

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)

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

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.

and

BOWATER CANADIAN HOLDINGS INC.

and

the other Petitioners listed herein

Petitioners

and

ERNST & YOUNG INC.

Monitor

MOTION FOR AN ORDER EXTENDING THE STAY PERIOD
(Sections 9 and 11 of the *Companies' Creditors Arrangement Act*, R.C.S. 1985 c. C-36)

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:

A. PREAMBLE

1. On April 17, 2009, this Honourable Court issued an order (as subsequently amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (collectively, the "**Abitibi Petitioners**"),¹ (ii) Bowater Canadian Holdings Inc. and subsidiaries and affiliates thereof (collectively, the "**Bowater Petitioners**")² and (iii) certain partnerships.³ Any undefined capitalized expressions used herein have the meanings set forth in the Initial Order.
2. On April 16, 2009, AbitibiBowater Inc. ("**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 Proceedings**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") and on April 17, 2009, ABH and certain Petitioners (collectively with ABH, the "**18.6 Petitioners**")⁴ obtained orders under s. 18.6 of the CCAA in respect of the Chapter 11 Proceedings (the 18.6 Petitioners, the Abitibi Petitioners and the Bowater Petitioners being collectively referred to as the "**Petitioners**").
3. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor of the Petitioners (the "**Monitor**") and a stay of proceedings (the "**Stay of Proceedings**") was issued from the date of the Initial Order until May 14, 2009 (the "**Stay Period**").
4. The Stay Period was extended on five occasions by orders of this Court dated respectively May 14, September 4, December 11, 2009, March 12, and June 9, 2010 (the latter being the "**Fifth Stay Extension Order**"), the whole as appears from the Court record. The Stay Period, as extended by the Fifth Stay Extension Order, expires on July 9, 2010.

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

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

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

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

B. ORDER SOUGHT

5. The Petitioners hereby seek the issuance of an order extending the Stay Period until September 15, 2010.

C. RECENT DEVELOPMENTS

6. Since the issuance of the Fifth Stay Extension Order, the Petitioners have made and continue to make significant efforts to address the concerns of all stakeholders.
7. The recent developments with respect to Petitioners' restructuring efforts under the CCAA were already detailed in the Petitioners' Motion which led to the Fifth Stay Extension Order, the whole as appears from the Court record.
8. On June 25, 2010, the Petitioners served a *Motion for the Issuance of an Order for the Convening, Holding and Conduct of a Creditors' Meeting and Other Relief* (the "**Creditor Meeting Motion**"), as appears from the Court record. The hearing on the Creditor Meeting Motion is scheduled to take place on July 9, 2010.
9. During the hearing on the Creditor Meeting Motion, this Court will be requested to authorize the Petitioners to convene, hold and conduct separate meetings of their creditors on August 26, 2010, in Montréal, Québec, to consider and, if thought advisable, approve the restructuring plan proposed to the Petitioners' creditors in the present proceedings (the "**CCAA Plan**").
10. The Petitioners will also request this Court to hold a hearing (the "**Sanction Hearing**") on September 8, 2009 to consider and, if determined to be appropriate, grant an order sanctioning the CCAA Plan.

D. GROUND FOR THIS MOTION

11. The Petitioners are requesting an extension of the Stay Period until September 15, 2010. The requested extension of the Stay Period is necessary in order to provide the Petitioners adequate time to move forward with the adjudication of disputed claims and to allow their stakeholders sufficient time to consider and vote upon the Petitioners' restructuring plan in the context of the present proceedings.
12. Since the issuance of the Fifth Extension Order, the Petitioners have acted, and continue to act, in good faith and with due diligence. As such, the Petitioners continue to work on implementing and maintaining effective procedures to permit an efficient monitoring of their financial situation, along with the assistance of the Monitor, when required.
13. The Monitor has indicated that it will be filing the Forty-Seventh Report of the Monitor (the "**Monitor's 47th Report**") which shall contain its recommendations and a review of the cash flow forecast of the Petitioners through and including September 19, 2010.

14. As appears from the cash flow forecast, the Petitioners are of the view that no creditor will suffer any undue prejudice by the extension of the Stay Period as the Petitioners forecast to have sufficient liquidity during that period.
15. The Petitioners are of the view that extending the Stay Period to September 15, 2010 based upon the cash flow forecast to be reported upon in the Monitor's 47th Report is appropriate in the present circumstances.
16. Based on the foregoing, the Petitioners request that this Court further extend the Stay Period up to and including September 15, 2010, which date shall be the new Stay Termination Date, the whole subject to all the other terms of the Initial Order, as amended.
17. The Petitioners seek an extension of the Stay Period until September 15, 2010 in order to provide for the eventuality that the Sanction Hearing, presently scheduled for September 8, 2010, may be delayed due to unforeseen events.
18. The Petitioners respectfully submit that the notices given of the presentation of the present Motion are proper and sufficient.
19. The present Motion is well founded in fact and in law.

WHEREFORE, MAY IT PLEASE THIS HONOURABLE COURT TO:

GRANT the present Motion;

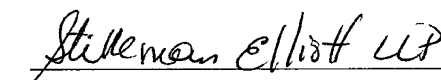
EXTEND the Stay Period (as defined in the Initial Order granted by this Court in this matter, as amended) until September 15, 2010 the whole subject to all the other terms of the Initial Order, as amended;

DECLARE that the notices given of the presentation of the present Motion are proper and sufficient;

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

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

Montréal, July 6, 2010

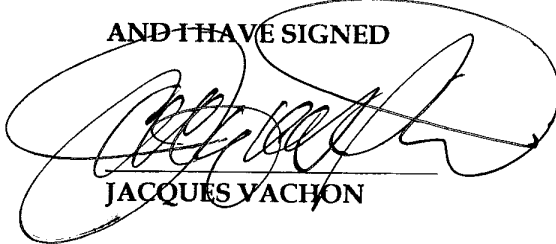

Stikeman Elliott LLP
Attorneys for the Petitioners

AFFIDAVIT

I, the undersigned, Jacques P. Vachon, having a place of business at Suite 800, 1155 Metcalfe Street, Montréal, Quebec, H3B 5H2 solemnly declare the following:

1. I am the Senior Vice President, Corporate Affairs and Chief Legal Officer of AbitibiBowater Inc.;
2. All the facts alleged in the present *Motion for an Order Extending the Stay Period* are true.

AND I HAVE SIGNED



JACQUES VACHON

**Solemnly declared before me at Montreal,
on the 6th day of July, 2010**



Commissioner for oaths for all the
judicial districts of Quebec

**Commissioner of Oaths
Districts of Longueuil and Montréal
142 518**

NOTICE OF PRESENTATION

TO : SERVICE LIST

TAKE NOTICE that the *Motion for an Order Extending the Stay Period* will be presented for adjudication before Justice D. Mayrand or one of the Honourable Judges of the Superior Court, sitting in Commercial Division in and for the District of Montreal, in the Montreal Court House, 1 Notre-Dame St. East, on **July 9, 2010 at 9:15 a.m.**, in a Room to be announced to the Service List.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, July 6, 2010



STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

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BS0350 n/dos.: 041053-1170

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