

SUPERIOR COURT

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No: 500-11-036133-094

DATE: _____, 2010

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

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

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.

and

BOWATER CANADIAN HOLDINGS INC.

and

THE OTHER PETITIONERS LISTED ON SCHEDULES "A", "B" AND "C"

Petitioners

and

ERNST & YOUNG INC.

Monitor

VESTING ORDER IN RESPECT OF THE KENORA ASSETS (#_____)

- [1] **CONSIDERING** *Petitioners' Motion for the Issuance of an Order Authorizing the Sale of Certain Assets of the Petitioners (Kenora Assets)* (the "**Motion**");
- [2] **CONSIDERING** the representations of the parties;
- [3] **GIVEN** the provisions of the *Companies' Creditors Arrangement Act* (the "**CCAA**");

FOR THESE REASONS, THE COURT:

- [1] **AUTHORIZES AND APPROVES** the execution by Abitibi-Consolidated Company of Canada ("**ACCC**") and Abitibi-Consolidated Inc. ("**ACI**") of the Asset Purchase Agreement dated September 8, 2010, filed as **Exhibit R-1** to the Motion (the "**APA**"), by and between ACCC (the "**Vendor**"), as vendor, ACI, as intervener, and 5901058 Manitoba Ltd. (the "**Purchaser**"), as purchaser, and the completion of all the transactions contemplated therein (the "**Proposed Transactions**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor;
- [2] **ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Petitioners to proceed with the Proposed Transactions and that no shareholder or regulatory approval shall be required in connection therewith save and except for those contemplated in the APA;
- [3] **ORDERS AND DECLARES** that upon the filing of a Monitor's certificate, substantially in the form appended as **Schedule "D"** hereto (the "**Monitor's Certificate**"), with this Court's registry, all right, title and interest of the Vendor and ACI in and to the Purchased Assets as defined in the APA (the "**Purchased Assets**"), shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all claims, liabilities, obligations, interests, prior claims, hypothecs, security interests (whether contractual, statutory or otherwise), liens, assignments, judgments, executions, writs of seizure and sale, options, adverse claims, levies, charges, liabilities (direct, indirect, absolute or contingent), pledges, executions, rights of first refusal or other pre-emptive rights in favour of third parties, mortgages, hypothecs, trusts or deemed trusts (whether contractual, statutory or otherwise), restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Purchased Assets Encumbrances**"), other than the permitted encumbrances, easements and restrictive covenants listed on **Schedule "F"** hereto (the "**Permitted Encumbrances**"), including without limiting the generality of the foregoing: (i) any Purchased Assets Encumbrances created by the Order issued on April 17, 2009 by Justice Clément Gascon, J.S.C., as amended, and/or any other CCAA order; and (ii) all Purchased Assets Encumbrances evidenced by registration, publication or filing pursuant to the British Columbia *Personal Property Security Act* (the "**BC PPR**") or any other applicable legislation providing for a security interest in personal or movable property, the *Bank Act* or any other applicable legislation and, for greater certainty, **ORDERS** that all of the Purchased Assets Encumbrances affecting or relating to the Purchased Assets, other than the Permitted Encumbrances, be expunged and discharged as against the Purchased Assets, in each case effective as of the applicable time and date set out in the APA;
- [4] **ORDERS AND DECLARES** that subject to any further order of this Court, nothing in this Order reduces or makes inapplicable (i) any obligation under any enactment of the Province of Ontario that ACCC, ACI or the Purchaser or any other person may have by virtue of having been or becoming the owner or operator of the Purchased Assets or any of them; or (ii) any consent by, approval of, notice to or other similar requirement

involving the provincial government or a regional or municipal government under any enactment of the Province of Ontario relating to the transfer of the Purchased Assets or any of them.

- [5] ~~[4]~~ **ORDERS** that upon the registration in the Land Registrar ~~Registry Office~~ for the Land Titles Division of Kenora of a certified copy of this Order, the lands identified in **Schedule "E"** hereto (collectively, the "**Lands**") together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licences, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto shall, as to the Lands, be transferred to and vest in the Purchaser as registered owner in fee simple, without further instrument of transfer, assignment or discharge, free and clear of all Purchased Assets Encumbrances, other than the Permitted Encumbrances, and for the purpose of this paragraph 4, the Land Registrar is hereby directed to vest the Purchaser as the registered owner of the Lands in fee simple with indefeasible title, and is hereby directed to discharge, cancel and release from title to the Lands all of the Purchased Assets Encumbrances, other than the Permitted Encumbrances;
- [6] ~~[5]~~ **ORDERS** the Land Registrar for the Land Titles Division of Kenora, upon presentation of a certified copy of this Order and a copy of the Monitor's Certificate, to discharge, cancel and release from title to the Lands the mortgages and charges filed in said land registry;
- [7] ~~[6]~~ **ORDERS** that upon the issuance filing of the Monitor's Certificate with this Court's registry, the Vendor and ACI shall be authorized to take all such steps as may be necessary to effect the discharge of all liens, charges and encumbrances registered against the Purchased Assets, including filing such financing change statements in the BC PPR as may be necessary, from any registration filed against the Vendor or ACI in the BC PPR, provided that the Vendor and ACI shall not be authorized to effect any discharge that would have the effect of releasing any collateral other than the Purchased Assets, and the Vendor and ACI shall be authorized to take any further steps by way of further application to this Court;
- [8] ~~[7]~~ **ORDERS AND DECLARES** that the Purchaser shall be deemed to have taken an assignment of only those agreements enumerated in the APA, including the Schedules thereto, and under no circumstances shall the Purchaser be deemed to have taken an assignment of, assumed, be bound by or have any obligations under any other agreement between the Vendor or any of the other Petitioners;
- [9] ~~[8]~~ **ORDERS** that the proceeds from the sale of the Purchased Assets, net of all transaction-related costs, including without limitation, attorney's fees (the "**Net Proceeds**") shall be remitted to Ernst & Young Inc., in its capacity as Monitor of the Petitioners, until the issuance of directions by this Court with respect to the allocation of said Net Proceeds;
- [10] ~~[9]~~ **ORDERS** that for the purposes of determining the nature and priority of Purchased Assets Encumbrances, the Net Proceeds shall stand in the place and stead of the Purchased Assets, and that upon payment of the Purchase Price (as defined in the

APA) by the Purchaser all Purchased Assets Encumbrances shall attach to the Net Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale;

[11] ~~[10]~~ **ORDERS** that notwithstanding:

- (i) the proceedings under the CCAA;
- (ii) any petitions for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* ("**BIA**") and any order issued pursuant to any such petition; or
- (iii) the provisions of any federal or provincial legislation;

the vesting of the Purchased Assets, contemplated in this Vesting Order, as well as the execution of the APA pursuant to this Vesting Order, are to be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it give rise to an oppression or any other remedy;

[12] ~~[11]~~ **ORDERS AND DECLARES** that the Vendor and the Purchaser shall be at liberty to amend the Schedules to the APA to include any Purchased Assets not identified by those parties prior to the Time of Closing (as defined in the APA) without the need for further Order of this Court;

[13] ~~[12]~~ **ORDERS AND DECLARES** that the Vendor, ACI and the Purchaser shall be at liberty to apply for such further and other directions as may be necessary to carry out the terms of this Order;

[14] ~~[13]~~ **ORDERS** the provisional execution of this Vesting Order notwithstanding any appeal and without the necessity of furnishing any security;

[15] ~~[14]~~ **WITHOUT COSTS.**

CLÉMENT GASCON, J.S.C.

Stikeman Elliott LLP
Attorneys for Petitioners

SCHEDULE "A"
ABITIBI PETITIONERS

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

SCHEDULE "B"
BOWATER PETITIONERS

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

SCHEDULE "C"

18.6 CCAA PETITIONERS

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

SCHEDULE "D"
DRAFT MONITOR'S CERTIFICATE

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

CERTIFICATE OF THE MONITOR

RECITALS:

WHEREAS on April 17, 2009, the Superior Court of Quebec (the "**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 partnerships³. Any undefined capitalized expression used herein has the meaning set forth in the Initial Order and in the Kenora Vesting Order (as defined below);

WHEREAS pursuant to the terms of the Initial Order, Ernst & Young Inc. (the "**Monitor**") was named monitor of, *inter alia*, the Abitibi Petitioners; and

WHEREAS on ●, 2010, the Court issued an Order (the "**Kenora Vesting Order**") thereby, *inter alia*, authorizing and approving the execution by Abitibi-Consolidated Company of Canada ("**ACCC**") and Abitibi-Consolidated Inc. ("**ACI**") of the Asset Purchase Agreement dated September ●, 8, 2010 (the "**APA**"), by and between ACCC (the "**Vendor**"), as vendor, ACI, as intervener, and 5901058 Manitoba Ltd. (the "**Purchaser**"), as purchaser, and the completion of all the transactions contemplated therein (the "**Proposed Transactions**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor.

THE MONITOR CERTIFIES THAT IT HAS BEEN ADVISED BY THE VENDOR AND THE PURCHASER AS TO THE FOLLOWING:

- (a) the APA has been executed and delivered;
- (b) the portion of the Purchase Price (as defined in the APA) payable at closing and all applicable taxes have been paid;
- (c) all conditions to closing under the APA (save and except for the registration of the Kenora Vesting Order in the appropriate Land Registrar) have been satisfied or waived by the parties thereto.

This Certificate was delivered by the Monitor at ____ [TIME] on ____ [DATE].

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., 9150-3383 Québec Inc. and Abitibi-Consolidated (U.K.) Inc.

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.

Ernst & Young Inc. in its capacity as the monitor for the restructuring proceedings under the CCAA undertaken by AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc. and the other Petitioners listed herein, and not in its personal capacity.

Name: _____

Title: _____

SCHEDULE "E"
REAL PROPERTY

Cameron Bay Area (as defined in section 1.1 of the APA):

PIN 42161-0498
PIN 42161-0568
PIN 42161-0400

Intended to include Transfer of Licence of Occupation #LO 456 and all water lots

Clarifier Area (as defined in section 1.1 of the APA):

PIN 42163-0260	PIN 42179-0094
PIN 42163-0255	PIN 42179-0095
PIN 42179-0077	PIN 42179-0115
PIN 42179-0093	

Mill Site Area (as defined in section 1.1 of the APA):

<u>PIN 42170-0246</u>
<u>PIN 42170-0244</u>
<u>PIN 42170-0163</u>

Includes the Recycle Building and Warehouse, Training Building and Storage building located on the afore-mentioned Real Property

~~Mill Site Area (as defined in section 1.1 of the APA):~~

PIN 42170-0246
PIN 42170-0244
PIN 42170-0163

East Mill Area (as defined in section 1.1 of the APA):

PIN 42169-0164	PIN 42169-0165
PIN 42169-0237	PIN 42169-0159
PIN 42169-0160	PIN 42169-0163

Veterans Drive Area (as defined in section 1.1 of the APA):

PIN 42179-0425
PIN 42179-0440
PIN 42179-0434
PIN 42179-0441

Where applicable, water lots and mineral rights associated with aforementioned Real Property are to be included and transacted, to the Purchaser at appropriate Closing(s).

SCHEDULE "F"
PERMITTED ENCUMBRANCES

<u>PIN</u>	<u>PERMITTED ENCUMBRANCES</u>
<u>42161 – 0498</u>	<u>LT234356</u>
<u>42161 – 0568</u>	<u>LT234356; LT239397; LT239398; 23R-10648</u>
<u>42161 – 0400</u>	<u>LT234356; 23R-8470</u>
<u>42163 – 0260</u>	<u>LT64681; KR1535; LT89483; LT114360; 23R-2411; LT195466;</u> <u>23R-9753; LT258390; 23R-11385; KN10483; KN26039;</u> <u>LT234356</u>
<u>42163 – 0255</u>	<u>LT234356; KN10483; 23R-11389</u>
<u>42179 – 0077</u>	<u>LT234356</u>
<u>42179 – 0093</u>	<u>LT234356</u>
<u>42179 – 0094</u>	<u>LT234356</u>
<u>42179 – 0095</u>	<u>LT234356</u>
<u>42179 – 0115</u>	<u>LT234356</u>
<u>42170 – 0244</u>	<u>LT234356; LT82407; KR918</u>
<u>42170 – 0246</u>	<u>LT78161; LT82407; LT234356; LT114360; KN26039; KR918;</u> <u>KR793</u>
<u>42170 – 0163</u>	<u>RP9384; LT82407; LT194975Z; LT234356; 23R-2411</u>
<u>42169 – 0159</u>	<u>R27680</u>
<u>42169 – 0160</u>	<u>R27680</u>
<u>42169 – 0163</u>	<u>R27680</u>
<u>42169 – 0164</u>	<u>LT234356; LT194975Z; LT82407; KR985</u>
<u>42169 – 0165</u>	<u>R27680; R13753</u>
<u>42169 – 0237</u>	<u>LT234356; KN26039</u>
<u>42179 – 0425</u>	<u>LT234356</u>
<u>42179 – 0434</u>	<u>LT234356</u>
<u>42179 – 0440</u>	<u>LT234356</u>
<u>42179 – 0441</u>	<u>LT234356</u>

[TO BE COMPLETED PRIOR TO HEARING]

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