CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No. : 500-11-036133-094

SUPERIOR COURT

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

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

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.

and

BOWATER CANADIAN HOLDINGS INC.

and

the other Petitioners listed herein

Petitioners

and

THE LAND REGISTRAR FOR THE LAND REGISTRY OFFICE FOR THE REGISTRATION DIVISION OF SAGUENAY

and

THE LAND REGISTRAR FOR THE LAND REGISTRY OFFICE FOR THE REGISTRATION DIVISION OF ABITIBI

and

THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS

Mises-en-cause

and

ERNST & YOUNG INC.

Monitor

AMENDED SECOND MOTION FOR THE ISSUANCE OF VARIOUS ORDERS AUTHORIZING THE SALE OF NON-CORE PROPERTIES AND FOR THE ISSUANCE OF A RE-AMENDED RECEIVERSHIP ORDER IN RESPECT OF 4513541 CANADA INC.

TO JUSTICE GASCON OR ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, PETITIONERS SUBMIT THE FOLLOWING:

I - PREAMBLE

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

2. Pursuant to the Initial Order, Ernst & Young Inc. (the "**Monitor**") was appointed as Monitor of Petitioners under the CCAA and a stay of proceedings was granted in favour of Petitioners which was extended until September 8, 2010.

II - BACKGROUND

3. The Petitioners currently own the following properties (collectively, the "**Non-Core Properties**" and each, a "**Non-Core Property**") situated in Quebec, Ontario, British Columbia and New-Brunswick (the "**Provinces**"):

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

a) [...]

b) a former wood residues landfill site situated at Pointe-aux-Outardes, in the City of Baie-Comeau, Province of Quebec, as more fully described at **Exhibit R-2** of the present Motion (the "**Former Outardes Property**");

c) a current wood residues landfill site situated at Pointe-aux-Outardes, in the City of Baie-Comeau, Province of Quebec, as more fully described at **Exhibit R-3** of the present Motion (the "**Current Outardes Property**");

d) a former sawmill, now partially dismantled, situated in the City of Saguenay, Province of Quebec, as more fully described at **Exhibit R-4** of the present Motion (the "**La Baie Property**");

e) a former wood residues landfill site situated in the parish of Baker Brook, County of Madawaska, Province of New-Brunswick, as more fully described at Schedule D of **Exhibit R-5** of the present Motion (the "**Baker Brook Property**");

f) a vacant emplacement located in the City of Baie-Comeau, Province of Quebec, as more fully described at **Exhibit R-6** of the present Motion (the "**Parc-des-Pionniers Property**");

g) a vacant emplacement located in the City of Baie-Comeau, Province of Quebec, as more fully described at **Exhibit R-7** of the present Motion (the "**Terrain-en-aiguille Property**");

h) a vacant emplacement located in the City of Baie-Comeau, Province of Quebec, as more fully described at **Exhibit R-8** of the present Motion (the "**Terrain-en-carré Property**");

i) a freehold land located in the City of Dryden, Province of Ontario, as more fully described at Schedule D of **Exhibit R-9** of the present Motion (the "**Dryden Mercury Property**");

j) an industrial landfill located in the Town of Goldriver, Province of British Columbia, as more fully described at Schedule D of **Exhibit R-10** of the present Motion (the "**Highway 28 Property**");

k) various freehold lands, constituting vacant industrial lands located in the City of Kenora, Province of Ontario, as more fully described at Schedule D of **Exhibit R-11** of the present Motion (the "**Kenora Margach Landfill Property**"); and

l) a vacant industrial land and leachate pumping system located in the City of Kenora, Province of Ontario, as more fully described at Schedule D of **Exhibit R-12** of the present Motion (the "**Kenora Mud Lake Landfill Property**").

4. As stated in greater detail hereinafter, the Non-Core Properties are (i) subject to potential environmental liability exposure (the "**Environmental Exposure**"), (ii) not required for future operations and (iii) in any event of little utility as a result of the Environmental Exposure.

5. The Environmental Exposure consists of historic liabilities arising from ownership/occupation of the Non-Core Properties. These properties are alleged to have been impacted as a result of events which occurred prior, and in some cases long prior, to the filing of these CCAA proceedings.

6. Given the applicable environmental regulatory context which generally creates liability as a result of control or management of a property, the Petitioners (or any successor thereof) would remain subject to the Environmental Exposure should they continue to own or occupy the Non-Core Properties upon CCAA emergence. Such potential continuing liability may be material and thus adversely impact the formulation of a viable restructuring plan by Petitioners.

7. On the other hand, the sale of the Non-Core Properties as contemplated herein will allow the Abitibi Petitioners to crystallize any potential former "owner/occupier" environmental liabilities associated with the Non-Core Properties and to adequately deal with any claims resulting therefrom in the restructuring plan recently filed, without having to contend with the potentially material contingency of the Environmental Exposure upon emergence. Stakeholders with environmental claims with respect to the Non-Core Properties will not be prejudiced as the treatment of such claims [...] in these CCAA proceedings will be equivalent or superior to the treatment such claims would receive in the context of a liquidation.

III - ORDERS SOUGHT

8. Petitioners hereby seek the issuance of the following orders (collectively the "**Vesting Orders**") in connection with the Non-Core Properties :

   a) [...]

   b) an order authorizing and approving the execution by Abitibi-Consolidated Company of Canada ("**ACCC**") and Samson Belair/Deloitte & Touche Inc. ("**Deloitte**") in its capacity as court-appointed receiver for and on behalf of the Purchaser of the deed of sale with respect to the Former Outardes Property (the "**Former Outardes Deed of Sale**"), a draft copy of which is communicated herewith as **Exhibit R-15**;

   c) an order authorizing and approving the execution by ACCC and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser of the deed of sale with respect to the Current Outardes Property (the "**Current Outardes Deed of Sale**"), a draft copy of which is communicated herewith as **Exhibit R-16**;

d) an order authorizing and approving the execution by Les Produits Forestiers Saguenay Inc. ("**PFSI**") and the Deloitte in its capacity as court-appointed receiver for and on behalf of Purchaser of the deed of sale with respect to the La Baie Property (the "**La Baie Deed of Sale**"), a draft copy of which is communicated herewith as **Exhibit R-17**;

e) an order authorizing and approving the execution by ACCC and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser of the deed of sale with respect to the Parc-des-Pionniers Property (the "**Parc-des-pionniers Deed of Sale**"), a draft copy of which is communicated herewith as **Exhibit R-18**;

f) an order authorizing and approving the execution by ACCC and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser of the deed of sale with respect to the Terrain-en-aiguille Property (the "**Terrain-en-aiguille Deed of Sale**"), a draft copy of which is communicated herewith as **Exhibit R-19**;

g) an order authorizing and approving the execution by ACCC and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser of the deed of sale with respect to the Terrain-en-carré Property (the "**Terrain-en-carré Deed of Sale**"), a draft copy of which is communicated herewith as **Exhibit R-20**;

(the [...] Former Outardes Deed of Sale, Current Outardes Deed of Sale, La Baie Deed of Sale, Parc des pionniers Deed of Sale, Terrain-en-aiguille Deed of Sale and Terrain-en-carré Deed of Sale are collectively referred to as "**Deeds of Sale**")

h) an order authorizing and approving the execution by ACCC and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser and the execution by PFSI and Deloitte in its capacity as court-appointed receiver for and on behalf of Purchaser of respectively two global hypothecs with respect to the Non-Core Properties located in the Province of Quebec (collectively referred to as the "**Hypothecs**"), draft copies of which are communicated herewith *en liasse* as **Exhibit R-21** [...]

i) an order authorizing and approving the execution by Bowater Couturier Inc. and Bowater Canadian Forest Products Inc. ("**BCFPI**") and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser of an *Indenture* (the "**Baker Brook Indenture**"), a *General Security Agreement* (the "**Baker Brook GSA**") and a *Mortgage* (the "**Baker Brook Mortgage**"), all with respect to the Baker Brook Property, draft copies of which are communicated herewith *en liasse* as **Exhibit R-22**;

j) an order authorizing and approving the execution by BCFPI and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser of an *Indenture* (the "**Dryden Mercury Indenture**"), a *General*

Security Agreement (the "**Dryden Mercury GSA**") and a *Mortgage* (the "**Dryden Mercury Mortgage**"), all with respect to the Dryden Mercury Property, draft copies of which are communicated herewith *en liasse* as **Exhibit R-23**;

k) an order authorizing and approving the execution by BCFPI and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser of an *Indenture* (the "**Highway 28 Indenture**"), a *General Security Agreement* (the "**Highway 28 GSA**") and a *Mortgage* (the "**Highway 28 Mortgage**"), all with respect to the Highway 28 Property, draft copies of which are communicated herewith *en liasse* as **Exhibit R-24**;

l) an order authorizing and approving the execution by Abitibi-Consolidated Inc. ("**ACI**") and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser of an *Indenture* (the "**Kenora Margach Landfill Indenture**"), a *General Security Agreement* (the "**Kenora Margach Landfill GSA**") and a *Mortgage* (the "**Kenora Margach Landfill Mortgage**"), all with respect to the Kenora Margach Lanfill Property, draft copies of which are communicated herewith *en liasse* as **Exhibit R-25**;

m) an order authorizing and approving the execution by ACI and Deloitte in its capacity as court-appointed receiver for and on behalf of the Purchaser of an *Indenture* (the "**Kenora Mud Lake Landfill Indenture**"), a *General Security Agreement* (the "**Kenora Mud Lake Landfill GSA**") and a *Mortgage* (the "**Kenora Mud Lake Landfill Mortgage**"), all with respect to the Kenora Mud Lake Landfill Property, draft copies of which are communicated herewith *en liasse* as **Exhibit R-26**;

(the Baker Brook Indenture, the Dryden Mercury Indenture, the Highway 28 Indenture, the Kenora Margach Landfill Indenture and the Kenora Mud Lake Ladfill Indenture are collectively referred to as the "**Indentures**");

(the Baker Brook GSA, the Dryden Mercury GSA, the Highway 28 GSA, the Kenora Margach Landfill GSA and the Kenora Mud Lake Ladfill GSA are collectively referred to as the "**GSAs**");

(the Baker Brook Mortgage, the Dryden Mercury Mortgage, the Highway 28 Mortgage, the Kenora Margach Landfill Mortgage and the Kenora Mud Lake Ladfill Mortgage are collectively referred to as the "**Mortgages**");

n) the issuance of vesting orders in connection with the transactions contemplated in the above-mentioned agreements; and

o) a number of orders typically requested along with the above mentioned orders;

the whole as set forth in the draft Vesting Orders communicated herewith as **Exhibit R-2 to R-12.**

9. The Petitioners currently expect that the Deeds of Sale, the Indentures, the GSAs, the Mortgages and the Hypothecs will be executed substantially in the form communicated as Exhibits R-14 to R-26 shortly following the hearing on this Motion.

10. The Petitioners also hereby seek certain amendments to the Amended Receivership Order (as defined hereafter) issued by this Court to increase the funding of the receivership to a maximum of $1,700,000.00 (the "**Re-Amended Receivership Order**") the whole as set forth in the draft order communicated herewith as **Exhibit R-27**.

IV - GROUNDS FOR THIS MOTION

Previous orders

11. On April 27, 2010, this Court issued an order approving the transfer of certain non-core properties of ACI and ACCC to the Purchaser and vesting all right, title and interest in and to those non-core properties in and with the Purchaser, free and clear of and from all rights, claims, obligations, etc. (the "**First Vesting Order**"), the whole as appears from the record of this Court.

12. The same day, this Court issued an order appointing Ernst & Young Inc. as receiver, without security, of all the assets, undertakings and properties of the Purchaser, including the non-core properties contemplated in the First Vesting Order (the "**Receivership Order**"), the whole as appears from the record of this Court.

12A On July 21st, 2010, this Court issued an order amending the Receivership Order to substitute Ernst & Young Inc. from Deloitte as receiver, without security, of all the assets, undertakings and properties of the Purchaser (the "**Amended Receivership Order**"), the whole as appears from the record of this Court.

13. The Petitioners now seek similar orders with respect to the Non-Core Properties.

The Non-Core Properties

14. All of the Non-Core Properties are either closed and/or partially dismantled sawmills, vacant lots and/or former and current wood residues landfill sites and the Petitioners have had no material active operations with respect to most of them since many years.

15. The Environmental Exposure related to each of the Non-Core Properties is estimated to be as follows:

a) [...]

b) With respect to the Former Outardes Property, the Environmental Exposure consists of potential soil and groundwater contamination, as well as leachate discharge, resulting from the accumulation of wood residues that occurred prior to the filing of the CCAA proceedings. This landfill site is also potentially impacted by the former Regional Solid Wastes Landfill site that is adjacent. The Environmental Exposure cannot be estimated but results from a risk of landslide in that sector, that would result in a discharge of wood residues into a creek nearby. This landfill site is caped and seeded. The Former Property is assessed at approximately $3,156.42 being comprised in an assessment unit of 413,300 square meters assessed at $5,900, the property transferred representing only 221,110 square meters;

c) With respect to the Current Outardes Property, the Environmental Exposure that could be incurred is estimated to be $2,000,000. The Environmental Exposure consists of the cost associated with the collection, the transportation and the treatment of the leachate generated by the accumulation of wood residues into a watertight landfill cell. Should the leachate withdrawal cease, it would result into potential soil and groundwater contamination. The accumulation of wood residues occurred prior to the filing of the CCAA proceedings and continued until now. The Current Outardes Property is assessed at approximately $2,743.44 being comprised in an assessment unit of 413,300 square meters assessed at $5,900, the property transferred representing only 192,180 square meters;

d) With respect to the La Baie Property, the Environmental Exposure that could be incurred is estimated to be $800,000. The Environmental Exposure consists of soil and groundwater contamination, resulting from industrial activities (spills, leaks, backfilling, storage, etc.) that occurred prior to the filing of the CCAA proceedings. Environmental Site Assessments (ESA), Phase I and II, conducted on the site have identified areas of concern and soil contamination above applicable limits. The La Baie Property is assessed at $695,100;

e) With respect to the Baker Brook Property, the Environmental Exposure that could be incurred is estimated to be $280,000 per year. The Environmental Exposure consists of the cost associated with the collection, the transportation and the treatment of the leachate generated by the accumulation of wood residues. The accumulation of wood residues occurred prior to the filing of the CCAA proceedings. The leachate is currently transported by truck for treatment at the Edmunston municipal treatment plant. The potential impact from stopping leachate collection and its transportation away from the site is leachate discharge potentially reaching and impacting the nearby river and likely, to a much lesser extent, impacting the soil and groundwater. The landfill was capped and seeded. The alternate option is to re-construct the leachate treatment ponds, and re-routing upgradient surface water runoffs to isolate the landfill from groundwater flow, but this would be done at a significant cost that cannot be estimated at this time. The Baker Brook Property is assessed at $8,300;

f) With respect to the Terrain-en-aiguilles Property, the Environmental Exposure that could be incurred is estimated to be $500,000. The Environmental Exposure consists of potential contamination caused by the railroad-track that crosses the property. The Terrain-en-aiguilles Property is assessed at $2,600;

g) With respect to the Terrain-en-carré Property, the Environmental Exposure that could be incurred is estimated to be $500,000. The Environmental Exposure results from petroleum handling activities on neighboring properties on each side of the property. The Terrain-en-carré Property is assessed at $52,900;

h) With respect to the Dryden Mercury Property, the Environmental Exposure that could be incurred is estimated to be $250,000 for ongoing monitoring and maintenance. The site includes a former mercury landfill in which the mercury has been stabilized in a concrete mixture. The landfill is encapsulated and closed. There is a risk of impact to groundwater of the encapsulation was to somehow fail. The Dryden Mercury Property is assessed at $31,500;

i) With respect to the Highway 28 Property, the Environmental Exposure that could be incurred is estimated to be $500,000. This cost is for the monitoring as well as the work to be performed in order to close the site. The Highway 28 Property is assessed at $625,000;

j) With respect to the Kenora Margach Landfill Property, the maximum Environmental Exposure that could be incurred is estimated to be $4,000,000 for the capping and closure of the landfill as well as post closure groundwater monitoring for the next thirty (30) years. The Kenora Margach Landfill Property is assessed at $242,000. <u>On July 2, 2010, the Ontario Ministry of the Environment informed the Petitioners that following the inspection of the landfill on May 27, 2010, and the future closure of the site, the Petitioners would have to submit a closure plan and an application to amend the certificate of approval. The Petitioners had until August 2 , 2010, to provide a written response indicating their commitment to full closure of the site and a timetable submission of a closure plan and an application to change the status of the site closed. The Petitioners have yet to provide the response requested by the Ministry;</u> and

k) With respect to the Kenora Mud Lake Landfill Property, the Environmental Exposure that could be incurred is estimated to be $50,000 per year for long-term monitoring, collection and pumping equipment maintenance in connection with leachate discharge, resulting from the accumulation of wood residues that occurred prior to the filing of the CCAA proceedings. Also, the treatment cost at the town treatment plant that is currently set at approximately $5,000 to $7,000 per year. The Kenora Mud Lake Landfill Property is assessed at $229,000.

16. Given their financial situation and the fact that the Non-Core Properties are not required for future operations, the Abitibi Petitioners submit that they should be authorized to transfer the Non-Core Properties in order to crystallize any potential former "owner/occupier" environmental liabilities associated therewith and to adequately deal with any claims resulting therefrom in the restructuring plan to be filed, without having to carry the Environmental Exposure upon emergence.

17. In any event, the Abitibi Petitioners submit that given the order of magnitude of the Environmental Exposure, the Non-Core Properties have little utility, if any.

<u>The Sale of the Non-Core Properties</u>

18. The Deeds of Sale and the Indentures contemplates the sale, on an *as is- where is* basis, of all vendors' rights, title and interest in and to the Non-Core Properties to the Purchaser. The Purchaser is a wholly owned indirect subsidiary of AbitibiBowater Inc. incorporated in 2009 under the CBCA in the context of the Abitibi Petitioners' aborted CBCA arrangement proceedings.

19. The purchase price for each of the Non-Core Properties will be satisfied by the issuance of a non-interest bearing promissory note (each a "**Purchaser Note**" and collectively the "**Purchaser Notes**"), draft copies of which are communicated herewith *en liasse* as **Exhibit R-28**, having the following features:

a) amounts owing under the Purchaser Note shall be paid out of the actual net proceeds generated by the sale of the Non-Core Properties (or any portion thereof) to a third party by the Purchaser or any receiver appointed in respect thereof;

b) recourse for any principal owed under the Purchaser Note shall be limited to the Non-Core Properties (or the proceeds of sale thereof) and shall be subordinated to (i) the costs of complying with any orders issued in respect of the Non-Core Properties (or which may hereafter be issued in respect of any conditions existing as of the time of transfer) under the EPA; (ii) any costs which would have priority pursuant to section 11.8 of the CCAA or section 14.06(7) of the *Bankruptcy and Insolvency Act* ("**BIA**") ; (iii) the costs of any receiver appointed in respect of the Purchaser or Purchaser's interest in the Non-Core Properties; and

c) subject to the above-mentioned subordination, all amounts owed under the Purchaser Note are secured in favor of the vendors by (i) the GSAs; (ii) the Mortgages; and (iii) the Hypothecs (collectively the "**Security**").

20. As appears from Exhibit R-2 to R-12, the Vesting Orders sought provides for the vesting of title in the Non-Core Properties to take effect upon the issuance of the Vesting Orders and Amended Receivership Order.

Amendment to the Amended Receivership Order

21. [...]

22. [...]

23. [...]

24. [...]

25. [...]

26. As a result of the [...] transfer of the Non-Core Properties to the Purchaser, the Petitioners hereby seek [...] the following amendment [...] to the Amended Receivership Order:

a) [...]

b) the increase of the limit of the amount that the Receiver is empowered to borrow by way of revolving credit from $600,000 to $1,700,000 given the transfer of the Non-Core Properties to the Purchaser. Such financing shall be used to cover for (i) estimated fees and disbursements of the replacement Receiver for an initial period of 12 months; and (ii) reasonable costs of conservation, environmental studies and any urgent, currently unforeseen, remediation work required to stabilize the Purchaser's properties (including the Non-Core Properties once transferred) while negotiations are undertaken for the remediation and disposition of such properties.

c) [...]

d) [...]

the whole as set forth in the draft Re-Amended Receivership Order communicated as **Exhibit R-27**.

V - TREATMENT OF ENVIRONMENTAL CLAIMS

27. Following the successful transfer of the Non-Core Properties to the Purchaser as contemplated in the Deeds of Sale and the Indentures the relevant environmental authorities will be notified of their potential claims as contemplated in the order

to be rendered by this Court on Petitioners' *Motion for the Approval of a Process to Solicit, Review and Determine Applicable Claims and for the Establishment of a Second Claims Bar Date* dated February 9, 2010 and will be invited to submit a proof of claim if they intend to do so.

28. The vendors are seeking the appointment of the Receiver in respect of the Non-core Properties to permit the continued safe custody of such properties while their future is being determined under court supervision. The Deeds of Sale and the Indentures have been structured such that vendors receive a return in respect of the Non-Core Properties if they are ultimately sold to a third party, only after any environmental and related obligations have been satisfied.

29. Once filed, these environmental claims will be assessed in the same manner as other claims and will rank as unsecured claims in the estate of the relevant Petitioner.

30. In addition, the holders of environmental claims will maintain their secured claims, if any, under Section 11.8(8) of the CCAA since Section 14.06(7) of the BIA will allow them to benefit from a similar security in the context of the receivership proceedings of Purchaser.

31. As a result, Petitioners submit that, duly proved environmental claims in respect of the Non-Core Properties will likely generate a higher dividend than in a bankruptcy liquidation as it is expected that the CCAA Proceedings should produce a superior outcome for all Petitioners' creditors than a bankruptcy process.

32. Petitioners submit that the sale of the Non-Core Properties is in the best interest of and will generally benefit to all of their stakeholders, in that, *inter alia*:

a) the sale of the Non-Core Properties forms part of Petitioners' continuing objective and strategy to implement a restructuring plan, which will allow them (or any successor thereof) to be profitable over time. Such plan will include the following previously announced measures: (a) disposing of non-strategic assets, (b) reducing indebtedness, and (c) reducing financial costs;

b) the Non-Core Properties are not required to continue the operations of Petitioners, and given the applicable legislative and regulatory context, if the Non-Core Properties are not disposed of prior to the implementation of a restructuring plan, Petitioners (or any successor thereof) may have to carry material liabilities relating to these non-strategic assets;

c) it is Petitioners' view that they can, in the context of CCAA Proceedings, compromise environmental claims resulting from the fact that Petitioners were former owners or occupiers of impacted properties. Such claims are historic liabilities and are the sort of liabilities which a debtor company is able to shed in order to emerge from the CCAA Proceedings and resume its business with a fresh start;

d) the sale of the Non-Core Properties or the transfer thereof to the Purchaser will crystallize claims in respect of "former owner/occupier" environmental liabilities, which will be compromised in these CCAA Proceedings;

e) the sale of the Non-Core Properties is an important component of Petitioners' attempt to successfully restructure their business as it will allow environmental liabilities with respect to the Non-Core Properties to be dealt with in the restructuring plan to be filed by Petitioners;

f) environmental stakeholders will be fully protected as they shall receive all of the protection offered such claims in liquidation plus the additional benefit of the value attributed to any proven claim as part of the restructuring plan.

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

WHEREFORE, MAY THIS COURT:

[1] **GRANT** this *Amended Second Motion for the Issuance of an Order Authorizing the Sale of Non-Core Properties and for the Issuance of a Re-Amended Receivership Order in respect of 4513541 Canada Inc.* (the **"Motion"**).

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

[3] **ISSUE** orders substantially in the form of the draft orders communicated as Exhibits R-2 to R-12 and 27 in support of the Motion;

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

Montréal, August 4, 2010

Stikeman Elliott

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

AFFIDAVIT

I, the undersigned, Bruce Robertson, having my principal 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 *Amended Second Motion for the Issuance of Various Orders Authorizing the Sale of Non-Core Properties and for the Issuance of a Re-Amended Receivership Order in respect of 4513541 Canada Inc.* are true.

AND I HAVE SIGNED

BRUCE ROBERTSON

Solemnly declared before me at Montreal,
on the 4th day of August 2010

Commissioner for oaths

Commissioner of Oaths
STEPHANIE PEREIRA
174752
For All Judicial Districts of Quebec

NOTICE OF PRESENTATION

TO :	**SERVICE LIST**

TAKE NOTICE that the *Amended Second Motion for the Issuance of Various Orders Authorizing the Sale of Non-Core Properties and for the Issuance of a Re-Amended Receivership Order in respect of 4513541 Canada Inc.* will be presented for adjudication before the Honourable Judge Clément Gascon of the Superior Court, sitting in commercial division in and for the District of Montréal, in **Room 16.12 of the Montréal Courthouse, 1 Notre-Dame Street East, on Wednesday September 1st, 2010 at 9:00 AM**.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, August 4, 2010

Stikeman Elliott

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

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

N°. 500-11-036133-094

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

In the matter of Plan of Compromise or Arrangement of:

ABITIBIBOWATER INC. *& al*
Petitioners

- and -

ERNST & YOUNG INC.
Monitor

- and -

THE LAND REGISTRAR FOR THE LAND REGISTY OFFICE FOR THE REGISTRATION DIVISION OF SAGUENAY *& al*
Respondents

BS0350 n/dos.: 041053-1170

AMENDED SECOND MOTION FOR THE ISSUANCE OF VARIOUS ORDERS AUTHORIZING THE SALE OF NON-CORE PROPERTIES AND FOR THE ISSUANCE OF A RE-AMENDED RECEIVERSHIP ORDER IN RESPECT OF 4513541 CANADA INC.

ORIGINAL

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