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

THE ROYAL TRUST COMPANY, a trust company duly constituted, having a place of business at 155 Wellington Street West, 20th Floor, Toronto, Ontario, M5V 3K7

Mise en cause

MOTION TO DECLARE THE TERMINATION OF A TRUST AND TO ORDER THE LIQUIDATION OF THE TRUST PROPERTY AND THE DISTRIBUTION OF THE PROCEEDS

#10597412 v7

TO THE HONOURABLE CLÉMENT GASCON J.S.C. OR ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, PETITIONER BOWATER CANADIAN FOREST PRODUCTS INC. RESPECTFULLY SUBMITS THE FOLLOWING:

I. PREAMBLE

1. On April 17, 2009, this Honourable Court issued an order (as subsequently amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (collectively, the "**Abitibi Petitioners**")[1], (ii) Bowater Canadian Holdings Inc. and affiliates and subsidiaries thereof (collectively, the "**Bowater Petitioners**")[2] and (iii) certain partnerships[3]. Any undefined capitalized expressions used herein shall have the meaning set forth in the Initial Order.

2. Pursuant to the terms of the Initial Order, Ernst & Young Inc. (the "**Monitor**") was named monitor of the Petitioners.

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

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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.) was added to the Schedule of Abitibi Petitioners on November 10, 2009.

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

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

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

18.6 Petitioners, the Abitibi Petitioners and the Bowater Petitioners being collectively referred to as the "**Petitioners**").

4. On or about August 2, 2010, the Petitioners sent a plan of reorganization and compromise to all of their creditors (as amended and supplemented from time to time, the "**Plan**"). The Plan is found in Schedules E and F to the Supplemental 59th Report of the Monitor dated September 21, 2010.

5. On September 14, 2010, a statutory majority of creditors who held affected unsecured claims against the Petitioners (other than the creditors of Bowater Canada Finance Corporation) voted in favour of a resolution approving the Plan.

6. The Plan will become effective after a sanction order has been issued by this Honourable Court and a confirmation order has been issued by the U.S. Bankruptcy Court with respect to the U.S. plan, the relevant delays to appeal have expired and other conditions precedent set forth in the Plan have been met (the "**Implementation Date**").

7. On September 23, 2010, a sanction order in respect of the Plan was issued by this Honourable Court. The confirmation hearing before the U.S. Bankruptcy Court is scheduled to continue on October 8 and 21 and November 8, 2010.

II. BACKGROUND TO THE MOTION

8. The Petitioner Bowater Canadian Forest Products Inc. ("**BCFPI**") is the sponsor of three Supplemental Executive Retirement Plans ("**SERPs**") to provide post-retirement benefits to eligible employees ("**participants**") and to the beneficiaries of any deceased participants ("**beneficiaries**"). For the purposes of this Motion, "BCFPI" includes any successor corporation, and the term "**member**" includes both participants and beneficiaries. BCFPI produces as **Exhibit R-1** a copy of the three SERPs dated November 28, 1997. The SERPs have been amended since that day but the amendments are not relevant for the purposes of this motion.

9. The benefits under the SERPs were partially secured by a letter of credit held by The Royal Trust Company ("**RTC**") in trust for some or all of the members of the SERPs pursuant to a trust agreement between BCFPI and RTC (the "**Trust Agreement**"). BCFPI produces as **Exhibit R-2** the Trust Agreement dated August 14, 1996 together with the Deed of Appointment of RTC dated January 1, 2003.

10. After ABH advised RTC on or about May 1, 2009 that ABH and its subsidiaries had suspended the payment of all SERP benefits and would not renew the letters of credit securing those benefits, RTC called on the letter of credit and received an amount of approximately $23,065,000.

11. RTC was however required by the *Income Tax Act* (Canada) (the "**ITA**") to pay 50% of the proceeds of the letter of credit to the Canada Revenue Agency ("**CRA**") as a refundable tax which will be refunded to RTC.

12. As a result, on May 26, 2009, after calling the letter of credit and before remitting 50% to the CRA, RTC held the sum of $11,530,570 in 30-day Government of Canada Treasury Bills and $11,534,887.79 in cash, and the CRA already held an amount of $3,875,898.19 as a refundable tax.

13. RTC should be entitled to obtain the refund of the remaining balance of the refundable tax by filing a tax return on behalf of the trust at the end of the current taxation year after it has distributed the proceeds on hand to the members, and/or by filing a special election at the end of the current taxation year. This process is described in Technical Interpretation IT- 2001-0083575, released by the CRA on June 13, 2001 and produced as **Exhibit R-3**.

14. The ITA does not require the CRA to proceed with a refund of refundable tax by a certain date or after a certain period of time. The process could take as long as one year.

15. Because of a lack of clarity as to which members were entitled to share in the proceeds of the letter of credit, BCFPI made a motion to this Honourable Court on March 19, 2010, entitled *Motion for Directions on the Identity of the Persons whose Benefits under the Bowater Supplemental Executive Retirement Plans were Secured by a Letter of Credit*, which motion was subsequently amended and re-amended (the "**Motion for Directions**").

16. On July 2, 2010, this Honourable Court issued an interim order whereby it ordered RTC to resume the payment of the SERPs retroactively from May 1, 2009 in favour of certain identified members pending final judgment on the Motion for Directions (the "**Interim Judgment**"). There was no appeal from the Interim Judgment.

17. On September 8, 2010, this Honourable Court rendered a final judgment on the Motion for Directions declaring which members of the SERPs were entitled to share in the proceeds of the letter of credit (the "**Judgment**"). There was no appeal from the Judgment. The members to whom interim payments were made under the Interim Judgment are the same as the members entitled to share in the proceeds of the letter of credit under the Judgment.

18. As part of the Motion for Directions, BCFPI had proposed certain amendments to the Trust Agreement that would have allowed BCFPI to withdraw from the Trust Agreement, such that the Trust Agreement would remain in place and the proceeds of the letter of credit would be distributed to the members as they become due.

19. However, certain parties did not agree with those proposed amendments and this Honourable Court concluded that it did not have jurisdiction to amend the Trust Agreement without the consent of the parties.

20. Moreover, subsequent discussions amongst the parties towards concluding a new trust agreement have, to date, failed.

21. The Plan provides in Section 6.9 for the termination of the existing SERPs effective on the Implementation Date.

22. As a result of the termination of the SERPs, the Trust Agreement will automatically terminate under Section 8.01(ii) of the Trust Agreement.

23. Moreover, the Trust Agreement itself is listed on Plan Supplement 6.9(1), such that it is also terminated effective on the Implementation Date under Section 6.9 of the Plan.

24. Finally, for greater certainty, BCFPI sent a notice of repudiation of the Trust Agreement to RTC on September 14, 2010 (the "**Notice of Repudiation**"), with the repudiation to take effect on the Implementation Date. BCFPI produces a copy of the Notice of Repudiation as **Exhibit R-4**.

25. As a result of all of the foregoing, and unless the parties come to an agreement on an amended or a new trust agreement between now and the Implementation Date, the Trust Agreement will terminate on the Implementation Date, at least insofar as BCFPI is concerned, and it will be necessary to liquidate the trust assets and distribute the funds held by RTC and to be received from the CRA to the persons entitled thereto pursuant to the Judgment.

III. DECLARATIONS AND ORDERS SOUGHT

26. The Petitioners hereby seek the following declarations and orders:

a) That, at least with respect to BCFPI and for the purposes of the Plan, the Trust Agreement will be repudiated and terminated effective the Implementation Date;

b) That, with respect to the members, the trust created by the Trust Agreement will be terminated effective on the later of the Implementation Date or the date that all trust assets, including the refundable tax, have been distributed to the persons entitled thereto pursuant to the Judgment;

c) That RTC is ordered to cease making the payments of the SERPs in accordance with the Interim Judgment after the November 1, 2010 payment;

d) That RTC is ordered to liquidate the trust funds that it holds and to proceed to obtain the reimbursement of the refundable tax from the CRA;

e) That RTC is ordered to distribute, in accordance with the report prepared by Mercer described below in paragraphs 38 and 39 and produced as Exhibit R-5 (the "**Mercer Report**"), the trust funds that it holds and that it receives from the CRA;

f) That RTC is entitled to pay its fees and the disbursements that it has incurred, including the fees of its attorneys, from the trust funds that it holds or that it receives from the CRA, prior to any distribution, and that it is entitled to a reasonable reserve for its fees and the disbursements to be incurred prior to making the final distribution;

g) That BCFPI is ordered to provide to RTC all information and instructions that RTC may require in order to liquidate the trust and distribute the trust funds in accordance with the Mercer Report, until all trust assets, including the refundable tax, have been distributed to the members.

IV. TERMINATION OF THE TRUST

27. For all of the reasons set out above, BCFPI submits that, at least with respect to BCFPI and for the purposes of the Plan, the Trust Agreement will terminate on the Implementation Date, unless the parties come to some agreement on an amended or a new trust agreement between now and the Implementation Date.

28. More particularly, the Trust Agreement will terminate on the Implementation Date for the following reasons:

a) Under Section 6.9 of the Plan, the SERPs are terminated with effect on the Implementation Date, and the Trust Agreement automatically terminates upon termination of the SERPs pursuant to Section 8.01 (ii) of the Trust Agreement;

b) Moreover, under Plan Supplement 6.9 (1) and Section 6.9 of the Plan, the Trust Agreement is also terminated effective on the Implementation Date under Section 6.9 of the Plan; and

c) Without prejudice to the foregoing, BCFPI sent the Notice of Repudiation effective on the Implementation Date to RTC with respect to the Trust Agreement.

29. BCFPI therefore requests this Honourable Court to declare that, with respect to BCFPI and for the purposes of the Plan, the Trust Agreement, and the obligations, duties and liabilities of BCFPI thereunder, will be terminated with effect on the Implementation Date.

30. However, the trust created by the Trust Agreement must not be terminated until RTC receives from the CRA a refund of the refundable tax and distributes that refund to the persons entitled thereto. The premature termination of the trust created by the Trust Agreement would create a legal vacuum.

31. Therefore, the Petitioners request that, with respect to the members, the trust created by the Trust Agreement remain in existence, without any obligations, duties and liabilities to BCFPI, until RTC obtains from CRA the refund of refundable tax and distributes that refund to the persons entitled thereto in accordance with the Mercer Report and that the trust created by the Trust Agreement and the Trust Agreement be terminated only after all of the assets held by RTC have been distributed to the persons entitled thereto.

V. LIQUIDATION OF THE TRUST

32. On September 8, 2010, RTC held a sum of $8,454,731.60 in 30-day Government of Canada Treasury Bills and $8,038.39 in cash. In addition, an amount of $4,095,939.47 has been claimed by RTC from CRA as refundable tax for taxation year 2009 in filing the

2009 RCA Tax return but has not yet been received.

33. Further, a sum of $ 11,541,987.50 is held by CRA as a refundable tax and should be refunded to RTC by the CRA after RTC distributes to the members the sums that it holds and files with the CRA a final RCA tax return and/or a special election, as described in paragraph 13 above.

34. With respect to the funds held by RTC, these can be liquidated easily and without any loss to the members, and RTC should be ordered to liquidate them with diligence after judgment is rendered on this Motion.

35. As for the refundable tax, amounts will be refunded in cash to RTC. RTC should be ordered to proceed to recover those sums, which will include making the required filings to CRA.

VI. DISTRIBUTION OF THE PROCEEDS

36. With respect to the distribution of the proceeds, the Judgment identifies the members entitled to share in the proceeds, namely the members listed on Schedules A, B and C of the Motion for Directions.

37. With respect to the persons on Schedule B to the Motion for Directions, the Judgment specifies that they are only entitled to share in the proceeds based on the value of their SERPS benefits accrued up to December 31, 2003.

38. BCFPI mandated Mercer to calculate, as of May 26, 2009, the present value of the SERP benefits of each of the members listed on Schedules A, B and C to the Motion for Directions, taking into account the December 31, 2003 cut off date (the "**May 2009 Results**"), to bring forward the May 2009 Results to November 1, 2010 and December 1, 2010, and to calculate as of November 1, 2010 and December 1, 2010, the percentage that the present value of the SERP benefits of each member represents in relation to the present value of the total SERP benefits. This percentage will correspond to the percentage of the assets (including the refundable tax) held by RTC that should be paid to each member either after the November 1, 2010 SERP payment or after the December 1, 2010 SERP payment.

39. BCFPI produces as **Exhibit R-5**, the Mercer Report, which was prepared in accordance with the instructions set out in the preceding paragraph. Because Appendix C of this report contains confidential information with respect to the benefits payable to each member, BCFPI will produce (1) to RTC and to the Court, under seal, a complete copy of Appendix C, (2) to the attorneys representing members, only the personal information relating to their respective clients, and (3) to the unrepresented members, only their personal information, unless and until the Court orders otherwise.

40. Subject to paying its fees and disbursements in accordance with the following paragraph, RTC should be ordered to distribute the proceeds which it currently holds in accordance with those percentages, and to distribute the proceeds which it will receive from the CRA as refundable tax in accordance with those percentages.

41. RTC should be entitled to pay its fees and the disbursements it has incurred, including the fees of its attorneys, out of the proceeds prior to any distribution, and to keep a reasonable reserve prior to making the final distribution for its fees and the disbursements to be incurred.

42. BCFPI does not seek costs on this motion, unless it is contested.

43. The Petitioners respectfully submit that this motion should be granted in accordance with its conclusions.

44. The present motion is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

GRANT this *Motion to Declare the Termination of a Trust and to Order the Liquidation of the Trust Property and the Distribution of the Proceeds* (the "**Motion**").

DECLARE that the service of the Motion by registered mail or mail to the members of the SERPs who are not represented by attorneys is valid.

EXEMPT, if applicable, the Petitioners from any further service of the Motion and from any further notice or delay of presentation.

DECLARE that the judgment to be rendered by this Court is binding on all members of the SERPs.

ORDER that, with respect to the Petitioners and for the purpose of the Plan, the Trust Agreement will be terminated effective on the Implementation Date and that, thereafter, the Petitioners will have no obligations, duties and liabilities in respect of the trust created by the Trust Agreement and the Trust Agreement.

ORDER that, with respect to the members, the trust created by the Trust Agreement will only be terminated effective on the later of the Implementation Date or the date that all trust assets, including the refundable tax, have been distributed to the members in accordance with the Mercer Report.

ORDER Royal Trust to cease making the payments of the SERPs in accordance with the Interim Judgment after the November 1, 2010 payment.

ORDER Royal Trust to liquidate the trust funds that it holds and to proceed to obtain, in accordance with the relevant provisions of the ITA, the reimbursement of the refundable tax from the Canada Revenue Agency.

ORDER Royal Trust to distribute the trust funds that it holds forthwith and the trust funds that are subsequently received from the Canada Revenue Agency forthwith after receipt in accordance with the percentages set out in the Mercer Report.

AUTHORIZE Royal Trust to pay its fees and the disbursements it has incurred including the fees of its attorneys, from the trust funds that it holds or that it receives from the Canada Revenue Agency prior to any distribution and to keep a reasonable reserve prior to the final distribution for its fees and the disbursements to be incurred.

ORDER BCFPI to provide Royal Trust all information and instructions that Royal Trust may require in order to liquidate the trust and distribute the trust funds in accordance with the Mercer Report, until all trust assets, including the refundable tax, have been distributed to the members.

WITHOUT COSTS, save in the event of contestation.

Montréal, this 8th day of October, 2010

Stikeman Elliott LLP

Stikeman Elliott LLP
Attorneys for the Petitioners

#10597412 v7

AFFIDAVIT

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

1. I am a Senior Legal Counsel of AbitibiBowater Inc.;

2. All the facts alleged in the *Motion to Declare the Termination of a Trust and To Order the Liquidation of the Trust Property and the Distribution of the Proceeds* are true.

AND I HAVE SIGNED

Isabel Pouliot

Solemnly declared before me at Montréal,
this 8 th day of October, 2010

Commissioner for oaths

Commissioner of Oaths
Districts of Longueuil and Montréal
 # 142 518

NOTICE OF PRESENTATION

TO : SERVICE LIST AND OTHER INDIVIDUALS LISTED IN SCHEDULE "A" HERETO

TAKE NOTICE that the *Motion to Declare the Termination of a Trust and To Order the Liquidation of the Trust Property and the Distribution of the Proceeds* will be presented for adjudication before one of the Honorable Judges of the Superior Court, sitting in practice in and for the District of Montreal, in the Montréal Court House, 1 Notre-Dame St. East, at a date, time and in a Room to be announced to the Service List and to the other individuals listed on Schedule "A" hereto.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, this 8th day of October, 2010

Stikeman Elliott LLP

Stikeman Elliott LLP
Attorneys for the Petitioners

#10597412 v7

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 ROYAL TRUST COMPANY

Mise-en-cause

BS0350 **n/dos.:** 041053-1170

MOTION TO DECLARE THE TERMINATION OF A TRUST AND TO ORDER THE LIQUIDATION OF THE TRUST PROPERTY AND THE DISTRIBUTION OF THE PROCEEDS

ORIGINAL

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#10605842 v1

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

THE ROYAL TRUST COMPANY

Mise-en-cause

LIST OF EXHIBITS OF THE PETITIONERS

(In support of *Motion to Declare the Termination of a Trust and to Order the Liquidation of the Trust Property and the Distribution of the Proceeds*)

	DESCRIPTION	TAB
R-1	Copy of the three SERPs dated November 28, 1997	1
R-2	Copy of the Trust Agreement dated August 14, 1996 and Copy of the Deed of Appointment of The Royal Trust Company dated January 1, 2003	2

DESCRIPTION		TAB
R-3	Copy of Technical Interpretation IT-2001-0083575 released by the CRA on June 13, 2001	3
R-4	Copy of the Notice of Repudiation of the Trust Agreement	4
R-5	Copy of the Mercer Report dated October 8, 2010	5

Montréal, this 8 day of October, 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 -

THE ROYAL TRUST COMPANY
Respondents

BS0350 **n/dos.:** 041053-1170

LIST OF EXHIBITS AND EXHIBITS R-1 TO R-5

ORIGINAL

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#10578209 v1

EXHIBIT R-1

Supplemental Retirement Benefit Plan
for Grade 11 and under Employees of Avenor Inc.

(Effective as of November 28, 1997)

Approved by the Board of Directors of Avenor Inc.

on November 28, 1997

President and Chief Executive Officer

Secretary

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Section 1 – Purpose

1.01 The purpose of the Supplemental Retirement Benefit Plan for Grade 11 and under Employees of Avenor Inc. (hereinafter the "Supplemental Plan") is to provide all such employees with a pension based on their full compensation as defined in the Supplemental Plan, irrespective of any limit imposed under the Income Tax Act of Canada or Regulations thereunder on pensions payable from registered pension plans.

1.02 This Supplemental Plan is effective as of November 28, 1997 and as of such date replaces and cancels the application of any prior plan or agreement, whether oral or written, between a participant therein and the Corporation and providing for supplemental retirement benefits to be paid to such participant in addition to those payable from any registered pension plan of the Corporation. However, this Supplemental Plan shall not apply to or otherwise modify benefits payable or the terms and conditions for payment of such benefits to any former employee who has retired from or otherwise terminated his employment with Avenor Inc. or its predecessors or their affiliates prior to the effective date of this Supplemental Plan.

Section 2 – Definitions

In this Supplemental Plan, the following words and phrases shall have the following meaning, respectively, unless a different meaning is specifically required by the context:

2.01 *Continuous Service* shall have the same meaning as defined in the Registered Plan of which the Participant is a member, provided that for the purpose of Subsections 5.02, 6.02, 8.01, 10.01, 11.01 and 11.02 of this Supplemental Plan, it shall exclude any period of service with a prior employer other than the Corporation, even if such period of service with a prior employer is recognized under the Registered Plan.

2.02 *Participant* shall mean an Employee who is eligible to participate in this Supplemental Plan in accordance with Section 3 herein.

2.03 *Prior Supplemental Plan* shall mean the Supplementary Retirement Benefit Plan established by the Corporation effective July 16, 1993, which is being replaced by this Supplemental Plan in respect of a Participant herein.

2.04 *Registered Plan* shall mean any of the following:

a) the "Executive Staff Retirement Plan (1976) of Avenor Inc."
b) the "Supervisory Employees' Retirement Plan (1976) of Avenor Inc.", and
c) the "Employees' Retirement Plan (1988) of Avenor Inc."

Any reference to the Registered Plan shall, in respect of a given Participant, be deemed to be a reference to the Registered Plan of which he is a member.

2.05 The terms ***Actuarial Equivalent, Average STIP Target, Commuted Value, Corporation, Employee, Final Average Earnings, Spouse and Total and Permanent Disability*** when used herein, shall have the same meaning as defined in the Registered Plan of which the Participant is a member.

The term ***Credited Service***, when used in relation to a Participant who is a member of a Registered Plan which ***is*** either ~~is~~ the "Executive Staff Retirement Plan (1976) of Avenor Inc." or the "Supervisory Employees' Retirement Plan (1976) of Avenor Inc." shall have the same meaning as defined in the applicable Registered Plan, and when used in relation to a Participant who is a member of the Registered Plan which is the "Employees' Retirement Plan (1988) of Avenor Inc." shall have the same meaning as the term Creditable Service as defined in such Registered Plan.

In this Supplemental Plan, reference to the male gender will include the female gender unless the context requires otherwise and words importing the singular number may be construed to extend to and include the plural number and vice versa.

Section 3 – Eligibility

3.01. An Employee shall automatically become a Participant in this Supplemental Plan if he occupies a position with a Grade 11 status or under as defined in the Corporation's salary administration guidelines and if the benefits he his entitled to receive under the Registered Plan of which he is a member are limited as a result of the application of any maximum imposed under the Income Tax Act of Canada or Regulations thereunder on pensions payable by such Registered Plan.

3.02 The Vice President, Human Resources, of the Corporation shall inform such Employee as soon as practical of his having become a Participant under this Supplemental Plan.

3.03 Such Employee shall remain a Participant as long as he continues to be entitled to receive benefits under this Supplemental Plan.

3.04 Notwithstanding Subsection 3.01 and 3.03 above, an Employee who is a Participant in this Supplemental Plan and who becomes eligible to become a participant in the Senior Executive Retirement Plan (SERP) or of the Supplemental Retirement Benefit Plan for Grade 12 and over Employees of Avenor Inc. of the Corporation shall cease to be a Participant in this Supplemental Plan and shall not be entitled to receive any benefits hereunder.

3.05 In the event that a Participant in the Senior Executive Retirement Plan (the "SERP") or in the Supplemental Retirement Benefit Plan for Grade 12 and over Employees of Avenor Inc. (the "Grade 12 and over Supplemental Plan") ceases to accrue credited service for the purpose of such plan as a result of no longer occupying a position enabling him to continue to accrue credited service under either plan while remaining an employee of the Corporation, he shall become a Participant in this Supplemental Plan provided he meets the eligibility requirements as determined in Subsection 3.01.

Notwithstanding any other provisions herein, for the purpose of this Supplemental Plan, his Credited Service shall exclude any period recognized as credited service under the SERP or the Grade 12 and over Supplemental Plan. Furthermore, to the extent that benefits payable under this Supplemental Plan are to be offset by benefits payable under the Registered Plan, such offset shall be limited to such portion of Registered Plan benefits which have not already been used to offset benefits payable under the SERP or the Grade 12 and over Supplemental Plan.

Section 4 – Contributions

4.01 No contribution shall be required from a Participant in respect of benefits payable under this Supplemental Plan.

4.02 The benefits payable under this Supplemental Plan shall, unless decided otherwise by Avenor Inc. at its entire discretion, be payable by the Corporation out of its operating funds as they become due and the Corporation shall be under no obligation whatsoever to pay contributions in advance to fund such benefits.

4.03 Notwithstanding Subsection 4.02, the Corporation will arrange for the payment of benefits provided under the Supplemental Plan to be secured through a letter of credit from a financial institution.

Section 5 – Normal Retirement Date and Retirement Benefits

5.01 For the purpose of this Supplemental Plan, the Normal Retirement Date of a Participant will be the first day of the month coinciding with or next following his attainment of age 65.

5.02 Each Participant who retires on his Normal Retirement Date shall, provided he has completed 2 or more years of Continuous Service, be entitled to receive an annual supplementary retirement allowance payable in equal monthly instalments and commencing on his Normal Retirement Date in an amount equal to the excess, if any, of (a) over (b) below:

(a) the aggregate of:

i) 1.6% of his Final Average Earnings, multiplied by his number of years and fractions of year of Credited Service, and

ii) 1.6% of his Final Average Earnings times 50% of his Average STIP Target, multiplied by his number of years and fraction of year of Credited Service rendered on and after July 1, 1995.

over

(b) the annual amount of the lifetime pension or equivalent value thereof payable to the Participant under the Registered Plan of which he is a member, before the election by the Participant of the prescribed form or of any optional form of payment as provided under such Registered Plan or, where applicable, the annual amount of such lifetime pension that would have been so payable to the Participant under such Registered Plan if there had not been a division between the Participant and his Spouse or former spouse of retirement benefits otherwise payable thereunder as a result of divorce, separation or annulment of marriage.

Section 6 – Early Retirement Dates and Retirement Benefits

6.01 A Participant may retire on the first day of any month during the 10 year period preceding his Normal Retirement Date. For the purpose of this Supplemental Plan, his Early Retirement Date shall be the first day of the month in which such retirement occurs.

6.02 Each Participant who retires early in accordance with Subsection 6.01 shall, provided he has completed 2 or more years of Continuous Service, be entitled to receive an annual supplementary retirement allowance, payable in equal monthly instalments and commencing on his Early Retirement Date, equal to the amount determined in accordance with Section 5 where the amount in 5.02 (a) is reduced in the same manner and subject to the same conditions of payment as the lifetime pension payable from the Registered Plan of which such Participant is a member, notwithstanding the maximum pension rules.

6.03 Notwithstanding anything in the Supplemental Plan to the contrary, in the case of a Corporation initiated termination of employment, the Corporation reserves the right to retire a Participant at any age, provided the sum of his age and number of years of Continuous Service, each calculated in years and months, shall total 80 or more.

Each such Participant shall retire on the first day of any month preceding his Normal Retirement Date and receive an annual supplementary allowance equal to the full normal retirement supplementary allowance accrued to his early retirement date and calculated in accordance with Subsection 5.02, without reduction.

Section 7 –Postponed Retirement Dates and Retirement Benefits

7.01 In the event a Participant remains in the employ of the Corporation after his Normal Retirement Date, he shall be entitled to receive an annual supplementary retirement allowance, payable in equal monthly instalments and commencing on the first day of the month following his actual retirement date, equal to the amount determined in accordance with Section 5 based on his Credited Service up to his actual retirement date.

Section 8 – Total and Permanent Disability

8.01 A Participant who retires on an early retirement date for Total and Permanent Disability shall, provided he has completed 2 or more years of Continuous Service, be entitled to receive an annual supplementary disability allowance, payable in equal monthly instalments and commencing on such early retirement date, which shall be equal to the Actuarial Equivalent of the amount of the supplementary retirement allowance determined in accordance with Section 5 and computed on the basis of his Final Average Earnings and Credited Service to such early retirement date.

8.02 If, however, such Participant has completed 15 years of Continuous Service at the time he suffers a Total and Permanent Disability, he shall be entitled to receive an annual supplementary disability allowance, payable in equal monthly instalments and commencing on such early retirement date, in an amount which shall be equal to the amount of the supplementary retirement allowance determined in accordance with Section 5 and computed on the basis of his Final Average Earnings and Credited Service to such early retirement date, without reduction.

Section 9 – Payment of Retirement Income

9.01 The supplementary allowance payable to the Participant under Sections 5, 6, 7 or 8, as the case may be, of this Supplemental Plan, shall be paid in the same form, the same manner and subject to the same conditions as the lifetime pension payable from the Registered Plan of which he is a member. In the event that the Participant receives his benefits under the terms of such Registered Plan in accordance with the prescribed form thereunder or elects to receive such benefits in accordance with one of the optional forms provided for thereunder, he shall be deemed thereby to have elected to receive in the same manner all supplementary allowance payments hereunder which shall be adjusted, if applicable, in the same manner as the equivalent benefit under the Registered Plan.

Section 10 – Death Prior to Retirement

10.01 In the event that a Participant dies while in service of the Corporation prior to having reached age 55 and after having completed 2 years of Continuous Service, his Spouse or, in the absence of a Spouse, his estate, shall be entitled to receive a death benefit equal to the Commuted Value of the deferred supplementary retirement allowance accrued to such Participant under this Supplemental Plan and determined as if the Participant had terminated his employment pursuant to Section 11 hereunder on the day of his death. Such death benefit shall, subject to applicable legislation, be paid in the same manner and subject to same conditions as the death benefit payable in similar circumstances under the Registered Plan of which the Participant is a member, provided that any such benefit payable in a lump sum basis shall be paid in cash to the person entitled to such benefit.

10.02 (a) In the event that a Participant dies while in service of the Corporation after having reached age 55, his Spouse shall be entitled to receive an annual supplementary survivor allowance equal to 50% of the annual supplementary retirement allowance that would have been payable to the Participant in accordance with Section 5, 6 or 7 as the case may be, determined as if he had retired on the date of his death and elected the joint and 50% surviving spouse option, such supplementary survivor allowance to be actuarially adjusted to reflect any age difference between Participant and his Spouse. Such supplementary survivor allowance shall commence on the first day of the month following the date of the Participant's death and shall be payable in equal monthly instalments until the date of the Spouse's death.

(b) Notwithstanding anything to the contrary, the surviving Spouse of such a Participant shall receive a death benefit equal to the greater of that provided under this Section 10.02 (a) and that which would have been provided under Section 10.01 had the Participant not attained age 55 prior to his death.

(c) Without a Surviving Spouse

In the event such Participant had no surviving Spouse at his date of death, the Participant's estate will receive a death benefit as described under Subsection 0.01, as if the Participant had not attained age 55 prior to his death.

10.03 In the event a Participant entitled to a deferred supplementary retirement allowance following his termination of employment pursuant to Section 11 of this Supplemental Plan dies prior to the commencement of payment of such deferred supplementary retirement allowance, his Spouse, or in absence of a Spouse, his estate, shall be entitled to receive a death benefit equal to the Commuted Value of the deferred supplementary retirement allowance accrued to such the Participant under this Supplemental Plan. Such death benefit shall, subject to applicable legislation, be paid in the same manner and subject to the same conditions as the death benefit payable in similar circumstances under the Registered Plan of which the Participant is a member, provided that any such benefit payable in a lump sum basis shall be paid in cash to the person entitled to such benefit.

Section 11 – Benefits on Termination of Employment

11.01 A Participant who terminates his service with the Corporation for any reason, other than retirement pursuant to Subsection 6.03 of this Supplemental Plan, prior to his 55th birthday and who has completed 2 or more years of Continuous Service as of the date of such termination of service shall be entitled to receive a deferred supplementary retirement allowance commencing on the date he could have taken Normal Retirement, in an amount calculated as specified in Subsection 5, based upon his Credited Service as at the date of such termination of his service. Such supplementary retirement allowance shall, subject to applicable legislation, be payable in the same manner and subject to the same condition as the deferred retirement benefit payable in similar circumstances under the Registered Plan of which such Participant is a member, provided that any such benefit payable in a lump sum basis shall be paid in cash to the person entitled to such benefit.

11.02 No benefit shall be payable under this Supplemental Plan to a Participant who terminates his service with the Corporation prior to his 55th birthday and who has not completed 2 or more years of Continuous Service as of the date of such termination of service.

Section 12 – Increase in Benefits

12.01 If and when the pension benefits paid to the Participant (or, in the case of death, to the Spouse of the Participant) from the Registered Plan are increased, the same proportional increase shall also apply to the supplementary allowance payable hereunder to the Participant or following his death, to his Spouse.

Section 13 – General Provisions

13.01 **Proof of Age**

Any Participant or Spouse of such Participant entitled to benefits hereunder shall, upon request, furnish proof of age satisfactory to the Corporation. In the case that the age of the Participant or his Spouse is found to be inexact, the Corporation is authorized to adjust benefits accordingly.

13.02 **Employee Rights**

The implementation of this Supplemental Plan shall not constitute an enlargement of any rights which a Participant had apart from his membership in the Supplemental Plan. The benefits conferred herein shall not be used to increase damages in respect of the dismissal or termination of employment of any Employee.

13.03 **Non-Alienation**

Subject to any applicable legal requirement, all benefits payable under the terms of this Supplemental Plan are for the Participant's own use and are subject to the following restrictions:

1) Non-Enforceable Transactions

   Any transaction that purports to assign, charge, anticipate, surrender, or give as security any right of a person under the Supplemental Plan or benefit payable under the Supplemental Plan shall not be enforceable against the Supplemental Plan; and

2) Exemption from Seizure

Any benefit payable under the Supplemental Plan is exempt from execution, seizure or attachment.

13.04 **Non-Commutability of Benefits**

The benefits provided under the terms of this Supplemental Plan shall not be capable of surrender or commutation except as provided in the Supplemental Plan.

13.05 **Records**

Wherever the records of the Corporation are used for the purpose of this Supplemental Plan, such records shall be considered conclusive of the facts with which they are concerned unless and until they are proven to be in error.

13.06 **Incompetency**

If, in the opinion of the Corporation, any person receiving a benefit under the terms of this Supplemental Plan is, as a result of physical or mental infirmity, incapable of managing his affairs and no guardian, committee or other representative of the estate of such person has been duly appointed by a court of competent jurisdiction, the Corporation may authorize any payment to which such person is entitled be made to his Spouse, child or other person on his behalf and such payment shall be a complete discharge of the obligation of the Corporation under this Supplemental Plan to make such payment.

13.07 **Notices**

Any notice or election to be given, made or communicated pursuant to or for any purpose of the Supplemental Plan shall be given, made or communicated, as the case may be, in such manner as the Corporation shall determine.

13.08 **Interpretation**

a) This provision of this Supplemental Plan shall be interpreted in accordance with the laws of the Province of Quebec and shall be binding upon and enure to the benefit of the Corporation and its successors and assigns.

b) Headings wherever used herein are for reference purposes only, and do not limit or extend the meaning of any of the provisions of this Supplemental Plan.

13.09 **Severability**

Should any of the provisions of this Supplemental Plan and/or its conditions be illegal or not enforceable, it or they shall be considered severable and the Supplemental Plan and the remaining conditions shall remain in full force and effect and be binding upon the parties as though the said provision or provisions had never been included.

13.10 **Taxibility of Benefits**

All benefits under this Supplemental Plan are expressed on a pre-tax basis and shall be subject to applicable withholding tax and reporting pursuant to the Income Tax Act (Canada) and any other applicable law.

Section 14 – Administration

14.01 The Corporation shall decide on all matters relating to the interpretation, administration and application of this Supplemental Plan, consistently with the text of the Supplemental Plan.

14.02 To facilitate any action required to be taken by the Corporation under the Supplemental Plan, the Board of Directors of the Corporation may, at its discretion, delegate the responsibility for administration of the Supplemental Plan to any person(s) appointed specifically for this purpose to act on behalf of the Corporation.

Section 15 – Future of the Plan

15.01 Notwithstanding anything to the contrary herein, the Corporation reserves the right to make amendments to this Supplemental Plan. Any such amendment shall be communicated in writing by the Corporation to the Participants indicating the effective date of such amendment which, subject to Subsection 15.02 below, shall not precede the date that such communication is deemed to have been received by the Participants pursuant to Subsection 13.07 hereunder. Furthermore, the Corporation will not have the right to make such amendment only in respect of one or more Participants but such amendment shall have to be made in respect of all Participants, excluding those Participants who have already commenced to receive benefits hereunder.

15.02 When an amendment is made to this Supplemental Plan pursuant to Subsection 15.01 above as a result of a corresponding amendment to the Registered Plan, such amendment shall take effect as of the same effective date as applicable in respect of the corresponding amendment to the Registered Plan.

15.03 No amendment made to this Supplemental Plan by the Corporation pursuant to this Section 15 can have the effect of reducing the amount or value of the benefits accrued by the Participants under this Supplemental Plan prior to the effective date of such amendment.

15.04 In the event that an amendment is made pursuant to this Section 15 to the effect that only the Participants' Credited Service before a given date (hereinafter called "Cessation Date") will be used in the calculation of supplementary benefits payable under this Supplemental Plan, the benefits provided herein will be payable in respect of a Participant as of his retirement date or following his termination of employment or death in accordance with the rules of this Supplemental Plan, and shall be based on the Participant's Final Average Earnings and Average STIP Target as of the date of his retirement, termination of employment or death, as the case may be, and on his Credited Service up to the Cessation Date only.

Supplemental Retirement Benefit Plan for Grade 12 and over Employees of Avenor Inc.

(Effective as of November 28, 1997)

Approved by the Board of Directors of Avenor Inc.

on November 28, 1997

President and Chief Executive Officer

Secretary

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Appendix A - Service with an Employer other than the Corporation

Appendix B - Pension from an Employer other than the Corporation

Section 1 – Purpose

1.01 The purpose of the Supplemental Retirement Benefit Plan for Grade 12 and over Employees of Avenor Inc. (hereinafter the "Supplemental Plan") is essentially to provide all such employees with a pension based on their full compensation and service as defined in the Supplemental Plan, irrespective of any limit imposed under the Income Tax Act of Canada or Regulations thereunder on pensions payable from registered pension plans.

1.02 This Supplemental Plan is effective as of November 28, 1997 and as of such date replaces and cancels the application of any prior plan or agreement, whether oral or written, between a participant therein and the Corporation and providing for supplemental retirement benefits to be paid to such participant in addition to those payable from any registered pension plan of the Corporation. However, this Supplemental Plan shall not apply to or otherwise modify benefits payable or the terms and conditions for payment of such benefits to any former employee who has retired from or otherwise terminated his employment with Avenor Inc. or its predecessors or their affiliates prior to the effective date of this Supplemental Plan.

Section 2 – Definitions

In this Supplemental Plan, the following words and phrases shall have the following meaning, respectively, unless a different meaning is specifically required by the context:

2.01 *Continuous Service* shall have the same meaning as defined in the Registered Plan of which the Participant is a member, provided that:

a) for the purpose of Subsections 5.02, 6.02, 8.01, 10.01, 11.01 and 11.02 of this Supplemental Plan, it shall exclude any period of service with a prior employer other than the Corporation, whether or not such period of service with a prior employer is recognized under the Registered Plan;

b) for the purpose of Subsections 6.03, 6.04 and 8.02 of this Supplemental Plan, it shall include such additional service with a prior employer other than the Corporation as defined in Appendix A hereto and which is not recognized for the purpose of the Registered Plan.

2.02 *Participant* shall mean an Employee who is eligible to participate in this Supplemental Plan in accordance with Section 3 herein.

2.03 *Prior Supplemental Plan* shall mean the Supplementary Retirement Benefit Plan established by the Corporation effective July 16, 1993, which is being replaced by this Supplemental Plan in respect of a Participant herein.

2.04 *Registered Plan* shall mean any of the following:

a) the "Executive Staff Retirement Plan (1976) of Avenor Inc."

b) the "Supervisory Employees' Retirement Plan (1976) of Avenor Inc.", and

c) the "Employees' Retirement Plan (1988) of Avenor Inc."

Any reference to the Registered Plan shall, in respect of a given Participant, be deemed to be a reference to the Registered Plan of which he is a member.

2.05 The terms ***Actuarial Equivalent, Average STIP Target, Commuted Value, Corporation, Employee, Final Average Earnings, Spouse and Total and Permanent Disability*** when used herein, shall have the same meaning as defined in the Registered Plan of which the Participant is a member.

The term *Credited Service*, when used in relation to a Participant who is a member of a Registered Plan which is either the "Executive Staff Retirement Plan (1976) of Avenor Inc." or the "Supervisory Employees' Retirement Plan (1976) of Avenor Inc." shall have the same meaning as defined in the applicable Registered Plan, and when used in relation to a Participant who is a member of the Registered Plan which is the "Employees' Retirement Plan (1988) of Avenor Inc." shall have the same meaning as the term Creditable Service as defined in such Registered Plan. ***Credited Service*** shall also include such additional service with a prior employer other than the Corporation which is not recognized for the purpose of the Registered Plan, but which is recognized as such for the purpose of this Supplemental Plan, as defined in Appendix A hereto.

In this Supplemental Plan, reference to the male gender will include the female gender unless the context requires otherwise and words importing the singular number may be construed to extend to and include the plural number and vice versa.

Section 3 – Eligibility

3.01. An Employee shall automatically become a Participant in this Supplemental Plan if he occupies a position with a Grade 12 status and above as defined in the Corporation's salary administration guidelines and if the benefits he his entitled to receive under the Registered Plan of which he is a member are limited as a result of the application of any maximum imposed under the Income Tax Act of Canada or Regulations thereunder on pensions payable by such Registered Plan.

3.02 The Vice President, Human Resources, of the Corporation shall inform such Employee as soon as practical of his having become a Participant under this Supplemental Plan.

3.03 Such Employee shall remain a Participant as long as he continues to be entitled to receive benefits under this Supplemental Plan.

3.04 Notwithstanding Subsection 3.01 and 3.03 above, an Employee shall not be eligible to become a Participant in this Supplemental Plan if he is eligible to become a participant in the Senior Executive Retirement Plan (SERP) of the Corporation. Furthermore an Employee who is a Participant in this Supplemental Plan and who becomes eligible to become a participant in the Senior Executive Retirement Plan (SERP) of the Corporation shall cease to be a Participant in this Supplemental Plan and shall not be entitled to receive any benefits hereunder.

3.05 In the event that a Participant in the Senior Executive Retirement Plan (the "SERP") ceases to accrue credited service for the purpose of the SERP as a result of no longer occupying a Senior Executive Position as defined therein while remaining an employee of the Corporation, he shall become a Participant in this Supplemental Plan provided he meets the eligibility requirements as determined in Subsection 3.01. Notwithstanding any other provision herein, for the purpose of this Supplemental Plan, his Credited Service shall exclude any period recognized as credited service under the SERP. Furthermore, to the extent that benefits payable under this Supplemental Plan are to be offset by benefits payable under the Registered Plan, such offset shall be limited to such portion of Registered Plan benefits which have not already been used to offset benefits payable under the SERP.

3.06 In the event that a Participant remains an employee of the Corporation but no longer occupies a position with Grade 12 status or above, and unless he is otherwise designated by the Corporation as eligible to continue to accrue Credited Service under this Supplemental Plan, the benefits otherwise payable to or in respect of such Participant under this Supplemental Plan shall be payable as of the Participant's retirement date, date of death or date of termination of employment, as the case may be, but shall be based on such Participant's Credited Service up to the date as of which he no longer occupies a position with Grade 12 status and above, or as of such later date specified by the Corporation.

Section 4 – Contributions

4.01 No contribution shall be required from a Participant in respect of benefits payable under this Supplemental Plan.

4.02 The benefits payable under this Supplemental Plan shall, unless decided otherwise by Avenor Inc. at its entire discretion, be payable by the Corporation out of its operating funds as they become due and the Corporation shall be under no obligation whatsoever to pay contributions in advance to fund such benefits.

4.03 Notwithstanding Subsection 4.02, the Corporation will arrange for the payment of benefits provided under the Supplemental Plan to be secured through a letter of credit from a financial institution.

Section 5 – Normal Retirement Date and Retirement Benefits

5.01 For the purpose of this Supplemental Plan, the Normal Retirement Date of a Participant will be the first day of the month coinciding with or next following his attainment of age 65.

5.02 Each Participant who retires on his Normal Retirement Date shall, provided he has completed 2 or more years of Continuous Service, be entitled to receive an annual supplementary retirement allowance payable in equal monthly instalments and commencing on his Normal Retirement Date in an amount equal to the excess, if any, of (a) over (b) below:

(a) the aggregate of 1.6% of his Final Average Earnings and 1.6% of his Final Average Earnings times 50% of his Average STIP Target, multiplied by his number of years and fractions of year of Credited Service

over

(b) the aggregate of

(i) the annual amount of the lifetime pension or equivalent value thereof payable to the Participant under the Registered Plan of which he is a member, before the election by the Participant of the prescribed form or of any optional form of payment as provided under such Registered Plan or, where applicable, the annual amount of such lifetime pension that would have been so payable to the Participant under such Registered Plan if there had not been a division between the Participant and his Spouse or former spouse of retirement benefits otherwise payable thereunder as a result of divorce, separation or annulment of marriage; and

(ii) the annual amount or the aggregate of the annual amounts, as the case may be, of the other lifetime pension or equivalent value thereof, if any, that the Participant is entitled to receive under any pension plan or plans, or similar arrangement if any, of the Corporation or of a prior employer on account of service recognized for the purpose of calculating the supplementary retirement allowance payable under this Supplemental Plan and before election by the Participant of any prescribed optional form of payment as provided under such pension plan or plans or, where applicable, the annual amount or the aggregate of the annual amounts, as the case may be, of such other lifetime pension or pensions that would have been so payable to the Participant if there had not been a division between the Participant and his Spouse or former Spouse of retirement benefits otherwise payable thereunder as a result of divorce, separation or annulment of marriage. For sake of clarity, these amounts are described in Appendix B.

Section 6 – Early Retirement Dates and Retirement Benefits

6.01 A Participant may retire on the first day of any month during the 10 year period preceding his Normal Retirement Date. For the purpose of this Supplemental Plan, his Early Retirement Date shall be the first day of the month in which such retirement occurs.

6.02 Each Participant who retires early in accordance with Subsection 6.01 shall, provided he has completed 2 or more years of Continuous Service, be entitled to receive an annual supplementary retirement allowance, payable in equal monthly instalments and commencing on his Early Retirement Date, equal to the amount determined in accordance with Section 5 where the amount in 5.02 (a) is reduced in the same manner and subject to the same conditions of payment as the lifetime pension payable from the Registered Plan of which such Participant is a member, notwithstanding the maximum pension rules, taking into consideration all service with an employer other than the Corporation as stated in Appendix A, whether such service has been recognized under the Registered Plan or not.

6.03 Notwithstanding anything in the Supplemental Plan to the contrary, in the case of *a* Corporation initiated termination of employment, the Corporation reserves the right to retire a Participant at any age, provided the sum of his age and number of years of Continuous Service, each calculated in years and months, shall total 80 or more.

Each such Participant shall retire on the first day of any month preceding his Normal Retirement Date and receive an annual supplementary allowance equal to the full normal retirement supplementary allowance accrued to his early retirement date and calculated in accordance with Subsection 5.02, without reduction. He shall also receive, if applicable, the additional supplementary allowance as provided in Section 6.04 and commencing on his actual date of early retirement.

6.04 In the event a Participant's Credited Service includes service with a prior employer other than the Corporation as defined in Appendix A hereto and which is not recognized for purposes of the Registered Plan of which he is a member, such Participant who retires early in accordance with subsection 6.01 after completion of 15 years of Continuous Service shall receive, in respect of such portion of his Credited Service, an annual supplementary retirement allowance equal to 1/35 of the maximum annual retirement pension payable under the Canada or Québec Pension Plan in effect in the year of retirement, multiplied by the number of years and fraction of year of such portion of his Credited Service, for a maximum of 35 years including the portion of his Credited Service in respect of which a supplementary pension benefit is payable under the Registered Plan of which he is a member, and payable in equal monthly instalments commencing on the later of his Early Retirement Date or age 60 and ceasing with the payment immediately preceding or coincident with the earlier of:

(a) his Normal Retirement Date, and

(b) the date of his death.

Section 7 –Postponed Retirement Dates and Retirement Benefits

7.01 In the event a Participant remains in the employ of the Corporation after his Normal Retirement Date, he shall be entitled to receive an annual supplementary retirement allowance, payable in equal monthly instalments and commencing on the first day of the month following his actual retirement date, equal to the amount determined in accordance with Section 5 based on his Credited Service up to his actual retirement date.

Section 8 – Total and Permanent Disability

8.01 A Participant who retires on an early retirement date for Total and Permanent Disability shall, provided he has completed 2 or more years of Continuous Service, be entitled to receive an annual supplementary disability allowance, payable in equal monthly instalments and commencing on such early retirement date, which shall be equal to the Actuarial Equivalent of the amount of the supplementary retirement allowance determined in accordance with Section 5 and computed on the basis of his Final Average Earnings and Credited Service to such early retirement date.

8.02 If, however, such Participant has completed 15 years of Continuous Service at the time he suffers a Total and Permanent Disability, he shall be entitled to receive an annual supplementary disability allowance, payable in equal monthly instalments and commencing on such early retirement date, in an amount which shall be equal to the amount of the supplementary retirement allowance determined in accordance with Section 5 and computed on the basis of his Final Average Earnings and Credited Service to such early retirement date, without reduction.

Section 9 – Payment of Retirement Income

9.01 The supplementary allowance payable to the Participant under Sections 5, 6, 7 or 8, as the case may be, of this Supplemental Plan, shall be paid in the same form, the same manner and subject to the same conditions as the lifetime pension payable from the Registered Plan of which he is a member. In the event that the Participant receives his benefits under the terms of such Registered Plan in accordance with the prescribed form thereunder or elects to receive such benefits in accordance with one of the optional forms provided for thereunder, he shall be deemed thereby to have elected to receive in the same manner all supplementary allowance payments hereunder which shall be adjusted, if applicable, in the same manner as the equivalent benefit under the Registered Plan.

9.02 In the case of a Participant who was a participant (as defined therein) in the Prior Supplemental Plan on June 30, 1995, the portion of the annual supplementary allowance payable to such Participant under Section 5, 6 or 7, as the case may be, of this Supplemental Plan and which can reasonably be considered to relate to his Credited Service up to June 30, 1995 shall be augmented, if required, so as not to be less than the annual supplementary benefit accrued to such Participant up to June 30, 1995 under the terms of the Prior Supplemental Plan.

Section 10 – Death Prior to Retirement

10.01 In the event that a Participant dies while in service of the Corporation prior to having reached age 55 and after having completed 2 years of Continuous Service, his Spouse or, in the absence of a Spouse, his estate, shall be entitled to receive a death benefit equal to the Commuted Value of the deferred supplementary retirement allowance accrued to such Participant under this Supplemental Plan and determined as if the Participant had terminated his employment pursuant to Section 11 hereunder on the day of his death. Such death benefit shall, subject to applicable legislation, be paid in the same manner and subject to same conditions as the death benefit payable in similar circumstances under the Registered Plan of which the Participant is a member, provided that any such benefit payable in a lump sum basis shall be paid in cash to the person entitled to such benefit.

10.02 (a) In the event that a Participant dies while in service of the Corporation after having reached age 55, his Spouse shall be entitled to receive an annual supplementary survivor allowance equal to 50% of the annual lifetime supplementary retirement allowance that would have been payable to the Participant in accordance with Section 5, 6 or 7 as the case may be, determined as if he had retired on the date of his death and elected the joint and 50% surviving spouse option, such supplementary survivor allowance to be actuarially adjusted to reflect any age difference between Participant and his Spouse. Such supplementary survivor allowance shall commence on the first day of the month following the date of the Participant's death and shall be payable in equal monthly instalments until the date of the Spouse's death.

(b) Notwithstanding anything to the contrary, the surviving Spouse of such a Participant shall receive a death benefit equal to the greater of that provided under Section 10.02 (a) and that which would have been provided under Section 10.01 had the Participant not attained age 55 prior to his death.

(c) Without a Surviving Spouse

In the event such Participant had no surviving Spouse at his date of death, the Participant's estate will receive a death benefit as described under Subsection 10.01, as if the Participant had not attained age 55 prior to his death.

10.03 In the event a Participant entitled to a deferred supplementary retirement allowance following his termination of employment pursuant to Section 11 of this Supplemental Plan dies prior to the commencement of payment of such deferred supplementary retirement allowance, his Spouse, or in absence of a Spouse, his estate, shall be entitled to receive a death benefit equal to the Commuted Value of the deferred supplementary retirement allowance accrued to such Participant under this Supplemental Plan. Such death benefit shall, subject to applicable legislation, be paid in the same manner and subject to the same conditions as the death benefit payable in similar circumstances under the Registered Plan of which the Participant is a member provided that any such benefit payable in a lump sum basis shall be paid in cash to the person entitled to such benefit.

Section 11 – Benefits on Termination of Employment

11.01 A Participant who terminates his service with the Corporation for any reason, other than retirement pursuant to Subsection 6.03 of this Supplemental Plan, prior to his 55th birthday and who has completed 2 or more years of Continuous Service as of the date of such termination of service shall be entitled to receive a deferred supplementary retirement allowance commencing on the date he could have taken Normal Retirement, in an amount calculated as specified in Subsection 5, based upon his Credited Service as at the date of such termination of his service. Such supplementary retirement allowance shall, subject to applicable legislation, be payable in the same manner and subject to the same condition as the deferred retirement benefit payable in similar circumstances under the Registered Plan of which such Participant is a member, provided that any such benefit payable in a lump sum basis shall be paid in cash to the person entitled to such benefit.

11.02 No benefit shall be payable under this Supplemental Plan to a Participant who terminates his service with the Corporation prior to his 55th birthday and who has not completed 2 or more years of Continuous Service as of the date of such termination of service.

Section 12 – Increase in Benefits

12.01 If and when the monthly pension benefits paid to the Participant (or, in the case of death, to the Spouse of the Participant) from the Registered Plan are increased, the same proportional increase shall also apply to the supplementary allowance payable hereunder to the Participant or following his death, to his Spouse.

Section 13 – General Provisions

13.01 Proof of Age

Any Participant or Spouse of such Participant entitled to benefits hereunder shall, upon request, furnish proof of age satisfactory to the Corporation. In the case that the age of the Participant or his Spouse is found to be inexact, the Corporation is authorized to adjust benefits accordingly.

13.02 Employee Rights

The implementation of this Supplemental Plan shall not constitute an enlargement of any rights which a Participant had apart from his membership in the Supplemental Plan. The benefits conferred herein shall not be used to increase damages in respect of the dismissal or termination of employment of any Employee.

13.03 Non-Alienation

Subject to any applicable legal requirement, all benefits payable under the terms of this Supplemental Plan are for the Participant's own use and are subject to the following restrictions:

1) Non-Enforceable Transactions

Any transaction that purports to assign, charge, anticipate, surrender, or give as security any right of a person under the Supplemental Plan or benefit payable under the Supplemental Plan shall not be enforceable against the Supplemental Plan; and

2) Exemption from Seizure

Any benefit payable under the Supplemental Plan is exempt from execution, seizure or attachment.

13.04 **Non-Commutability of Benefits**

The benefits provided under the terms of this Supplemental Plan shall not be capable of surrender or commutation except as provided in the Supplemental Plan.

13.05 **Records**

Wherever the records of the Corporation are used for the purpose of this Supplemental Plan, such records shall be considered conclusive of the facts with which they are concerned unless and until they are proven to be in error.

13.06 **Incompetency**

If, in the opinion of the Corporation, any person receiving a benefit under the terms of this Supplemental Plan is, as a result of physical or mental infirmity, incapable of managing his affairs and no guardian, committee or other representative of the estate of such person has been duly appointed by a court of competent jurisdiction, the Corporation may authorize any payment to which such person is entitled be made to his Spouse, child or other person on his behalf and such payment shall be a complete discharge of the obligation of the Corporation under this Supplemental Plan to make such payment.

13.07 **Notices**

Any notice or election to be given, made or communicated pursuant to or for any purpose of the Supplemental Plan shall be given, made or communicated, as the case may be, in such manner as the Corporation shall determine.

13.08 **Interpretation**

a) This provision of this Supplemental Plan shall be interpreted in accordance with the laws of the Province of Quebec and shall be binding upon and enure to the benefit of the Corporation and its successors and assigns.

b) Headings wherever used herein are for reference purposes only, and do not limit or extend the meaning of any of the provisions of this Supplemental Plan.

13.09 **Severability**

Should any of the provisions of this Supplemental Plan and/or its conditions be illegal or not enforceable, it or they shall be considered severable and the Supplemental Plan and the remaining conditions shall remain in full force and effect and be binding upon the parties as though the said provision or provisions had never been included.

13.10 **Taxibility of Benefits**

All benefits under this Supplemental Plan are expressed on a pre-tax basis and shall be subject to applicable withholding tax and reporting pursuant to the Income Tax Act (Canada) and any other applicable law.

Section 14 – Administration

14.01 The Corporation shall decide on all matters relating to the interpretation, administration and application of this Supplemental Plan, consistently with the text of the Supplemental Plan.

14.02 To facilitate any action required to be taken by the Corporation under the Supplemental Plan, the Board of Directors of the Corporation may, at its discretion, delegate the responsibility for administration of the Supplemental Plan to any person(s) appointed specifically for this purpose to act on behalf of the Corporation.

Section 15 – Future of the Plan

15.01 Notwithstanding anything to the contrary herein, the Corporation reserves the right to make amendments to this Supplemental Plan. Any such amendment shall be communicated in writing by the Corporation to the Participants indicating the effective date of such amendment which, subject to Subsection 15.02 below, shall not precede the date that such communication is deemed to have been received by the Participants pursuant to Subsection 13.07 hereunder. Furthermore, the Corporation will not have the right to make such amendment only in respect of one or more Participants but such amendment shall have to be made in respect of all Participants, excluding those Participants who have already commenced to receive benefits hereunder.

15.02 When an amendment is made to this Supplemental Plan pursuant to Subsection 15.01 above as a result of a corresponding amendment to the Registered Plan, such amendment shall take effect as of the same effective date as applicable in respect of the corresponding amendment to the Registered Plan.

15.03 No amendment made to this Supplemental Plan by the Corporation pursuant to this Section 15 can have the effect of reducing the amount or value of the benefits accrued by the Participants under this Supplemental Plan prior to the effective date of such amendment.

15.04 In the event that an amendment is made pursuant to this Section 15 to the effect that only the Participants' Credited Service before a given date (hereinafter called "Cessation Date") will be used in the calculation of supplementary benefits payable under this Supplemental Plan, the benefits provided herein will be payable in respect of a Participant as of his retirement date or following his termination of employment or death in accordance with the rules of this Supplemental Plan, and shall be based on the Participant's Final Average Earnings and Average STIP Target as of the date of his retirement, termination of employment or death, as the case may be, and on his Credited Service up to the Cessation Date only.

Appendix A – Service with an Employer other than the Corporation

Not recognized under the Registered plan

None

Recognized in the Registered Plan

Delisle, Gaudry	16 years and 4 months (deferred pension)

Appendix B – Pension from an Employer other than the Corporation

None.

Senior Executive Retirement Plan (SERP)

(Effective as of November 28, 1997)

Approved by the Board of Directors of Avenor Inc.

on November 28, 1997

President and Chief Executive Officer

Secretary

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Appendix A - Service with an Employer other than the Corporation

Appendix B - Pension from an Employer other than the Corporation

Section 1 – Purpose

1.01 The purpose of the Senior Executive Retirement Plan (SERP) (hereinafter the "Supplemental Plan") is to provide to the eligible employees retirement benefits in addition to those payable from any registered plan of the Corporation.

1.02 This Supplemental Plan is effective as of November 28, 1997 and as of such date replaces and cancels the application of any prior plan or agreement, whether oral or written, between a participant therein and the Corporation and providing for supplemental retirement benefits to be paid to such participant in addition to those payable from any registered pension plan of the Corporation. However, this Supplemental Plan shall not apply to or otherwise modify benefits payable or the terms and conditions for payment of such benefits to any former employee who has retired from or otherwise terminated his employment with Avenor Inc. or its predecessors or their affiliates prior to the effective date of this Supplemental Plan.

Section 2 – Definitions

In this Supplemental Plan, the following words and phrases shall have the following meaning, respectively, unless a different meaning is specifically required by the context:

2.01 *Continuous Service* shall have the same meaning as defined in the Registered Plan of which the Participant is a member, provided that:

a) for the purpose of Subsections 5.02, 6.02, 8.01, 10.01, 11.01 and 11.02 of this Supplemental Plan, it shall exclude any period of service with a prior employer other than the Corporation, whether or not such period of service with a prior employer is recognized under the Registered Plan;

b) for the purpose of Subsections 6.03, 6.04 and 8.02 of this Supplemental Plan, it shall include such additional service with a prior employer other than the Corporation as defined in Appendix A hereto and which is not recognized for the purpose of the Registered Plan.

2.02 *Participant* shall mean an Employee who is eligible to participate in this Supplemental Plan in accordance with Section 3 herein.

2.03 *Prior Supplemental Plan* shall mean the Supplementary Retirement Benefit Plan established by the Corporation effective July 16, 1993, which is being replaced by this Supplemental Plan in respect of a Participant herein.

2.04 *Registered Plan* shall mean any of the following:

a) the "Executive Staff Retirement Plan (1976) of Avenor Inc."

b) the "Supervisory Employees' Retirement Plan (1976) of Avenor Inc.", and

c) the "Employees' Retirement Plan (1988) of Avenor Inc."

Any reference to the Registered Plan shall, in respect of a given Participant, be deemed to be a reference to the Registered Plan of which he is a member.

2.05 *Senior Executive Position* shall mean the President and CEO of the Corporation or a position reporting directly to it and considered as such by the Corporation.

2.06 The terms *Actuarial Equivalent, Average STIP Target, Commuted Value, Corporation, Employee, Final Average Earnings, Spouse and Total and Permanent Disability* when used herein, shall have the same meaning as defined in the Registered Plan of which the Participant is a member.

The term *Credited Service*, when used in relation to a Participant who is a member of a Registered Plan which is either the "Executive Staff Retirement Plan (1976) of Avenor Inc." or the "Supervisory Employees' Retirement Plan (1976) of Avenor Inc." shall have the same meaning as defined in the applicable Registered Plan, and when used in relation to a Participant who is a member of the Registered Plan which is the "Employees' Retirement Plan (1988) of Avenor Inc." shall have the same meaning as the term Creditable Service as defined in such Registered Plan. *Credited Service* shall also include such additional service with a prior employer other than the Corporation which is not recognized for the purpose of the Registered Plan, but which is recognized as such for the purpose of this Supplemental Plan, as defined in Appendix A hereto.

In this Supplemental Plan, reference to the male gender will include the female gender unless the context requires otherwise and words importing the singular number may be construed to extend to and include the plural number and vice versa.

Section 3 – Eligibility

3.01. An Employee shall automatically become a Participant in this Supplemental Plan if he occupies a Senior Executive Position with the Corporation.

3.02 The Vice President, Human Resources, of the Corporation shall inform such Employee as soon as practical of his having become a Participant under this Supplemental Plan.

3.03 Such Employee shall remain a Participant as long as he continues to be entitled to receive benefits under this Supplemental Plan.

3.04 In the event that a Participant remains an employee of the Corporation but no longer occupies a Senior Executive Position, and unless he is otherwise designated by the Corporation as eligible to continue to accrue Credited Service under this Supplemental Plan, the benefits otherwise payable to or in respect of such Participant under this Supplemental Plan shall be payable as of the Participant's retirement date, date of death or date of termination of employment, as the case may be, but shall be based on such Participant's Credited Service up to the date as of which he no longer occupies a Senior Executive position or as of such later date specified by the Corporation.

Section 4 – Contributions

4.01 No contribution shall be required from a Participant in respect of benefits payable under this Supplemental Plan.

4.02 The benefits payable under this Supplemental Plan shall, unless decided otherwise by Avenor Inc. at its entire discretion, be payable by the Corporation out of its operating funds as they become due and the Corporation shall be under no obligation whatsoever to pay contributions in advance to fund such benefits.

4.03 Notwithstanding Subsection 4.02, the Corporation will arrange for the payment of benefits provided under the Supplemental Plan to be secured through a letter of credit from a financial institution.

Section 5 – Normal Retirement Date and Retirement Benefits

5.01 For the purpose of this Supplemental Plan, the Normal Retirement Date of a Participant will be the first day of the month coinciding with or next following his attainment of age 65.

5.02 Each Participant who retires on his Normal Retirement Date shall, provided he has completed 2 or more years of Continuous Service, be entitled to receive an annual supplementary retirement allowance payable in equal monthly instalments and commencing on his Normal Retirement Date in an amount equal to the excess, if any, of (a) over (b) below:

(a) the aggregate of 2% of his Final Average Earnings and 2% of his Final Average Earnings times 50% of his Average STIP Target, multiplied by his number of years and fractions of year of Credited Service, provided that with respect to such portion of a Participant's Credited Service which relates to service with an employer other than the Corporation, whether it is recognized or not under the Registered Plan as defined in Appendix A hereto, the percentage of 2% shall be replaced by a percentage of 1.6% in respect of such portion of the Participant's Credited Service,

over

(b) the aggregate of

(i) the annual amount of the lifetime pension or equivalent value thereof payable to the Participant under the Registered Plan of which he is a member, determined as if the Participant had elected that such lifetime pension be paid on a lifetime basis with a 60% survivor pension, in the case of a Participant who has a surviving Spouse or with a 120 month guarantee in the case of a Participant who does not have a surviving Spouse or, where applicable, the annual amount of such lifetime pension that would have been so payable to the Participant under such Registered Plan if there had not been a division between the Participant and his Spouse or former spouse of retirement benefits otherwise payable thereunder as a result of divorce, separation or annulment of marriage; and

(ii) the annual amount or the aggregate of the annual amounts, as the case may be, of the other lifetime pension or equivalent value thereof, if any, that the Participant is entitled to receive under any pension plan or plans, or similar arrangement if any, of the Corporation or of a prior employer on account of service recognized for the purpose of calculating the supplementary retirement allowance payable under this Supplemental Plan and before election by the Participant of any prescribed optional form of payment as provided under such pension plan or plans or, where applicable, the annual amount or the aggregate of the annual amounts, as the case may be, of such other lifetime pension or pensions that would have been so payable to the Participant if there had not been a division between the Participant and his Spouse or former Spouse of retirement benefits otherwise payable thereunder as a result of divorce, separation or annulment of marriage. For sake of clarity, these amounts are described in Appendix B.

In the event that the difference in the ages of the Participant and the Participant's Spouse exceeds 10 years, the amount in 5.02 (a) shall be adjusted on an actuarial equivalent basis, taking into account the form of payment specified in Section 9.01 (i), on account of the excess of this difference over a difference of 10 years.

Section 6 – Early Retirement Dates and Retirement Benefits

6.01 A Participant may retire on the first day of any month during the 10 year period preceding his Normal Retirement Date. For the purpose of this Supplemental Plan, his Early Retirement Date shall be the first day of the month in which such retirement occurs.

6.02 Each Participant who retires early in accordance with Subsection 6.01 shall, provided he has completed 2 or more years of Continuous Service, be entitled to receive an annual supplementary retirement allowance, payable in equal monthly instalments and commencing on his Early Retirement Date, equal to the amount determined in accordance with Section 5 where the amount in 5.02 (a) is reduced in the same manner and subject to the same conditions of payment as the lifetime pension payable from the Registered Plan of which such Participant is a member, nowithstanding the maximum pension rules, taking into consideration all service with an employer other than the Corporation recognized as per Appendix A, whether such service has been recognized under the Registered Plan or not.

6.03 Notwithstanding anything in the Supplemental Plan to the contrary, in the case of *a* Corporation initiated termination of employment, the Corporation reserves the right to retire a Participant at any age, provided the sum of his age and number of years of Continuous Service, each calculated in years and months, shall total 80 or more.

Each such Participant shall retire on the first day of any month preceding his Normal Retirement Date and receive an annual supplementary allowance equal to the full normal retirement supplementary allowance accrued to his early retirement date and calculated in accordance with Subsection 5.02, without reduction on account of early retirement.

6.04 In the event a Participant's Credited Service includes service with a prior employer other than the Corporation as defined in Appendix A hereto and which is not recognized for purposes of the Registered Plan of which he is a member, such Participant who retires early in accordance with subsection 6.01 after completion of 15 years of Continuous Service shall receive, in respect of such portion of his Credited Service, an annual supplementary retirement allowance equal to 1/35 of the maximum annual retirement pension payable under the Canada or Québec Pension Plan in effect in the year of retirement, multiplied by the number of years and fraction of year of such portion of his Credited Service, for a maximum of 35 years including the portion of his Credited Service in respect of which a supplementary pension benefit is payable under the Registered Plan of which he is a member, and payable in equal monthly instalments commencing on the later of his Early Retirement Date or age 60 and ceasing with the payment immediately preceding or coincident with the earlier of:

(a) his Normal Retirement Date, and

(b) the date of his death.

Section 7 –Postponed Retirement Dates and Retirement Benefits

7.01 In the event a Participant remains in the employ of the Corporation after his Normal Retirement Date, he shall be entitled to receive an annual supplementary retirement allowance, payable in equal monthly instalments and commencing on the first day of the month following his actual retirement date, equal to the amount determined in accordance with Section 5 based on his Credited Service up to his actual retirement date.

Section 8 – Total and Permanent Disability

8.01 A Participant who retires on an early retirement date for Total and Permanent Disability shall, provided he has completed 2 or more years of Continuous Service, be entitled to receive an annual supplementary disability allowance, payable in equal monthly instalments and commencing on such early retirement date, which shall be equal to the Actuarial Equivalent of the amount of the supplementary retirement allowance determined in accordance with Section 5 and computed on the basis of his Final Average Earnings and Credited Service to such early retirement date.

8.02 If, however, such Participant has completed 15 years of Continuous Service at the time he suffers a Total and Permanent Disability, he shall be entitled to receive an annual supplementary disability allowance, payable in equal monthly instalments and commencing on such early retirement date, in an amount which shall be equal to the amount of the supplementary retirement allowance determined in accordance with Section 5 and computed on the basis of his Final Average Earnings and Credited Service to such early retirement date, without reduction on account of early retirement.

Section 9 – Payment of Retirement Income

9.01 The annual supplementary allowance payable to the Participant under Sections 5, 6, 7 or 8, as the case may be, of this Supplemental Plan shall be paid during the lifetime of the Participant. Following the death of the Participant, the Participant's Spouse shall be entitled to receive during his or her lifetime an annual supplementary survivor allowance, payable in equal monthly instalments and commencing on the first day of the month following the month in which the Participant dies, equal to the excess of (i) over (ii) below:

(i) 60% of the annual supplementary allowance that would have been paid to the Participant at the time of his death if the annual supplementary allowance calculated pursuant to Subsection 5.02(a) did not have to be reduced by the amount determined under Subsection 5.02(b),

over

(ii) any survivor pension payable to the Spouse under the Registered Plan following the death of the Participant.

9.02 In the event of there being no Spouse at time of retirement, should the Participant die before 120 monthly payments of the supplementary allowance have been made to him, his estate shall receive a lump sum equal to the Commuted Value of the excess of (i) over (ii) below:

(i) the balance of the 120 monthly payments of the supplementary allowance determined as if such supplementary allowance calculated pursuant to Subsection 5.02(a) did not have to be reduced by the amount determined in Subsection 5.02(b).

over

(ii) any amount still payable under the Registered Plan following the death of the Participant.

9.03 If the form of pension received by the Participant under the Registered Plan of which he is a member is different than the form described in Subsection 9.01 above, or 9.02, as the case may be, he shall be deemed to have elected the same form of pension for purposes of this Supplemental Plan. In such case, the supplementary allowance payable under this Supplemental Plan shall be the Actuarial Equivalent of the form of pension described in Subsection 9.01 or 9.02 above, as applicable.

9.04 In the case of a Participant who was a participant (as defined therein) in the Prior Supplemental Plan on June 30, 1995, the portion of the annual supplementary allowance payable to such Participant under Section 5, 6 or 7, as the case may be, of this Supplemental Plan and which can reasonably be considered to relate to his Credited Service up to June 30, 1995 shall be augmented, if required, so as not to be less than the annual supplementary benefit accrued to such Participant up to June 30, 1995 under the terms of the Prior Supplemental Plan, taking into account that under such Prior Supplemental Plan, the annual supplementary benefit was payable for life with a five year guarantee.

Section 10 – Death Prior to Retirement

10.01 In the event that a Participant dies while in service of the Corporation prior to having reached age 55 and after having completed 2 years of Continuous Service, his Spouse or, in the absence of a Spouse, his estate, shall be entitled to receive a death benefit equal to the Commuted Value of the deferred supplementary retirement allowance accrued to such Participant under this Supplemental Plan and determined as if the Participant had terminated his employment pursuant to Section 11 hereunder on the day of his death. Such death benefit shall, subject to applicable legislation, be paid in the same manner and subject to same conditions as the death benefit payable in similar circumstances under the Registered Plan of which the Participant is a member, provided that any such benefit payable in a lump sum basis shall be paid in cash to the person entitled to such benefit.

10.02 (a) In the event that a Participant dies while in service of the Corporation after having reached age 55, his Spouse shall be entitled to receive an annual supplementary survivor allowance equal to 60% of the annual lifetime supplementary retirement allowance that would have been payable to the Participant in accordance with Section 5, 6 or 7 as the case may be, determined as if he had retired on the date of his death, such supplementary survivor allowance to be actuarially adjusted, notwithstanding the last paragraph of Section 5.02, to reflect any age difference between Participant and his Spouse. Such supplementary survivor allowance shall commence on the first day of the month following the date of the Participant's death and shall be payable in equal monthly instalments until the date of the Spouse's death.

(b) Notwithstanding anything to the contrary, the surviving Spouse of such a Participant shall receive a death benefit equal to the greater of that provided under this Section 10.02 (a) and that which would have been provided under Section 10.01 had the Participant not attained age 55 prior to his death.

(c) Without a Surviving Spouse

In the event such Participant had no surviving Spouse at his date of death, the Participant's estate will receive a death benefit as described under Subsection 10.01, as if the Participant had not attained age 55 prior to his death.

10.03 In the event a Participant entitled to a deferred supplementary retirement allowance following his termination of employment pursuant to Section 11 of this Supplemental Plan dies prior to the commencement of payment of such deferred supplementary retirement allowance, his Spouse, or in absence of a Spouse, his estate, shall be entitled to receive a death benefit equal to the Commuted Value of the deferred supplementary retirement allowance accrued to such Participant under this Supplemental Plan. Such death benefit shall, subject to applicable legislation, be paid in the same manner and subject to the same conditions as the death benefit payable in similar circumstances under the Registered Plan of which the Participant is a member, provided that any such benefit payable in a lump sum basis shall be paid in cash to the person entitled to such benefit.

Section 11 – Benefits on Termination of Employment

11.01 A Participant who terminates his service with the Corporation for any reason, other than retirement pursuant to Subsection 6.03 of this Supplemental Plan, prior to his 55th birthday and who has completed 2 or more years of Continuous Service as of the date of such termination of service shall be entitled to receive a deferred supplementary retirement allowance commencing on the date he could have taken Normal Retirement, in an amount calculated as specified in Subsection 5, based upon his Credited Service as at the date of such termination of his service. Such supplementary retirement allowance shall, subject to applicable legislation, be payable in the same manner and subject to the same condition as the deferred retirement benefit payable in similar circumstances under the Registered Plan of which such Participant is a member, provided that any such benefit payable in a lump sum basis shall be paid in cash to the person entitled to such benefit.

11.02 No benefit shall be payable under this Supplemental Plan to a Participant who terminates his service with the Corporation prior to his 55th birthday and who has not completed 2 or more years of Continuous Service as of the date of such termination of service.

Section 12 – Increase in Benefits

12.01 If and when the pension benefits paid to the Participant (or, in the case of death, to the Spouse of the Participant) from the Registered Plan are increased, the same proportional increase shall also apply to the supplementary allowance payable hereunder to the Participant or following his death, to his Spouse.

Section 13 – General Provisions

13.01 Proof of Age

Any Participant or Spouse of such Participant entitled to benefits hereunder shall, upon request, furnish proof of age satisfactory to the Corporation. In the case that the age of the Participant or his Spouse is found to be inexact, the Corporation is authorized to adjust benefits accordingly.

13.02 Employee Rights

The implementation of this Supplemental Plan shall not constitute an enlargement of any rights which a Participant had apart from his membership in the Supplemental Plan. The benefits conferred herein shall not be used to increase damages in respect of the dismissal or termination of employment of any Employee.

13.03 Non-Alienation

Subject to any applicable legal requirement, all benefits payable under the terms of this Supplemental Plan are for the Participant's own use and are subject to the following restrictions:

1) <u>Non-Enforceable Transactions</u>

Any transaction that purports to assign, charge, anticipate, surrender, or give as security any right of a person under the Supplemental Plan or benefit payable under the Supplemental Plan shall not be enforceable against the Supplemental Plan; and

2) <u>Exemption from Seizure</u>

Any benefit payable under the Supplemental Plan is exempt from execution, seizure or attachment.

13.04 Non-Commutability of Benefits

The benefits provided under the terms of this Supplemental Plan shall not be capable of surrender or commutation except as provided in the Supplemental Plan.

13.05 Records

Wherever the records of the Corporation are used for the purpose of this Supplemental Plan, such records shall be considered conclusive of the facts with which they are concerned unless and until they are proven to be in error.

13.06 Incompetency

If, in the opinion of the Corporation, any person receiving a benefit under the terms of this Supplemental Plan is, as a result of physical or mental infirmity, incapable of managing his affairs and no guardian, committee or other representative of the estate of such person has been duly appointed by a court of competent jurisdiction, the Corporation may authorize any payment to which such person is entitled be made to his Spouse, child or other person on his behalf and such payment shall be a complete discharge of the obligation of the Corporation under this Supplemental Plan to make such payment.

13.07 Notices

Any notice or election to be given, made or communicated pursuant to or for any purpose of the Supplemental Plan shall be given, made or communicated, as the case may be, in such manner as the Corporation shall determine.

13.08 Interpretation

a) This provision of this Supplemental Plan shall be interpreted in accordance with the laws of the Province of Quebec and shall be binding upon and enure to the benefit of the Corporation and its successors and assigns.

b) Headings wherever used herein are for reference purposes only, and do not limit or extend the meaning of any of the provisions of this Supplemental Plan.

13.09 Severability

Should any of the provisions of this Supplemental Plan and/or its conditions be illegal or not enforceable, it or they shall be considered severable and the Supplemental Plan and the remaining conditions shall remain in full force and effect and be binding upon the parties as though the said provision or provisions had never been included.

13.10 Taxibility of Benefits

All benefits under this Supplemental Plan are expressed on a pre-tax basis and shall be subject to applicable withholding tax and reporting pursuant to the Income Tax Act (Canada) and any other applicable law.

Section 14 – Administration

14.01 The Corporation shall decide on all matters relating to the interpretation, administration and application of this Supplemental Plan, consistently with the text of the Supplemental Plan.

14.02 To facilitate any action required to be taken by the Corporation under the Supplemental Plan, the Board of Directors of the Corporation may, at its discretion, delegate the responsibility for administration of the Supplemental Plan to any person(s) appointed specifically for this purpose to act on behalf of the Corporation.

Section 15 – Future of the Plan

15.01 Notwithstanding anything to the contrary herein, the Corporation reserves the right to make amendments to this Supplemental Plan. Any such amendment shall be communicated in writing by the Corporation to the Participants indicating the effective date of such amendment which, subject to Subsection 15.02 below, shall not precede the date that such communication is deemed to have been received by the Participants pursuant to Subsection 13.07 hereunder. Furthermore, the Corporation will not have the right to make such amendment only in respect of one or more Participants but such amendment shall have to be made in respect of all Participants, excluding those Participants who have already commenced to receive benefits hereunder.

15.02 When an amendment is made to this Supplemental Plan pursuant to Subsection 15.01 above as a result of a corresponding amendment to the Registered Plan, such amendment shall take effect as of the same effective date as applicable in respect of the corresponding amendment to the Registered Plan.

15.03 No amendment made to this Supplemental Plan by the Corporation pursuant to this Section 15 can have the effect of reducing the amount or value of the benefits accrued by the Participants under this Supplemental Plan prior to the effective date of such amendment.

15.04 In the event that an amendment is made pursuant to this Section 15 to the effect that only the Participants' Credited Service before a given date (hereinafter called "Cessation Date") will be used in the calculation of supplementary benefits payable under this Supplemental Plan, the benefits provided herein will be payable in respect of a Participant as of his retirement date or following his termination of employment or death in accordance with the rules of this Supplemental Plan, and shall be based on the Participant's Final Average Earnings and Average STIP Target as of the date of his retirement, termination of employment or death, as the case may be, and on his Credited Service up to the Cessation Date only.

Appendix A – Service with an Employer other than the Corporation

Not recognized under the Registered Plan

Collin, Emmanuelle	14 years and 6 months
Madill, Darrell	10.4 years
Marchant, James R.	30 years and 6 months
Regnier, Marc C.	11 years and 6 months
Roy, François	17.3 years
Vrooman, Wallace	18 years and 4 months

Recognized under the Registered Plan

Aubin, Denis	7 years and 2 months
Madill, Darrell	4.5833 years
Steuart, David J.	23 years and 8 months

Appendix B – Pension from an Employer other than the Corporation*

Collin, Emmanuelle	none
Madill, Darrell	pension which is actuarially equivalent to $112,157.02 as at June 30, 1996 accumulated with interest at 7% per year to date of retirement, plus $6,362 per year
Marchant, James R.	$21,762 per year
Regnier, Marc C.	none
Roy, François	pension which is actuarially equivalent to $27,868 as at July 20, 1990 accumulated with interest at 7% per year to date of retirement, plus an estimated pension of $24,816 per year
Vrooman, Wallace	$19,943 per year

* These pensions are deemed payable from age 65 under the normal form, i.e. joint and 60% survivor or life with 10 year guarantee as the case may be. If this is not the case, an actuarial equivalent will be used to calculate the offset referred to in 5.02 (b)(ii).

SUPERIOR COURT
(Commercial Division)

N°. 500-11-036133-094

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

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

ABITIBIBOWATER INC. AND AL.

Petitioners

-and-

ERNST & YOUNG INC.

Monitor

BS0350 Our file: 041053-1170

EXHIBIT R-3

ORIGINAL

Me Mélanie Béland (514) 397-3197
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STIKEMAN ELLIOTT
Stikeman Elliott LLP BARRISTERS & SOLICITORS
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Montréal, Canada H3B 3V2

EXHIBIT R-2

CERTIFICATE OF THE SECRETARY

OF AVENOR INC.

TO: MONTREAL TRUST COMPANY

I, Jacques Beauchamp, Secretary of Avenor Inc. (the "Company"), hereby certify on behalf of the Company that attached to this certificate as schedule 1 is a true and complete copy of the resolution of the directors of the Company relating to the Retirement Compensation Arrangement Trust Agreement to be entered into with Montreal Trust Company and that such resolution is now in full force and effect and unamended.

IN WITNESS OF WHICH I have executed and delivered this certificate on behalf of the Company this 14th day of August, 1996.

AVENOR INC.

by: [signature]
Name: Jacques Beauchamp
Title: Secretary

PAPILLON C:\MANON\AVENOR\C-RETIRE.DOC

SCHEDULE 1

EXCERPT FROM THE MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF AVENOR INC., HELD AT THE EXECUTIVE OFFICE OF THE CORPORATION, MONTREAL, QUEBEC ON FRIDAY, JULY 26, 1996

WHEREAS the Corporation has established the Senior Executive Retirement Plan ("SERP"), the Supplemental Retirement Benefit Plan for Grade 12 and over Employees of the Corporation and the Supplemental Retirement Benefit Plan for Grade 11 and under Employees of the Corporation (collectively, referred to as the "SERPs"), and

WHEREAS pursuant to the terms of the SERPs, the Corporation is required to establish a trust to hold documentary credits or letters of guarantees or investments in order to secure benefits payable under SERPs to eligible participants of the SERPs (the "Beneficiaries");

Upon motion, duly made and seconded, it was unanimously resolved:

1. THAT the Corporation be and it is hereby authorized to enter into a trust agreement (the "Trust Agreement") with Montreal Trust Company (the "Trustee") for the purpose of depositing in trust with the Trustee a letter of guarantee issued by The Bank of Nova Scotia, in an amount sufficient to cover the current level of the liabilities of the Corporation under the SERPs to the participants and in any event not to exceed $30,000,000, such Trust Agreement to be negotiated, approved and signed, for and on behalf of the Corporation, by either the President and Chief Executive Officer, the Senior Vice-President and General Counsel, the Vice-President and Chief Financial Officer or the Vice-President and Treasurer (the "Authorized Officer"), and to contain all such terms and conditions as the Authorized Officer signing same shall approve, his execution of the Trust Agreement to be conclusive evidence of his approval thereof, such that the Trust Agreement so executed and delivered shall be a valid and binding obligation of, and shall be enforceable against the Corporation;

2. THAT the Corporation be and it is hereby authorized to enter into an agreement (the "Credit Agreement") with The Bank of Nova Scotia (the "Bank") providing for a one-year commitment renewable at the option of the Bank to issue a letter of guarantee in the amount of $30,000,000, such letter of guarantee to be for a term of 364 days extendible at the option of the Bank, to be held by the Trustee under the Trust Agreement and to be drawable upon the request of the Trustee in the event that the Corporation does not meet payment obligations to participants under the SERPs, such Credit Agreement to be negotiated, approved and signed, for and on behalf of the Corporation, by an Authorized Officer, and to contain all such terms and conditions as the Authorized Officer signing same shall approve, his execution of the Credit Agreement to be conclusive evidence of his approval thereof such that the Credit Agreement so executed and delivered shall be a valid and binding obligation of, and shall be enforceable against the Corporation,

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3. THAT any Authorized Officer or director of the Corporation be and he is hereby authorized and directed, for and on behalf of the Corporation, to sign all documents, certificates and instruments pursuant to or in respect of the Credit Agreement and the Trust Agreement and to sign and execute, under the corporate seal of the Corporation or otherwise, all such other agreements, documents, instruments as may be provided for therein (the "Documents") and do such other things as he may in his sole discretion consider necessary or appropriate or useful to give effect to this resolution; and

4. THAT the Corporation be and it is hereby authorized to obtain the Letter of Guarantee under the Credit Agreement in accordance with the provisions of the Credit Agreement and to observe, perform and comply with all of its covenants, duties, liabilities and obligations from time to time under and with respect to the Documents and other documents.

RETIREMENT COMPENSATION ARRANGEMENT TRUST AGREEMENT

THIS AGREEMENT made as of the 14th day of August, 1996.

AMONG:	**AVENOR INC.**, a company duly incorporated under the laws of Canada, and having its principal executive offices at 1250 René-Lévesque Boulevard West, Montreal, Quebec, represented by its duly authorized representatives; (herein called the "Company")
AND:	**MONTREAL TRUST COMPANY**, a trust company organized under a Special Act of the Legislature of the Province of Quebec referred to as An Act to amalgamate Montreal Trust Company, Crédit Foncier and Crédit Foncier Trust Company as at January 1, 1987 (1986, Chapter 135) and continued as a trust company under the Federal Trust and Loan Companies Act by way of Letters Patent of Continuance issued as at August 17, 1994, having a place of business at 1800 McGill College Avenue, in the City of Montreal, Province of Quebec, represented by its duly authorized representatives; (herein called the "Trustee")

WITNESSETH THAT:

WHEREAS the Company has established the Senior Executive Retirement Plan (SERP), the Supplemental Retirement Benefit Plan for Grade 12 and over Employees of Avenor Inc. and the Supplemental Retirement Benefit Plan for Grade 11 and under Employees of Avenor Inc. (collectively referred to as "SERPs") which, together with this Agreement constitute a Retirement Compensation Arrangement (herein referred to as "RCA Plan") as defined in the Income Tax Act (Canada); and

WHEREAS the Company may from time to time retain the services of investment counsel ("Counsel") to make decisions involving the assets of the trust fund under the RCA Plan; and

WHEREAS the Company has requested the Trustee to act and the Trustee has consented to act, as the trustee of the trust to be created pursuant to the RCA Plan (the "Trust"), subject to the terms and conditions of this Retirement Compensation Arrangement Trust Agreement (the "Agreement") as hereinafter set out;

NOW, THEREFORE, in consideration of these premises and mutual covenants hereinafter set forth and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually covenant and agree as follows:

ARTICLE I - THE TRUST

1.01 Montreal Trust Company is hereby appointed to act as the Trustee of the Trust in accordance with this Agreement and the RCA Plan and hereby accepts its appointment in respect of all amounts contributed by the Company.

1.02 All money and other property paid or delivered, or caused to be paid or delivered, from time to time to the Trustee by the Company under the RCA Plan and acceptable to the Trustee, together with the earnings, profits and increments thereon and property from time to time substituted therefor, less authorized payments therefrom shall collectively constitute the RCA Plan Trust Fund and shall be held by the Trustee in trust and shall be applied by the Trustee in the manner and for the purpose provided in the RCA Plan.

1.03 From time to time at the direction of the Company, the Trustee shall invest or reinvest all contributions made to the Trust in such investments (the "RCA Plan Investments") as may be authorized under the SERPs and this Agreement, including cash, bank deposits, common shares of the Company and such other investments as may be approved by the Company.

The Company may from time to time, by giving written notice to the Trustee direct that all or any portion of the RCA Plan Trust Fund shall be invested in accordance with the directions of Counsel, and the Trustee shall invest and reinvest the principal and income of the RCA Plan Trust Fund without distinction between principal and income, in such investments as may be directed by Counsel. Counsel shall have the sole responsibility for determining that all investments made at its direction, at the time of investment, are not inconsistent with such regulations as may be established by the Minister of National Revenue under the authority of the Income Tax Act (Canada) with respect to retirement compensation arrangements and are not inconsistent with the provisions of the SERPs. The Trustee shall assume the responsibility to whatever extent possible for the monitoring of the payment of dividends, interest or other income and any call for redemption, offer of exchange, right of subscription, reorganization, or other proceedings affecting any investments which have been made upon the direction of

Counsel; in specific situations as may be determined by the Trustee from time to time, Counsel shall assume such responsibility and advise the Trustee as required in writing. To the extent the Trustee is investing the funds comprising the RCA Plan Trust Fund in accordance with the instructions of Counsel, the Trustee shall not otherwise be in any way restricted by the provisions of the laws of any jurisdiction purporting to limit the investments that may be made by trustees.

The Trustee shall ensure that the RCA Plan Investments can easily be cashed for liquidity purposes only, so that the nature of the RCA Plan Investments would not prevent it from satisfying the payment obligations under the SERPs as they become due.

The Trustee shall be protected in acting upon any directions from Counsel and shall be under no liability for any loss resulting from acting upon any such directions or by reason of the failure of Counsel to give any such directions.

The Trustee shall be protected in relying and acting upon the direction of the Company or Counsel in respect of the administration of the RCA Plan Trust Fund or upon the written instructions of the Company with respect to the interpretation of the Trust or the RCA Plan and shall be under no liability for any incorrect investment pursuant to such direction, or when acting upon the written directions of the Company.

1.04 The fiscal year of the RCA Plan Trust Fund shall end on December 31 of each year.

1.05 The Trustee shall pay out of the RCA Plan Trust Fund assets all taxes and other assessments levied or assessed under existing or future laws against the RCA Plan Trust Fund or any money, property or securities from time to time forming a part thereof, to the extent not paid by the Company, and shall withhold from payments out of the RCA Plan Trust Fund all taxes and other assessments required by any law to be withheld; provided further that the Trustee shall review all tax levies and assessments with a view to determining the applicability and correctness thereof and, in cases where there is any doubt, shall forthwith notify the Company so that, so far as practicable, there will be sufficient time for discussion and, where appropriate, appeal of any questionable levy or assessment.

1.06 Benefits under the RCA Plan, to the extent payable from the RCA Plan Trust Fund, shall be so payable only to the extent that the RCA Plan Trust Fund shall suffice for such purpose. All eligible participants of the SERPs from time to time shall be the beneficiaries of the Trust created by this Agreement.

ARTICLE II - POWERS AND DUTIES OF THE TRUSTEE

2.01 The Trustee acknowledges receipt of a copy of the SERPs which are attached as Schedule "A" hereto and agrees to be bound by the terms and conditions set out in the SERPs and in this Agreement in acting as Trustee of the Trust.

2.02 The Trustee shall have, and is hereby vested with full legal ownership of all RCA Plan Investments and shall be entitled to exercise all and every power, right and authority necessary or desirable to enable the Trustee to administer the RCA Plan Trust Fund and carry out its obligations and rights under this Agreement, including, without restricting the generality of the foregoing, full power and authority:

A. with any cash at any time held by the Trustee, to purchase or otherwise acquire any securities or other investments of a kind permitted as aforesaid and to hold and retain the same in trust hereunder;

B. to sell for cash or on credit, or partly for cash and partly on credit, convey, exchange for other securities or other investments, convert, transfer, or otherwise dispose of any securities or other investments held in the RCA Plan Trust Fund at any time, by any means considered reasonable by the Trustee, and to receive the consideration or price and grant discharge therefor;

C. to commence, defend, adjust or settle suits or legal proceedings in connection with the RCA Plan Trust Fund and to represent the RCA Plan Trust Fund in any such suits or legal proceedings and to keep the Company and, where appropriate, the Beneficiaries informed; provided, however, that the Trustee shall not be obliged or required to do so unless it has been indemnified to its satisfaction against all expenses and liabilities sustained or anticipated by it by reason thereof;

D. to exercise any conversion privileges, subscription rights, warrants and/or other rights or options available in connection with any investments at any time held by the Trustee, and to make any payments incidental thereto; to consent to, or otherwise participate in or dissent from, the reorganization, consolidation, merger or readjustment of the finances of any corporation, company or association, or to consent to, or otherwise participate in or dissent from, the sale, mortgage, pledge or lease of the property of any corporation, company or association, any of the securities of which may at any time be held by it, and to do any act, including the delegation of discretionary powers, the exercise of options, making of agreements or subscriptions and the payment of expenses, assessments or subscriptions which it may deem necessary or advisable in connection therewith; to hold and retain any securities or other property which it may so acquire and generally to exercise any of the powers of an owner with respect to securities or other property held in the RCA Plan Trust Fund;

E. to vote personally, or by general or by limited proxy, any securities or other property which may be held by the Trustee at any time, and similarly to exercise personally or by general or by limited power of attorney any right appurtenant to securities or other property held by it at any time;

F. to renew or extend or participate in the renewal or extension of any security, upon such terms as the Trustee may deem advisable, and to agree to a reduction in the rate of interest on any security or of any guarantee pertaining thereto, in any manner and to any extent that it may deem advisable, to waive any default whether in the performance of any covenant or condition of any security, or in the performance of any guarantee, or to enforce rights in respect of any such default in such manner and to such extent as it may deem advisable; to exercise and enforce any and all rights of foreclosure, to bid on property on sale or foreclosure, to take a conveyance in lieu of foreclosure with or without paying a consideration therefor and in connection therewith to release the obligation on the covenant secured by such security and to exercise and enforce any action, suit or proceeding at law or in equity as well as any rights or remedies in respect of any such security or guarantee;

G. to register the securities or other property of the RCA Plan Trust Fund in its own name or in the names of nominees or in bearer form, and the Trustee is hereby expressly empowered to keep the same, wholly or partly on deposit with any financial institution that is authorized to act as a custodian of securities and other property of the RCA Plan Trust Fund, to hold securities which are on deposit with The Canadian Depository for Securities Limited or the Depository Trust Company through the facilities of said depositories, all as the Trustee may determine so long as the securities and other property of this Trust at all times are kept distinct from the assets of its nominees or such other authorized financial institution and are kept distinguishable in the registers and other books of account kept by the Trustee from those of any other person and provided that the books and records of the Trustee and, where possible, its nominees and such other authorized financial institutions, shall at all times show that all such securities and other property are part of the RCA Plan Trust Fund;

H. to make, execute, acknowledge and deliver any and all deeds, leases, mortgages, conveyances, contracts, waivers, releases or other documents of transfer and any and all other instruments in writing necessary or proper for the accomplishment of any of the powers herein granted;

I. to hold such portion of the RCA Plan Trust Fund in cash as the Trustee, from time to time, may deem to be in the best interests of the RCA Plan Trust Fund and to retain the cash balances on deposit with any custodian appointed by the Trustee or with a chartered bank or other depository, in such interest-bearing account as the Trustee determines or to invest such cash balances in guaranteed investment certificates;

J. to deposit any property forming part of the RCA Plan Trust Fund, including securities and documents of title held by the Trustee in the RCA Plan Trust Fund, with any bank or other depository approved by the Trustee;

K. subject to prior notice to the Company, to employ such counsel, auditors, advisors, agents or other persons (who may be employed by the Company or any other related corporation) as the Trustee may deem necessary from time to time for the purpose of discharging its duties hereunder and to pay out of the RCA Plan Trust Fund their reasonable expenses and compensation; and

L. to do all such acts, take all such proceedings and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to administer the RCA Plan Trust Fund and to carry out the purpose of this Trust in accordance with the terms of this Trust Agreement.

The foregoing powers, other than those referred to in paragraphs C, G, H, K and L, shall be exercised by the Trustee based on the directions of the Company or Counsel, as the case may be, or in the absence of such directions, by the Trustee at its entire discretion.

2.03 However, in the exercise of such power and authority and the discharge of such duties, the Trustee shall have, and is hereby granted, such incidental powers and authority, not in conflict with any of the provisions hereof, as may be necessary, appropriate or desirable to effectuate the purposes of this Agreement and the RCA Plan.

2.04 No bond shall be required of the Trustee and no successor trustee appointed hereunder shall be required to furnish a bond.

2.05 The Trustee acknowledges that it shall be the "custodian" of the RCA Plan Trust Fund as that term is understood in the definition of Retirement Compensation Arrangement in subsection 248(1) of the Income Tax Act (Canada).

2.06 In order to provide a Beneficiary from time to time with the benefits that are due to him under the RCA Plan, the Trustee may borrow an amount equal to the amount of the "refundable tax" as that term is defined in Section 207.5 of the Income Tax Act (Canada), for the period until the Trustee actually receives the repayment of such amount from Revenue Canada, to the extent such amounts are not otherwise paid by the Company. The Company shall take all steps necessary, including, if required, the issuance of appropriate guarantees, to provide for such borrowings and all costs, including interest charges, of such borrowings shall be borne by the Company.

The Trustee shall not be liable for any loss which may occur by reason of depreciation in the value of any part of the RCA Plan Investments except to the extent that such loss is attributable to fraud, bad faith or gross or intentional fault on the part of the Trustee.

2.07 On or before March 31, 1997 and on or before March 31 of each year thereafter, so long as any RCA Plan Investments are on deposit with the Trustee, the Trustee shall transmit to the Company, a brief report dated as of the preceding December 31 with respect to the property and funds comprising the RCA Plan Investments as of such date.

2.08 The Trustee shall have no obligation or liability hereunder to ensure the adequacy of the funding required to provide the benefits to which a Beneficiary is entitled at any time in accordance with the terms of the SERPs.

2.09 The Trustee may elect in a return for a taxation year that the refundable tax at the end of the year be equal to the aggregate of the amounts calculated under section 207.5(2) of the Income Tax Act (Canada) or make all other applicable elections, all as directed by the Company.

2.10 On behalf of the Trust, and to the extent necessary, the Trustee shall prepare and file appropriate Canadian income tax returns and any other returns or reports as may be required by applicable law.

ARTICLE III - LETTER OF CREDIT

3.01 Notwithstanding Section 1.03, the Trustee may hold, in place of any other assets, or in conjunction therewith, a Letter of Guarantee representing the full value of such assets which such Letter of Guarantee may replace or be held in the place of, as may be directed by the Company.

3.02 For this Article III, a Letter of Guarantee means one or more letters of guarantee or similar instruments issued by a Canadian chartered bank or other financial institution which is irrevocable, non-conditional and provides for drawdowns, in accordance with Section III of this Agreement, in whole or in part, such Letter of Guarantee to be substantially in the form attached hereto as Schedule "B".

3.03 The total of the principal amount of the Letter of Guarantee as well as all other RCA Plan Investments required to be deposited with the Trustee under this Agreement at the date hereof is $30,000,000, representing the current estimate of liabilities of the Company to all Beneficiaries under the SERPs. The Company may, unilaterally, upon its determination of liabilities to Beneficiaries under the SERPs being more or less than $30,000,000 (which determinations by the Company shall be based on actuarial valuations and which the Trustee shall be under no obligation to review or assess), from time to time, require the return of RCA Plan Investments and the return of a Letter of Guarantee for its replacement by a letter of guarantee in a different amount, or deposit additional RCA Plan Investments or letters of guarantee, such that the total thereof deposited with the Trustee, from time to time, shall be equivalent to the Company's determination of its liabilities to Beneficiaries under SERPs.

3.04 The Company undertakes to pay any refundable tax imposed by the Income Tax Act (Canada) associated with the issuance of the Letter of Guarantee in favour of the RCA Plan Trust Fund in accordance with this Agreement.

3.05 Notwithstanding anything in this Agreement, in the event the Trustee holds a Letter of Guarantee, it shall send notice to the Company at least ninety (90) days prior to the expiry date (the "Expiry Date") of such Letter of Guarantee, such notice to be substantially in the form attached hereto as Schedule "C". The Company shall deliver to the Trustee, no later than fifteen (15) days prior to the Expiry Date, a notice of intention to either (i) replace the Letter of Guarantee, or (ii) establish a new trust agreement. The replacement Letter of Guarantee shall be for an amount equal to the amount of the expiring Letter of Guarantee and shall bear the date of the day immediately following the Expiry Date (the "Replacement Letter of Guarantee"). The new trust agreement shall be dated the day immediately following the Expiry Date, shall be substantially identical to this Agreement, shall be entered into with the Trustee or another trustee selected by the Company among the five largest trust companies in Canada on the basis of assets under administration, shall be structured as a new and distinct retirement compensation arrangement and shall have had deposited with it a letter of guarantee in the same amount as the expiring Letter of Guarantee and bearing the date of the day immediately following the Expiry Date (the "Replacement RCA"). If the Replacement Letter of Guarantee has not been provided, or the Replacement RCA not been established or moneys or other assets acceptable to the Trustee not been delivered to the Trustee by the day which is ten (10) days prior to the Expiry Date, additional notice substantially in the form attached hereto as Schedule "D" shall be sent by the Trustee to both the issuer of the Letter of Guarantee and the Beneficiaries.

The Company shall then be required to deposit with the Trustee RCA Plan Investments in a principal amount equal to the face amount of the expiring Letter of Guarantee at least two banking business days prior to expiry of the Letter of Guarantee, and in the event the Company fails to do so, the Trustee shall call the Letter of Guarantee on the day of its expiry or, if the day of the expiry of the Letter of Guarantee does not fall on a banking business day, on the last business banking day prior to its expiry.

3.06 (i) If the Company fails to maintain, on a consolidated basis and as at the end of each of its financial quarters, a ratio of its Debt to Capital (as such terms are defined hereinafter) of 0.90:1 or less and fails to take within 60 days of the end of the relevant fiscal quarter appropriate measures to remedy such situation so that the ratio is 0.90:1 or less prior to the end of such 60-day period (capitalized terms in this sentence are as defined in the Credit Agreement); or (ii) if the Company makes an assignment for the benefit of its creditors, files a notice of intention or a proposal or a petition in bankruptcy, or becomes insolvent or bankrupted, or is wound up or resolved, or if any receiver, trustee, liquidator or sequestrator or the Company or any substantial portion of its property is appointed and is not discharged within a period of sixty (60) days, the Company shall deposit forthwith with the Trustee RCA Plan Investments in a principal amount equal to the face amount of any then outstanding Letter of Guarantee, and in the event the Company fails to do so, the Trustee shall draw the full amount of the Letter of Guarantee then held by it. The Company will provide the Trustee forthwith with a notification of default under this section.

For the purpose hereof, Debt shall mean all obligations of the Company, classified in accordance with GAAP, as liabilities for borrowed money, plus the amount of capitalized leases, plus the amount of debt-like preferred shares, minus the principal amount of subordinated convertible debentures of the Company and minus the amount of the escrowed property under that certain trust agreement with Montreal Trust Company dated as of September 21, 1995; and Capital shall mean the total of (i) Debt, (ii) equity (which, for such purpose, shall include, net worth, plus subordinated convertible debt, plus debt-like preferred shares) and (iii) non-controlling interest, all as shown in the Company's balance sheet.

3.07 If the Company fails to pay any amount owing to a Beneficiary under SERPs, at such time as such amount shall be payable in accordance with SERPs, the Company shall deposit forthwith with the Trustee RCA Plan Investments in a principal amount equal to the amount so unpaid to the Beneficiary, and in the event the Company fails to do so, the Trustee shall draw the Letter of Guarantee to the extent of such defaulted amount. Multiple draws under the Letter of Guarantee can be made by the Trustee upon further defaults of the Company. The Trustee shall be authorized to act as provided in this paragraph, and as provided under paragraph 3.06 of this Agreement, either based on its own cognizance of the applicable facts or circumstances or based upon a written declaration of any Beneficiary, which shall be prima facie evidence of the applicable facts or circumstances, with no duty of the Trustee to verify the applicable facts or circumstances.

ARTICLE IV - ACCEPTANCE OF TRUST

4.01 The Trustee hereby accepts the Trust and assumes the duties hereby created and imposed upon it, subject to the following terms and conditions:

a) The Trustee shall not be liable for any action taken or omitted to be taken by it hereunder or in connection herewith, except for its fraud, bad faith or gross or intentional fault.

b) Subject to prior authorization by the Company for the engagement of all outside advisers, the Trustee may consult with legal counsel, who may be legal counsel for the Company and the oral or written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by the Trustee hereunder in good faith and in reliance thereon.

c) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed with due care by it hereunder.

d) The Trustee may own stock or other securities (including evidences of indebtedness) of the Company to the same extent and in the same manner as though it were not the Trustee hereunder. The Trustee shall not be disqualified from:

(i) acting as a registrar, a transfer agent, or a paying agent for;

(ii) acting in a fiduciary capacity for;

(iii) engaging in customary business and activities for or with any Beneficiary or the Company.

e) The Trustee may rely conclusively upon any instruction, advice, notice, opinion or other document believed by it to be genuine or to have been signed and presented by the proper party or parties and the truth of the statements and the correctness of the opinions expressed therein, and, subject to subparagraph (a) hereof, shall be under no liability with respect to any action taken or omitted to be taken in accordance with such instruction, advice, notice, opinion or other document.

f) The Trustee shall not be required to exercise any of the rights and powers vested in it hereby which would violate any applicable law or which, in its reasonable judgment, would involve it in any expense or liability, including without limitation, the payment of any taxes (other than the Trustee's own personal taxes or the refundable tax as that term is defined in Section 207.5 of the Income Tax Act (Canada)), unless it shall have been furnished with reasonable security or indemnity against such expense and liability which might be incurred by it in exercising any such rights or powers. The Company agrees to provide such security and indemnity as may be required.

g) The Trustee undertakes to perform such duties and only such duties as are specifically imposed upon it pursuant to the Trust created by this Agreement and the related RCA Plan, and no implied covenant or obligation shall be read into this Trust against the Trustee. At any time, the Trustee may request written instructions from the Company with respect to the interpretation of the Trust created by this Agreement or the RCA Plan or any action to be taken or suffered or not to be taken hereunder and shall be entitled to withhold action hereunder until it shall have received such written instructions from the Company.

h) The Trustee shall not be bound to make any investigation into the facts or matters stated in any instruction, advice, notice, opinion or other document. The Trustee, at its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

i) The Company agrees to reimburse the Trustee for all expenses (including taxes, except for any taxes payable with respect to any fee paid to the Trustee) and disbursements, including the cost and expense of any suit or litigation of any character, including any proceedings before any governmental agency, reasonably incurred by the Trustee in connection with its duties under the Trust created by this Agreement, but excluding expenses and disbursements paid, incurred or suffered by the Trustee in any suit or litigation in which the Trustee is determined to have acted in bad faith, fraudulently or with gross or intentional fault. The Company also agrees to pay the Trustee's fees as may from time to time be mutually agreed upon in writing by the Company and the Trustee.

j) In the event the Company becomes insolvent or bankrupt, the Trustee may recover from the RCA Plan Trust Fund, all of its fees, expenses and disbursements as set forth in Section 4.01(i).

ARTICLE V - INDEMNITY

5.01 The Company agrees to indemnify and hold harmless the Trustee, and each director, officer and agent thereof, against all claims, losses, damages, costs, penalties, fines and expenses (including reasonable expenses of the Trustee's legal counsel) which, without negligence, fraud, bad faith or gross or intentional fault, on the part of the Trustee, may be paid, incurred or suffered by the Trustee by reason of or as a result of the Trustee's acceptance or administration of the Trust or by reason of or as a result of its compliance with its duties set forth herein or with any written or oral instructions delivered to the Trustee pursuant hereto. In no case shall the Company be liable under this indemnity with respect to any claim against the Trustee unless the Company shall be notified by the Trustee, by letter or by cable or telex confirmed by letter, of the written assertion of a claim against the Trustee or of any action commenced against the Trustee, promptly after the Trustee shall have received any such written assertion of the claim or shall have been served with a summons or other first legal process giving the Company information as to the nature and basis of the claim. The Company shall be entitled to participate at its own expense in the defence. If the Company so elects at any time after receipt of such notice, it may assume the defence of any suit brought to enforce such claim. If the Company assumes the defence of any suit, it shall not be liable for the fees and expenses of any additional counsel thereafter retained by the Trustee.

ARTICLE VI - RESIGNATION OF TRUSTEE

6.01 The Trustee, or any trustee hereafter appointed, may resign at any time from the Trust by giving written notice thereof to the Company specifying the date on which its desired resignation shall become effective; provided that such notice shall never be given less than sixty (60) days prior to such desired effective date unless the Company otherwise agrees. Such resignation shall take effect upon the earlier of (a) the stated effective date of such resignation or (b) the date of the appointment of a successor trustee and the acceptance of such appointment by the successor trustee. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in sufficient copies to provide one copy to the resigning Trustee, and one copy to the successor trustee.

6.02 In the event that the Company has not appointed a successor trustee by written instrument within five (5) days of the effective resignation date mentioned in Section 6.01, the Trustee shall, in the name and at the expense of the Company, appoint a successor trustee by written instrument and provide a copy of such appointment to the Company, provided that such successor trustee shall be one of the five largest trust companies in Canada on the basis of assets under administration as certified by the proposed successor trustee.

ARTICLE VII - REMOVAL OF TRUSTEE

7.01 The Trustee, or any trustee hereafter appointed, may be removed at any time from the Trust following at least sixty (60) days' prior notice by written instrument, executed by the Company, in duplicate, one copy of which shall be delivered to the Trustee so removed and one copy to the successor trustee.

7.02 Any successor trustee appointed as provided hereunder shall execute, acknowledge and deliver to the Company and to the predecessor trustee an instrument accepting such appointment hereunder, as trustee of the Trust and thereupon, the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder with like effect as if originally named as the Trustee herein, provided that such successor trustee shall be one of the five largest trust companies in Canada on the basis of assets under administration as certified by the proposed successor trustee. However, on the written request of the Company or of the successor trustee, the predecessor trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of this Trust, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the Trustee so ceasing to act. Upon the request of any such successor trustee, the Company and such predecessor trustee shall execute any and all instruments in writing to fully vest in and confirm to such successor trustee all such rights and powers.

7.03 Upon acceptance of the appointment of the successor trustee as provided herein, the Company shall cause to be mailed to each Beneficiary, a notice of the succession of such trustee hereunder. Such notice must be submitted to the Trustee for its comments and approved by the Trustee prior to forwarding such notice to the Beneficiaries. If the Company shall fail to cause such notice to be mailed within ten (10) days after acceptance the Trustee shall cause such notice to be mailed at the expense of the Company.

7.04 The Trustee resigning or being removed shall forthwith convey any and all records, books, documents, money and other property and assets in his possession forming part of the RCA Plan Trust Fund or incidental to his duties as Trustee under this Agreement and relating to the administration of the RCA Plan Trust Fund, to the successor trustee.

ARTICLE VIII - TERMINATION OF THE TRUST

8.01 The Trust created herein shall continue until the earlier of:

(i) the moment as of which all the obligations of the Company to the Beneficiaries pursuant to the RCA Plan have been discharged in full;

(ii) the moment as of which each of the SERPs has been terminated; and

(iii) upon the written notice of termination by the Company to the Trustee, which notice of termination shall be accompanied by

(a) a certificate of the Company setting forth the manner in which the arrangements put in place by this Agreement have become substantially more expensive for the Company to maintain or have ceased to provide the adequate level of protection to Beneficiaries required under the terms of the SERPs, as a result of changes in applicable tax laws, rules or interpretations or changes in other applicable laws or regulations;

(b) copy of draft documentation providing for arrangements designed to provide Beneficiaries with a substantially equivalent level of protection of their entitlements under SERPs;

(c) legal opinion of counsel, selected by the Company and reasonably acceptable to the Trustee, as to enforceability of the replacement arrangements referred to in (b) above; and

(d) favourable report of actuarial consultants, selected by the Company and reasonably acceptable to the Trustee, as to the substantial equivalency of the replacement arrangements referred to in (b) above.

It being understood that the Trustee shall be under no duty to make any investigation or enquiry as to any statement contained in the documents referred to above in subparagraph (c) and (d) and may accept same as conclusive evidence. The Trustee shall be protected in acting upon such documents.

Any amount of refundable tax received by the Trustee from the tax authorities after the time of termination of the Trust shall be remitted forthwith to the Company. In the event any RCA Plan Investments remain in such Trust, at the time of termination as set forth above, the Trustee shall forthwith distribute such investments to the Company.

ARTICLE IX - MISCELLANEOUS

9.01 The article and section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of the Trust created hereby.

9.02 If any provision of the Trust created hereby is held to be invalid or unenforceable by any judgment or order of a court or tribunal of competent jurisdiction, the remainder of such Trust shall not be affected by such judgment, and such Trust shall be carried out as nearly as possible in accordance with its original terms and conditions.

9.03 The Trust created hereby shall be binding upon and enure to the benefit of the Company, the Trustee and the Beneficiaries and their respective heirs, executors, successors and assigns as the case may be. Except as specifically set forth herein, nothing in the Trust created hereby is intended to confer upon any other person any rights or remedies under or by reason of such Trust.

9.04 Trust Provisions

Notwithstanding the references herein to this Agreement as a "Trust Agreement" or to Montreal Trust Company (or its successor hereunder, if any) as a "Trustee" or to it acting as Trustee, and except for any trust which may be created or constituted in Quebec for the purposes of Sections 1.01, 1.02, 1.03, 2.02, 2.03 or 3.01 of this Agreement (and only to the extent contemplated by such Sections), no trust within the meaning of Chapter II of Title Six of Book Four of the Civil Code is intended to be or is created or constituted hereby. In addition, for greater certainty and subject as hereinafter in this Section provided in the case of any trust created or constituted in Quebec for the purposes of Sections 1.01, 1.02, 1.03, 2.02, 2.03

or 3.01 of this Agreement, the provisions of Title Seven of Book Four of the Civil Code shall not apply to any administration by the Trustee hereunder.

Except as otherwise expressly provided or unless the context otherwise requires, references in this Agreement to "trust" or "in trust", and other similar wording shall only refer to any trust created or constituted for the purposes of Sections 1.01, 1.02, 1.03, 2.02, 2.03 or 3.01 of this Agreement, as the case may be, which trust may be created or constituted in Quebec or in any other appropriate jurisdiction and, if created or constituted in Quebec, shall be subject to the provisions of the Civil Code applicable to trusts and, if created or constituted in another appropriate jurisdiction, shall be subject to the trust laws of such jurisdiction. The administration of any such trust shall be governed by and in accordance with the provisions hereof which, to the extent permitted by applicable law, shall supersede any provisions relating to the administration of property of others or other similar provisions of any applicable law.

9.05 <u>Acceptance of Trust</u>

The Trustee hereby accepts any and all trusts created or constituted for the purposes of Sections 1.01, 1.02, 1.03, 2.02, 2.03 or 3.01 of this Agreement, agrees to perform the same upon the terms and conditions herein set forth and, to the extent any such terms and conditions conflict with any provisions of applicable law, such terms and conditions shall prevail to the extent that such provisions do not constitute provisions of public order.

9.06 <u>Beneficiaries</u>

To the extent necessary and for greater certainty (but without in any way detracting from custom and usage applicable with regard to the relationship among the Company, the Trustee and the Beneficiaries) and subject to any applicable law of public order, it is hereby agreed as follows:

> notwithstanding any other provision hereof and except as may be otherwise set forth in a direction of any of the Beneficiaries pursuant to this Agreement, relating thereto, no Beneficiary shall be liable to third parties for acts performed by the Trustee (or any other person appointed by the Trustee to perform all or any of its rights, powers, trusts or duties hereunder) during the exercise of its rights, powers and trusts and the performance of its duties under this Agreement or for injury caused to such parties by the fault of the Trustee (or any such person), or for contracts entered into in favour of such parties, during such performance and the Trustee (or any such person) alone shall be so liable subject to any rights or recourses which the Trustee (or any such person) may have hereunder or under any applicable law

against the Company or any other person (other than a Beneficiary) in connection with any such liability;

except as otherwise expressly provided herein or in a request or direction of any of the Beneficiaries pursuant to this Agreement, the Trustee shall not be entitled to receive from the Beneficiary any remuneration or compensation for any services rendered by the Trustee hereunder or reimbursement of any costs, expenses, liabilities, disbursements or advances incurred or made by the Trustee in accordance with any provision of this Agreement;

notwithstanding any other provision hereof and except as may be otherwise set forth in a direction of any of the Beneficiaries pursuant to this Agreement, relating thereto, no Beneficiary shall be liable to compensate the Trustee for any injury suffered by it by reason of the performance of its rights, powers, trust or duties hereunder subject to any rights or recourses which the Trustee may have hereunder or under any applicable law against the Company or any other person (other than a Beneficiary) in connection with such injury;

the bankruptcy of the Trustee shall not terminate its rights, powers, trusts and duties hereunder provided that such rights, powers, trusts and duties are assumed by a successor Trustee appointed in accordance with the provisions of Article VII of this Agreement; and

except as otherwise expressly provided herein or in a request or direction of any of the Beneficiaries pursuant to this Agreement, the Trustee shall not be obliged to render any account to the Beneficiaries, nor return to the Beneficiaries any amounts which it has received in the performance of its duties hereunder (including amounts withheld from the RCA Plan Trust Fund in accordance with this Agreement), nor pay any interest to the Beneficiaries on such amounts.

9.07 All notices, requests, demands or other communications hereunder shall be given or made in writing and shall be delivered personally or sent by registered first-class mail, postage prepaid, to the other party or parties to whom they are directed at the address set forth below, (in the case of the Company and the Trustee) or to such other person or at such other address as any party may designate in writing to the other.

To: Avenor Inc.
1250, René-Lévesque Blvd. West
Montréal, Québec
H3B 4Y3
Attention: William G. Harvey
Vice President and Treasurer
and
Henry Roy
Manager, Pension Funds
Fax: (514) 846-5075

With a copy to:
Marc Régnier
Senior Vice-President and
General Counsel
Fax: (514) 846-5041

To the Trustee: Montreal Trust Company
1800 McGill College Avenue
Montreal, Quebec
H3A 1K9

Attention: Assistant Vice-President
Pension and Investment Fund
Services

Notices shall be deemed to have been given and received upon the earlier of actual delivery thereof or five (5) calendar days after the date of the postmark.

9.08 Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall extend to and include the feminine gender and/or body corporate unless the context in which a particular word is used clearly requires otherwise.

9.09 This Agreement shall be construed and enforced in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable therein.

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

AVENOR INC.	**MONTREAL TRUST COMPANY**
Marc Régnier Senior Vice President and General Counsel	Louis Boileau Client Servicing Officer
William G. Harvey Vice-President and Treasurer	Chantal Leclerc Legal Counsel

SCHEDULE A-1

SENIOR EXECUTIVE RETIREMENT PLAN (SERP)

DEED OF APPOINTMENT OF TRUSTEE
BOWATER CANADIAN FOREST PRODUCTS INC.
RETIREMENT COMPENSATION ARRANGEMENT

THIS DEED OF APPOINTMENT made as of the 1st day of January, 2003.

BETWEEN:

BOWATER CANADIAN FOREST PRODUCTS INC., a company duly amalgamated under the laws of Canada, herein represented by William G. Harvey and David G. Maffucci, its Vice President and Treasurer and Vice President and Secretary, respectively, duly authorized as they so declare,

(hereinafter referred to as the "Company")

OF THE FIRST PART,

- and -

THE ROYAL TRUST COMPANY, a trust company duly incorporated under the laws of Canada, herein represented by Anna Yan and Patricia Kennedy, duly authorized as they so declare,

(such trustee and any successor trustee being hereinafter referred to as the "Trustee")

OF THE SECOND PART.

WHEREAS Avenor Inc. ("Avenor") established the Senior Executive Retirement Plan, the Supplemental Retirement Benefit Plan for Grade 12 and over Employees of Avenor Inc. and the Supplemental Retirement Benefit Plan for Grade 11 and under Employees of Avenor Inc. (collectively referred to as the "Plans");

AND WHEREAS, in conjunction with the Plans, Avenor constituted a trust patrimony and entered into a custodial agreement (the "Agreement") with Montreal Trust Company of Canada ("Montreal Trust") as of August 14, 1996 in respect thereof;

AND WHEREAS, pursuant to an agreement of Purchase and Sale dated February 19, 1997, the Trustee purchased Montreal Trust's right, title and interest in Montreal Trust's pension trust and custody business which business included the trusteeship of the Plans;

AND WHEREAS on July 24, 1998, Avenor changed its name to Bowater Pulp and Paper Canada Inc./Bowater Pâtes et Papiers Canada Inc. (Bowater Pulp");

AND WHEREAS on January 1, 2002, Bowater Pulp amalgamated with and was continued as Bowater Canadian Forest Products Inc. (the "Company");

AND WHEREAS section 6.01 of the Agreement provides that a successor trustee is appointed by written instrument of the Company and section 7.02 of the Agreement provides that a successor trustee appointed as provided in the Agreement is to execute, acknowledge and deliver to the Company and to the predecessor trustee an instrument accepting such appointment;

AND WHEREAS the Company has removed Montreal Trust and wishes to appoint the Trustee, as successor trustee, as of the date first above written;

NOW THEREFORE IN CONSIDERATION of the premises and mutual covenants herein contained:

1. The Company hereby appoints the Trustee as successor trustee of the Trust, as that term is defined in the Agreement.

2. The Trustee hereby accepts such appointment.

3. This Deed of Appointment shall constitute the appointment of the Trustee by the Company and the acknowledgement and delivery to the Company by the Trustee of its acceptance of such appointment (a copy of which shall be provided to Montreal Trust).

4. All communications to be provided under section 9.07 of the Agreement should be sent to:

   The Royal Trust Company
   4th Floor
   Royal Trust Tower
   P.O. Box 7500, Station "A"
   Toronto ON M5W 1P9

   Attention: Trust Services
   Facsimile: (416) 955-3268

5. This Deed of Appointment shall be construed, administered and enforced according to the laws of the Province of Quebec and the laws of Canada applicable therein, and shall enure to the benefit of and be binding upon the Company, the Trustee and their respective successors and assigns.

6. This Deed of Appointment and any amendment, supplement, restatement or termination of any provision of this Deed of Appointment may be executed in any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the parties have hereto executed this Deed of Appointment on 24th day of March, 2004 with effect as of the date first above written.

BOWATER CANADIAN FOREST PRODUCTS INC.

W G Harvey

William G. Harvey, Vice President and Treasurer

David G Maffucci

David G. Maffucci, Vice President and Secretary

THE ROYAL TRUST COMPANY

Anna Yan

National Manager

We have the authority to bind the Company

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 ROYAL TRUST COMPANY
Mise en cause

BS0350 **n/dos.:** 041053-1170

EXHIBIT R-2

ORIGINAL

Me Joseph Reynaud **(514) 397-3019**
Fax : (514) 397-3616

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

#10578209 v1

EXHIBIT R-3

Tech Interp 2001-0083575 — Refundable tax on a retirement compensation arrangement

Date: June 13, 2001

Reference: 207.5(2), 207.7(3)

SUMMARY: Refundable tax on a retirement compensation arrangement — ITA-207.5(2), 207.7(3) — Whether a refundable retirement compensation arrangement tax can be accessed to pay benefits under an RCA.

Please note that the following document, although believed to be correct at the time of issue, may not represent the current position of the Department.

Prenez note que ce document, bien qu'exact au moment émis, peut ne pas représenter la position actuelle du ministère.

PRINCIPAL ISSUES: Can refundable RCA tax be accessed to pay benefits under an RCA?

POSITION: Not until a distribution is made from the RCA, or if the RCA makes a valid election under subsection 207.5(2).

REASONS: No other mechanism under the legislation.

XXXXXXXXXX 2001-008357

S.E. Thomson

June 13, 2001

Dear XXXXXXXXXX:

Re: Refundable tax of a retirement compensation arrangement (an "RCA")

We are writing in response to your telephone call to Ms. Gaby Lesperance of the Winnipeg Taxation Centre on May 8, 2001. Your client is the beneficiary of an RCA that holds a life insurance policy. The policy has only a small remaining cash value sufficient to maintain the premiums to provide for the death benefit. However, the refundable Part X1.3 account is large enough to pay benefits to the RCA beneficiary for several years during his lifetime. You ask if the funds in a refundable RCA account can be refunded prior to the death of the insured in order to provide for RCA benefits during his lifetime, without cancelling the life insurance policy.

While it is not appropriate for the Canada Customs and Revenue Agency (the "CCRA") to provide tax or financial planning advice, we are able to offer the following general comments on the relevant provisions of the *Income Tax Act* (the "Act"), which may apply. Please note that these comments may not apply to your client's situation, and as such, are not binding on the CCRA.

Where the custodian of the RCA files a return as required by subsection 207.7(3) of the Act, and the refundable tax owing at the end of the preceding year exceeds the refundable tax owing at the end of the current year, the Minister may refund the difference. "Refundable tax" is defined in subsection 207.5(1) of the Act. Generally, where the RCA has made a distribution to a beneficiary, the refundable tax will be reduced by 50% of such distribution.

Notwithstanding the previous paragraph, the custodian may elect under subsection 207.5(2) of the Act to deem an amount to be the refundable tax balance at the end of the current year. To be eligible for this election, all the subject property (if any) of the RCA must consist of only cash, debt obligations, and/or shares listed on a prescribed stock exchange.

Besides the provisions mentioned above, we know of no other mechanism in the legislation to provide for a refund of RCA tax.

We trust that our comments have been helpful.

Yours truly,

Roberta Albert, CA

for Director

Financial Industries Division

Income Tax Rulings Directorate

Cc: Gaby Lesperance

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 ROYAL TRUST COMPANY
Mise en cause

BS0350 **n/dos.:** 041053-1170

EXHIBIT R-3

ORIGINAL

Me Joseph Reynaud **(514) 397-3019**
Fax : (514) 397-3616

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

#10578209 v1

EXHIBIT R-4

1155 Metcalfe Street, Suite 800
Montréal, Québec H3B 5H2 Canada
T 514 875-2160 abitibibowater.com

abitibi bowater

September 14, 2010

The Royal Trust Company
155 Wellington Street West, 20th Floor
Toronto, Ontario
M5V 3K7

Attention: Senior Trust Officer,
Specialized Estates and Trust Services

Re: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc. and their affiliates listed in the Order (the "**Petitioners**")

Retirement Compensation Arrangement Trust Agreement dated August 14, 1996 among Avenor Inc. and Montreal Trust Company, as amended (the "**Trust Agreement**")

Dear Sir,

On April 17, 2009, the Petitioners sought and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), pursuant to the Initial Order of Mr. Justice Gascon of the Québec Superior Court (the "**Initial Order**"). On August 2, 2010, the Petitioners sent to their creditors a plan of reorganization and compromise (the "**Plan**") on which the creditors are voting on today, September 14, 2010. On September 3, 2010, the Petitioners filed various supplements to the Plan (collectively "**Plan Supplements**" and each a "**Plan Supplement**"). Copies of the Initial Order as amended, the Plan and the Plan Supplements are available at www.ey.com./ca/abitibibowater.

Pursuant to Section 6.9 of the Plan and Plan Supplement 6.9(1), as of the Implementation Date (as defined in the Plan and currently expected to be October 14, 2010), the Trust Agreement shall be repudiated under the Plan and the U.S. Plan, and to the extent applicable, deemed rejected pursuant to Section 365 of the Bankruptcy Code.

Moreover, pursuant to paragraph 46(f) of the Initial Order, the Petitioners have the right, subject to the approval of Ernst & Young Inc., the Court Appointed Monitor, to repudiate such of their agreements, contracts or arrangements of any nature whatsoever, whether oral or written, as they deem appropriate, in order to facilitate the orderly restructuring of their business and financial affairs. Bowater Canadian Forest Products Inc. ("**BCFPI**") hereby gives you notice that it is repudiating the Trust Agreement as of the Implementation Date.

In the coming weeks, BCFPI intends to file a motion seeking the liquidation of the Trust and the distribution of the RCA Plan Trust Fund to the Beneficiaries.

Any capitalized term not defined in this letter shall have the same meaning as in the Trust Agreement.

Yours truly,

Isabel Pouliot
Senior Legal Counsel
AbitibiBowater

c.c.: Benoît Brière, AbitibiBowater
Elaine Washington, AbitibiBowater
Martin Daigneault, Ernst & Young Inc.
Mason Poplaw, McCarthy Tétrault
Stephen W. Hamilton, Stikeman Elliott

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 ROYAL TRUST COMPANY
Mise en cause

BS0350 **n/dos.:** 041053-1170

EXHIBIT R-4

ORIGINAL

Me Joseph Reynaud **(514) 397-3019**
Fax : (514) 397-3616

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

#10578209 v1

EXHIBIT R-5

October 7, 2010

Bowater Canadian Forest Products Inc. SERPs

Actuarial Valuation Report as at May 26, 2009 for the Purpose of the Wind-up of the Retirement Compensation Arrangement Trust Agreement

Attorney-client privileged and confidential

MERCER

MMC MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Consulting. Outsourcing. Investments.

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1

Introduction

To Bowater Canadian Forest Products Inc.

At your request, we have prepared this actuarial valuation report in the context of the potential liquidation of the assets held in trust under the following pension arrangements, collectively referred to as the "BCFPI SERPs":

- Senior Executive Retirement Plan (SERP) of Bowater Canadian Forest Products Inc. ("BCFPI Senior SERP");
- Supplemental Retirement Benefit Plan for Grade 28 and over Employees of Bowater Canadian Forest Products Inc. ("BCFPI SERP 28+"); and
- Supplemental Retirement Benefit Plan for Grade 27 and under Employees of Bowater Canadian Forest Products Inc. ("BCFPI SERP 27-").

Bowater Canadian Forest Products Inc. ("BCFPI") entered into a Retirement Compensation Arrangement Trust Agreement (the "RCA Trust Agreement") on August 14, 1996 with Montreal Trust Company ("MTC"). Effective January 1, 2003, MTC was replaced by The Royal Trust Company ("RTC"). Certain benefits under the BCFPI SERPs were secured through the RCA Trust Agreement ("Secured Benefits"). In accordance with BCFPI's policy, security was achieved by a letter of credit issued by a Financial Institution and/or the payment of contributions into the RCA.

On April 16 and 17, 2009, AbitibiBowater and certain of its subsidiaries ("Petitioners") filed and obtained court protection under Chapter 11 of the U.S. Bankruptcy Code and/or the Companies' Creditors Arrangement Act (the "CCAA"), as applicable. Following the filing under the CCAA, BCFPI suspended the payment of the benefits under the BCFPI SERPs, beginning with the monthly pension payment due on May 1, 2009. Such suspension caused RTC to demand payment under the letter of credit on May 26, 2009. RTC remitted 50% of the proceeds into the trust, and the other 50% of the proceeds were remitted to the refundable tax account held by the Canada Revenue Agency ("CRA"). The refundable tax account should be refunded to the trust by the CRA as benefits are paid out of the trust.

Because of lack of clarity as to which members were entitled to share in the proceeds of the letter of credit, legal proceedings were undertaken by BCFPI. The court rendered a judgment on September 8, 2010 clarifying the identity of the members whose benefits are to be considered Secured Benefits under the BCFPI SERPs. Appendix C provides a list of the members and their Secured Benefits.

On July 2, 1010, the court issued an interim order whereby it ordered RTC to resume the payment of the monthly pensions to certain members corresponding to the amount of their Secured Benefits, including a retroactive payment corresponding to the missed monthly payments since May 1, 2009 inclusively.

In the context of AbitibiBowater's plan of reorganization and compromise to all of their creditors (the "Plan"), the BCFPI SERPs are to be terminated. A motion will be filed in court in order to declare the termination of the trust and order the liquidation of the trust assets in the context of the termination of the BCFPI SERPs.

The motion requests that RTC ceases the payment of monthly pensions at the effective date of termination of the BCFPI SERPs, and that the trust assets be subsequently liquidated by way of lump sum payments to the members with Secured Benefits. As instructed by BCFPI, we have assumed that the BCFPI SERPs would be terminated either during the month of November 2010 or December 2010, and the results presented in this report have been calculated as at May 26, 2009, and brought forward to November 1, 2010 and December 1, 2010.

The sum of the lump sum payments made to each member should be equal to the total value of their Secured Benefits. Should the total value of the assets held under the RCA Trust Agreement, including the assets held in the refundable tax account, be less than the total value of the Secured Benefits, members will be entitled to a pro rata share of the assets held under the RCA Trust Agreement.

This report sets out the value of the Secured Benefits for each member, as well as the percentage that each member's value of the Secured Benefits represents as a proportion of the total value of all Secured Benefits.

In our opinion,

- the individual membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation,
- the assumptions are, in aggregate, appropriate and in accordance with the instructions received from BCFPI, and
- the methods employed are appropriate for the purposes of the valuation and are in accordance with the instructions received from BCFPI.

The information contained in this report was prepared for BCFPI only for its internal use in connection with the motion to declare the termination of the RCA trust agreement and to order the liquidation of the trust property and the distribution of the proceeds held by RTC. This report is not intended to be used by, or relied upon, by any person other than BCFPI and RTC. Mercer assumes no liability for the use, or reliance upon, this report by any person other than BCFPI and RTC.

Respectfully submitted,

Ann-Marie Bourbonnière, FSA, FCIA
Principal

Christian Rousseau, FSA, FCIA
Principal

October 7, 2010

2

Results

Based on the membership data described in Appendix A and the methods and assumptions described in Appendix B, the results of our calculations are provided in Appendix C.

Appendix A

Membership Data

The membership data has been provided to us by BCFPI. When possible, we have applied tests for internal consistency, as well as for consistency with the membership data used for prior actuarial valuations or individual calculations. These tests were applied to the basic data of retirees and beneficiaries with pensions in payment (date of birth, date of birth of spouse, form of pension payment, pension amount, form of pension payment, etc.). The results of these tests were satisfactory.

We describe below additional information pertaining to certain members.

- We have assumed that all members in receipt of a pension on April 1, 2009 will be alive on November 1, 2010 and December 1, 2010, except for Mr. William R. Saxton who passed away on November 2, 2009 and Mr. Jorgen Vibe Christensen who passed away on September 5, 2010; the results presented in this report reflect these deaths. These two members were in receipt of a lifetime pension, ceasing upon their death with no further pension being paid to a beneficiary.

- Mr. Donald Campbell is included. His salary continuance stopped on April 17, 2009 when AbitibiBowater and certain of its subsidiaries filed and obtained court protection under the Companies' Creditors Arrangement Act (the "CCAA proceedings") and/or Chapter 11 of the U.S. Bankruptcy Code, as applicable. Following this event, Mr. Campbell elected to retire on May 1, 2009. We have reflected the actual form of pension payment chosen by Mr. Campbell in our calculations.

- Mr. Jerry Soderberg is included. Based on information provided to us, Mr. Soderberg is not currently a member of any BCFPI Registered Plan. Up to April 2009, he was receiving a monthly pension benefit in US currency from Bowater Inc. (a US corporation); our report includes his monthly pension as being a pension payable under a BCFPI SERP.

Appendix B

Methods and Assumptions

For purposes of preparing this report, the methods and assumptions described below were retained. These methods and assumptions are in accordance with the instructions received from BCFPI.

Methods

As instructed by BCFPI, the value of the Secured Benefits was calculated as at May 26, 2009 using actuarial assumptions applicable as of that date. The values calculated as at May 26, 2009 were then adjusted for interest, pension payments (including payments up to November 1, 2010 or December 1, 2010) and mortality for the period from May 26, 2009 to November 1, 2010 or December 1, 2010; these adjustments yielded the adjusted individual values at November 1, 2010 and December 1, 2010. Individual percentages were calculated by dividing the adjusted individual values by the adjusted total value.

Actuarial assumptions

▪ Discount rate	50% of 5.4%/year (i.e. 2.7%/year) based on the estimated discount rate which would be used for the purchase of annuities on May 26, 2009 (See Note 1)
▪ Future Inflation	1.75%/year (See Note 2)
▪ Exchange rate	$1 US = $1.1178 CDN (based on exchange rate at close of day on May 26, 2009 as reported by the Bank of Canada)
▪ Mortality rates:	UP94 mortality table projected to 2015 (See Note 1)

Note 1

The discount rate (before the 50% adjustment) and the mortality table are representative of assumptions applicable on May 26, 2009 for the determination of non-indexed annuity purchase rates of $15 million or more, based on the Educational Note of the Canadian Institute of Actuaries (the "CIA") dated April 2009 and entitled "Assumptions for Hypothetical Wind-Up and Solvency Valuations with Effective Dates Between December 31, 2008 and December 31, 2009" (the "Educational Note").

In accordance with the Educational Note, the rate of 5.4% is equal to the sum of 4.0%, the unadjusted average yield on Government of Canada marketable bonds of over 10 years (CANSIM V39062) as at May 26, 2009, and 1.4%. Guidance from the CIA on estimated annuity purchase rates changes over time. The discount rate used is in accordance with the CIA guidance in effect on May 26, 2009.

Note 2

An assumption on future inflation is needed in respect of benefits earned for service from January 1, 2003 up to December 31, 2003. For such service, the benefits determined under the registered plan may be increased at the rate of inflation during retirement, resulting in a decrease in the benefits payable from the BCFPI SERPs, as the total benefits payable are not indexed.

The inflation assumption of 1.75% was derived from the relationship between the average yield as at May 26, 2009 on government of Canada marketable bonds for over 10 years (CANSIM V39062) which was 4.0% and the average yield as at May 26, 2009 on Government of Canada real return bonds (CANSIM V39057) which was 2.23%.

Appendix C

Individual Results

PRODUCED UNDER SEAL

Appendix D

Corporation Certification

With respect to the report on the actuarial valuation for the purpose of the wind-up of the Retirement Compensation Arrangement Trust Agreement of the *Bowater Canadian Forest Products Inc. SERPs*, as at May 26, 2009 (the "Report"), I hereby certify that, to the best of my knowledge and belief:

- a copy of the official plan documents and of all amendments made with effective dates up to May 26, 2009, were provided to the actuary,
- the membership data provided to the actuary included a complete and accurate description of every member who is entitled to Secured Benefits under the terms of the BCFPI SERPs, and
- the methods and assumptions retained for purposes of preparation of the Report are in accordance with the instructions provided to the actuary.

October 8, 2010
Date

Isabel Pouliot
Senior Legal Counsel

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Mercer (Canada) Limited
1981 McGill College Avenue
Montreal, Quebec H3A 3T5
514 285 1802

Consulting. Outsourcing. Investments.

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 ROYAL TRUST COMPANY
Mise en cause

BS0350 **n/dos.:** 041053-1170

EXHIBIT R-5

ORIGINAL

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