CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No. : 500-11-036133-094

SUPERIOR COURT

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

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

ABITIBIBOWATER INC.

And

ABITIBI-CONSOLIDATED INC.

And

BOWATER CANADIAN HOLDINGS INC.

And

the other Petitioners listed herein

Petitioners

And

ERNST & YOUNG INC.

Monitor

MOTION FOR THE ISSUANCE OF AN ORDER AMENDING THE SECURITIZATION FACILITY AND OTHER RELIEF

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

MONTRÉAL, THE PETITIONERS RESPECTFULLY SUBMIT THE FOLLOWING:

I. PREAMBLE

1. On April 17, 2009, this Honourable Court (the "**Court**") issued an order (as subsequently amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (the "**Abitibi Petitioners**")[1]; (ii) Bowater Canadian Holdings Inc. and subsidiaries and affiliates thereof (the "**Bowater Petitioners**"[2]) and (iii) certain partnerships (the "**Partnerships**", and collectively with the Abitibi Petitioners, the "**Petitioners**"[3]). Unless otherwise indicated, all capitalized terms herein shall have the meaning attributed to them in the Petitioners' *Petition for the Issuance of an Initial Order* (the "**CCAA Petition**") dated April 17, 2009, the whole as it appears more fully from the Court record.

2. Pursuant to the Initial Order, Ernst & Young Inc. (the "**Monitor**") was appointed as Monitor of the Petitioners and Partnerships under the CCAA.

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

---

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

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

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

[4] The 18.6 Petitioners are AbitibiBowater Inc., AbitibiBowater US Holding 1 Corp., Bowater Ventures Inc., Bowater Incorporated, Bowater Nuway Inc., Bowater Nuway Mid-States Inc., Catawba Property Holdings LLC, Bowater Finance Company Inc., Bowater South American Holdings Incorporated, Bowater America Inc., Lake Superior Forest

4. The Abitibi Petitioners, the Bowater Petitioners and the 18.6 Petitioners (collectively, the "**Petitioners**") are all direct or indirect subsidiaries of ABH (collectively, with its subsidiaries, the "**ABH Group**").

5. Pursuant to the Initial Order, ACI was authorized by this Court to enter into and deliver the necessary amendments (the "**Waiver Agreement**", already communicated as Exhibit R-19 to the CCAA Petition) which provided for the continuation until June 1, 2009, of an existing two-level receivables securitization program (the "**Original Securitization Program**") with respect to the receivables of ACI and Abitibi Consolidated Sales Corporation ("**ACSC**").

6. On June 15, 2009, this Court amended paragraphs 29 to 45 of the Initial Order and authorized the Petitioners to enter into certain amended and restated securitization program agreements (collectively, the "**Amended and Restated Receivables Purchase Program**" or "**ARRPP**"), which were designed to amend and restate the Original Securitization Program in its entirety while continuing its existing structure.

7. Like the Original Securitization Program, the ARRPP functions to reduce the working capital requirements of the ACI Group and the DCorp Group and provides liquidity by enabling entities in these groups to realize the cash equivalent value of certain of their accounts receivable prior to the usual collection period, the whole as more fully detailed in the CCAA Petition (paragraphs 183 and following).

8. Maintaining a securitization program has been, and continues to be, an integral part of the ABH Group's capital structure. The ABH Group's ability to continue securitizing accounts receivable generated by ACI and ACSC is necessary for it to have sufficient working capital to support its operations, the whole as more fully set out below.

9. The ARRPP will reach maturity on June 16, 2010 (subject to the Extensions options described at paragraph 15).

II. ORDERS SOUGHT

10. The Petitioners hereby seek from this Court the issuance of an order authorizing the Petitioners, *inter alia*:

    (a) to further extend and amend the ARRPP by entering into *Amendment No. 1 to Second Amended and Restated Receivables Purchase Agreement, Amendment No. 1 to Second Amended and Restated Purchase and Contribution Agreement and Amendment No. 3 to Guaranty and Undertaking Agreement* (collectively with ancillary documentation, the "**2010 Amendments**"),

---

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

substantially in the form of the copy of same which is communicated herewith as **Exhibit R-1**; and

(b) to cause the payment of certain fees in connection with the 2010 Amendments.

11. In light of the fact that U.S. entities which are debtors in the context of the Chapter 11 Cases are parties to the ARRPP, the 2010 Amendments also require the authorization of the Bankruptcy Court. Accordingly, on May 21, 2010, the debtors in the Chapter 11 Cases served and filed a *Debtor's Motion for an Order Pursuant to Sections 105, 362, 363, 364 and 365 of the Bankruptcy Code* which is scheduled to be heard on June 11, 2010.

III. GROUNDS FOR THIS MOTION

12. The Original Securitization Program is described in the CCAA Petition (paragraphs 185 and following). It was implemented through a Purchase Contribution Agreement (as amended or restated from time to time, the "**PCA**"), a Receivables Purchase Agreement (as amended or restated from time to time, the "**RPA**") and other related agreements (collectively with the PCA and the RPA, the "**Amended Securitization Program Agreements**"). Copies of the Amended Securitization Program Agreements were communicated as Exhibits R-16, R-17 and R-18 in support of the CCAA Petition.

13. The ARRPP included a Guaranty and Undertaking Agreement (as amended or restated from time to time, the "**Guaranty Agreement**"), a Second Amended and Restated Receivables Purchase Agreement (as amended or restated from time to time, the "**Amended RPA**"), and a Second Amended and Restated Purchase and Contribution Agreement (as amended or restated from time to time, the "**Amended PCA**"), as well as ancillary documents.

14. The ARRPP preserved the structure of the Original Securitization Program and the operations of the ARRPP, as amended by the 2010 Amendments, may broadly be summarized as follows:

(a) accounts receivable are sold or contributed to a special purpose entity, Abitibi Consolidated U.S. Funding Corp. ("**ACI Funding**"), at a discount, based upon the outstanding balance on the accounts receivable. The accounts receivable originate either from (i) U.S. based customers, in which case the inventory is sold by ACSC and the accounts receivable are sold to ACI Funding by ACSC; or (ii) Canadian and non-European international customers, in which case the inventory is sold by ACI and the accounts receivable are sold directly to ACI Funding by ACI. Inventory sold to European customers is sold by a United Kingdom entity and the accounts receivable do not enter into the ARRPP.

(b) ACI Funding pays ACI in cash for the receivables using money from (i) collections on the accounts receivable previously sold or contributed to it, and (ii) proceeds from the sale of undivided percentage interests in pools of accounts receivable pursuant to the ARRPP. For purchases from ACSC, ACI Funding may also pay for receivables by increasing the Deferred Purchase Note (as defined in the Amended PCA).

(c) the banks participating in the ARRPP (the "**Banks**") have committed to purchase receivables in an aggregate principal amount of up to USD$270 million;

(d) accounts receivable are collected through various separate lockboxes subject to blocked account control agreements in favor of the agent under the ARRPP (the "**Agent**"). Funds from the lockboxes are transferred daily into accounts controlled by the Agent that serve to concentrate customer payments on accounts receivable. To obtain advances, the Company provides the Agent with a daily report, the parties calculate the amount available (or owed) under the program and the Agent releases funds available.

15. As indicated above, the ARRPP will mature on June 16, 2010. The ARRPP entitles the Petitioners to further extend the maturity date (each, an "**Extension**"):

(a) for three months following June 16, 2010 (the "**Fifteen Month Extension**") at a cost of an upfront fee of 1% of the current facility amount, equal to $2.7 million, and a 1% increase in the interest rate, resulting in an additional cost of approximately $100,000 per month; and

(b) for three additional months following the Fifteen Month Extension period (the "**Eighteen Month Extension**") also at a cost of an upfront fee of 1% of the current facility amount, equal to an additional $2.7 million, and a further 1% increase in the interest rate, resulting in an incremental additional cost of approximately $100,000 per month (totaling approximately an additional $200,000 per month over the interest cost presently in effect). Obtaining the Eighteen Month Extension also would require the consent of the required majority of the Banks.

16. The obligations of ACI Funding to the Banks are guaranteed by Donohue Corp. and certain of its subsidiaries pursuant to the Guaranty Agreement. ACI is a party to the Guaranty Agreement to provide certain representations and covenants, but it is not a guarantor.

17. As the scheduled maturity of the ARRPP approached, the Petitioners determined, in light of improving market conditions, to engage in negotiations regarding a possible amendment of the ARRPP to extend its maturity and obtain better interest rates.

18. In particular, the Petitioners sought to: (i) take advantage of the improving market to improve pricing terms on the facility generally; (ii) reduce the aggregate size of the facility to better suit the Petitioners' needs and thus avoid

paying fees on account of an unnecessarily large facility; and (iii) modify the maturity date of the ARRPP to enjoy the benefits of it for the duration of the CCAA Proceedings without exercising the costly Extension options.

19. Each of these goals would be achieved by way of certain Petitioners entering into the 2010 Amendments with the Agent and the Banks, which 2010 Amendments would amend the Amended RPA, the Amended PCA and the Guaranty Agreement.

20. The 2010 Amendments preserve the current structure of the ARRPP and allow the previously authorized sale of receivables and related rights to continue, thereby providing the ABH Group with the liquidity required in order to conduct its business during the restructuring.

21. The amendments to the ARRPP pursuant to the 2010 Amendments are as follows:

Modified Term	***Description of Modification***
Maturity Date	Extended for an additional 364 days from the date of the order to be issued pursuant to this motion. Fifteen Month Extension and Eighteen Month Extension provisions deleted.
Commitment	Purchase Limit reduced from $270 million to $180 million in the aggregate.
Interest Expense	Interest cost reduced from LIBOR + 750 basis points (with a 3% LIBOR floor) to LIBOR + 400 basis points (with a 2% LIBOR floor).
Unused Commitment Fee	Unused commitment fee reduced from 1.5% to 75 basis points.
Financial Covenants	Adding covenant levels for the fiscal quarters ending after September 30, 2010, i.e., for the duration of the Securitization Program.

22. The 2010 Amendments do not impose any new restrictions on the Petitioners' ability to utilize the ARRPP, but rather improve the economic terms previously approved by this Court.

23. In exchange for these modifications, ACI Funding, a non-debtor affiliate of AbitibiBowater inc., has agreed to pay certain fees to the Agent, Citigroup Global Markets Inc. and Barclays Capital Inc. as arrangers, and the Banks in the aggregate amount of $3.8 million (collectively, the "**Amendment Fees**"). The Amendment Fees are less than the extension fees totaling $5.4 million that would

be payable if the Petitioners exercised the two Extensions options under the existing arrangements, which would extend the ARRPP for six months rather than the 364 days provided by the 2010 Amendments.

24. The Amendment Fees are due and payable upon the closing of the 2010 Amendments.

25. The Petitioners do not believe that this Court's authorization is technically necessary for ACI Funding, which is not a debtor in CCAA Proceeding or in the Chapter 11 Cases, to pay the Amendment Fees.

26. Out of an abundance of caution, however, the Petitioners respectfully request that this Court authorize ACSC to cause ACI Funding to pay the Amendment Fees, without the necessity of any further application being made to or order being obtained from this Court.

27. Notwithstanding the payment of these Amendment Fees, the Petitioners estimate the 2010 Amendments will result in a $4 million in additional savings for the Petitioners before October 2010. These savings will result from a reduction in commitment fees and interest costs and the elimination of the additional upfront fees and interest rate increases associated with the Extensions.

28. By eliminating the two optional Extensions in favor of a full year of additional term for the ARRPP, the 2010 Amendments enable the Petitioners to continue to enjoy the benefits of the facility for additional time and will eliminate any uncertainty concerning the Petitioners' ability to obtain the Extensions, since the second such Extension would have required approval from the relevant qualified majority of the Banks.

29. If the ARRPP terminates on June 16, 2010, it will immediately unwind, permitting the Agent to apply all current and future amounts collected in the securitization lock box accounts to the capital currently extended to the ACI and DCorp Groups pursuant to the ARRPP, which Groups would immediately be required to repay all outstanding capital. This will constitute a severe cash constraint on these entities.

30. Absent the ARRPP, although ACI and ACSC would no longer be required to sell accounts receivable to ACI Funding, they would have to wait until their accounts receivable are collected in the ordinary course to obtain liquidity to operate their businesses. Cash constrained, the Petitioners would not be able to obtain emergency financing on a secured basis because the substantial asset value of ACI Funding - the accounts receivable generated by the ACI and DCorp Groups' businesses over time - would not be released from the Agent's lien.

31. The Petitioners' ability to maintain business relationships with their vendors, suppliers and customers, to pay their employees, to purchase and supply new inventory and otherwise finance their operations, is essential to the Petitioner's continued viability.

IV. CONCLUSIONS

32. The Petitioners believe it is both appropriate and necessary that the relief being sought herein be granted. The Petitioners are of the view that the conclusions sought will assist them in restructuring their business and affairs to maximize long term value for the benefit of all stakeholders.

33. The Petitioners respectfully submit that the notices given for the presentation of this Motion are proper and sufficient.

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

WHEREFORE MAY THIS COURT:

[1] **GRANT** this *Motion for the Issuance of an Order Amending the Securitization Facility and Other relief* (the "**Motion**").

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

[3] **AUTHORIZE** the Petitioners to perform, and take all actions necessary to make, execute and deliver, the *Amendment No. 1 to Second Amended and Restated Receivables Purchase Agreement, Amendment No. 1 to Second Amended and Restated Purchase and Contribution Agreement and Amendment No. 3 to Guaranty and Undertaking Agreement*, substantially in the form of the copy of same which was communicated as Exhibit R-1 to the Motion (the "**2010 Amendments**"), with any other instruments and documents in connection therewith.

[4] **AUTHORIZE** that the Petitioners are authorized, but not directed, to cause Abitibi Consolidated U.S. Funding Corp. to pay amendment fees in the aggregate amount of $3.8 million to Citibank, N.A., Citigroup Global Markets Inc., Barclays Capital Inc. and the banks party to the Amended and Restated Receivables Purchase Program, as such program is defined in the initial order issued by this Court on April 17, 2009 (as amended on April 22, May 6, and June 15, 2009, the "**Initial Order**"), without the necessity of any further application being made to or order being obtained from this Court.

[5] **ORDER** that the Amended and Restated Receivables Purchase Program shall continue in full force and effect as amended, modified and supplemented by the 2010 Amendments (the "**2010 ARRPP**").

[6] **ORDER** that, without limiting the generality of the foregoing, (a) for all obligations and indebtedness arising under the 2010 ARRPP, the Agent, the Banks and the Syndication Agent thereunder are each granted each and every right and remedy granted to such party under the Initial Order (the relevant provisions of the Initial Order being incorporated herein by reference) and (b) nothing herein shall adversely affect any of the rights and remedies granted to the Agent, the Banks and the Syndication Agent under the Amended and

Restated Receivables Purchase Program, which rights and remedies shall continue in full force and effect and shall be deemed applicable to the 2010 ARRPP to the same extent applicable to the Amended and Restated Receivables Purchase Program.

[7] **ORDER** that, without limiting the generality of the foregoing, (a) the definitions of "ARRPA", "ARPCA", and "Guaranty and Undertaking Agreement" contained in the Initial Order shall be deemed to refer to such documents as amended by the 2010 Amendments, as applicable, and (b) all liens, security interests, priorities, and other rights, remedies, benefits, privileges, and protections provided for in the Initial Order (including with respect to the Amended and Restated Receivables Purchase Program and as adequate protection) shall apply with equal force and effect to the 2010 ARRPP and all obligations in connection therewith or related thereto.

[8] **ORDER** that the 2010 ARRPP and the provisions of the Order to be issued pursuant to this Motion shall be binding upon all parties in these proceedings, including, without limitation, the Petitioners, the Agent, the Banks, the Syndication Agent, ACSC, ACI (as such terms are defined in the 2010 ARRPP), and their respective successors and assigns, and shall inure to the benefit of the Petitioners, the Agent, the Banks, the Syndication Agent, ACSC, ACI and ACI Funding, and their respective successors and assigns.

[9] **ORDER** the provisional execution of the Order to be issued pursuant to this Motion notwithstanding any appeal and without the necessity of furnishing any security.

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

Montréal, this 4th day of June, 2010

Stikeman Elliott LLP

Stikeman Elliott LLP
Attorneys for the Petitioners

AFFIDAVIT

I, the undersigned, Bruce Robertson, having a place of business at 39, Winford Dr., Toronto, Ontario, M3C 3K5 solemnly declare the following:

1. I am the Chief Restructuring Officer of AbitibiBowater Inc.;

2. All the facts alleged in the present *Motion for the Issuance of an Order Amending the Securitization Facility and Other relief* are true.

AND I HAVE SIGNED

BRUCE ROBERTSON

Solemnly declared before me at TORONTO
on the 4th day of June, 2010

Name: Paloma Ellard
Title: Lawyer

NOTICE OF PRESENTATION

TO : SERVICE LIST

TAKE NOTICE that the *Motion for the Issuance of an Order Amending the Securitization Facility and Other relief* will be presented for adjudication before one of the Honourable Judges of the Superior Court, sitting in practice in and for the District of Montréal, **in Room 16.12** of the Montréal Court House, 1 Notre-Dame St. East, on **June 9, 2010**, at **9.15 a.m.**

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, this 4th day of June, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Petitioners

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

N°. 500-11-036133-094

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

In the matter of Plan of Compromise or Arrangement of:

ABITIBIBOWATER INC. *and al*

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

BS0350 n/dos.: 041053-1170

MOTION FOR THE ISSUANCE OF AN ORDER AMENDING THE SECURITIZATION FACILITY AND OTHER RELIEF

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

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 an order amending the securitization facility and other relief)

#10563088 v1

DESCRIPTION		TAB
R-1	Amendment No. 1 to Second Amended and Restated Receivables Purchase Agreement, Amendment No. 1 to Second Amended and Restated Purchase and Contribution Agreement and Amendment No. 3 to Guaranty and Undertaking Agreement	1

Montréal, this 4 day of June, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

#10563088 v1

EXHIBIT R-1

AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT, AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED PURCHASE AND CONTRIBUTION AGREEMENT AND AMENDMENT NO. 3 TO GUARANTY AND UNDERTAKING AGREEMENT

AMENDMENT (this "**Amendment**"), dated as of June [•], 2010 to (i) the Second Amended and Restated Receivables Purchase Agreement (the "**RPA**"), dated as of June 16, 2009, among Abitibi-Consolidated U.S. Funding Corp. (the "**Seller**"), the affiliates of the Seller party thereto, the banks party thereto (the "**Banks**"), Citibank, N.A., as agent for the Banks (the "**Agent**"), and the other agents party thereto, (ii) the Second Amended and Restated Purchase and Contribution Agreement, dated as of June 16, 2009, among Abitibi-Consolidated Inc. ("**ACI**"), Abitibi Consolidated Sales Corporation and the Seller and (iii) the Guaranty and Undertaking Agreement (as amended prior to the date hereof, the "**Guaranty**"), dated as of June 16, 2009, by and among the guarantors party thereto (the "**Guarantors**"), ACI and the Agent.

WITNESSETH:

The parties hereto agree as follows:

SECTION 1. *Defined Terms; References.* Unless otherwise specifically defined herein, each term used herein that is defined in the RPA has the meaning assigned to such term in the RPA. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement", "this Guaranty" and each other similar reference contained in the RPA or the Guaranty shall, after this Amendment becomes effective, refer to each respective document as amended hereby.

SECTION 2. *Amendments to the RPA.* The RPA is hereby amended as follows:

(a) Section 1.01(a) of the RPA is hereby amended by:

(i) amending clause (c) of the definition of "Alternate Base Rate" so that it reads as follows:

"(c) the Eurodollar Rate for a Yield Period of one month plus 1.00%."

(ii) amending and restating the definition of "Applicable Margin" to read as follows:

"Applicable Margin" means (i) 3.00% per annum, for purposes of determinations of Yield based on the Alternate Base Rate, and (ii) 4.00% per annum, for purposes of determinations of Yield based on the Adjusted Eurodollar Rate.

(iii) amending the definition of "Bank" by (1) replacing "hereto" with "to the Extension Amendment" and (2) inserting "after the effectiveness of the Extension Amendment" immediately following "Agreement".

(iv) amending the definition of "Bank Commitment" by (1) replacing "hereof" with "of the Extension Amendment" and (2) inserting "after the effectiveness of the Extension Amendment" immediately following "hereto".

(v) deleting the definition of "Eighteen Month Facility Extension Option."

(vi) amending the definition of "Eurodollar Rate" by replacing "3.00%" with "2.00%."

(vii) adding the following definition immediately following the definition of "Existing RPA":

"Extension Amendment" means Amendment No. 1 to Second Amended and Restated Receivables Purchase Agreement, Amendment No. 1 to Second Amended and Restated Purchase and Contribution Agreement and Amendment No. 3 to Guaranty and Undertaking Agreement, dated as of June [•], 2010, by and among the Seller, the Servicer, the other Affiliates of the Seller party thereto, the Agent and the Banks.

(vii) deleting the definition of "Fifteen Month Facility Extension Option."

(viii) amending the definition of "Percentage" by (1) replacing "hereof" with "of the Extension Amendment" and (2) inserting "after the effectiveness of the Extension Amendment" immediately following "Agreement".

(ix) amending the definition of "Purchase Limit" by replacing "$270,000,000" with "$180,000,000".

(x) deleting the definition of "Reorganization Plan."

(xi) amending and restating the definition of "Stated Termination Date" to read as follows:

"Stated Termination Date" means June [●], 2011[1]; provided that if such date is not a Business Day, the Stated Termination Date shall be the immediately preceding Business Day."

(b) Section 2.05(c) of the RPA is hereby amended by replacing "1.50%" with "0.75%."

(c) Sections 2.14 and 2.15 of the RPA are each hereby amended and restated to read "[Reserved]."

(d) Section 10.01(a)(i)(3) of the RPA is hereby amended by deleting "except as contemplated by Sections 2.14 and 2.15 (each as in effect on the Closing Date)".

(e) Schedule I to the RPA is hereby replaced by Schedule I to this Amendment.

SECTION 3 *Amendments to the Originator Purchase Agreement.* The definition of "Alternate Base Rate" appearing in Section 1.01 of the Originator Purchase Agreement is amended and restated to read as follows:

"Alternate Base Rate" has the meaning specified in the RPA.

SECTION 4 *Amendments to the Guaranty.*

(a) The table in Section 5.14 of the Guaranty is hereby amended and restated to read in it entirety as follows:

Period	**Minimum Cumulative Consolidated EBITDAR**
Fiscal Quarter Ending June 30, 2009	$45,000,000
Period of Two Consecutive Fiscal Quarters Ending September 30, 2009	$90,000,000
Period of Three Consecutive Fiscal Quarters Ending December 31, 2009	$135,000,000
Period of Four Consecutive Fiscal Quarters Ending March 31, 2010	$180,000,000
Period of Four Consecutive Fiscal Quarters Ending June 30, 2010	$180,000,000
Period of Four Consecutive Fiscal Quarters Ending September 30, 2010	$180,000,000

[1] To be the date that is 364 days from the Amendment Effective Date (as defined below).

Period of Four Consecutive Fiscal Quarters Ending December 31, 2010	$180,000,000
Period of Four Consecutive Fiscal Quarters Ending March 31, 2011	$180,000,000

(b) The table in Section 5.16 of the Guaranty is hereby amended and restated to read in it entirety as follows:

Period	**Maximum Combined Capital Expenditures**
Fiscal Year 2009	$90,000,000
Fiscal Year 2010	$90,000,000
Fiscal Year 2011	$90,000,000

SECTION 5. *Reallocation of Capital and Receivable Interests.*

(a) On the Amendment Effective Date (as defined below), (x) all Yield Periods in respect of which Yield is computed by reference to the Adjusted Eurodollar Rate shall be deemed to have been terminated, and each Receivable Interest then outstanding shall be deemed to have a Yield Period of one day (and to have a Yield Rate based on the Alternate Base Rate), subject to future adjustment in accordance with the definition of "Yield Period", (y) the Aggregate Capital shall be reallocated so that each Bank shall hold a percentage of the Aggregate Capital that is equal to such Bank's Percentage.

(b) On the Amendment Effective Date, each Bank that, after giving effect to this Amendment, has a Percentage that is in excess of its Percentage immediately prior to giving effect to this Amendment (each such Bank, an "**Increasing Bank**") shall purchase Receivable Interests from each Bank that is not an Increasing Bank, in amounts such that immediately after giving effect to all such purchases, each Bank shall hold its pro rata share (determined on the basis of such Bank's Percentage) of the Aggregate Capital. The purchase price to be paid by each Increasing Bank for each such purchase of a Receivable Interest shall be equal to the Capital of such Receivable Interest plus accrued and unpaid Yield thereon as of the Amendment Effective Date.

(c) For the avoidance of doubt, with respect to all Receivable Interests purchased after the Amendment Effective Date, the Seller shall have the option to elect whether the applicable Yield Rate is to be based on the Adjusted Eurodollar Rate or the Alternate Base Rate, in accordance with Section 2.02(a) of the RPA.

SECTION 6. *Representations and Warranties.* The Seller, the Servicer, ACI and each other Obligor (as defined in the Guaranty) represents and warrants as to itself that (a) each of the representations and warranties made by it in the

Transaction Documents will be true on and as of the Amendment Effective Date (except insofar as such representations and warranties relate expressly to an earlier date certain, in which case such representations and warranties shall be correct as of such earlier date) and (b) no Default or Event of Default (each as defined in the Guaranty) or Event of Termination will have occurred and be continuing on such date.

SECTION 7. *Effect on Transaction Documents; Ratification.* Except as specifically set forth in this Amendment, the RPA, the Guaranty and all other Transaction Documents, including the security interests granted thereunder, shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

SECTION 8. *Governing Law* . This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 9. *Counterparts* . This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 10. *Execution by ACI.* This Amendment shall be considered to be executed and delivered by ACI in the United States of America and once an authorized director or officer of ACI resident in the United States of America has executed the same.

SECTION 11. *Effectiveness.* This Amendment shall become effective on the date when the following conditions are met (the "**Amendment Effective Date**"):

(a) the Agent shall have received from the Seller, the Servicer, each Obligor and each Bank a counterpart hereof signed by such party or other written confirmation (in form satisfactory to the Agent) that such party has signed a counterpart hereof;

(b) the Agent shall have received an officer's certificate from the principal financial officer of ACI, dated as of the Amendment Effective Date, certifying that:

(i) as of the Amendment Effective Date, there exists no (or, in the case of any Abitibi Entity other than the Seller, no unstayed) action, suit, investigation, litigation or proceeding pending or threatened in any court or before any arbitrator or governmental instrumentality (other than the Bankruptcy Case and the Canadian Case and matters directly related thereto) that (i) could reasonably be expected to result in a Material Adverse Effect (except as otherwise disclosed in Schedule 3.07 or Schedule 3.11

to the Guaranty) or (ii) restrains, prevents or imposes or could reasonably be expected to impose materially adverse conditions upon the transactions contemplated by the Transaction Documents (as amended by this Amendment);

(ii) all necessary governmental and third party consents and approvals necessary in connection with the performance by any of the Seller, the Originators, the Servicer, the Subservicer or the Guarantors under the Transaction Documents (as amended by this Amendment) and the transactions contemplated thereby have been obtained and are in effect;

(iii) as of the Amendment Effective Date, the Insurance Policy is in full force and effect;

(iv) since December 31, 2009, there has been no event or circumstance that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect (except as publicly disclosed by the Parent, ACI or any of their Affiliates prior to the Amendment Effective Date or as disclosed in Schedule 3.07 or Schedule 3.11 to the Guaranty); and

(v) as of the Amendment Effective Date, Liquidity is at least US$150,000,000.

(c) the Agent shall have received favorable opinions of (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP, U.S. counsel for ACI, the Seller, the Guarantors and the Originators and (ii) Stikeman Elliott LLP, Canadian counsel for ACI and the Canadian Originator, in each case dated the Amendment Effective Date and in form and substance reasonably satisfactory to the Agent;

(d) Liquidity as of the Amendment Effective Date shall be at least US$150,000,000;

(e) The representations and warranties contained in Section 4.01(e) and Section 4.02(e)(ii) of the RPA shall be correct on and as of the Amendment Effective Date as though made on and as of such date and all other representations and warranties contained in Sections 4.01 and 4.02 of the RPA shall be correct on and as of the Amendment Effective Date as though made on and as of such date (except insofar as such representations and warranties relate expressly to an earlier date certain, in which case such representations and warranties shall be correct as of such earlier date);

(f) No Event of Termination or Incipient Event of Termination and no Default (as defined in the Guaranty) or Event of Default (as defined in the Guaranty) shall have occurred and be continuing on the Amendment Effective Date;

(g) the Agent shall have received evidence that final orders reasonably satisfactory to it from the Bankruptcy Court and the Canadian Court approving the transactions contemplated by this Amendment (including all fees payable in connection therewith) shall have been entered, and shall be satisfied that none of the foregoing (i) shall have been reversed or vacated, (ii) shall have been modified or amended without the prior written consent of the Agent or (iii) shall be subject to a stay;

(h) the Seller shall have paid (x) to the Agent, for the account of each Bank, the consent fee required to be paid pursuant to that certain fee letter dated as of May 17, 2010 between the Seller and the Agent and (y) to each of Citigroup Global Markets Inc. ("**CGMI**") and Barclays Capital Inc. ("**Barclays**") all fees and expenses due and payable to them, in their respective capacities as arrangers of this Amendment, on or prior to the Amendment Effective Date pursuant to that certain arrangers' fee letter dated as of May 17, 2010 among the Seller, CGMI and Barclays; and

(i) the Seller shall have paid or reimbursed the Agent for all reasonable out-of-pocket expenses incurred by it (including the reasonable fees, charges and disbursements of counsel) to the extent the same (i) are required to be reimbursed pursuant to Section 10.04(a) of the RPA and (ii) have been invoiced not later than the Business Day preceding the Amendment Effective Date.

Upon the occurrence of the Amendment Effective Date, the notice concerning the Seller's option to exercise the Fifteen Month Facility Extension Option delivered to the Agent on May 13, 2010, shall be automatically rescinded, without any further action.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

CITIBANK, N.A.,
as Agent

____
Name:
Title:

ABITIBI-CONSOLIDATED U.S. FUNDING CORP.,
as Seller and as "Purchaser" as defined in the Originator Purchase Agreement

By: ______________________________
Name:
Title:

ABITIBI CONSOLIDATED SALES CORPORATION,
as Servicer, as an Originator, as an Obligor and as a "Seller" as defined in the Originator Purchase Agreement

By: ______________________________
Name:
Title:

ABITIBI-CONSOLIDATED INC.,
as Subservicer, as an Originator, as an Obligor and as a "Seller" as defined in the Originator Purchase Agreement

By: ______________________________
Name:
Title:

DONOHUE CORP.,
as an Obligor

By: ______________________________
Name:
Title:

ABITIBI-CONSOLIDATED CORP.,
as an Obligor

By: ______________________________
Name:
Title:

AUGUSTA WOODLANDS, LLC,
as an Obligor

By: ABITIBI-CONSOLIDATED CORP., its Sole Member

By: ______________________________
Name:
Title:

ABITIBI-CONSOLIDATED ALABAMA CORPORATION,
as an Obligor

By: ______________________________
Name:
Title:

ALABAMA RIVER NEWSPRINT COMPANY,
as an Obligor

By: ______________________________
Name:
Title:

[ ],
as a Bank

Name:
Title:

SCHEDULE I

Bank Commitments

Institution		Bank Commitment	Percentage
[●]		$[●]	[●]%
	Total	**$180,000,000**	**100.0000%**

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

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 EXHIBIT AND EXHIBIT R-1

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