry of a Final Order(s) by the Bankruptcy Court approving a backstop agreement and Rights Offering process, as described in Section 6.12 of the Plan of

Reorganization in the form attached as Exhibit A to the Commitment Agreement and supporting documents (with such amendments, modifications and additions consented to by the Creditors Committee, collectively, the "Plan"); and (ii) the earliest to occur of (w) consummation of the Commitment Agreement and Fairfax's performance thereunder; (x) the Debtors' entry into a higher, better, or alternative backstop agreement with a third-party which is approved by order of the Bankruptcy Court; or (y) Fairfax's termination or nonperformance of the Commitment Agreement for a reason other than the existence of a Material Adverse Effect or the unintentional breach by the Debtors of any of the representations and warranties set forth in Section 3 of the Commitment Agreement.

Waiver of Stay

11. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon its entry and the stay provided for in Bankruptcy Rules 6004(h) is hereby waived; (b) the Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order; and (c) the Debtors are authorized and empowered to, and may in their discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

12. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Order.

Dated: Wilmington, Delaware
_____________, 2010

____
Hon. Kevin J. Carey
Chief United States Bankruptcy Judge

EXHIBIT A TO THE BID PROCEDURES ORDER:
BID PROCEDURES

BIDDING PROCEDURES

Pursuant to the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated May 24, 2010 (as may be amended from time to time, the "Plan"), the Debtors intend to offer certain creditors the right to purchase securities (the "Securities") in the reorganized Debtors through a rights offering (the "Rights Offering"). In connection therewith, and as described below, the Debtors have negotiated a backstop commitment with respect to the Rights Offering. These Bidding Procedures (the "Bidding Procedures") set forth the process by which the Debtors will solicit competing proposals for, and conduct an auction (the "Auction") regarding, the terms of a backstop commitment for the Rights Offering, including the terms of the Securities to be issued under the Plan.

These Bidding Procedures have been approved by an order dated [___], 2010 (the "Bidding Procedures Order"), entered by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

Stalking Horse Agreement.

On May 24, 2010, the Debtors and certain of the Debtors' unsecured creditors (collectively, the "Stalking Horse") entered into an agreement that sets forth the terms of the Stalking Horse's commitment to backstop the Rights Offering (the "Backstop Commitment Agreement"). Exhibit C thereto sets forth the terms of the Securities to be issued under the Plan (the "Securities Term Sheet"). The Backstop Commitment Agreement executed by the Stalking Horse, together with the Securities Term Sheet, are collectively referred to herein as the "Stalking Horse Agreement."

Obtaining Due Diligence Access.

Upon execution of a confidentiality agreement (each, a "Confidentiality Agreement") in form and substance satisfactory to the Debtors, the Debtors shall provide interested investors (each, a "Potential Investor") with reasonable due diligence information that has been or will be provided to the Stalking Horse and other Potential Investors, as requested, as soon as reasonably practicable after such request. The due diligence period will end on the Bid Deadline (as defined herein).

The Debtors shall coordinate all reasonable requests for information and due diligence access from Potential Investors. No conditions relating to the completion of due diligence shall be permitted to exist after the Bid Deadline.

Bid Requirements.

To participate in the Auction, a Potential Investor (other than the Stalking Horse) must submit a Qualified Bid (as defined below) by **June 18, 2010 at 5:00 p.m. ET** (the "Bid Deadline") to each of (a) counsel to the Debtors, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019, Attn: Kelley Cornish, Esq. and Alice Belisle Eaton, Esq.; (b) the financial advisor to the Debtors, The Blackstone Group, 345 Park Avenue, New York, New York 10154, Attn: Steve Zelin and Michael O'Hara; (c) counsel to the official committee of unsecured creditors (the "Creditors Committee"), Paul Hastings LLP, Park Avenue Tower, 75 East 55th Street, New York, New York 10022, Attn: Luc Despins, Esq.; (d) the financial advisors to the Creditors Committee, (i) Lazard Freres & Co. LLC, 30 Rockefeller Plaza, New York, New York 10020, Attn: Blake O'Dowd, and (ii) FTI Consulting Inc., Three Times Square, 11th Floor, New York, New York 10036, Attn: Samuel Star; (e) counsel to the Canadian Debtors, Stikeman Elliott LLP, 1155 René-Lévesque Blvd. West, 40th Floor, Montreal, Quebec H2B 3V2, Canada, Attn: Marc Barbeau and Sean Dunphy; (f) the financial advisor to the Canadian Debtors, BMO Capital Markets, 100 King Street West, One First Canadian Place, Toronto, Ontario M5X 1H3, Canada, Attn: Glenn Sauntry and Mark Caiger; (g) the Monitor, Ernst & Young Inc., 222 Bay Street, Toronto, Ontario M5K 1J7, Attn: Alex F. Morrison; and (h) counsel to the Stalking Horse, Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, Attn: Douglas Bartner, Esq. and Edmund M. Emrich, Esq. and Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: John Bessonette, Esq., and Douglas Mannal, Esq. (collectively, the "Notice Parties"). To constitute a Qualified Bid, a bid must:

(a) be in writing;

(b) be accompanied by a clean and a duly executed Backstop Commitment Agreement, along with all exhibits thereto, including the Securities Term Sheet;

(c) include a mark-up of the Stalking Horse Agreement that reflects all amendments and modifications thereto with respect to both the terms of the Backstop Commitment and the Securities Term Sheet and the Plan Support Agreement;

(d) specifically identify modifications or alterations to the terms of the Plan, if any, contemplated or necessitated by the terms or structure of the bid;

(e) not be conditioned on any contingency, including, among others, on obtaining any of the following: (i) financing, (ii) shareholder, board of directors or other approval, and/or (iii) the outcome or completion of a due diligence review by the Potential Investor; and

(f) must remain irrevocable until 72 hours after the Auction.

In addition to the above, each Potential Investor must:

(a) provide the Notice Parties with sufficient and adequate information to demonstrate, to the Debtors' satisfaction, in consultation with advisors to the Creditors Committee and the Monitor, that such Potential Investor has the financial wherewithal and ability to provide the Backstop Commitment;

(b) provide the Notice Parties with sufficient and adequate information to demonstrate, to the Debtors' satisfaction, in consultation with advisors to the Creditors Committee and the Monitor, that such Potential Investor is duly authorized by any applicable boards or other type of internal governance to submit, execute and provide the Backstop Commitment; and

(c) not be entitled to any break-up fee, transaction fee, Termination Payment, expense reimbursement or any similar type of payment or reimbursement.

The Debtors, in consultation with advisors to the Creditors Committee and the Monitor, shall determine in their sole discretion whether any submitted bid constitutes a "Qualified Bid." Those parties submitting Qualified Bids shall be deemed to be "Qualified Bidders." For the avoidance of doubt, the Stalking Horse is a Qualified Bidder and the Stalking Horse Agreement constitutes a Qualified Bid.

Evaluation of Qualified Bids.

Prior to the Auction, the Debtors shall identify the Qualified Bid that is, in the Debtors' judgment and after consultation with the advisors to the Creditors Committee and the Monitor, the most economic or otherwise best bid (the "Starting Bid"). The Debtors shall notify the Qualified Bidders and the Notice Parties of such determination, and shall distribute copies of the Starting Bid to each Qualified Bidder prior to the commencement of the Auction.

Auction.

If one or more Qualified Bids are received by the Bid Deadline, then the Debtors shall conduct the Auction with respect to the Backstop Commitment and the Securities. The Auction shall commence on **June 21 at 10:00 a.m. (ET)** at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, or such later time or other place as the Debtors shall timely notify the Qualified Bidders following consultation with the advisors to the Creditors Committee; provided, however, that the Debtors reserve the right to cancel the Auction at any time by giving notice to the Qualified Bidders.

The Auction will be conducted in accordance with the following procedures, subject to modification by the Debtors in consultation with advisors to the Creditors Committee at the Auction (the "Auction Procedures"):

(a) the Qualified Bidders shall appear in person at the Auction, or through duly-authorized representatives;

(b) only such authorized representatives of each of the Qualified Bidders, the Debtors, their respective advisors, and the advisors to the Creditors Committee and the Monitor shall be permitted to attend the Auction;

(c) bidding at the Auction shall begin at the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by a Qualified Bidder that (i) improves upon such Qualified Bidder's immediately prior Qualified Bid and (ii) the Debtors determine, in consultation with the advisors to the Creditors Committee, is a higher or otherwise better offer than any other bids submitted in the prior round;

(d) only the Qualified Bidders shall be entitled to submit additional bids at the Auction;

(e) the Stalking Horse shall receive a credit equal to the amount of the Termination Payment (as defined in the Stalking Horse Agreement) when bidding at the Auction;

(f) each bidder will be informed of the terms of the previous bids;

(g) the Auction may, in the Debtors' discretion, in consultation with advisors to the Creditors Committee and the Monitor, include individual negotiations with bidders and/or open bidding in the presence of all of the other Qualified Bidders;

(h) each bidder will be required to confirm on the record of the Auction that it has not engaged in any collusion with respect to the bidding or the Sale; and

(i) the Bankruptcy Court will not consider bids made after the Auction is closed.

Acceptance of the Successful Bid.

The Auction shall continue until the Debtors, in the exercise of their reasonable, good-faith business judgment and after consulting with its advisors and the advisors to the Creditors Committee and the Monitor, determine that they have received the most economic or otherwise best bid or offer (the "Successful Bid"). In making such determination, the Debtors may consider, among other factors: the pricing terms of the Backstop Commitment; the impact, if any, on the proposed Plan or timing for emergence; and the terms and type of Securities to be issued. The Qualified Bidder having submitted a Successful Bid will be deemed the "Successful Bidder." Upon the conclusion of the Auction, the Successful Bidder and the Debtors shall, as soon as commercially reasonable and practicable, complete and sign all agreements, contracts, instruments or other documents evidencing and containing the terms upon which such Successful Bid was made.

Hearing.

A hearing to consider approval of the Successful Bid (the "Hearing") is presently scheduled to take place on **June 22, 2010 at 11:00 a.m. (ET)**, or as soon thereafter as counsel may be heard, before the Honorable Kevin J. Carey, United States Bankruptcy Judge, in the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801.

The Hearing may be continued to a later date, including the date of the hearing on approval of the Debtors' Disclosure Statement with respect to their Plan by the Debtors sending notice prior to, or making an announcement at, the Hearing. No further notice of any such continuance will be required to be provided to any party.

Reservation of Rights.

The Debtors reserve their rights, following consultation with the advisors to the Creditors Committee and the Monitor, to modify the Bidding Procedures in any manner that will best promote the goals of the bidding process or impose, at or prior to the Auction, additional customary terms and conditions on the Backstop Commitment and/or the Securities, including, without limitation, modifying the requirements for a Qualified Bid, extending the deadlines set forth in the Bidding Procedures, canceling the Auction, and rejecting any or all Qualified Bids if, in the Debtors' business judgment, in consultation with advisors to the Creditors Committee, such Qualified Bid (a) is inadequate or insufficient, (b) not in conformity with the requirements of the Bankruptcy Code or any related rules or the terms set forth herein, or (c) contrary to the best interests of the Debtors and their estates.

EXHIBIT B TO THE BID PROCEDURES ORDER:
PROPOSED AUCTION NOTICE

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

NOTICE OF (A) ENTRY INTO BACKSTOP COMMITMENT AGREEMENT,
(B) APPROVAL OF BID PROCEDURES, (C) AUCTION AND (D) HEARING

PLEASE TAKE NOTICE THAT on May __, 2010 the above-captioned debtors (the "Debtors"), filed the First Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "Plan"), pursuant to which the Debtors intend to raise capital to fund their obligations under the Plan through, among other sources, a rights offering to unsecured creditors (the "Rights Offering").

PLEASE TAKE FURTHER NOTICE THAT, in connection with the proposed Rights Offering, on May __, 2010, the Debtors entered into a commitment agreement (the "Agreement") with a group of investors (the "Backstop Investors") who have agreed to backstop the Rights Offering (that obligation, the "Backstop Commitment"). The Agreement also sets forth the key terms of the unsecured convertible notes (the "Notes") that the Debtors intend to issue in connection with the Rights Offering.

PLEASE TAKE FURTHER NOTICE THAT, on June [], 2010, the Court entered an order (the "Bid Procedures Order") authorizing the Debtors to conduct a public

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). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. 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.

auction with respect to the terms of the Backstop Commitment and the Notes and approving certain procedures (the "Bid Procedures") and protections for the Backstop Investors in connection with that process. A copy of the Bid Procedures Order (which incorporates the Bid Procedures) is enclosed herein.

Contact Person For Parties Interested in Submitting a Bid

The Bid Procedures set forth in detail the requirements for submitting a "Qualified Bid" (defined in the Bid Procedures). **Only Qualified Bids will be considered by the Debtors**. Any person interested in making an offer to backstop the Rights Offering should contact: Steve Zelin and Michael O'Hara at The Blackstone Group at (212) 583-5000.

Obtaining Additional Information

Additional copies of the Bidding Procedures Order, the Bidding Procedures and any other related documents are available upon request to EPIQ Bankruptcy Services, LLC, the Debtors' notice and claims agent, at (888) 266-9280, or by visiting the case website at http://dm.epiq11.com/ABH.

Important Dates and Deadlines

- The deadline to submit a Qualified Bid is **5:00 p.m. Eastern Time on June 18, 2010**.
- The deadline to file an objection with the Bankruptcy Court to the entry of an order approving the Commitment Agreement is **4:00 p.m. Eastern Time on June 18, 2010** (the "Objection Deadline").
- The Auction regarding the Backstop Commitment and the Notes, if one is necessary, will commence promptly at **10:00 a.m. Eastern Time on June 21, 2010**, at the offices of Paul, Weiss, Rifkind, Wharton &Garrison, LLP, located at 1285 Avenue of the Americas, New York, New York 10019.
- A hearing (the "Hearing") to consider the winning bid will be held before the Honorable Kevin J. Carey of the Bankruptcy Court at **11:00 a.m. Eastern Time on June 22, 2010**, in Courtroom 5, 824 North Market Street, Third Floor, Wilmington, Delaware 19801.

Filing Objections to the Motion

Any objection to the Motion must (a) be in writing, (b) state with specificity the nature of such objection, (c) comply with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the District of Delaware and (d) be filed with this Court and served upon, so as to be actually received on or prior to the Objection Deadline, by the following parties:

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP 1285 Avenue of the Americas New York, New York 10019-6064 Attn: Kelley A. Cornish, Esq. Attn: Alice Belisle Eaton, Esq. Counsel to the Debtors	STIKEMAN ELLIOTT LLP 1155, boul. René-Lévesque Ouest, 40e étage Montréal, QC H3B 3V2 Attn: Marc Barbeau Attn: Sean Dunphy Counsel to the Canadian Debtors
KRAMER LEVIN NAFTALIS & FRANKEL LLP 1177 Avenue of the Americas New York, New York 10036 Attn: John Bessonette Attn: Douglas H. Mannal Counsel to the Backstop Investors	SHEARMAN & STERLING LLP 599 Lexington Avenue New York, New York 10022 Attn: Douglas Bartner Attn: Edmund M. Emrich Counsel to the Backstop Investors
OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE 844 King Street, Suite 2207 Wilmington, Delaware 19801 Attn: David Klauder, Esq.	PAUL HASTINGS LLP Park Avenue Tower 75 East 55th Street New York, New York 10022 Attn: Luc A. Despins, Esq. Attn: Robert Winter, Esq. Counsel to the Official Committee of Unsecured Creditors

Consequences Of Failing To Timely File And Serve An Objection

ANY PARTY OR ENTITY WHO FAILS TO TIMELY FILE AND SERVE AN OBJECTION ON OR BEFORE THE OBJECTION DEADLINE IN ACCORDANCE WITH THE BID PROCEDURES ORDER SHALL BE FOREVER BARRED FROM ASSERTING AN OBJECTION TO THE COMMITMENT AGREEMENT.

EXHIBIT B
Proposed Commitment Agreement Order

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

ORDER AUTHORIZING THE DEBTORS TO ENTER INTO THE COMMITMENT AGREEMENT

Upon the Motion[2] of AbitibiBowater Inc. ("AbitibiBowater") and its affiliated debtors and debtors-in-possession in the above-captioned cases (each a "Debtor" and collectively, the "Debtors"), requesting entry of an order (the "Order") pursuant to sections 105 and 363(b) of title 11 of the United States Code (the "Bankruptcy Code"), authorizing the Debtors to enter into the Commitment Agreement in the form attached as Exhibit A hereto; and it appearing that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors and other parties in

1 The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), 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 (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), 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). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada. On February 18, 2010, the Court entered an order dismissing the case of ABH LLC 2.

2 Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and adequate notice of the Motion and opportunity for objection having been given; and this Court having reviewed and considered the Motion and any objections thereto; and this Court having heard statements of counsel at a hearing on the Motion (the "Hearing"); and it appearing that no other notice need be given; and it further appearing that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause therefor:

1. The Commitment Agreement, including the payment of the Aggregate Commitment Payments, the indemnification provisions set forth therein and the Plan Support Covenant, is approved.

2. The Debtors are authorized to enter into the Commitment Agreement and to take all actions necessary to perform their obligations thereunder.

3. The Debtors are authorized to execute and deliver all instruments and documents and take any other actions as may be necessary or appropriate to implement and effectuate the transactions contemplated by this Order.

4. The Debtors are authorized to pay all amounts due under the Commitment Agreement, including the Aggregate Commitment Payments, in accordance with the terms of the Commitment Agreement.

5. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon its entry and the stay provided for in Bankruptcy Rules 6004(h) is hereby waived; (b) the Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order;

and (c) the Debtors are authorized and empowered to, and may in their discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

6. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Order.

Dated: Wilmington, Delaware
_____________, 2010

____
Hon. Kevin J. Carey
Chief United States Bankruptcy Judge

<u>EXHIBIT C</u>
Commitment Agreement

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. ***and al***

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

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

EXHIBIT R-4

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

EXHIBIT R-5

(Already filed with the Monitor's Forty-Second Report
on May 25, 2010)

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. *and al*

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

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

EXHIBIT R-5

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

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. *and al*

Petitioners

- and –

ERNST & YOUNG INC.

Monitor

BS0350 n/dos.: 041053-1170

LIST OF EXHIBITS AND EXHIBITS R-1 TO R-5

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