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

ERNST & YOUNG INC.,

Monitor

and

AVENUE INVESTMENTS, L.P.

and

FAIRFAX FINANCIAL HOLDINGS LIMITED

Respondents

MOTION FOR THE ISSUANCE OF AN ORDER APPROVING THE TENTH AMENDMENT TO THE BI DIP CREDIT AGREEMENT AND FOR THE ISSUANCE OF A RECOGNITION ORDER (U.S. DIP EXTENSION ORDER) (Section 18.6 of the *Companies' Creditors Arrangement Act* ("CCAA"))

TO THE HONOURABLE CLÉMENT GASCON, J.C.S. 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 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 affiliates and subsidiaries thereof (the "**Bowater Petitioners**"[2], and (iii) certain partnerships (the "**Partnerships**")[3].

2. On April 16, 2009, AbitibiBowater Inc. ("**ABH**"), Bowater Inc. ("**BI**") 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.

3. 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**").

4. The Initial Order issued by this Court on April 17, 2009 contained a recognition order (the "**Recognition Order**") of the Chapter 11 Proceedings by ABH and the 18.6

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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 (Note: for the purposes of the order to be granted on the present Motion as well as the Cross-Border Protocol, Abitibi-Consolidated Finance LP, a U.S. entity, is excluded from the definition of "Partnerships" and is treated as a U.S. Debtor).

[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.

Petitioners. The Recognition Order forms part of the Initial Order.

5. Pursuant to the Recognition Order, the U.S. Proceedings were declared to be foreign proceedings for the purposes of Section 18.6 CCAA and the stay of proceedings issued pursuant to the Initial Order was extended to the 18.6 Petitioners.

B. THE BI DIP CREDIT AGREEMENT

6. In anticipation of the U.S. Proceedings and of these CCAA proceedings, a *Senior Secured Superpriority Debtor-in-Possession Credit Agreement* was negotiated amongst ABH, BI and Bowater Canadian Forest Products Inc. ("**BCFPI**"), as Borrowers (collectively, the "**BI DIP Borrowers**"), Avenue Investments L.P. and Fairfax Financial Holdings Limited. ("**FFH**") as Initial Lenders, such lenders as may be party to such Agreement from time to time (collectively, the "**BI DIP Lenders**") and FFH as initial Administrative Agent and Collateral Agent (the "**BI DIP Credit Agreement**"). An executed copy of the BI DIP Credit Agreement (Exhibit R-23 to the *Petition for the Issuance of an Initial Order* (the "**CCAA Petition**")) was already communicated as Exhibit R-1 to the Petitioners' *Motion for the Issuance of an Order Approving an Amendment to the BI DIP Credit Agreement and for the Issuance of a Recognition Order (U.S. DIP Extension Order)* dated April 9, 2010, as appears from the Court record.

7. The BI DIP Credit Agreement was negotiated in order to, *inter alia*, finance the post-filing working capital requirements and general corporate purposes of the BI Group (as the term is defined in the CCAA Petition) (the "**BI DIP Facility**"). The most significant features of the BI DIP Facility are outlined at paragraphs 300 and following of the CCAA Petition.

8. The Initial Order issued by this Court on April 17, 2009 authorized *inter alia*, at paragraphs 54 and following, the Bowater Petitioners to enter into, and borrow under credit facilities provided pursuant to the BI DIP Credit Agreement.

9. On April 17, 2009, the U.S. Court issued an Interim Order pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507(1) (the "**U.S. DIP Interim Order**"), which said order, in respect of the BI DIP Facility and the BI DIP Credit Agreement, *inter alia*: (i) approved postpetition financing; (ii) authorized the use of cash collateral; (iii) granted liens and provided superpriority administrative expenses status; (iv) granted adequate protection; (v) modified the automatic stay; and (vi) scheduled a final hearing, the whole as appears from a copy of the U.S. Interim DIP Order already communicated as Exhibit R-1 to the Petitioners' *Motion for the Issuance of a Recognition Order (DIP Interim Order)* dated April 21, 2009.

10. On April 22, 2009, this Court issued an order recognizing and giving full force and effect, in Canada, to the U.S. Interim DIP Order in respect of all 18.6 Petitioners, including, for greater certainty, in respect of ABH, BI and Bowater Newsprint South LLC, the whole as appears from the Court record.

11. On June 4, 2009, the U.S. Court issued a Final Order pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507(1) (the "**U.S. Final DIP Order**"), which said order, in

respect of the BI DIP Facility and the BI DIP Credit Agreement, *inter alia*: (i) approved postpetition financing; (ii) authorized the use of cash collateral; (iii) granted liens and provided superpriority administrative expenses status; (iv) granted adequate protection; and (v) modified the automatic stay of proceedings.

12. On June 19, 2009, this Court issued an order recognizing and giving full force and effect, in Canada, to the U.S. Final DIP Order in respect of all 18.6 Petitioners, including, for greater certainty, in respect of ABH, BI and Bowater Newsprint South LLC, and approved the first two amendments to the BI DIP Credit Agreement, the whole as appears from the Court record.

13. On April 14, 2010, the U.S. Court issued an order (the "**U.S. DIP Extension Order**") authorizing the BI DIP Borrowers to enter into a "Sixth Amendment to the Bowater DIP Credit Agreement" (the "**Sixth Amendment**") pursuant to which the maturity date of the BI DIP Facility was extended from April 21, 2010 until May 5, 2010, with possible further extensions, including a possible further extension until July 21, 2010 provided that the BI DIP Borrowers filed in the CCAA Proceedings and in the Chapter 11 Proceedings, by May 4, 2010, draft plans of reorganization or compromise in form and substance reasonably acceptable to a majority, based on aggregate amount of advances, of the BI DIP Lenders (the "**Reorganization Plan**"). This condition was fulfilled.

14. On April 16, 2010, this Court issued an *Order Approving an Amendment to the BI DIP Credit Agreement and for the Recognition of the U.S. DIP Extension Order* by which this Court (i) ordered, *inter alia*, that the execution and delivery by the BI DIP Borrowers of the Sixth Amendment was ratified, authorized and approved; and (ii) recognized the U.S. DIP Extension Order, the whole as appears from the Court Record.

15. On July 14, 2010, the U.S. Court issued an *Order Authorizing the Bowater Debtors to enter into the Tenth Amendment to the Bowater DIP Credit Agreement* (the "**Second U.S. DIP Extension Order**") which said order, in respect of the BI DIP Facility and the BI DIP Credit Agreement, *inter alia*,: (i) approved the "Amendment No. 10 to the Credit Agreement" (the "**Tenth Amendment**"); (ii) authorized the BI DIP Borrowers to enter into the Tenth Amendment; and (iii) declared that upon execution and delivery of the Tenth Amendment, the Tenth Amendment shall constitute valid and binding obligations of each of the BI DIP Borrowers, the whole as appears from a copy of the Second U.S. DIP Extension Order communicated herewith as **Exhibit R-1**.

C. ORDERS SOUGHT

16. The Petitioners hereby seek the issuance of the following orders in connection with the U.S. DIP Extension Order and the Tenth Amendment, a copy of which is communicated herewith as **Exhibit R-2**:

    (a) an order approving the Tenth Amendment and ratifying, authorizing and approving the execution by ABH, BI and BCFPI of the Tenth Amendment;

(b) an order recognizing and giving full force and effect to the U.S. DIP Extension Order in all provinces and territories of Canada in respect of all 18.6 Petitioners.

D. GROUNDS FOR THIS MOTION

17. The Petitioners are presently engaged in ongoing and productive negotiations with their key creditor constituencies and have made substantial progress in formulating and negotiating viable plans of reorganization and arrangement in the Chapter 11 Proceedings and in the CCAA Proceedings. In fact, the initial maturity date of the BI DIP Credit Agreement was extended until July 21, 2010 as a result of the timely filing, by the Petitioners, of a draft Reorganization Plan.

18. Despite this substantial progress, however, plan negotiations may not be completed before July 21, 2010. Therefore, the Petitioners believe that their estates and creditors would be best served by extending the maturity date of the BI DIP Facility to December 31, 2010 to permit negotiations to continue without the need to obtain another maturity date extension in the future at the discretion of a majority (on the basis of advances) of the BI DIP Lenders. In this way, the Tenth Amendment reduces the potential for needless distraction from the Petitioners' emergence efforts.

19. The BI DIP Borrowers, the BI DIP Lenders and their respective advisors have engaged in good faith, arms-length negotiations regarding the terms of the Tenth Amendment. The resulting Tenth Amendment amends, *inter alia,* (a) the definition of Maturity Date in the BI DIP Credit Agreement to mean the earliest of (i) December 31, 2010, (ii) the effective date of the Reorganization Plans and (iii) the acceleration of the loans and termination of the commitments under the BI DIP Credit Agreement, (b) the definition of Applicable Margin to 5.00% in the case of a Base Rate Advance and 6.00% in the case of a LIBOR Advance, reductions from the current rates of 6.50% and 7.50%, respectively and (c) the definition of the Loan Amount so that upon effectiveness of the Tenth Amendment, the Petitioners will repay the principal amount outstanding until only $40 million in aggregate principal amount remains outstanding.

20. Overall, by entering into the Tenth Amendment, the Petitioners seek to (a) reduce the aggregate size of the BI DIP Facility to better suit the Petitioners' need and thus avoid paying interest on account of a facility that has become unnecessarily large given the Petitioners' current cash position; (b) take advantage of the improving market to improve pricing terms on the facility generally; (c) extend the Maturity Date of the BI DIP Credit Agreement so that the Debtors are assured of having access to their postpetition financing for the anticipated duration of the Chapter 11 Proceedings and CCAA Proceedings; and (d) obtain covenant relief, including modifications to certain financial covenants and the ability to retain the proceeds from certain asset sales without triggering a mandatory prepayment.

21. The relief provided by the Tenth Amendment will enable the Petitioners to continue to focus on plan negotiations and formulation without disruption or distraction. The Petitioners believe this continued focus is in the best interests of all of the Petitioners'

creditors and stakeholders. In light of this benefit and the potential harm to the reorganization process posed by any alternative scenario, the BI DIP Borrowers have determined, in the exercise of their business judgment, to enter into the Tenth Amendment.

22. Several business reasons exist for this Court to approve the execution of the Tenth Amendment:

    (i) by paying down a significant portion of the amount presently outstanding under the BI DIP Credit Agreement, the Petitioners will reduce materially the costs of their postpetition financing. Taking full advantage of the improving market conditions, the Petitioners also have negotiated a reduction in the applicable interest rate. With these modifications, the Petitioners estimate that the Tenth Amendment will yield cost savings of approximately $4 million through the end of September 2010;

    (ii) the Tenth Amendment extends the Maturity Date of the BI DIP Credit Agreement through year end. At present, if the Petitioners successfully obtain all extensions permitted under the BI DIP Credit Agreement, the facility will mature on or before October 21, 2010. The Petitioners are working with dedication and focus to emerge from U.S. and CCAA Proceedings as expeditiously as possible. By obtaining an extension of the Maturity Date to December 31, 2010, the Petitioners can continue to focus on the plan process without the need to obtain another Maturity Date extension in the future. In this way, the Tenth Amendment reduces the potential for needless distraction from the Petitioners' emergence efforts.

    (iii) by replacing an extension option that imposed certain consent requirements, the Tenth Amendment eliminates any uncertainty concerning the Petitioners' ability to obtain an extension past July 21, 2010: as presently drafted, a further extension of the Maturity Date is conditioned on the DIP Lenders agreeing at their sole discretion that the Petitioners are using their best efforts to pursue confirmation of the Plans. While the Petitioners will clearly be doing so, consent conditions necessarily involve some risk which the Tenth Amendment will eliminate.

23. One of the condition precedents set forth at Section 2 of the Tenth Amendment is that each Bankruptcy Court shall have approved the latter. Thus, without the issuance of the proposed orders by this Court, the execution of the Tenth Amendment will not take place.

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

25. 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 Approving the Tenth Amendment to the BI DIP Credit Agreement and for the Issuance of a Recognition Order (U.S. DIP Extension Order)* (the "**Motion**").

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

3. **ORDER** that the "Amendment No. 10 to the Credit Agreement" communicated as Exhibit R-2 to the Motion (the "**Tenth Amendment**") and the provisions thereof are hereby approved and that any reference in the Initial Order of this Court, as amended, to the BI DIP Credit Agreement shall be deemed to be a reference to the BI DIP Credit Agreement as amended by the Tenth Amendment.

4. **ORDER** that the execution and delivery by AbitibiBowater Inc., Bowater Inc. and Bowater Canadian Forest Products Inc. (collectively, the "**BI DIP Borrowers**") of the Tenth Amendment, as well as all related documents and instruments executed or to be executed and delivered in connection therewith, are hereby ratified, authorized and approved.

5. **ORDER AND DECLARES** that the *Order Authorizing the Bowater Debtors to enter into the Tenth Amendment to the Bowater DIP Credit Agreement* issued on July 14, 2010 by the United States Bankruptcy Court for the District of Delaware, Exhibit R-1 to the Motion (the "**Second U.S. DIP Extension Order**"), which said order, *inter alia*, (i) approved the Tenth Amendment; (ii) authorized the BI DIP Borrowers to enter into the Tenth Amendment; and (iii) declared that upon execution and delivery of the Tenth Amendment, the Tenth Amendment shall constitute valid and binding obligations of each of the BI DIP Borrowers, is recognized and given full force and effect in all provinces and territories of Canada in respect of all 18.6 Petitioners.

6. **REQUEST** 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 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 the Bowater Petitioners 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. **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 16, 2010

Stikeman Elliott LLP

Stikeman Elliott LLP
Attorneys for the Petitioners

AFFIDAVIT

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

1. I am the Vice President, Secretary of Abitibi-Consolidated Inc. and the Vice President, Treasurer of AbitibiBowater Inc.

2. All the facts alleged in the *Motion for the Issuance of an Order Approving an Amendment to the BI DIP Credit Agreement and for the Issuance of a Recognition Order (U.S. DIP Extension Order)* are true.

AND I HAVE SIGNED

ALLEN DEA

Solemnly declared before me at Montreal**,**
on the 16th day of July, 2010

Sophie Rossignol

Commissioner for oaths Lawyer 257915-4

NOTICE OF PRESENTATION

TO : SERVICE LIST

TAKE NOTICE that the *Motion for the Issuance of an Order Approving the Tenth Amendment to the BI DIP Credit Agreement and for the Issuance of a Recognition Order (U.S. DIP Extension Order)* will be presented for adjudication before the Honourable Judge Clément Gascon of the Superior Court, sitting in practice in and for the District of Montréal, on **July 21, 2010**, at **9:00 a.m.** in **Room 15.09** of the **Montréal Courthouse**, 1 Notre-Dame Street East.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, July 16, 2010

Stikeman Elliott LLP

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 -

AVENUE INVESTMENTS, LP *& al*
Respondents

BS0350 n/dos.: 041053-1170

MOTION FOR THE ISSUANCE OF AN ORDER APPROVING THE TENTH AMENDMENT TO THE BI DIP CREDIT AGREEMENT AND FOR THE ISSUANCE OF A RECOGNITION ORDER (U.S. DIP EXTENSION ORDER)

(Section 18.6 of the *Companies' Creditors Arrangement Act* ("CCAA"))

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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

ERNST & YOUNG INC.,

Monitor

and

AVENUE INVESTMENTS, L.P.

and

FAIRFAX FINANCIAL HOLDINGS LIMITED

Respondents

LIST OF EXHIBITS OF THE PETITIONERS

(In support of *Motion for the Issuance of an Order approving the Tenth Amendment to the BI Dip Credit Agreement and for the Issuance of a Recognition Order (U.S. DIP Extension Order)*)

#10578110 v1

DESCRIPTION		TAB
R-1	Copy of the Second U.S. DIP Extension Order	1
R-2	Tenth Amendment to the BI DIP Credit Agreement	2

Montréal, this 15 day of July, 2010

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for Petitioners

#10578110 v1

EXHIBIT R-1

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.	)	Ref. Docket No. 2534, 2626

ORDER AUTHORIZING THE BOWATER DEBTORS TO ENTER INTO THE TENTH AMENDMENT TO THE BOWATER DIP CREDIT AGREEMENT

Upon the above-captioned debtors and debtors in possession' *Motion For An Order Authorizing The Bowater Debtors To Enter Into The Tenth Amendment To The Bowater Debtor In Possession Credit Agreement* (the "Motion")[2]; and upon consideration of the Motion and all pleadings related thereto; and the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and (c) notice of the Motion was due and proper under the circumstances; and it appearing that the relief requested in the Motion is in the best interest of the Debtors' estates, their

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1 The Debtors 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). The Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

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

creditors and other parties-in-interest; and after due deliberation, and good and sufficient cause appearing therefore, it is hereby ORDERED that:

1. The Motion is GRANTED.

2. The Tenth Amendment is hereby approved.

3. The Bowater Debtors are authorized to enter into the Tenth Amendment and to perform all acts, to make, execute and deliver all instruments and documents in connection therewith that may be reasonably required or necessary for the performance of their obligations under the Tenth Amendment, including payment of the Amendment Fee.

4. Upon execution and delivery of the Tenth Amendment, the Tenth Amendment shall constitute valid and binding obligations of each of the Bowater Debtors, enforceable against each Bowater Debtor party thereto in accordance with the terms thereof. No obligation under the Tenth Amendment or this Order shall be stayed, restrained, voidable, avoidable or recoverable under the Bankruptcy Code or under any applicable law, or subject to any defense, reduction, setoff, recoupment or counterclaim.

5. Notwithstanding the possible application of Bankruptcy Rule 6004(h) or otherwise, this Order shall be immediately effective and enforceable upon its entry.

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: July 14, 2010
Wilmington, Delaware

HONORABLE KEVIN J. CAREY
CHIEF UNITED STATES BANKRUPTCY JUDGE

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 -

AVENUE INVESTMENTS, LP *& al*
Respondents

BS0350 n/dos.: 041053-1170

EXHIBIT R-1

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EXHIBIT R-2

<u>**AMENDMENT NO. 10 TO THE CREDIT AGREEMENT**</u>

Dated as of July 15, 2010

THIS AMENDMENT NO. 10 TO THE CREDIT AGREEMENT (this "***Amendment***") is entered into by and among LAW DEBENTURE TRUST COMPANY OF NEW YORK, as Administrative Agent under the Credit Agreement referred to below (the "***Agent***"), ABITIBIBOWATER INC., a Delaware corporation ("***Parent***"), BOWATER INCORPORATED, a Delaware corporation ("***Bowater***"), BOWATER CANADIAN FOREST PRODUCTS INC. a Nova Scotia company ("***Bowater Canada***", and together with the Parent and Bowater, the "***Borrowers***"), and each of the Lenders under the Credit Agreement referred to below (the "***Lenders***").

PRELIMINARY STATEMENTS:

(1) Reference is made to that certain Senior Secured Superpriority Debtor In Possession Credit Agreement dated as of April 21, 2009, as amended or modified by Amendment No. 1 to the Credit Agreement dated as of June 5, 2009, Amendment No. 2 to the Credit Agreement dated as of June 24, 2009, Amendment No. 3 and Consent to the Credit Agreement dated as of August 31, 2009, Amendment No. 4 and Consent to the Credit Agreement dated as of December 4, 2009, Consent and Waiver No. 5 dated as of January 6, 2010, Amendment No. 6 dated as of April 12, 2010, Consent and Waiver No. 7 dated as of May 21, 2010, Consent No. 8 dated as of June 10, 2010, and Consent No. 9 dated as of June 25, 2010 (as so amended, supplemented and otherwise modified from time to time, the "***Credit Agreement***"), in connection with the Cases (as defined therein) by and among the Borrowers, the guarantors from time to time party thereto, the Lenders and the Agent. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

(2) The parties hereto have agreed to amend and modify the Credit Agreement as set forth below.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. <u>Amendments</u>. Effective as of the date hereof, subject to the satisfaction of the condition precedent set forth in Section 2 hereof:

(a) The defined term "Applicable Margin" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

> "***Applicable Margin***" means, in the case of a Base Rate Advance, 5.00% and in the case of a LIBOR Advance, 6.00%.

(b) The defined term "Consolidated EBITDA" set forth in Section 1.01 of the Credit Agreement is hereby amended by amending and restating subsection (b)(vii) thereof in its entirety to read as follows:

"any unusual or non-recurring charges for such period; and".

(c) The defined term "LIBOR" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"***LIBOR***" means, an interest rate per annum equal to the higher of (a) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a period equal to such Interest Period (provided that, if for any reason such rate is not available, the term "***LIBOR***" shall mean, for any Interest Period for all LIBOR Advances comprising part of the same Borrowing, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters LIBOR01 Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period); provided, however, if more than one rate is specified on Reuters LIBOR01 Page, the applicable rate shall be the arithmetic mean of all such rates) and (b) 2.00%.

(d) The defined term "Maturity Date" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"***Maturity Date***" means the earliest of (i) December 31, 2010, (ii) the effective date of the Reorganization Plans in the Cases and (iii) the acceleration of the loans and termination of the commitments hereunder.

(e) Section 2.04 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"SECTION 2.04 Mandatory Prepayment of the Advances. Each Borrower shall, within three Business Days of receipt by the Parent or any Bowater Entity of Net Cash Proceeds arising from (i) any Asset Disposition in respect of a sale or other disposition of any property or assets of the Parent or any Bowater Entity (including any sale of any Equity Interests in the Abitibi Entities) but excluding (A) any Asset Disposition permitted by clauses (i), (iii) – (v) or (vii) of Section 5.02(h) and (B) any Asset Disposition of Miscellaneous Assets pursuant to De Minimis Sale Procedures (as each such term is defined in the *Order Establishing Procedures for the Sale or Abandonment of De Minimis Assets Free and Clear of Liens, Claims and Encumbrances Pursuant to*

Sections 105, 363, and 554 of the Bankruptcy Code entered by the U.S. Bankruptcy Court on June 15, 2009 as Docket No. 491), (ii) any Insurance and Condemnation Event with respect to any property of the Parent or any Bowater Entity to the extent resulting in the receipt of Net Cash Proceeds in excess of $5,000,000, or (iii) proceeds from the incurrence of Debt for borrowed money by the Parent or any Bowater Entity in excess of $5,000,000 (other than Debt permitted by Section 5.02(b)), immediately pay or cause to be paid to the Administrative Agent for the account of the Lenders an amount equal to 100% of such Net Cash Proceeds; provided, however, that, so long as no Event of Default shall be continuing, any Credit Party may (A) with respect to any Net Cash Proceeds received in connection with the sale of any equipment in the ordinary course of business, upon any such receipt, reinvest such Net Cash Proceeds to acquire replacement equipment and (B) with respect to any Net Cash Proceeds received in connection with any Insurance and Condemnation Event, upon any such receipt, reinvest such Net Cash Proceeds to replace or repair the property or assets lost or damaged, in each case, within the earlier of (i) the Maturity Date and (ii) 90 days following the date of receipt of such Net Cash Proceeds; provided, further, that no repayment shall be required hereunder as a result of any Net Cash Proceeds received by a Subsidiary that is not wholly-owned except to the extent such Net Cash Proceeds are distributed to a Borrower or a wholly-owned Subsidiary of a Borrower."

(f) Section 2.12(c) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(c) Duration Fee. If the aggregate principal amount of the Advances has not been repaid in full on or prior to October 15, 2010, the Borrowers shall pay to the Administrative Agent for the account of the Lenders a fee equal to 0.5% of the aggregate amount of the Advances outstanding on October 15, 2010 made by each Lender hereunder, such fee being due and payable on October 15, 2010. Such fee, once paid, shall be non-refundable in all circumstances.

(g) Section 5.02(b) of the Credit Agreement is hereby amended by amending and restating Section 5.02(b)(xv) in its entirety to read as follows:

"(xv) Debt between any Subsidiary which is not a Credit Party and a Credit Party (provided that any Debt owed by a Subsidiary which is not a Credit Party to a Credit Party shall be payable by such Subsidiary on demand by the Credit Party to the extent required pursuant to the Intercompany Subordination Agreement); provided that the aggregate amount of such Debt owed by Subsidiaries which are not Credit Parties to a Credit Party, together with any Investments permitted pursuant to Section 5.02(g)(viii) (without duplication), shall not exceed $35,000,000 outstanding on any date of determination (which amount shall be calculated as the net balance of such loans, advances and investments as reduced by any repayments or distributions made with respect thereto);"

(h) Section 5.04(a) of the Credit Agreement is hereby amended by adding the following date and minimum Consolidated Fixed Charge Coverage Ratio in the appropriate chronological order:

FISCAL QUARTER ENDING	MINIMUM CONSOLIDATED FIXED CHARGE COVERAGE RATIO
December 31, 2010	3.60 to 1

(i) Section 5.04(c) of the Credit Agreement is hereby amended by adding the following dates and minimum Consolidated EBITDA figures in the appropriate chronological order:

MONTH ENDING:	MINIMUM CONSOLIDATED EBITDA
October 31, 2010	$203,000,000
November 30, 2010	$203,000,000
December 31, 2010	$203,000,000

SECTION 2. Condition Precedent. This Amendment shall become effective as of the date hereof when, and only when (i) the Agent shall have received counterparts of this Amendment executed by each of the parties hereto, (ii) the Borrowers shall have prepaid the Advances such that the outstanding principal amount of the Advances does not exceed $40,000,000, (iii) the Borrowers shall have paid to the Agent for the account of the Lenders an amendment fee in an amount equal to 0.5% of the aggregate amount of Advances made by each Lender under the Credit Agreement and (iv) each Bankruptcy Court shall have approved this Amendment.

SECTION 3. Representations and Warranties of the Borrowers. Each of the Borrowers hereby represents and warrants to the Agent and the Lenders as follows:

(a) Subject to the terms of the DIP Financing Orders, the execution, delivery and performance by such Borrower of this Amendment and the Credit Agreement (as amended hereby), and the transactions contemplated hereby and thereby, are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) such Borrower's charter or by-laws or (ii) any law or contractual restriction binding on or affecting such Borrower, and do not result in or require the creation of any Lien upon or with respect to any of its properties.

(b) Except as is required in connection with the Cases, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by such Borrower of this Amendment or the Credit Agreement (as amended hereby), or for the perfection of or the exercise by the Agent or any Lender of their respective rights and remedies under the Loan Documents (as amended hereby).

(c) Subject to the terms of the DIP Financing Orders, this Amendment and the Credit Agreement (as amended hereby) have been duly executed and delivered by such Borrower. This Amendment, together with the Credit Agreement (as amended hereby), are the legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and to general equitable principles.

(d) No Default or Event of Default as defined in any Loan Document has occurred and is continuing or would result from such Borrower's execution, delivery, or performance of its obligations under this Amendment or any other Loan Document (as amended hereby).

SECTION 4. Reference to and Effect on the Loan Documents, Etc.

(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in each of the other Loan Documents to the Credit Agreement, "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) The Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York and, to the extent applicable, the Bankruptcy Codes.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Very truly yours,

LAW DEBENTURE TRUST COMPANY
OF NEW YORK, as Administrative Agent and
Collateral Agent

By: ______________________
Name: James D. Heaney
Title: Managing Director

Required Lenders:

AVENUE INVESTMENTS, L.P., as a Lender

By: ______________________
Name:
Title:

ODYSSEY AMERICA REINSURANCE
CORPORATION, as a Lender

WENTWORTH INSURANCE COMPANY
LTD., as a Lender

TIG INSURANCE COMPANY, as a Lender

THE NORTH RIVER INSURANCE
COMPANY, as a Lender

By: Hamblin Watsa Investment Counsel Ltd.,
as Investment Manager for each of the
foregoing

By ______________________
Name:
Title:

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Very truly yours,

LAW DEBENTURE TRUST COMPANY OF NEW YORK, as Administrative Agent and Collateral Agent

By:______________________________
Name:
Title:

Required Lenders:

AVENUE INVESTMENTS, L.P., as a Lender

By:______________________________
Name: Sonia Gardner
Title: General Partner

ODYSSEY AMERICA REINSURANCE CORPORATION, as a Lender

WENTWORTH INSURANCE COMPANY LTD., as a Lender

TIG INSURANCE COMPANY, as a Lender

THE NORTH RIVER INSURANCE COMPANY, as a Lender

By: Hamblin Watsa Investment Counsel Ltd., as Investment Manager for each of the foregoing

By ______________________________
Name:
Title:

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Very truly yours,

LAW DEBENTURE TRUST COMPANY
OF NEW YORK, as Administrative Agent and
Collateral Agent

By:________________________________
Name:
Title:

Required Lenders:

AVENUE INVESTMENTS, L.P., as a Lender

By:________________________________
Name:
Title:

ODYSSEY AMERICA REINSURANCE
CORPORATION, as a Lender

WENTWORTH INSURANCE COMPANY
LTD., as a Lender

TIG INSURANCE COMPANY, as a Lender

THE NORTH RIVER INSURANCE
COMPANY, as a Lender

By: Hamblin Watsa Investment Counsel Ltd.,
as Investment Manager for each of the
foregoing

By ________________________________
Name:
Title:

2181780v5

Borrowers:

ABITIBIBOWATER INC.

By: W G Harvey

Title: William G. Harvey

Name: Senior Vice President and Chief Financial Officer

BOWATER INCORPORATED

By: W G Harvey

Title: William G. Harvey

Name: Senior Vice President and Treasurer

BOWATER CANADIAN FOREST PRODUCTS INC.

By: W G Harvey

Title: William G. Harvey

Name: Vice President and Treasurer

2181780v5

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 -

AVENUE INVESTMENTS, LP *& al*
Respondents

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, Québec 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

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ABITIBIBOWATER INC. *& al*
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- and -

ERNST & YOUNG INC.
Monitor

- and -

AVENUE INVESTMENTS, LP *& al*
Respondents

BS0350 n/dos.: 041053-1170

LIST OF EXHIBITS AND EXHIBITS R-1 AND 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, Québec H3B 3V2

#10578068 v1