EXHIBIT T-1

Confirmation Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
ABITIBIBOWATER INC., *et al.*,	)	Case No. 09-11296 (KJC)
	)	Jointly Administered
Debtors.	)	
	)	D.I. 2796, 3938

FINDING OF FACTS, CONCLUSIONS OF LAW, AND ORDER CONFIRMING DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE (AS AMENDED)

AbitibiBowater Inc. and its affiliated debtors and debtors-in-possession[1] (collectively, the "**Debtors**" and together with their CCAA Debtor[2] and non-Debtor affiliates, the "**Company**") having, in each case on the terms and to the extent set forth in the applicable pleadings and orders:

(i) filed voluntary petitions for relief commencing chapter 11 cases (the "**Chapter 11 Cases**") under chapter 11 of the Bankruptcy Code on April 16, 2009 and, with respect to certain Debtors, on December 21, 2009 (together, the "**Petition Date**");

(ii) applied for protection from creditors under Canada's Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), in the Superior Court, Commercial Division, for the Judicial District of Montreal, Canada (the

1 The Debtors in these cases are: AbitibiBowater Inc., AbitibiBowater US Holding 1 Corp., AbitibiBowater US Holding LLC, AbitibiBowater Canada Inc., Abitibi-Consolidated Alabama Corporation, Abitibi-Consolidated Corporation, Abitibi-Consolidated Finance LP, Abitibi Consolidated Sales Corporation, Alabama River Newsprint Company, Augusta Woodlands, LLC, Bowater Alabama LLC, Bowater America Inc., Bowater Canada Finance Corporation, Bowater Canadian Forest Products Inc., Bowater Canadian Holdings Incorporated, Bowater Canadian Limited, Bowater Finance Company Inc., Bowater Finance II LLC, Bowater Incorporated, Bowater LaHave Corporation, Bowater Maritimes Inc., Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, Bowater Nuway Inc., Bowater Nuway Mid-States Inc., Bowater South American Holdings Incorporated, Bowater Ventures Inc., Catawba Property Holdings, LLC, Coosa Pines Golf Club Holdings LLC, Donohue Corp., Lake Superior Forest Products Inc., Tenex Data Inc, ABH LLC 1 and ABH Holding Company LLC. However, Bowater Canada Finance Corporation ("**BCFC**") has withdrawn its plan of reorganization and is no longer a proponent of the Plan. Accordingly, nothing contained in this Confirmation Order shall be deemed to constitute confirmation of the Plan or any other plan of reorganization with respect to BCFC. All references herein to, *inter alia*, the Debtors, the Reorganized Debtors, and the Classes under the Plan exclude BCFC.

2 Capitalized terms used and not otherwise defined herein shall have those meanings ascribed to them in the Plan (as defined herein), a copy of which is attached as Exhibit 1 hereto.

"**Canadian Court**" and the filing, the "**Canadian Proceedings**") on April 17, 2009;

(iii) filed for ancillary relief in Canada seeking provisional relief in support of the Chapter 11 Cases under section 18.6 of the CCAA;

(iv) filed petitions under chapter 15 of the Bankruptcy Code (the "**Chapter 15 Cases**") seeking relief in support of the Canadian Proceedings;

(v) continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, and no trustee or examiner having been appointed in the Chapter 11 Cases;

(vi) obtained approval of a cross-border insolvency protocol (the "**Cross-Border Protocol**") from the Bankruptcy Court and the Canadian Court on July 27, 2009 and July 28, 2009, respectively;

(vii) filed the *Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Dkt. No. 2070] on May 4, 2010;

(viii) filed a version of the CCAA Debtors' *Plan of Reorganization and Compromise* in the Canadian Proceedings also on May 4, 2010;

(ix) filed the *Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Dkt. No. 2199] on May 24, 2010;

(x) filed the *Disclosure Statement for Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Dkt. No. 2200] also on May 24, 2010;

(xi) filed the CCAA Debtors' *Plan of Reorganization and Compromise* (the "**CCAA Plan**") in the Canadian Proceedings on May 24, 2010;

(xii) filed the CCAA Debtors' *Information Circular Pertaining to the Plan of Reorganization and Compromise* (the "**Information Circular**") in the Canadian Proceedings on May 24, 2010;

(xiii) filed the *Debtors' Motion to Approve (I)(A) Bid Procedures and Bid Protections With Respect to an Auction in Connection With the Debtors' Rights Offering; (B) Scheduling an Auction and Hearing; (C) Approving the Form and Manner of Notice Thereof; and (D) Approving the Release of Certain Claims Pursuant to Bankruptcy Rule 9019; and (II) Authorizing the Debtors to (A) Enter Into a Backstop Commitment Agreement* (as amended, the "**Backstop Commitment Agreement**") *and (B) Make Certain Payments Thereunder* [Dkt. No. 2201] also on May 24, 2010;

(xiv) obtained approval of bidding procedures with respect to the Backstop Commitment Agreement by that certain *Order (A) Approving Bid Procedures and Bid*

Protections With Respect to an Auction in Connection With the Debtors' Rights Offering; (B) Scheduling an Auction and Hearing; (C) Approving the Form and Manner of Notice Thereof; and (D) Approving a Stipulation Regarding Certain Claims [Dkt. No. 2452] on June 22, 2010;

(xv) obtained approval of the Backstop Commitment Agreement by that certain *Order (With Revisions) Authorizing the Debtors to Enter into the Commitment Agreement* [Dkt. No. 2502] on June 25, 2010;

(xvi) obtained an order from the Canadian Court (the "**Creditors' Meeting Order**") on July 9, 2010, which accepted the filing of the CCAA Plan and Information Circular and authorized and directed the Canadian Debtors to convene a meeting of their creditors (the "**Canadian Creditors' Meeting**");

(xvii) filed the *Debtors' Emergency Motion for an Order Authorizing the Debtors to Enter Into the First Amendment to the Backstop Commitment Agreement* [Dkt. No. 2696] on July 22, 2010;

(xviii) filed the *Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (as amended, the "**Plan**") [Dkt. No. 2796] on August 2, 2010;

(xix) filed the *Second Amended Disclosure Statement for Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (as amended, the "**Disclosure Statement**") [Dkt. No. 2797] also on August 2, 2010;

(xx) obtained approval of a certain first amendment to the Backstop Commitment Agreement by that certain *Order Authorizing the Debtors to Enter Into the First Amendment to the Backstop Commitment Agreement* [Dkt. No. 2794] also on August 2, 2010;

(xxi) obtained approval of the Disclosure Statement by that certain *Corrected Order (I) Approving the Disclosure Statement; (II) Approving the Form and Contents of the Solicitation Package; (III) Approving the Form and Manner of Notice of the Confirmation Hearing; (IV) Approving Procedures for Distribution of Solicitation Packages; (V) Approving Procedures For Vote Tabulations; (VI) Approving the Cross-Border Voting Protocol; (VII) Approving the Form and Contents of the Subscription Packages for a Rights Offering; (VIII) Approving Procedures for Participating in Rights Offering; (IX) Establishing a Record Date, a Voting Deadline for Receipt of Ballots and an Expiration Date for the Rights Offering; (X) Establishing the Deadline and Procedures For Filing Objections to Confirmation of The Plan and Asserted Cure Amounts for Executory Contracts and Unexpired Leases that May be Assumed as Part of the Plan; and (XI) Granting Related Relief* (the "**Disclosure Statement Approval Order**") [Dkt. No. 2824] on August 3, 2010, which Disclosure Statement Approval Order also approved, among other things, solicitation procedures with respect to the Plan (the "**Solicitation Procedures**"), related notices, forms, Ballots and Master Ballots (collectively, the

"**Solicitation Materials**"), the procedures for participating in the Rights Offering (the "**Rights Offering Procedures**"), and related notices and forms with respect to the Rights Offering (collectively, the "**Rights Offering Materials**");

(xxii) received objections to the Plan, and joinders thereof, between August 20, 2010 and October 19, 2010 (collectively, and as further supplemented, the "**Plan Objections**") [Dkt. Nos. 2991, 3138, 3145, 3178, 3193, 3194, 3195, 3196, 3197, 3198, 3202, 3209, 3221, 3223, 3224, 3277, 3284, 3293, 3430, 3431, 3434, 3435, 3436, 3437, 3452, 3471, 3540 and 3613];

(xxiii) completed, through the notice, claims and subscription agent and the Monitor, distribution of the Solicitation Materials and the Rights Offering Materials, consistent with the Bankruptcy Code, the Bankruptcy Rules, the Disclosure Statement Approval Order, the Solicitation Procedures, the Rights Offering Procedures and the Backstop Commitment Agreement, as evidenced by the *Affidavit of Service of Solicitation and Subscription Rights Mailing* (the "**Solicitation Affidavit**") dated September 13, 2010 [Dkt. No. 3307];

(xxiv) filed the *Motion for an Order Pursuant to Sections 105(a), 363(b) and 364(b) of the Bankruptcy Code and Bankruptcy Rule 6004 for Authority to (A) Enter into an Asset-Based Facility Commitment Letter* (the "**ABL Exit Financing Commitment Letter**") *and Related Fee Letters, (B) Pay Associated Fees and Expenses, and (C) Furnish Related Indemnities* [Dkt. No. 2851] on August 6, 2010;

(xxv) filed the *Motion Pursuant to Sections 363(b) and 503(b)(1) of the Bankruptcy Code and Bankruptcy Rules 2002 and 6004 for an order Authorizing the Debtors to (I) Enter Into Certain Agreement in Connection with Anticipated Exit Financing* (the "**High Yield Exit Facility**"), *(II) Incur and Pay Related Fees and (III) Form a Special Purpose Issuer* (the "**Escrow Issuer**") [Dkt. No. 2848] also on August 6, 2010;

(xxvi) obtained approval of commitment and engagement letters for the ABL Exit Financing Facility by that certain *Order Authorizing the Debtors to (A) Enter into an Asset-Based Facility Commitment Letter and Related Fee Letters, (B) Pay Associated Fees and Expenses, and (C) Furnish Related Indemnities* [Dkt. No. 3013] on August 24, 2010;

(xxvii) obtained approval of an agreement related to the Exit Financing Facilities by that certain *Order Authorizing the Debtors to (I) Enter Into Certain Agreement in Connection with Anticipated Exit Financing, (II) Incur and Pay Related Fees and Expenses as Administrative Expenses and (III) Form a Special Purpose Issuer* [Dkt. No. 3015] also on August 24, 2010;

(xxviii) filed a notice of proposed Cure amounts for Executory Contracts to be assumed under the Plan (the "**Cure Notice**") [Dkt. No. 3074] on August 30, 2010;

(xxix) received the Amended Forty-Ninth Report of the Monitor regarding certain claims relating to BCFC on September 9, 2010 [Dkt. No. 3403];

(xxx) caused notices to be published, including a notice regarding the Confirmation Hearing to be published in the New York Times on August 27, 2010, as evidenced by the *Notice of Filing of Affidavits of Publication Regarding Notice of (I) Approval of Disclosure Statement, (II) Hearing to Consider Confirmation of the Plan, and (III) Last Date and Procedures for Filing Objections to Confirmation of the Plan*, dated September 21, 2010 (the "**Publication Affidavit**") [Dkt. No. 3355];

(xxxi) filed the various documents comprising the Plan Supplements [Dkt. Nos. 3093 and 3122] on September 1, 2010 and September 3, 2010 (as amended by Dkt. Nos. 3109, 3187, 3245, 3334, 3335, 3425, 3732 and 3869 and as may be further amended from time to time prior to the Effective Date in accordance with the Plan);

(xxxii) submitted the various CCAA Plan supplements in the Canadian Proceedings on September 2, 2010 and September 3, 2010 (as amended);

(xxxiii) submitted the *First CCAA Plan Amendment* in the Canadian Proceedings on September 10, 2010;

(xxxiv) held the Canadian Creditors Meeting in Montreal, Quebec on September 14, 2010, at which creditors of the CCAA Debtors voted on the CCAA Plan;

(xxxv) received the Fifty-Eighth Report of the Monitor, which summarized the voting results regarding the CCAA Plan and set forth the Monitor's recommendation regarding the sanctioning of the CCAA Plan, on September 20, 2010 [Dkt. No. 3365];

(xxxvi) held a hearing (the "**Sanction Hearing**") before the Canadian Court beginning on September 20, 2010 to consider sanctioning of the CCAA Plan;

(xxxvii) filed the *Declaration of Stephanie Kjontvedt of Epiq Bankruptcy Solutions, LLC Regarding Voting on, and Tabulation of, Ballots Accepting and Rejecting the Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (the "**Voting Report**") [Dkt. No. 3354] on September 20, 2010;

(xxxviii) filed a notice reducing the size of the Rights Offering (the "**Reduction Notice**") with respect to the Rights Offering [Dkt. No. 3361] on September 21, 2010 and having terminated the Backstop Commitment Agreement on October 13, 2010;

(xxxix) filed the *Debtors' Memorandum of Law in Support of Confirmation of Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (as Amended)* (the "**Confirmation Brief**") [Dkt. No. 3375] also on September 21, 2010;

(xl) filed the *Declaration of Steven Zelin of The Blackstone Group in Support of Confirmation of Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (as Amended)* (the "**Zelin Declaration**") [Dkt. No. 3376] also on September 21, 2010;

(xli) filed the *Debtors' Omnibus Reply to Objections to Confirmation of Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (as Amended)* (the "**Confirmation Reply**") [Dkt. No. 3378] also on September 21, 2010;

(xlii) filed the *Declaration of William G. Harvey in Support of Confirmation of Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (as Amended)* (the "**Harvey Declaration**") [Dkt. No. 3377] also on September 21, 2010;

(xliii) received the *Statement of the Official Committee of Unsecured Creditors in Support of Confirmation of Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Dkt. No. 3398] on September 22, 2010;

(xliv) obtained a final order from the Canadian Court with respect to certain alleged claims held by BCFC against the Canadian Debtors by that certain *Order* dated September 23, 2010 (the "**Claims Order**") for the reasons set forth in that certain *Reasons for Judgment Rendered September 20, 2010 on Motion for Advice and Directions*;

(xlv) obtained a final order from the Canadian Court sanctioning the CCAA Plan by that certain *Reasons for Judgment on Sanction Order* also dated September 23, 2010 (the "**Sanction Order**");

(xlvi) filed a post-trial letter brief (the "**Letter Brief**") [Dkt. No. 3695] on October 29, 2010; and

(xlvii) received post-trial letter briefs from, among others, the Creditors Committee (the "**Committee Letter Brief**") [Dkt. No. 3697] also on October 29, 2010.

This Court having:

(i) entered the Disclosure Statement Approval Order;

(ii) held hearings to consider Confirmation of the Plan on September 24, 2010, September 30, 2010, October 7, 2010, October 8, 2010, October 19, 2010, November 5, 2010, November 9, 2010, November 12, 2010, and November 18, 2010 (the "**Confirmation Hearing**");

(iii) reviewed the Disclosure Statement, the Plan, the Plan Supplements, the Confirmation Brief, the Confirmation Reply, the Voting Report, the Zelin Declaration, the Harvey Declaration, the Letter Brief, and all other pleadings, evidence, exhibits, statements, documents, and filings regarding Confirmation of the Plan;

(iv) heard and considered the statements of counsel and all other testimony and evidence proffered and / or adduced at the Confirmation Hearing and in respect of Confirmation of the Plan;

(v) rendered an Opinion on Confirmation (the "**Confirmation Opinion**") [Dkt. No. 3931] on November 22, 2010 which set forth the findings of fact and conclusions of law for overruling the Plan Objections and confirming the Plan; and

(vi) entered an Order Overruling Plan Objections (the "**Plan Objection Order**") [Dkt. No. 3932] also on November 22, 2010 which overruled any and all objections to the Plan and all statements and reservations of rights not previously consensually resolved or withdrawn.

NOW, THEREFORE, it appearing to this Court that notice of the Confirmation Hearing and the opportunity for any Person to object to Confirmation have been adequate and appropriate as to all Persons, including, without limitation, all Persons affected or to be affected by the Plan and the transactions contemplated thereby, and the legal and factual bases set forth in the documents filed in support of Confirmation and presented at the Confirmation Hearing establish just cause for the relief granted herein; and after due deliberation thereon and good cause appearing therefor, this Court hereby makes and issues the following findings of fact, conclusions of law, and orders:[3]

FINDINGS OF FACT AND CONCLUSIONS OF LAW

IT IS HEREBY DETERMINED, FOUND, ADJUDGED, DECREED, AND ORDERED THAT:

A. Jurisdiction and Venue

1. On the Petition Date, each Debtor commenced a Chapter 11 Case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors were and are qualified to be debtors under section 109 of the Bankruptcy Code. By orders of the Bankruptcy Court [Dkt. Nos. 61 and 1567], the Chapter 11 Cases are being jointly administered pursuant to

[3] This Confirmation Order constitutes this Court's findings of fact and conclusions of law under Fed. R. Civ. P. 52, as made applicable by Bankruptcy Rules 7052 and 9014. Any and all findings of fact shall constitute findings of fact even if they are stated as conclusions of law, and any and all conclusions of law shall constitute conclusions of law even if they are stated as findings of fact. Further, any findings of fact and conclusions of law announced on the record in open court are incorporated by reference herein.

Bankruptcy Rule 1015. Venue in the District of Delaware was proper as of the Petition Date and continues to be proper. Confirmation of the Plan is a core proceeding under 28 U.S.C. § 157(b). This Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and this Court has exclusive jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed.

B. <u>Judicial Notice; Confirmation Opinion</u>

2. This Court takes judicial notice of the Disclosure Statement, the Plan, the Plan Supplements, the Confirmation Brief, the Voting Report, the Zelin Declaration, the Harvey Declaration, the Letter Brief, all other pleadings, exhibits, statements, documents, and filings in the Chapter 11 Cases, and the record made at prior hearings, including all evidence and arguments made, proffered, or adduced during the pendency of the Chapter 11 Cases (the "**Docket**"). The Court's findings of fact and conclusions of law set forth in the Confirmation Opinion and the Plan Objection Order shall be fully incorporated herein by reference and made a part of this Confirmation Order. This Court also finds that the Plan is dated and identifies the Plan's proponents, thereby satisfying Bankruptcy Rule 3016(a).

C. <u>Burden of Proof</u>

3. The Debtors, as the Plan proponents, have met their burden of proving the elements of sections 1129(a) and 1129(b) of the Bankruptcy Code by a preponderance of the evidence, which is the applicable evidentiary standard in this Court. This Court also finds that the Debtors have satisfied the elements of sections 1129(a) and 1129(b) of the Bankruptcy Code by clear and convincing evidence.

D. Solicitation and Subscription Procedures Authorization

4. On August 3, 2010, this Court entered the Disclosure Statement Approval Order, which, among other things: (a) approved the Disclosure Statement as containing adequate information within the meaning of section 1125 of the Bankruptcy Code; (b) approved the form and contents of the Solicitation Materials; (c) approved the form and manner of notice of the Confirmation Hearing; (d) approved procedures for distribution of Solicitation Materials; (e) approved procedures for vote tabulations; (f) approved the Cross-Border Claims Voting Protocol; (g) approved the form and contents of the Rights Offering Materials; (h) approved procedures for participating in the Rights Offering; (i) established a record date, a Voting Deadline for receipt of Ballots and an expiration date for the Rights Offering; and (j) established the deadline and procedures for filing objections to Confirmation of the Plan and asserted Cure amounts for executory contracts and unexpired leases that may be assumed as part of the Plan.

E. Service of Solicitation Materials; Notice; Voting Report

5. As evidenced in the Solicitation Affidavit, the Debtors complied with the service requirements and procedures with respect to solicitation of votes, and distribution of notices of non-voting status or other notices as approved in the Disclosure Statement Approval Order, including with respect to solicitation and noticing to the Cross-Border Debtors in accordance with the Cross-Border Claims Voting Protocol. No objections were filed with respect to the Solicitation Affidavit.

6. On September 20, 2010, the Voting Report certifying the method and results of the Ballot tabulation for each of the Classes to accept or reject the Plan was filed with this Court.

7. All procedures used to (a) provide notice and distribute Solicitation Materials to the applicable holders of Claims and Interests and (b) tabulate the Ballots were fair and

conducted in accordance with the Disclosure Statement Approval Order, the Cross-Border Claims Voting Protocol, the Bankruptcy Code, the Bankruptcy Rules, the local rules of this Court, and all other applicable orders, and federal, state, and local laws, rules, and regulations (collectively, the "**Applicable Laws**").

8. As evidenced by the Voting Report, all Ballots and Master Ballots were properly tabulated, and votes for acceptance and rejection of the Plan were solicited in good faith and complied with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, the Disclosure Statement Approval Order, the Cross-Border Claims Voting Protocol, all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and all other Applicable Laws.

9. As evidenced by the Voting Report, which incorporates an affidavit by the Monitor appointed in the CCAA Proceeding, the votes of the Cross-Border Debtors were properly solicited and tabulated in good faith in accordance with the Cross-Border Claims Voting Protocol.

10. Each of the Debtors and, to the extent applicable, their respective affiliates, agents, directors, members, partners, officers, employees, advisors, and attorneys have solicited votes on the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Disclosure Statement Approval Order, and all other Applicable Laws.

F. Service of Subscription Materials; Notice

11. As evidenced by the Zelin Declaration, the Debtors complied with the service requirements and procedures with respect to distribution of subscription forms and notices with respect to the Rights Offering as approved in the Disclosure Statement Approval Order.

12. All subscription forms for the Rights Offering were properly served, and Eligible Holders' participation in the Rights Offering was sought in good faith and in compliance with the Disclosure Statement Approval Order, all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and all other Applicable Laws.

G. **Canadian Court Order regarding BCFC; Monitor Report**

13. The Amended Forty-Ninth Report of the Monitor reported on intercompany transactions among BCFC and other Debtors and their affiliates, and concluded that the transactions described therein did not appear to give rise to any intercompany debt owing by any of the Debtors or their affiliates to BCFC. On September 20, 2010, the Canadian Court issued the Claims Order ruling that BCFC does not hold any Intercompany Claims against the Canadian Debtors. No appeals were filed with respect to the Claims Order and it became a final order on October 11, 2010.

H. **CCAA Creditors Meeting; Sanction Order; Monitor Report**

14. As evidenced by the Voting Report, creditors of each CCAA Debtor except for BCFC voted to accept the CCAA Plan at the Canadian Creditors Meeting held on September 14, 2010. The Fifty-Eighth Report of the Monitor reviewed the Plan and CCAA Plan and recommended that, among other things, the Canadian Court sanction the CCAA Plan. On September 23, 2010, the Canadian Court entered the Sanction Order at the Sanction Hearing, sanctioning the CCAA Plan with respect to each CCAA Debtor except for BCFC. No appeals were filed with respect to the Sanction Order and it became a final order on October 14, 2010.

I. **Confirmation Hearing Notice**

15. As evidenced in the Publication Affidavit, the Debtors published a notice of the Confirmation Hearing in the New York Times on August 27, 2010.

J. **Voting Results**

16. Classes 6A-HH (excluding 6M) and Classes 7A-HH (excluding 7M) are Impaired under the Plan and holders of Claims in such Classes are eligible to vote on the Plan. As evidenced by the Voting Report, which is incorporated herein by reference, each of the foregoing voting Classes voted to accept the Plan, except for Class 7V, or is deemed to accept the Plan in accordance with the terms of the Plan.

K. **Classes Deemed to Have Accepted the Plan**

17. Classes 1A-HH (excluding 1M), 2A-G, 3A-G, 4A-G and 5A-HH (excluding 5M) are unimpaired under the Plan and the holders of Claims in such Classes are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. In addition, holders of Claims and Interests in Class 8 are Plan proponents and therefore also are deemed to have accepted the Plan.

L. **Classes Deemed to Have Rejected the Plan**

18. Classes 9A and 9D are Impaired under the Plan and the holders of Claims and Interests in such Classes will not receive or retain any property under the Plan on account of such Claims and Interests. Accordingly, such holders are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

M. **Plan Supplements**

19. The documents identified in the Plan Supplements were filed as required and were modified and supplemented in accordance with the Plan and Applicable Laws. Notice of such documents was good and proper in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Disclosure Statement Approval Order, and no other or further notice is or shall be required. The Debtors are authorized to modify and amend the Plan Supplements in accordance

with the Plan through and including the Effective Date, and to take all actions necessary and appropriate to effect the transactions contemplated therein through, including and following the Effective Date.

N. <u>Compliance with the Requirements of Section 1129 of the Bankruptcy Code</u>

(i) Section 1129(a)(1)—Compliance of the Plan with Applicable Provisions of the Bankruptcy Code

20. The Plan complies with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including, without limitation, sections 1122 and 1123 of the Bankruptcy Code.

(ii) Sections 1122 and 1123(a)(1)—Proper Classification

21. Article II of the Plan designates Classes of Claims and Interests other than Administrative Claims and Priority Tax Claims (which are not required to be designated pursuant to section 1123(a)(1) of the Bankruptcy Code). As required by section 1122(a) of the Bankruptcy Code, each Class of Claims and Interests contains only Claims or Interests that are substantially similar to the other Claims or Interests within that Class. Valid reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan. The Plan, therefore, satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.

(iii) Sections 1123(a)(2) and 1123(a)(3)—Specified Unimpaired and Impaired Classes

22. Article II of the Plan specifies that Claims in Classes 1A-1HH (excluding 1M), 2A-2G, 3A-3G, 4A-4G and 5A-5HH (excluding 5M) are unimpaired. DIP Facility Claims, Securitization Claims, Administrative Claims, and Priority Tax Claims, which are not classified under the Plan, also are unimpaired. Article II of the Plan further specifies the treatment of each Impaired Class under the Plan, which are Classes 6A-6HH (excluding 6M), 7A-7HH (excluding

7M), 8A-8HH (excluding 8M) and 9A and 9D. The Plan, therefore, satisfies sections 1123(a)(2) and 1123(a)(3) of the Bankruptcy Code.

(iv) Section 1123(a)(4)—No Discrimination

23. Article II of the Plan provides the same treatment for each Claim or Interest within a particular Class unless the holder of a particular Claim or Interest has agreed to a less favorable treatment with respect to such Claim or Interest. The Plan, therefore, satisfies the requirements of section 1123(a)(4) of the Bankruptcy Code.

(v) Section 1123(a)(5)—Adequate Means for Implementation of the Plan

24. The Plan, the various documents and agreements set forth in the Plan Supplements and other related documents provide adequate and proper means for the Plan's implementation, including, without limitation: (a) formation and corporate governance of the Reorganized Debtors; (b) issuance of the New ABH Common Stock; (c) entry into the Exit Financing Facilities; (d) upon the funding of the Exit Financing Facilities on the Effective Date, sufficient Cash to make all payments required to be made on the Effective Date or otherwise prescribed pursuant to the terms of the Plan; (e) authorization of corporate and limited liability action, including the Restructuring Transactions; (f) authorization to effectuate documents and further transactions; (g) exemption from certain transfer taxes and recording fees; and (h) to the extent provided in the Plan, cancellation of certain Claims and Interests and the securities or indentures related thereto. The Plan, therefore, satisfies the requirements of section 1123(a)(5) of the Bankruptcy Code.

(vi) Section 1123(a)(6)—Non-Voting Equity Securities

25. The New ABH Common Stock to be issued under the Plan shall constitute voting securities. Additionally, Article VI of the Plan provides that the Amended Certificates of Incorporation and Bylaws of the Reorganized Debtors as indicated in Plan Supplements 4A and

B, shall comply with the provisions of the Plan and the Bankruptcy Code and include, among other things, a provision prohibiting the issuance of nonvoting equity securities. The Plan, therefore, satisfies the requirements of section 1123(a)(6) of the Bankruptcy Code.

(vii) Section 1123(a)(7)—Designation of Directors and Officers

26. Section 6.7 of the Plan describes the manner of selection of directors and officers of the Reorganized Debtors. The identity and affiliations of any person proposed to serve as a director or officer of Reorganized AbitibiBowater Inc. have been disclosed in Plan Supplement 5A. In accordance with Section 6.7 of the Plan, unless otherwise provided in Plan Supplement 5B, the directors and officers of the Debtors (other than AbitibiBowater Inc.) shall continue to serve in such capacities with respect to the Reorganized Debtors after the Effective Date. The identity and affiliations of any person proposed to serve as a director, manager or officer of any Reorganized Debtor (other than AbitibiBowater Inc.) have been disclosed in Plan Supplement 5B. The selection of each such director, manager, or officer is consistent with the interests of creditors, equity security holders, Applicable Law, and public policy. The Plan, therefore, satisfies the requirements of section 1123(a)(7) of the Bankruptcy Code.

(viii) Section 1123(b)—Discretionary Contents of the Plan

27. The other provisions of the Plan, including, without limitation, those relating to the allowance of the 8.00% Convertible Notes Guaranty Claims, executory contracts and unexpired leases, Disputed Claims and the releases, are appropriate and consistent with the applicable provisions of the Bankruptcy Code. The Plan, therefore, satisfies the requirements of section 1123(b) of the Bankruptcy Code.

(2) **Section 1129(a)(2)—the Debtors' Compliance with Applicable Provisions of the Bankruptcy Code**

28. The Debtors, as Plan proponents, have complied with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(2) of the Bankruptcy Code, including, without limitation, sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rules 3017, 3018, and 3019. In particular, the Debtors are eligible debtors under section 109 of the Bankruptcy Code and proper Plan proponents under section 1121(a) of the Bankruptcy Code. Furthermore, the solicitation of acceptances or rejections of the Plan and solicitation of participation in the Rights Offering: (a) complied with the Disclosure Statement Approval Order; (b) complied with all Applicable Laws governing the adequacy of disclosure in connection with such solicitation; and (c) occurred only after disclosing "adequate information," as section 1125(a) of the Bankruptcy Code defines that term, to holders of Claims and Interests. The Debtors, and their respective affiliates, agents, directors, members, partners, officers, employees, advisors, and attorneys, each in their capacities as such, have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code. The Plan, therefore, satisfies the requirements of section 1129(a)(2) of the Bankruptcy Code.

(3) **Section 1129(a)(3)—Proposal of Plan in Good Faith**

29. Based on the record before this Court, including all testimony and evidence proffered or adduced at or prior to the Confirmation Hearing, the Debtors have proposed the Plan in good faith and not by any means forbidden by law. Consistent with the overriding purpose of chapter 11 of the Bankruptcy Code, the Plan maximizes recoveries to creditors through the Debtors' reorganization, with a capital structure and sufficient liquidity necessary to effectuate the Plan and otherwise conduct their business in the ordinary course. In so determining, this Court has examined the totality of the circumstances surrounding the filing of the Chapter 11

Cases, the Plan itself, the process leading to the formulation of the Plan and Confirmation, and the Plan Objections. The Chapter 11 Cases were filed, and the Plan (including the allowance of the 8.00% Convertible Notes Guaranty Claim) was proposed, with the legitimate purpose of allowing the Debtors to reorganize and emerge from bankruptcy with a capital structure that will allow them to satisfy their obligations with sufficient liquidity and capital resources. The Plan, therefore, satisfies the requirements of section 1129(a)(3) of the Bankruptcy Code.

(4) Section 1129(a)(4)—Bankruptcy Court Approval of Certain Payments as Reasonable

30. Payments made or to be made by the Debtors for services or for costs and expenses in connection with the Chapter 11 Cases prior to Confirmation, or in connection with the Plan and incidental to the Chapter 11 Cases, including Claims for professional fees, have been subject to review by a fee auditor appointed in the Chapter 11 Cases and have been approved by, or are subject to the approval of, this Court as reasonable. After the Effective Date, the Court will retain jurisdiction with respect to applications for allowance of professionals' fees and expenses incurred up to and through the Effective Date, and the fee auditor will continue to perform its services. The Plan, therefore, satisfies the requirements of section 1129(a)(4) of the Bankruptcy Code.

(5) Section 1129(a)(5)—Disclosure of Identity of Proposed Management and Compensation of Insiders and Consistency of Management Proposals with the Interests of Creditors and Public Policy

31. The Debtors have provided requisite disclosures regarding proposed directors and officers of the Reorganized Debtors following Confirmation, as required by section 1129(a)(5)(A) of the Bankruptcy Code, and have also disclosed the nature of compensation of insiders (as section 101 of the Bankruptcy Code defines that term) who will be employed or retained by the Reorganized Debtors, as required by section 1129(a)(5)(B) of the

Bankruptcy Code. The Plan, therefore, satisfies the requirements of section 1129(a)(5) of the Bankruptcy Code.

(6) **Section 1129(a)(6)—Approval of Rate Changes**

32. The Plan does not contain any rate changes subject to the jurisdiction of any governmental regulatory commission and will not require governmental regulatory approval. Therefore, section 1129(a)(6) of the Bankruptcy Code does not apply to the Chapter 11 Cases.

(7) **Section 1129(a)(7)—Best Interests of Creditors and Interest Holders**

33. The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. The Liquidation Analysis attached as Exhibit C to the Disclosure Statement, the Zelin Declaration and the other evidence related thereto, as supplemented by the evidence proffered or adduced at or prior to the Confirmation Hearing, including the methodology used and assumptions made in the Liquidation Analysis, (a) are persuasive and credible as of the dates such evidence was prepared, presented or proffered, (b) have not been controverted by other persuasive evidence and have not been challenged, (c) are based upon reasonable and sound assumptions, and (d) provide a reasonable estimate of the liquidation value of each of the Debtors' Estates upon a conversion to a chapter 7 proceeding.

34. With respect to each Impaired Class, each holder of an Allowed Claim or Interest in an Impaired Class has accepted the Plan or will receive under the Plan on account of its respective Claim or Interest property of a value, as of the Effective Date, that is not less than the amount that each such holder would have received if the Debtors were to have liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. The Plan, therefore, satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code.

(8) **Section 1129(a)(8)—Acceptance of the Plan by Each Impaired Class**

35. Section 1129(a)(8) of the Bankruptcy Code is satisfied with respect to (i) Classes 1A-1HH (excluding 1M), 2A-2G, 3A-3G, 4A-4G and 5A-5HH (excluding 5M), which are unimpaired and are conclusively presumed to have accepted the Plan, (ii) Classes 8A-HH (excluding 8M), which comprise Claims and Interests held by Plan proponents and are presumed to have accepted the Plan, and (iii) Classes 6A-HH (excluding 6M) and 7A-HH (excluding 7M), which are Impaired and have, except for Class 7V[4], voted to accept the Plan or are deemed to have accepted the Plan. Section 1129(a)(8) of the Bankruptcy Code is not satisfied with respect to Classes 9A and 9D, which will not receive any distribution or retain any property and, therefore, are deemed to have rejected the Plan (the "**Rejecting Classes**"); however, as set forth below, the Plan satisfies section 1129(b) of the Bankruptcy Code with respect to the Rejecting Classes.

(9) **Section 1129(a)(9)—Treatment of Claims Entitled To Priority Pursuant To Section 507(a) of the Bankruptcy Code**

36. The treatment of Administrative Claims, as set forth in Section 2.3 of the Plan, and Priority Tax Claims, as set forth in Section 2.4 of the Plan, is in accordance with the requirements of section 1129(a)(9) of the Bankruptcy Code. The Plan, therefore, satisfies section 1129(a)(9) of the Bankruptcy Code.

(10) **Section 1129(a)(10)—Acceptance By At Least One Impaired Class**

37. As set forth in the Voting Report and herein, at least one Impaired Class has voted to accept the Plan. The Plan, therefore, satisfies the requirements of section 1129(a)(10) of the Bankruptcy Code.

[4] Pursuant to Section 2.14(c) of the Plan, the rejecting Class 7V Ballots are treated as votes in Class 6V.

(11) **Section 1129(a)(11)—Feasibility of the Plan**

38. Based upon the Disclosure Statement and the Financial Projections attached as Exhibit B thereto, the Zelin Declaration and the evidence proffered or adduced at or prior to the Confirmation Hearing, the Plan is feasible and Confirmation of the Plan is not likely to be followed by the Reorganized Debtors liquidating or requiring further financial reorganization. The Plan, therefore, satisfies the requirements of section 1129(a)(11) of the Bankruptcy Code.

(12) **Section 1129(a)(12)—Payment of Bankruptcy Fees**

39. Section 10.12 of the Plan provides for the payment of all fees payable by the Debtors under 28 U.S.C. § 1930(a). The Plan, therefore, satisfies the requirements of section 1129(a)(12) of the Bankruptcy Code.

(13) **Section 1129(a)(13)—Retiree Benefits**

40. Section 6.9 of the Plan provides that all retiree benefits, as that term is defined in section 1114(a) of the Bankruptcy Code, will continue to be paid in accordance with Applicable Law on and after the Effective Date. Therefore, section 1129(a)(13) of the Bankruptcy Code does not apply to the Plan.

(14) **Section 1129(a)(14), 1129(2)(15), and 1129(a)(16)**

41. The Debtors do not owe any domestic support obligations, are not individuals, and are not nonprofit corporations. Therefore, none of sections 1129(a)(14), 1129(a)(15) or 1129(a)(16) of the Bankruptcy Code apply to the Chapter 11 Cases.

(15) **Section 1129(b)—Classification of Claims and Interests and Confirmation of Plan Over Rejecting Classes**

42. The classification and treatment of Claims and Interests in the Plan is proper and in accordance with section 1122 of the Bankruptcy Code and does not discriminate unfairly in accordance with section 1129(b)(1) of the Bankruptcy Code.

43. Notwithstanding the fact that not all Impaired Classes have voted to accept the Plan, for the reasons described in the Zelin Declaration and the Confirmation Brief, the Plan does not discriminate unfairly and is fair and equitable with respect to the Rejecting Classes as required by section 1129(b)(1) of the Bankruptcy Code.

44. No Class of Claims or Interests junior to the holders of Claims or Interests in the Rejecting Classes exists that will receive or retain any property under the Plan on account of their Claims or Interests, and there is no Class of Claims or Interests senior to the holders of Claims or Interests in the Rejecting Classes that will receive a recovery of more than 100% on account of their Claims or Interests. The legal rights of holders of Claims and Interests in such Classes are treated consistently with the treatment of other Classes whose legal rights are substantially similar, and such holders do not receive more than they legally are entitled to receive for their Claims and Interests. Thus, the Plan may be confirmed notwithstanding the Debtors' failure to satisfy section 1129(a)(8) of the Bankruptcy Code. Accordingly, upon Confirmation and the occurrence of the Effective Date, the Plan shall be binding upon all of the holders of Claims and Interests of the Rejecting Classes. The transfer of ownership interests between Debtors in accordance with the Restructuring Transactions is not a distribution of value and therefore does not violate the absolute priority rule.

45. The Plan, therefore, satisfies the requirements of section 1129(b) of the Bankruptcy Code.

(16) Section 1129(c)—Only One Plan

46. Other than the Plan (including previous versions thereof), no other plan has been filed for the Debtors in the Chapter 11 Cases. The Plan, therefore, satisfies the requirements of section 1129(c) of the Bankruptcy Code.

(17) **Section 1129(d)—Principal Purpose of the Plan Is Not Avoidance of Taxes**

47. The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act (15 U.S.C. § 77e). The Plan, therefore, satisfies the requirements of section 1129(d) of the Bankruptcy Code.

O. <u>Satisfaction of Confirmation Requirements</u>

48. Based upon the foregoing, the Plan satisfies the requirements for Confirmation set forth in section 1129 of the Bankruptcy Code.

P. <u>Good Faith</u>

49. Based upon the record before this Court in the Chapter 11 Cases, including all testimony and evidence proffered or adduced at or prior to the Confirmation Hearing, the Debtors, the Creditors Committee, the Ad Hoc Unsecured Noteholders Committee (including Fairfax Financial Holdings Limited and its affiliates ("**Fairfax**")), Avenue Capital Management II, L.P. and its managed funds, in their individual capacities, the DIP Agent and the DIP Lenders, Citibank, N.A., Barclays Bank PLC, Barclays Capital Inc. and their respective affiliates, each in their respective capacities under the Securitization Facility, the Indenture Trustees, the Monitor, the Secured Funded Debt Administrative Agents and Secured Funded Debt Lenders, the Backstop Parties, each in their capacity as such, and J.P. Morgan Securities, Inc., Barclays Capital Inc., Citigroup Global Markets, Inc. and their respective affiliates, each in their respective capacities in connection with the Exit Financing Facilities, the Canadian underwriters and any other banking firm acting in connection with the Exit Financing Facilities, and the respective affiliates, agents, directors, members, partners, officers, employees, advisors, attorneys, and other professionals retained by all of the foregoing Persons, have acted in good faith (including, without limitation, within the meaning of section 1126(e) of the Bankruptcy

Code, in respect of the Plan itself and the arm's length negotiations among the parties with respect to the formulation thereof) and will continue to act in good faith if they proceed to: (a) consummate the Plan and the agreements, settlements, transactions, and transfers contemplated thereby; and (b) take the actions authorized and directed by this Confirmation Order and the Plan. For the avoidance of doubt, this paragraph only applies to the Debtors' officers, directors and employees in their capacities as such.

Q. <u>Rights Offering</u>

50. Without limiting, impairing or modifying any previous order of this Court approving or governing the Rights Offering, the Backstop Commitment Agreement or the rights of the Backstop Parties (which orders are hereby reaffirmed and ratified in their entirety), the proposed terms and conditions of the Rights Offering and Backstop Commitment Agreement, as set forth in the Plan and the Backstop Commitment Agreement, are fair and reasonable. The Rights Offering, including the Backstop Commitment, has been an essential element of the Plan, is in the best interests of the Debtors, the Estates, and holders of Claims, and does not conflict with Applicable Laws. The Debtors have acted in good faith and exercised reasonable business judgment in connection with the Rights Offering, the Backstop Commitment Agreement, filing the Reduction Notice and terminating the Backstop Commitment Agreement in accordance with its terms. The Debtors or Reorganized Debtors continue to be authorized, without further notice to or action, order, or approval of this Court or any other Person, to perform under the Backstop Commitment Agreement, execute and deliver any agreements, documents, instruments, and certificates relating to the Rights Offering and the Backstop Commitment Agreement that may be necessary or appropriate.

R. Exit Financing Facilities

51. Without limiting, impairing or modifying any previous order of this Court approving or governing the commitment or engagement letters concerning the Exit Financing Facilities (which orders are hereby reaffirmed and ratified in their entirety), the proposed terms and conditions of the Exit Financing Facilities, as set forth in the definitive documentation to be entered into substantially on the terms and conditions set forth in the ABL Exit Financing Commitment Letter (the "**ABL Exit Financing Facility**") and the indenture for the High Yield Exit Facility (the "**High Yield Indenture**" and together with all agreements, documents, instruments and certificates related thereto the "**Exit Facility Documents**"), are fair and reasonable and are approved. The Exit Financing Facilities are an essential element of the Plan and entry into and consummation of the transactions contemplated by the Exit Facility Documents is in the best interests of the Debtors, the Estates, and holders of Claims and is approved in all respects. The Debtors have exercised reasonable business judgment in connection with the Exit Financing Facilities and have provided sufficient and adequate notice thereof. The proposed terms thereunder have been negotiated in good faith and at arm's length, are supported by reasonably equivalent value and fair consideration and are fair and reasonable. The Exit Financing Facilities shall, upon execution, be valid, binding, and enforceable against the Debtors, the Reorganized Debtors, and their affiliates, and shall not be in conflict with any Applicable Laws. The Debtors or the Reorganized Debtors, as applicable, are authorized, without further notice to or action, order, or approval of this Court or any other Person, to enter into and fully perform their obligations under the Exit Financing Facilities consistent with the Exit Facility Documents, and execute and deliver all agreements, documents, instruments, and certificates relating to the Exit Financing Facilities and to incur and pay all fees and expenses and all other obligations required to be paid in connection therewith as and when they come due

under the terms of the Exit Facility Documents. The Exit Facility Documents shall become effective in accordance with, and subject to, their respective terms and conditions. The guarantees, mortgages, pledges, Liens and other security interests, and all other consideration granted pursuant to or in connection with the Exit Financing Facilities are or will be (as the case may be) and are hereby deemed to be granted in good faith, for good and valuable consideration and for legitimate business purposes as an inducement to the lenders to extend credit thereunder and shall be, and hereby are, deemed not to constitute a fraudulent conveyance or fraudulent transfer under the Bankruptcy Code or any Applicable Laws and shall not otherwise be subject to avoidance, subordination or recharacterization and shall not subject the lenders, agents, arrangers or bookrunners under the Exit Financing Facility (the "**Exit Financing Lenders**") to any liability by reason of incurrence of such obligation or grant of such Liens, guarantees or security interests under applicable federal or state law, including, but not limited to, successor or transferee liability.

S. <u>Restructuring Transactions</u>

52. The Restructuring Transactions set forth in Plan Supplement 12 are necessary and appropriate for the consummation of the Plan and the success and feasibility thereof, and are in the best interests of the Debtors, the Reorganized Debtors, their estates and creditors. All actions taken by the Debtors prior to entry of this Confirmation Order, in accordance with the timing and steps set forth in Plan Supplement 12, are hereby approved. The Debtors are further authorized, without further notice to or action, order, or approval of this Court or any other Person, to enter into and take any additional actions under or in connection with the Restructuring Transactions, including such actions as the Debtors deem necessary or appropriate to facilitate such

transactions, upon entry of this Confirmation Order in accordance with the timing and steps set forth in Plan Supplement 12, subject to any notice or consent requirements set forth herein.

53. This Confirmation Order shall satisfy all consent or authorization requirements mandated under Applicable Laws with respect to the Restructuring Transactions.

T. Disclosure of Agreements and Other Documents

54. The Debtors have disclosed all material facts under the Plan regarding, without limitation: (a) the adoption of Amended Bylaws and Amended Certificates of Incorporation as set forth in Plan Supplements 4A and 4B; (b) the selection of directors and officers for the Reorganized Debtors; (c) the Rights Offering and the Backstop Commitment Agreement (including, without limitation, the payment of any Termination Payment (as defined in the Backstop Commitment Agreement) due thereunder on the Effective Date); (d) the issuance of New ABH Common Stock; (e) the distribution of Cash to holders of Convenience Claims in accordance with the Plan; (f) the ABL Exit Financing Facility, the High Yield Exit Facility and incurrence of new debt thereunder; (g) the adoption, execution, and implementation of the other matters provided for under the Plan involving corporate action to be taken by or required of the Debtors or the Reorganized Debtors, including the Restructuring Transactions; (h) securities registration exemptions for the New ABH Common Stock and the notes issued under the High Yield Indenture (the "**High Yield Notes**"); (i) the exemption under section 1146(a) of the Bankruptcy Code; (j) the equity incentive plans for employees, management and directors of the Reorganized Debtors, the employee compensation and benefit programs for employees of the Reorganized Debtors, and other employment-related agreements, plans and programs; and (k) the adoption, execution, and delivery of all other material contracts, leases, instruments, releases, indentures, and other agreements related to any of the foregoing.

U. Implementation of Other Necessary Documents and Agreements

55. All documents and agreements necessary to implement the Plan, including, without limitation, those contained in the Plan Supplements, which are incorporated into and are a part of the Plan as set forth in Section 10.6 of the Plan, and all other relevant and necessary documents and agreements are in the best interests of the Debtors, the Reorganized Debtors, and holders of Claims and Interests and have been negotiated in good faith and at arm's length. The Debtors have exercised reasonable business judgment in determining to enter into all such documents and agreements and have provided sufficient and adequate notice of such documents and agreements to parties in interest. The Debtors and the Reorganized Debtors, as applicable, are authorized, without further notice to, or action, order, or approval of this Court or any other Person, to execute and deliver all agreements, documents (including all Exit Facility Documents), instruments, and certificates relating to such documents and agreements and to perform their obligations thereunder, including, without limitation, to pay all fees, costs, and expenses thereunder in accordance with the Plan. The terms and conditions of such documents and agreements are reaffirmed or approved, as applicable, in all respects, and shall, upon completion of documentation and execution, be valid, binding, and enforceable and shall not conflict with any Applicable Laws.

V. Management and Employee Benefits and Compensation Provisions

56. Management and Director Compensation and Incentive Plans and Programs. The management incentive plans, including the LTIP, STIP, Restructuring Recognition Award and Executive Severance Policies, each as set forth in Plan Supplement 6 (collectively, the "**Management Incentive Plans**") are reasonable and appropriate, and the adoption of the

Management Incentive Plans, as provided in and pursuant to the Plan, constitutes a good faith, sound exercise of the Debtors' business judgment.

57. Employee Compensation and Benefit Programs. The new non-qualified and non-registered retirement plans, agreements or arrangements as set forth in Plan Supplement 7 (collectively, the "**New Plans**") are reasonable and appropriate, and their implementation, as provided in and pursuant to, the Plan constitutes a good faith, sound exercise of the Debtors' business judgment.

W. Authorization and Issuance of Securities

58. The issuance of the New ABH Common Stock, the High Yield Notes and any other security to be issued under the Plan is hereby approved and authorized.

X. Executory Contracts and Unexpired Leases; Adequate Assurance

59. The Debtors have exercised reasonable business judgment in determining whether to assume, assume and assign or reject each of their executory contracts and unexpired leases as set forth in Article V of the Plan, Plan Supplements 11A and 11B, or otherwise and in this Confirmation Order. Each assumption, assumption and assignment, or rejection of an executory contract or unexpired lease pursuant to this Confirmation Order, and in accordance with Article V of the Plan or otherwise, shall be legal, valid, and binding upon the applicable Debtor or Reorganized Debtor and all non-Debtor Persons party to such executory contract or unexpired lease, all to the same extent as if such assumption, assumption and assignment, or rejection had been authorized and effectuated pursuant to a separate order of this Court that was entered pursuant to section 365 of the Bankruptcy Code prior to the Effective Date.

60. The assumption, assumption and assignment, or rejection of executory contracts and unexpired leases pursuant to this Confirmation Order and in accordance with Article V of

the Plan is integral to the Plan and is in the best interests of the Debtors and their estates, creditors and other parties in interest.

61. The Debtors have provided adequate assurance of future performance for each of the assumed executory contracts and unexpired leases that are being assumed by the Reorganized Debtors, as applicable, pursuant to the Plan. The Debtors have cured or provided adequate assurance that the Reorganized Debtors will cure defaults (if any) under or relating to each of the executory contracts and unexpired leases that are being assumed by the Reorganized Debtors, as applicable, pursuant to the Plan. Except as specifically provided herein, the Cure amounts with respect to assumed contracts, as set forth in Plan Supplement 11A, are the sole amounts necessary under section 365(b) of the Bankruptcy Code to cure all monetary defaults and losses. By the payment of the Cure amounts, the Debtors shall have cured and/or provided adequate assurance of cure of any monetary default existing as of the Effective Date and provided for compensation or adequate assurance of compensation to any party for actual pecuniary loss to such party resulting from a default under such assumed contracts and leases. The Plan, therefore, satisfies the requirements of section 365 of the Bankruptcy Code.

Y. Reserves

62. The Disputed Claims Reserve is reasonable and appropriate under the circumstances, and adequately protects the interests of holders of Disputed Claims pending determination of such Claims. No additional reserves are necessary or appropriate.

Z. Approval of Settlements and Compromises

63. Based upon the Confirmation Brief, the Zelin Declaration, the Harvey Declaration, the Letter Brief, the other pleadings and documents filed in connection with Confirmation, the representations and arguments of counsel for the Debtors and all other

testimony given or proffered at the Confirmation Hearing or at any prior hearings and the full record of these Chapter 11 Cases, the findings and conclusions of which are hereby incorporated by reference as if fully set forth herein, the Court hereby finds that, pursuant to sections 1129(a)(3) and 1123(b) of the Bankruptcy Code, Bankruptcy Rule 9019, and Applicable Laws, and in consideration of the distributions and other benefits provided under the Plan, the provisions of the Plan, including the Global Settlement (as defined in the Confirmation Brief), the allowance of the 8.00% Convertible Notes Guaranty Claim, and each of the injunctions, releases, exculpations, indemnifications and discharges set forth in the Plan, constitute a good faith compromise and settlement of all Claims or controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Claim or Interest and any distribution to be made pursuant to the Plan on account of any Allowed Claim or Interest, but shall not constitute a settlement or compromise of the 7.95% Disputed Claims. Such compromises and settlements are fair, equitable, reasonable, appropriate in light of the relevant facts and circumstances underlying such compromise and settlement, and are in the best interests of the Debtors and holders of Claims and Interests.

AA. <u>Transfers by Debtors; Vesting of Assets</u>

64. All transfers of property of the Debtors' Estates shall be free and clear of all Liens, charges, Claims, encumbrances and other interests, except as expressly provided herein or in the Plan. On the Effective Date, subject to the Restructuring Transactions and except as otherwise provided herein, all property of the Estates, to the fullest extent provided by section 541 of the Bankruptcy Code, and any and all other rights and assets of the Debtors of every kind and nature, including equity and other interests in non-Debtor affiliates, shall revest in the applicable Reorganized Debtor or its successor free and clear of all Liens, Claims and

Interests other than (a) those Liens, Claims and Interests retained or created pursuant to the Plan or any document entered into in connection with the transactions described in the Plan (including under the Exit Financing Facilities) and (b) Liens that have arisen subsequent to the Petition Date on account of taxes that arose subsequent to the Petition Date. Such vesting does not constitute a voidable transfer under the Bankruptcy Code or Applicable Laws.

65. On and after the Effective Date, subject to any limitations set forth in the Plan, each Reorganized Debtor may operate its business, may use, acquire and dispose of property, may retain, compensate and pay any professionals or advisors, and compromise or settle any Claims or Interests without supervision of or approval by this Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules. The continued existence, operation and ownership of the non-Debtor affiliates are a component of the Debtors' businesses.

BB. No Successor Liability

66. The transfer of assets as set forth above shall not result in any of the Reorganized Debtors (a) having any liability or responsibility for any Claim against the Debtors, the Debtors' Estates or against any affiliate or insider of the Debtors, or (b) having any liability or responsibility to the Debtors, each except as expressly set forth in the Plan. Without limiting the effect or scope of the foregoing, and to the fullest extent permitted by Applicable Laws, the transfer of assets contemplated above does not and will not subject the Reorganized Debtors, their respective properties or assets or their respective affiliates, successors, or assigns to any liability for Claims against the Debtors' interests in such assets by reason of such transfer under any Applicable Laws, including, without limitation, any successor or vicarious liability.

CC. Releases, Exculpation, and Injunction

67. The release, exculpation, and injunction provisions set forth in the Plan, including, without limitation, the releases, exculpations, and injunctions contained in Article VIII of the Plan, constitute good faith compromises and settlements of the matters covered thereby. Such compromises and settlements are: (i) made in exchange for good, valuable and adequate consideration provided by the Persons being released or exculpated and represent good faith settlements and compromises of the claims being released; (ii) in the best interests of the Debtors, the Estates and holders of Claims and Interests; (iii) fair, necessary, equitable, and reasonable; and (iv) integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Proper, timely, adequate and sufficient notice of the release, exculpation, and injunction provisions set forth in the Plan, including, without limitation, the releases, exculpations, and injunctions contained in Article VIII of the Plan, has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, the orders of this Court and due process, interested parties have had a sufficient and adequate opportunity to object to such provisions and be heard as to their objections, and no further notice of such provisions is required for entry of this Confirmation Order. Upon entry of this Confirmation Order, such provisions will be a bar to the Debtors, the Reorganized Debtors, or any other Person asserting any Claim released pursuant to such provisions. Each of the release, exculpation, and injunction provisions set forth in the Plan and this Confirmation Order is: (a) within the jurisdiction of this Court under 28 U.S.C. §§ 1334(a), 1334(b), and 1334(d); (b) an essential means of implementing the Plan pursuant to section 1123(a)(5) of the Bankruptcy Code; (c) an integral element of the transactions incorporated into the Plan; (d) conferring material benefit on, and is in the best interests of, the Debtors, the Estates, and holders of Claims or Interests; (e) important to the overall objectives of the Plan to finally resolve all Claims among or against the Persons in the

Chapter 11 Cases with respect to the Debtors, their organization, capitalization, operation, and reorganization in accordance with the Plan; and (f) consistent with sections 105, 1123, and 1129 of the Bankruptcy Code and other applicable provisions of the Bankruptcy Code. ~~In addition, Fairfax provided significant consideration to the Debtors and their estates in return for a release of any potential avoidance actions in respect of the 8.00% Convertible Notes Guaranty Claim.~~ KJC

DD. **Conditions to Confirmation and to Effective Date**

68. The conditions to Confirmation set forth in Section 7.1 of the Plan have been satisfied. Entry of this Confirmation Order shall satisfy the condition to the Effective Date set forth in Section 7.2(a) of the Plan.

69. Each of the conditions precedent to the Effective Date, as set forth in Section 7.2 of the Plan, is reasonably likely to be satisfied or waived in accordance with the Plan.

EE. **Enterprise Value**

70. The enterprise value of the Company as of August 2010 is in the range of $3,500 million to $3,850 million, with a mid-point estimate of $3,675 million. The valuation analysis contained in the Disclosure Statement is reasonable.

FF. **Retention of Jurisdiction**

71. This Court may properly retain jurisdiction over all matters arising out of or related to the Chapter 11 Cases, the Debtors, the Reorganized Debtors, and the Plan after the Effective Date, to the fullest extent permitted by law, in accordance with Section 10.1 of the Plan.

GG. Waiver of Stay

72. In accordance with Bankruptcy Rule 3020(e), the Debtors have made a sufficient and uncontroverted showing of substantial cost and harm that would result if the Plan is not consummated as soon as practicable after entry of the Confirmation Order.

* * * * *

ORDER

ACCORDINGLY, IT IS HEREBY ORDERED, ADJUDGED, DECREED, AND DETERMINED THAT:

I. Confirmation of the Plan

73. The Plan and each of its provisions, all documents and agreements necessary to implement the Plan, including, without limitation, those contained in the Plan Supplements, which are incorporated into and are a part of the Plan as set forth in Section 10.6 of the Plan, and all other relevant and necessary documents and agreements are APPROVED and CONFIRMED in each and every respect pursuant to section 1129 of the Bankruptcy Code. The terms of the Plan, the Plan Supplements, all exhibits and addenda thereto, and the Docket are incorporated by reference into, and are an integral part of, this Confirmation Order (subject to any provision incorporated by such reference being governed by an express and contradictory provision herein).

II. Terms Binding

74. Subject to the conditions precedent set forth in Section 7.2 of the Plan, the terms of the Plan, the Plan Supplements, and all agreements, documents, instruments, and certificates relating thereto, shall be effective and binding as of the Effective Date of the Plan, or when

executed or adopted thereafter, and shall be binding upon the Debtors, the Reorganized Debtors, all Claim and Interest holders and all other Persons that are affected in any manner by this Plan, including BCFC and any representative of, or successor to, BCFC and its estate.

75. Notwithstanding the foregoing or any other provision herein, if there is any direct conflict between the Plan, the Plan Supplements, all exhibits and addenda thereto (including the terms of the Plan, the Plan Supplements, all exhibits and addenda thereto, incorporated by reference herein), and the terms of this Confirmation Order, the terms of this Confirmation Order shall control.

III. Separate Plans

76. The Plan is a separate plan for each of the Debtors. Accordingly, the provisions of the Plan, including without limitation the definitions and distributions to creditors and equity interest holders, shall apply to the respective assets of, Claims against, and Interests in, each Debtor's separate Estate.

IV. Modifications to Plan

77. The modifications to the Plan (as reflected on the record at the Confirmation Hearing and as incorporated into the Plan attached as Exhibit 1 hereto) meet the requirements of sections 1127(a) and (c) of the Bankruptcy Code. Such amendments do not adversely change the treatment of the Claim of any creditor or Interest of any equity security holder within the meaning of Bankruptcy Rule 3019, and no further solicitation of votes or voting is required.

V. Objections to Plan Overruled

78. All objections and responses to the Plan, and all statements and reservation of rights to Confirmation, to the extent not already withdrawn, waived, or settled, shall be, and

hereby are, overruled on the merits, including for the reasons set forth on the record, in the Confirmation Opinion and the Plan Objection Order.

VI. Provisions of Plan and Confirmation Order Nonseverable and Mutually Dependent

79. The provisions of the Plan and this Confirmation Order, including the findings of fact and conclusions of law set forth herein, are each nonseverable and mutually dependent.

VII. Preparation, Delivery, and Execution of Additional Documents By Third Parties

80. All holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, take any reasonable actions as may be necessary or advisable to effectuate the provisions and intent of the Plan and this Confirmation Order.

VIII. Record Closed

81. The record of the Confirmation Hearing is closed.

IX. Notice

82. Good and sufficient notice has been provided with respect to: (a) the Confirmation Hearing; (b) the deadline for filing and serving objections to the Plan; (c) the proposed Cure amounts and the deadline for filing objections to Cure amounts; (d) settlements, releases, exculpations, injunctions, and related provisions in the Plan; and (e) other hearings described in the Disclosure Statement Approval Order and the Plan. Such notice has been and is hereby approved.

X. Plan Classification Controlling

83. The terms of the Plan alone shall govern the classification of Claims and Interests for purposes of the distributions to be made thereunder. The classifications set forth on the Ballots tendered to or returned by the creditors in connection with voting to accept or reject the

Plan: (a) were set forth on the Ballots solely for purposes of voting to accept or reject the Plan; (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification or amounts of such Claims under the Plan for distribution purposes; (c) may not be relied upon by any creditor as representing the actual classification or amounts of such Claims under the Plan for distribution purposes; and (d) do not bind the Debtors or the Reorganized Debtors.

XI. Treatment Is Full Satisfaction

84. The treatment of Claims and Interests set forth in the Plan is in full and complete satisfaction of the legal, contractual, and equitable rights that each Person holding a Claim or an Interest may have against or in the Debtors, the Estates, or their respective property, except as expressly provided in the Plan or this Confirmation Order. This treatment supersedes and replaces any agreements or rights those Persons may have in or against the Debtors, the Estates, or their respective property.

(1) DIP Facility Claims

85. On the Effective Date, in complete satisfaction of the DIP Facility Claims, each DIP Facility Claim (including, without limitation, all fees, costs and expenses) shall be paid in full in Cash. Upon payment in Cash in full of the DIP Facility Claims, interest accrued thereon to the date of payment and fees, expenses and non-contingent indemnification obligations as required by the DIP Facility Order or the DIP Facility Documents and arising prior to the Effective Date, which payment shall be irrevocable: (i) all commitments and loans under the DIP Facility Documents shall be terminated and satisfied in full, (ii) all Liens and security on property of the Debtors under the DIP Facility Order or the DIP Facility Documents shall automatically terminate, and all collateral subject to such Liens shall be automatically released,

and (iii) all guaranties of the Debtors, Reorganized Debtors or any of their affiliates arising out of or related to the DIP Facility Claims shall be automatically discharged and released, in each case without further action by the Debtors, the DIP Agent, the DIP Lenders or any other Person; provided, however, that claims for indemnification under the DIP Facility Documents shall survive consummation of the Plan on an unsecured basis, shall remain in full force and effect and shall not be released or terminated; provided, further, that the DIP Agent and the DIP Lenders shall be entitled to assert, and the Debtors and the Reorganized Debtors shall be authorized to pay, claims for fees, costs and expenses incurred in connection with the consummation of the Plan (including, without limitation, fees, costs and expenses incurred in connection with the release of Liens and security on property of the Debtors), unless otherwise ordered by this Court.

86. The holders of DIP Facility Claims shall be authorized and directed to release any collateral or other property of any Debtor (including any cash collateral) held by such holder and to take such actions as may be requested by the Debtors (or the Reorganized Debtors, as the case may be) to evidence the release of such Lien, including the execution, delivery, and filing or recording of such release documents as may be reasonably requested by the Debtors (or the Reorganized Debtors, as the case may be) and the Debtors (or the Reorganized Debtors, as the case may be) are hereby authorized to take any actions on or after the Effective Date as required to effectuate the release of collateral or other property of any Debtor or any subsidiary of a Debtor (including, without limitation, filing of appropriate termination statements and directing third parties holding collateral or other property of any Debtor to promptly remit such collateral or property without further consent of any other party).

(2) Securitization Claims

87. On or prior to the Effective Date, in complete satisfaction of the Securitization Claims, all outstanding receivables interests purchased under the Securitization Facility will be

repurchased in Cash by Abitibi-Consolidated U.S. Funding Corp. ("**Funding Corp**") for a price equal to the par amount thereof plus accrued yield and fees and servicing fees payable under the Securitization Facility, and any unpaid fees and expenses or other amounts payable under the Securitization Facility, whether by a Debtor or an affiliate of the Debtors, if any, and any Securitization Claims shall be paid irrevocably in full in Cash. The receivables held by Funding Corp will subsequently be transferred by distribution or sale to the originators of such receivables. On the Effective Date, after all such receivables interests are repurchased and all such payments are made and all such receivables are transferred, the Securitization Facility shall be terminated, and all Securitization Claims and any claims against, or obligations of, Funding Corp arising under the Securitization Facility or under the Securitization Order shall be deemed fully satisfied and released; provided, however, that claims for indemnification arising under the Securitization Facility shall survive consummation of the Plan on an unsecured basis.

(3) Secured Funded Debt Claims

88. The Secured Funded Debt Claims shall constitute Allowed Claims in the amounts and pursuant to the calculations set forth on Exhibit 2 hereto, except as provided immediately below. In the event the Debtors pay any amounts listed on Exhibit 2 after October 31, 2010 but prior to the Effective Date, such payments will be credited against the total amount of the Allowed Secured Funded Debt Claims required to be paid by the Debtors on the Effective Date. Each holder of a Secured Funded Debt Claim may update the amount of its Secured Funded Debt Claim for additional accrued and estimated professional fees, costs or expenses as set forth in paragraph 89 below and such additional accrued or estimated professional fees, costs or expenses (but only such additional accrued or estimated professional fees, costs or expenses in excess of the amount set forth on Exhibit 2, the "**Incremental Fee Amount**") shall be subject to the review of the Debtors, the Creditors Committee and the U.S. Trustee in accordance with the DIP

Facility Order. In the event of any objection to any Incremental Fee Amount by any of the Debtors, the Creditors Committee or the U.S. Trustee filed with the Court prior to the Effective Date, on the Effective Date, the Debtors shall deposit into a segregated account, for the benefit of the holder of the Secured Funded Debt Claim whose Incremental Fee Amount is the subject of the objection, an amount equal to the sum of (i) the disputed portion of the Incremental Fee Amount, and (ii) an amount sufficient, in the discretion of the holder of the Secured Funded Debt Claim (which shall be not less than 20% of the disputed portion of the Incremental Fee Amount) to secure (in addition to any indemnification right of such holder) payment of the costs and expenses, including reasonable legal fees and expenses, that may be incurred by the holder of the Secured Funded Debt Claim in defending such objection to the Incremental Fee Amount; provided, however, that the amount set forth in subsection (ii) hereof shall be deemed to be part of the Secured Funded Debt Claim notwithstanding the ultimate resolution of any dispute relating to the Incremental Fee Amount. If no timely objection is interposed, the Allowed Secured Funded Debt Claim shall be deemed to include the Incremental Fee Amount or, in the event of a limited objection, the undisputed portion thereof. Nothing herein shall limit in any way the rights of the holders of the Secured Funded Debt Claims to complete satisfaction and payment of such claims (as such amount may be determined by the Court as set forth herein). To the extent that any dispute under this paragraph arises after or continues past the Effective Date with respect to an Incremental Fee Amount, the Post-Effective Date Claims Agent shall succeed to the rights and standing of the Creditors Committee for all purposes under this section XI(3) of the Confirmation Order, including prosecution of any pending objection to all or a portion of such Incremental Fee Amount.

89. In complete satisfaction of the Secured Funded Debt Claims, each Secured Funded Debt Claim shall (i) except as set forth in the fourth sentence of paragraph 88, be paid in full in Cash on or within five (5) Business Days of the Effective Date in the amount and pursuant to the calculations set forth on Exhibit 2 hereto (as the same may be further updated as set forth immediately below), or (ii) receive such treatment as otherwise agreed to by the Debtors and the holder of any Secured Funded Debt Claim. With respect to any estimated Incremental Fee Amounts, no later than five (5) Business Days prior to the anticipated Effective Date, each holder of a Secured Funded Debt Claim shall provide counsel for the Debtors and the Creditors Committee, and the U.S. Trustee with a revised estimate of professional fees, costs and expenses that such holder anticipates will be accrued and unpaid as of the anticipated Effective Date, reflecting any expected Incremental Fee Amount, and which such holder desires to include in the total amount of its Secured Funded Debt Claim. The Debtors shall provide counsel for each holder of a Secured Funded Debt Claim written notice of the anticipated Effective Date no later than ten (10) Business Days prior to such anticipated Effective Date or such other time as the Debtors and the holders of the Secured Funded Debt Claims may agree. In addition to the treatment set forth in this paragraph in satisfaction of such Secured Funded Debt Claims, holders of such Claims shall receive such additional treatment, including with respect to letters of credit that may have been issued under any Secured Funded Debt Agreements, as provided in Sections 2.9, 2.10 and/or 2.11 of the Plan.

90. Upon payment in Cash in full of the Secured Funded Debt Claims (including the establishment of any segregated account with respect to any disputed Incremental Fee Amount in accordance with paragraph 88) on or within five (5) Business Days after the Effective Date, and the treatment set forth in the last sentence of paragraph 89 or such other treatment as the holders

of such Claims may agree: (i) to the extent not already terminated, all commitments and loans under the Secured Funded Debt Agreements shall automatically terminate and be satisfied in full (except for any amounts that remain outstanding on account of a disputed portion of the Incremental Fee Amount), (ii) all Liens and security on property of the Debtors under the Secured Funded Debt Agreements shall automatically terminate, and all collateral subject to such Liens shall be automatically released (other than Liens on cash collateral provided pursuant to the Plan to secure reimbursement obligations in respect of outstanding and undrawn letters of credit, or any segregated account established with respect to any disputed Incremental Fee Amount in accordance with paragraph 88) and (iii) all guaranties of the Debtors, Reorganized Debtors or any of their affiliates arising out of or related to the Secured Funded Debt Agreements shall be automatically discharged and released, in each case without further action by the Debtors, the Secured Funded Debt Administrative Agents, the Secured Funded Debt Lenders or any other Person; provided, however, that Claims for indemnification under the Secured Funded Debt Agreements shall survive consummation of the Plan, shall remain in full force and effect on an unsecured basis, shall be enforceable against and assumed by the Reorganized Debtors, and shall not be released or terminated.

91. Except as specifically set forth above, the holders of Secured Funded Debt Claims shall be authorized and directed to release any collateral or other property of any Debtor (including any cash collateral, except cash collateral securing any disputed portion of an Incremental Fee Amount) held by such holder and to take such actions as may be reasonably requested by the Debtors (or the Reorganized Debtors, as the case may be) and, notwithstanding anything to the contrary contained in this Confirmation Order, at the expense of the Debtors (or the Reorganized Debtors, as the case may be); provided that any and all costs and expenses

incurred by the holders of Secured Funded Debt Claims in connection with such actions to evidence the release of such Lien, including the execution, delivery, and filing or recording of such release documents as may be reasonably requested by the Debtors (or the Reorganized Debtors, as the case may be), shall be paid by the Debtors (or the Reorganized Debtors, as the case may be), and the Debtors (or the Reorganized Debtors, as the case may be) are hereby authorized to take any actions on or after the Effective Date as required to effectuate the release of collateral or other property of any Debtor or any subsidiary of a Debtor (including, without limitation, filing of appropriate termination statements and directing third parties holding collateral or other property of any Debtor to promptly remit such collateral or property without further consent of any other party).

(4) Release of Liens

92. The Reorganized Debtors are authorized to use this Confirmation Order (without exhibits attached) as evidence of release of Liens arising under the DIP Facility Documents, the Securitization Facility, and/or the Secured Funded Debt Agreements.

XII. Matters Relating to Implementation of the Plan

(1) Operation of the Debtors Between the Confirmation Date and the Effective Date

93. The Debtors shall continue to operate as debtors in possession pursuant to the Bankruptcy Code and the Bankruptcy Rules during the period from entry of this Confirmation Order (the "**Confirmation Date**") through and until the Effective Date.

(2) Transfer of Assets; No Successor Liability

94. To the fullest extent permitted by Applicable Laws, neither the Reorganized Debtors, nor their respective successors or assigns, nor their respective properties shall, as a result of Confirmation of the Plan, (a) be or be deemed to be a successor to the Debtors or the

Estates; (b) have or be deemed to have, *de facto* or otherwise, merged or consolidated with, or into, the Debtors or the Estates; or (c) be or be deemed to be a continuation or substantial continuation of the Debtors, Estates, or any enterprise of the Debtors.

95. To the fullest extent permitted by Applicable Laws, without limiting the effect or scope of the foregoing, except as is expressly set forth in the Plan, as a result of Confirmation of the Plan, no Reorganized Debtor, any of its respective successors or assigns, or its respective properties shall have any successor or vicarious liabilities of any kind or character, including, without limitation, any theory of antitrust, environmental, successor or transferee liability, labor law, *de facto* merger or substantial continuity, whether known or unknown, now existing or hereafter arising, asserted or unasserted, fixed or contingent, or liquidated or unliquidated with respect to the Debtors, their Estates, any enterprise of the Debtors, or any obligations of the Debtors or their Estates arising prior to the Effective Date.

(3) Corporate Existence; Vesting of Assets in the Reorganized Debtors

96. Except as otherwise provided in the Plan or in this Confirmation Order or as contemplated by the Restructuring Transactions, each Reorganized Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, or other form, as the case may be, with all the powers of a corporation, limited liability company, or other form, as the case may be, pursuant to the Applicable Laws in the jurisdiction in which each applicable Reorganized Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other formation documents) are amended by or in accordance with the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval. Notwithstanding paragraph 75 hereof, in the event of any conflict

between the Plan, this Confirmation Order, and one or more terms of such certificate of incorporation and bylaws (or other formation documents), including, without limitation, indemnification obligations, the terms of the Plan shall control.

97. Except as otherwise provided in the Plan, the Restructuring Transactions, or any agreement, instrument, or other document incorporated therein, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, Interests, charges, or other encumbrances, other than those Liens that arose after the Petition Date on account of taxes that arose after the Petition Date. Except as otherwise provided in the Plan on and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims or Causes of Action without further notice to or action, order, or approval of this Court or any other Person, free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules.

(4) Restructuring Transactions

98. The Debtors and Reorganized Debtors are authorized to enter into one or more Restructuring Transactions as may be necessary or appropriate to simplify their corporate structure and effect a tax efficient corporate restructuring. As set forth in Plan Supplement 12, such Restructuring Transactions may include intercompany mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers and liquidations. The Debtors are authorized to direct any third parties, including without limitation any incorporator or other corporate actor, to take such steps as may be required to effect, document or otherwise evidence any dissolution, merger or amalgamation of entities in accordance with the Restructuring Transactions. To the extent the Debtors determine that it is necessary or appropriate for any step, transaction or other action in furtherance of, or in

preparation for, the Restructuring Transactions set forth in Plan Supplement 12 to be effectuated on or prior to the Effective Date, the Debtors are authorized to take such actions upon entry of this Confirmation Order at the times set forth in Plan Supplement 12. Following the Effective Date, the Debtors and Reorganized Debtors are authorized to effect the Restructuring Transactions and take any and all steps and actions as they deem necessary or appropriate to effect such Restructuring Transactions, including modifications to the same, or otherwise effect a more tax efficient or simpler corporate structure, at the times set forth in Plan Supplement 12. Any material amendments to Plan Supplement 12 prior to the Effective Date shall be made in consultation with the Creditors Committee and, to the extent such modifications affect (i) BCFC, such modifications shall be made only upon five (5) days' notice to counsel to the 7.95% Notes Indenture Trustee and counsel to Aurelius Capital Management, LLP in its capacity as a holder of such notes or (ii) the holders of the Secured Funded Debt Claims, such modifications shall be made subject to the holders' consent (which consent shall not be unreasonably withheld).

99. As set forth in Plan Supplement 12, notwithstanding the consequences of the chapter 11 filings by the Debtor members of the following single-member limited liability companies – AbitibiBowater US Holdings LLC, Rich Timber Holdings LLC, and Augusta Woodlands LLC (collectively, the "**Identified LLCs**") – under Section 18-806 of the Delaware Limited Liability Company Act, the legal representative of the last member of each Identified LLC is deemed to have continued each such Identified LLC in full force and legal effect, with their respective Debtor members continuing as the sole members of such entities.

(5) Post-Effective Date Sales; Transfers

100. Any sale by a Debtor pursuant to section 363 of the Bankruptcy Code that is pending as of the entry of this Confirmation Order may be consummated by such Debtor after entry of this Confirmation Order, or if the sale closes after the Effective Date, by the

Reorganized Debtor, on the terms previously approved. Any such sale shall be made pursuant to the Plan for purposes of section 1146(a) of the Bankruptcy Code. To the extent the Debtors or the Reorganized Debtors, as applicable, sell any of their property during the period prior to or including the date that is one year after Confirmation, the Debtors or the Reorganized Debtors, as applicable, may elect to sell such property pursuant to sections 363, 1123, and 1146(a) of the Bankruptcy Code.

(6) Intercompany Interests

101. Each Debtor that holds an Allowed Intercompany Claim shall be entitled to account for such Allowed Intercompany Claim in its books and records as an asset and shall be deemed to have received distributions on account of such Claim. Prior to the cancellation and discharge of any Allowed Intercompany Claim or Allowed Intercompany Interest, as may be elected by the Debtors or the Reorganized Debtors at their discretion, the Debtors and Reorganized Debtors shall have the right to retain for the Reorganized Debtors' benefit such Allowed Intercompany Claims and Allowed Intercompany Interests, or effect transfers and setoffs with respect to such Claims and Interests as they may deem appropriate for accounting, tax and commercial business purposes, to the fullest extent permitted by Applicable Law.

(7) Binding Effect; Effectiveness; Successors and Assigns

102. Upon the occurrence of the Effective Date, all provisions of the Plan, including all agreements, instruments and other documents filed in connection with the Plan or executed by the Debtors or Reorganized Debtors in connection with the Plan, including the Plan Supplements, shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all holders of Claims or Interests (irrespective of whether any such holders of Claims or Interests failed to vote to accept or reject the Plan, voted to accept or reject the Plan, or are deemed to accept or reject the Plan), all Persons that are

parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Person acquiring property under the Plan, any and all non-Debtor parties to executory contracts and unexpired leases with the Debtors, and any other Persons affected in any matter by the Plan.

103. The payments, obligations and benefits of any entity named or referred to in the Plan shall be binding upon and inure to the benefit of such entity's heirs, executors, administrators, successors or assigns, including, with respect to the Debtors, the Reorganized Debtors, any successor to the Debtors or the Reorganized Debtors or any Estate representative appointed or selected pursuant to section 1123 of the Bankruptcy Code, including any trustee subsequently appointed in any of the Chapter 11 Cases or in any superseding chapter 7 case.

(8) Issuance of Securities

104. Reorganized ABH is authorized to issue or reserve for issuance the New ABH Common Stock, the High Yield Notes, and any other security to be issued pursuant to the terms and conditions of the Plan, and such New ABH Common Stock shall be deemed issued on the Effective Date. Reorganized ABH shall use good faith efforts to list the New ABH Common Stock on the New York Stock Exchange, the NASDAQ Global Market or the NASDAQ Global Select Market and the Toronto Stock Exchange. Reorganized ABH is authorized to reserve shares representing 8.5% on a fully diluted basis of New ABH Common Stock for issuance pursuant to the Management Incentive Plans.

(9) Backstop Commitment Agreement

105. Without limiting, impairing or modifying any previous order of this Court approving or governing the Backstop Commitment Agreement or the Backstop Parties (which orders are hereby reaffirmed and ratified in their entirety), subject to Sections 7.1 and 7.2 of the Plan, and in light of the Reduction Notice, the Debtors are authorized, without further notice to

or action, order, or approval of the Court or any other Person, to: (a) perform under the Backstop Commitment Agreement; and (b) pay all fees, costs, expenses and other payments (including, without limitation, the Termination Payment (as defined in the Backstop Commitment Agreement)) in connection with the Backstop Commitment Agreement.

(10) Exit Financing Facilities

106. Without limiting, impairing or modifying any previous order of this Court approving or governing commitment or engagement letters related to the Exit Financing Facilities or the Exit Facility Documents (which orders are hereby reaffirmed and ratified in their entirety), the Exit Facility Documents, and the transactions contemplated thereby pursuant to the Exit Facility Documents, are approved in their entirety and, upon execution and delivery of the agreements and documents relating thereto by the applicable parties, and the satisfaction or waiver of all conditions precedent to the effectiveness thereof, the Exit Financing Facilities shall be in full force and effect and valid, binding, and enforceable immediately in accordance with their terms without further notice to or action, order, or approval of the Court or any other Person or other act or action under Applicable Laws. The Debtors or the Reorganized Debtors, as applicable, are authorized, without further notice to or action, order, or approval of the Court or any other Person, to: (a) enter into and perform under the Exit Financing Facilities consistent with the Exit Facility Documents; (b) execute and deliver all agreements, documents, instruments, and certificates relating to the Exit Financing Facilities (including, without limitation, all security agreements, mortgages, and financing statements); (c) to incur and pay all fees and expenses and all other obligations required to be paid in connection with the Exit Financing Facilities as and when they become due under the terms of the Exit Facility Documents; and (d) perform all obligations under the Exit Financing Facilities and the Exit Facility Documents, including the indemnity obligations set forth therein.

107. The loans and other extensions of credit contemplated by the proposed terms of the Exit Financing Facilities and the granting of Liens to secure such loans and other extensions of credit are approved and authorized in all respects. The Debtors and the Reorganized Debtors and their affiliates shall execute and deliver to the Exit Financing Lenders all such agreements, financing statements, instruments and other documents the Exit Financing Lenders may reasonably request to more fully evidence, confirm, validate, perfect, preserve and enforce the Exit Financing Facility and the security interests arising thereunder or related thereto. All such documents will be deemed to have been recorded and filed as of the Effective Date. Such Liens shall be valid, binding, perfected and enforceable Liens and security interests in the property described in the Exit Facility Documents, and the granting of such Liens, the making of such loans and other extensions of credit, and the execution and consummation of the Exit Financing Facilities shall not be subject to avoidance, recharacterization, recovery, subordination, attack, offset, counterclaim, defense or "claim" (as such term is defined in the Bankruptcy Code) of any kind under the Bankruptcy Code or any Applicable Laws as of the Effective Date and shall not subject the Exit Financing Lenders to any liability by reason of incurrence of such obligation or grant of such Liens, guarantees or security interests under applicable federal or state law, including, but not limited to, successor or transferee liability. The Reorganized Debtors, the secured parties under the ABL Exit Financing Facility, any indenture trustee or collateral agent for, or anyone else acting on or behalf of the noteholders under the High Yield Notes, and any other parties granting Liens and security interests related to the Exit Financing Facilities are hereby authorized to file or record financing statements, trademark filings, copyright filings, mortgages, notices of Lien or similar instruments in any jurisdiction, or take possession of or control over, or take any action in order to validate and perfect the Liens and security interests

granted hereunder or under the Exit Facility Documents. All of the Debtors' obligations under the Exit Facility Documents, to the extent incurred prior to the Effective Date, are actual, necessary costs and expenses of preserving these Estates and shall be treated as allowed administrative expense claims under sections 503 and 507 of the Bankruptcy Code, junior to (a) all superpriority and administrative claims arising under the Final DIP Order (dated June 4, 2009 and conformed on June 16, 2009) [Dkt. No. 407] and the Carve Out as defined therein and (b) all superpriority and administrative Liens and claims arising under the Securitization Order (dated July 1, 2009) [Dkt. No. 595] and the Carve Out as defined therein (all of the foregoing in clauses (a) and (b), the "**Senior Claims**") and may be paid without further notice to or order of the Court. The Debtors or the Reorganized Debtors, as applicable, are authorized to furnish the indemnities expressly set forth in, and pursuant to the terms and conditions of, the Exit Facility Documents and make all payments that may be due in connection therewith as allowed administrative expense claims under sections 503 and 507 of the Bankruptcy Code, junior to the Senior Claims, without further notice, hearing or order of the Court.

108. Any letter of credit issued under or in connection with any Secured Funded Debt Agreement that remains outstanding on the Effective Date, including any extension or renewal thereof, (each, an "**Existing Letter of Credit**") shall constitute, as applicable, a "U.S. Facility Letter of Credit" or "Canadian Facility Letter of Credit" (as such terms are defined in the ABL Exit Financing Facility) and shall be deemed issued on the Effective Date under the ABL Exit Financing Facility.

109. Any and all indemnification, cost reimbursement and fee obligations accruing or payable on or prior to the Effective Date in accordance with the terms of the Exit Facility

Documents or any engagement or commitment letters executed and approved by the Court in connection therewith are hereby approved.

110. If, after the Effective Date, this Confirmation Order is vacated or reversed and, at the time this Confirmation Order is vacated or reversed, the Exit Financing Facilities are in effect, then as applicable: (a) the vacatur or reversal of this Confirmation Order shall not adversely affect the validity or priority of any obligations incurred by the Reorganized Debtors arising in connection with the Exit Financing Facilities or any Liens, guaranties or claims granted by any party pursuant to the Exit Financing Facilities; (b) the terms and conditions of the Exit Facility Documents, as in effect at the time of the vacatur or reversal of this Confirmation Order, shall be binding on the Reorganized Debtors, and the parties to the Exit Financing Facilities shall enjoy the same priority of Liens and rights granted to them under the Exit Financing Facilities; and (c) any Liens, guaranties or claims granted to any party pursuant to the Exit Financing Facilities shall be deemed to have been granted by, and shall become the obligations of, the predecessors in interest of the Reorganized Debtors.

111. Notwithstanding anything to the contrary in this Confirmation Order or the Plan, this Court's retention of jurisdiction shall not govern the enforcement of the Exit Facility Documents or any Liens, rights or remedies related thereto except to the extent that the Confirmation Order has been vacated or reversed, but instead, such enforcement shall be governed as set forth in the Exit Facility Documents.

XIII. <u>Management and Employee Benefits and Compensation Provisions</u>

112. On or as soon as practicable after the Effective Date, Reorganized ABH shall adopt and implement (as applicable) the Management Incentive Plans substantially in the form set forth in Plan Supplement 6A. The management and director plans, programs and agreements

set forth in Plan Supplement 6B shall be terminated, and to the extent applicable, deemed rejected pursuant to Section 365 of the Bankruptcy Code.

113. As of the Effective Date, all of the Debtors' existing pension plans, welfare benefit plans, severance policies and other employee-related plans and programs, including the Debtors' existing U.S. qualified defined contribution plans and Canadian registered defined benefit and defined contribution plans, set forth in Plan Supplement 7A, shall remain in effect, as amended. The plans and programs set forth in Plan Supplement 7B, including all of the Debtors' existing non-qualified and non-registered plans (such terminated non-qualified and non-registered plans and programs referred to herein as the "**Terminated Retirement Plans**" and all such terminated or rejected plans and programs collectively referred to herein as the "**Terminated Employee Plans**") shall be terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors shall have the sole authority to terminate, amend or implement U.S. qualified defined contribution plans and Canadian registered plans, welfare benefit plans and other plans and programs for employees in accordance with the terms of such New Plans and Applicable Laws.

114. The adoption and implementation of the Management Incentive Plans and the New Plans as set forth in Plan Supplements 6 and 7, is hereby approved in its entirety, and no further approvals are necessary or required to implement such plans or to make any payments, grants, awards, transfers and distributions thereunder, whether under section 503(c) of the Bankruptcy Code or otherwise. The Debtors and Reorganized Debtors are authorized to adopt, enter into, and take such other actions as may be necessary to implement the Management Incentive Plans and New Plans, and the entry of this Confirmation Order constitutes the sole

authority necessary for the Debtors and Reorganized Debtors to take such actions. The Debtors and Reorganized Debtors are hereby authorized to make such payments, grants, awards, transfers and distributions under the Management Incentive Plans and New Plans as may be appropriate under their terms, with no further need for Court approval or order.

115. The Debtors' or Reorganized Debtors' performance of any employment agreement, plan or policy that is not a Terminated Employee Plan will not entitle any person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Effective Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program or plan. Nothing in the Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding anything to the contrary contained herein, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

116. U.S. Pension Plans. Upon the occurrence of the Effective Date, Bowater Inc., and Abitibi-Consolidated Sales Corporation (collectively, the "**U.S. Plan Sponsors**" and as reorganized under the Plan, the "**Reorganized U.S. Plan Sponsors**") shall continue the U.S. Pension Plans, including meeting the minimum funding standards under ERISA and the Internal Revenue Code, paying all PBGC insurance premiums, and administering and operating the U.S. Pension Plans in accordance with their terms and ERISA. Nothing in the Plan shall be deemed to discharge, release, or relieve the Debtors, the Reorganized Debtors, any member of the Debtors' controlled groups (as defined in 29 U.S.C. § 1301(a)(14)) or any other party, in any capacity, from any current or future liability with respect to the U.S. Pension Plans, and PBGC

and the U.S. Pension Plans shall not be enjoined or precluded from enforcing such liability as a result of the Plan's provisions or confirmation of the Plan. On the Effective Date, PBGC shall be deemed to have withdrawn any and all proofs of claim filed against the Debtors with prejudice. After the Effective Date, the Reorganized U.S. Plan Sponsors shall have the authority to terminate, amend or freeze the U.S. Pension Plans in accordance with the terms of the U.S. Pension Plans, ERISA and the Internal Revenue Code.

XIV. Corporate Actions, Documents and Further Transactions

117. In accordance with section 1142 of the Bankruptcy Code, the implementation and consummation of the Plan in accordance with its terms shall be, and hereby is, authorized and approved, and the Debtors and the Reorganized Debtors, or any other Person designated pursuant to the Plan shall be, and hereby are, authorized, empowered, and directed to issue, execute, deliver, file, and record any document whether or not such document is specifically referred to in the Plan, the Plan Supplements, the Disclosure Statement, or any exhibit thereto, and to take any action necessary or appropriate to consummate the Plan and all transactions and agreements therein in accordance with its terms, without the need for any further notice to, or action, order or approval of this Court, or other act or action under Applicable Laws, except those expressly required pursuant to the Plan. This Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules and regulations of all states and any other governmental authority with respect to the implementation or consummation of the Plan and any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts and transactions referred to in or contemplated by the Plan, the Plan Supplements, the Disclosure Statement, and any documents, instruments, or agreements, and any amendments or modifications thereto.

118. Each of the Debtors and Reorganized Debtors, as applicable, and any of their respective officers and designees, is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents (including, without limitation, any documents relating to the Exit Financing Facilities, the Backstop Commitment Agreement, or the New ABH Common Stock), and take such actions or seek such orders, judgments, injunctions and rulings as the Debtors or Reorganized Debtors deem necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, and this Confirmation Order, or any notes or securities issued pursuant to the Plan, or to otherwise comply with Applicable Law.

119. Each of the matters provided for by the Plan, including those that would otherwise require approval of the shareholders, directors, or members of the Debtors or Reorganized Debtors, shall, as of the Effective Date, be deemed to have occurred and be effective as provided in the Plan, and shall be authorized, approved, and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by holders of Claims or Interests, directors or managers of the Debtors, or any other Person.

XV. Officers and Boards of Directors of Reorganized Debtors

120. The initial board of directors of Reorganized AbitibiBowater Inc. (the "**ABH Board**") shall consist of the persons identified in Plan Supplement 5A, as selected by the Search Committee. The initial officers of Reorganized AbitibiBowater Inc. shall be the Persons identified in Plan Supplement 5A. On the Effective Date and effective as of the Effective Date, the new directors and officers of Reorganized AbitibiBowater Inc. shall be deemed appointed, without the need for any further notice to or action, order or approval of this Court, or other act or action under Applicable Laws.

121. Unless otherwise provided in Plan Supplement 5B in accordance with Section 6.7(c) of the Plan and section 1129(a)(5) of the Bankruptcy Code, on and effective as of the Effective Date, subject to the Restructuring Transactions, the officers and directors of each Debtor (other than AbitibiBowater Inc.) shall continue to serve in their current capacities after the Effective Date, without the need for any further notice to or action, order, or approval of this Court, or other act or action under Applicable Laws.

122. The initial directors, managers and officers of each of the Reorganized Debtors shall serve in accordance with the governing documents of each of the respective Reorganized Debtors, as the same may be amended pursuant to the Plan and from time to time thereafter.

XVI. <u>Exemption from Transfer Taxes</u>

123. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes, equity securities, instruments or documents under or in connection with the Plan, the assignment or surrender of any lease or sublease, the creation of any mortgage, deed of trust, Lien, pledge or other security interest or the making, assignment or the delivery of any lease, sublease, deed or any other instrument of transfer under, in furtherance of, or in connection with the Plan or Exit Financing Facilities, including any deeds, bills of sale, assignments, mortgages, deeds of trust or similar documents executed in connection with any assets subject to the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, sales, use or other similar tax nor any Uniform Commercial Code filing or recording fee or similar or other governmental assessment, pursuant to section 1146(a) of the Bankruptcy Code. All appropriate state or local government officials or agents shall forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing

instruments or other documents without the payment of any such tax or governmental assessment.

XVII. Exemption from Securities Laws

124. Pursuant to section 1125(e) of the Bankruptcy Code, the Debtors' transmittal of the Solicitation Materials and Rights Offering Materials as set forth herein, their solicitation of acceptances of the Plan and participation in the Rights Offering, and the Reorganized Debtors' issuance and distribution of any new securities pursuant to the Plan are not and will not be governed by or subject to any otherwise Applicable Law, rule, or regulation governing the solicitation or acceptance of a plan of reorganization or the offer, issuance, sale, or purchase of securities. The offering, sale, issuance and distribution, of the New ABH Common Stock on account of Claims as contemplated by the Plan shall be exempt, pursuant to section 1145 of the Bankruptcy Code, from the registration requirements of Section 5 of the Securities Act and any other applicable law requiring registration or qualification prior to the offering, issuance, distribution, or sale of securities.

125. The offering, issuance and sale of the High-Yield Notes was exempt from registration under Section 5 of the Securities Act pursuant to Section 4(2) of the Securities Act (with respect to the initial sale of the High-Yield Notes to the initial purchasers thereof) and Rule 144A and Regulation S under the Securities Act (with respect to the resale of the High-Yield Notes to investors by the initial purchasers thereof). The issuance of New ABH Common Stock to the Backstop Parties in payment of a Termination Payment (as defined in the Backstop Commitment Agreement) due thereunder on the Effective Date shall be exempt from registration under Section 5 of the Securities Act pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

126. Except with respect to securities held by any entity that is an "underwriter" as that term is defined in section 1145(b) of the Bankruptcy Code, the issuance of securities pursuant to the Plan shall be (a) validly issued, fully paid and nonassessable, and (b) in the case of New ABH Common Stock distributed on account of Claims pursuant to section 1145 of the Bankruptcy Code, freely tradable without registration under section 5 of the Securities Act of 1933.

127. The Debtors and Reorganized Debtors are authorized and directed to take actions to preserve the foregoing exemptions in accordance with the terms of the Backstop Commitment Agreement, the Plan or otherwise as the Debtors and Reorganized Debtors, in consultation with the Creditors Committee, determine is appropriate and necessary.

XVIII. Executory Contracts and Unexpired Leases; Cure Costs; Labor Agreements

128. In addition to all executory contracts and unexpired leases that have been previously assumed by the Debtors by order of this Court, each of the executory contracts and unexpired leases of the Debtors that are identified in Section 5.1 of the Plan and Plan Supplement 11A, and which are not subject to a pending motion to reject or objection with respect to such assumption, shall be deemed assumed, and assumed and assigned, in accordance with the provision and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

129. The Cure amounts (if any) owed under each executory contract and unexpired lease to be assumed pursuant to the Plan, as set forth in Section 5.1 of the Plan and Plan Supplement 11A, shall be satisfied in accordance with Section 5.1(i) of the Plan and pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure amount in Cash on the Effective Date, or as soon as reasonably practicable thereafter, or as otherwise may be agreed to

by the Debtors or the Reorganized Debtors, as applicable, and the counterparty to any such executory contract or unexpired lease. Except as otherwise provided herein, such amounts are the true, correct and only amounts required to be paid upon assumption of such contracts and leases pursuant to section 365(b) of the Bankruptcy Code. Nothing contained herein shall be construed to limit payment of postpetition amounts that may come due under such executory contracts or unexpired leases in the ordinary course prior to assumption. The Debtors reserve their rights to elect to reject any executory contract or unexpired lease where the Cure amount is determined in a manner unacceptable to the Debtors.

130. On the Effective Date, all executory contracts and unexpired leases that are (a) not previously assumed or rejected pursuant to a Final Order prior to the Effective Date, (b) not listed on Plan Supplement 11A, (c) not identified as assumed contracts in Section 5.1 of the Plan, or (d) the subject of a motion to assume filed prior to the Effective Date, shall be deemed to be rejected pursuant to sections 365 and 1123 of the Bankruptcy Code.

131. Executory contracts or unexpired leases subject to a motion to assume or reject pending on the Effective Date shall remain effective pursuant to the terms thereof and shall remain subject to an applicable Final Order. Any Proofs of Claim asserting Claims arising from the rejection of executory contracts and unexpired leases pursuant to the Plan or otherwise must be filed within the earlier of thirty (30) days following (a) the filing of a notice of the occurrence of the Effective Date, and (b) entry of an order by this Court authorizing rejection of such executory contract or unexpired lease. Any Proofs of Claim arising from the rejection of the Debtors' executory contracts or unexpired leases that are not timely filed shall be disallowed automatically, forever barred, and shall not be enforceable against any Debtor or Reorganized Debtor without the need for any objection by the Debtor or Reorganized Debtors or further

notice to or action, order, or approval of the Bankruptcy Court or any other Person, and any Claim arising out of the rejection of the executory contract or unexpired lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.

132. Entry of this Confirmation Order constitutes an order approving the assumption or rejection of executory contracts or unexpired leases as set forth in Article V of the Plan and associated Cure amounts, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Entry of this Confirmation Order constitutes an order approving the assignment of executory contracts or unexpired leases from one Debtor to another Debtor, as may be necessary as a result of the Restructuring Transactions or otherwise. The Debtors and Reorganized Debtors are hereby authorized to make all necessary Cure payments as provided herein without need for further Court order, and shall make such Cure payments as of the Effective Date or within such reasonably practicable time after the Effective Date.

133. Unless otherwise indicated herein, in the Plan or in the Plan Supplements, all assumptions, assumptions and assignments or rejections of executory contracts and unexpired leases pursuant to the Plan are effective as of the Effective Date. Executory contracts and unexpired leases subject to a motion to assume, assume and assign or reject with a proposed effective date beyond the Effective Date shall be deemed assumed, assumed and assigned or rejected, as applicable, upon the resolution of any objection to the proposed assumption, assumption and assignment, or rejection of the executory contract or unexpired lease, and the time by which the Debtors may assume or reject such executory contracts and unexpired leases under section 365(d)(2) of the Bankruptcy Code is hereby extended until such time.

134. Each executory contract and unexpired lease assumed and/or assigned pursuant to the Plan and this Confirmation Order (or pursuant to any other order of the Court) shall remain in full force and effect and be fully enforceable by the applicable Reorganized Debtor(s) in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Court authorizing and providing for its assumption. To the extent applicable, all executory contracts or unexpired leases of the Reorganized Debtors assumed during the Chapter 11 Cases, including those assumed pursuant to this Confirmation Order and Section 5.1 of the Plan, shall be deemed modified such that the transactions contemplated by the Plan shall not constitute a "change of control," however such term may be defined in the relevant executory contract or unexpired lease, and any required consent under any such contract or lease shall be deemed satisfied by the Confirmation of the Plan.

135. As of the Effective Date, the Reorganized Debtors shall continue to honor all of the obligations of the Debtors to insurers pursuant to the agreement set forth in Plan Supplement 2, including those incurred on or prior to the Petition Date and the Effective Date under: (i) all applicable workers' compensation laws; and (ii) the Debtors' written contracts, agreements, agreements of indemnity, self-insurer workers' compensation bonds, policies, programs, and plans for workers' compensation and workers' compensation insurance. Notwithstanding anything to the contrary in the Plan, nothing in the Plan or this Confirmation Order shall: (a) limit, diminish, or otherwise alter or impair the Debtors', Reorganized Debtors' and/or insurers' defenses, claims, Causes of Action, or other rights under applicable non-bankruptcy law with respect to any such contracts, agreements, policies, programs and/or plans; or (b) preclude or limit, in any way, the rights of the Debtors, Reorganized Debtors and/or insurers to contest and/or litigate with any party the existence, primacy and/or scope of available

coverage under any alleged applicable policy, provided further that nothing herein shall be deemed to impose any obligations on the Debtors, Reorganized Debtors or insurers beyond what is provided for in the applicable laws, policies and/or related insurance agreements.

136. Nothing in the Plan, including the injunction and release provisions of Article VIII of the Plan, or in this Confirmation Order shall preclude the Debtors or any insurer from asserting in any proceeding any and all claims, defenses, rights or Causes of Action that it has or may have under or in connection with any insurance policy or any insurance settlement agreement, including the rights of the insurers to contest and/or litigate with any party, including the Debtors, the existence, primacy and/or scope of available coverage under any alleged applicable insurance policy.

137. Neither the Debtors nor the Reorganized Debtors shall cease to be insured parties solely as a result of consummation of the restructurings under the Plan.

138. In clarification of Section 5.4 of the Plan and Plan Supplement 2, while Plan Supplement 2 provides that it shall govern and control "notwithstanding anything to the contrary in the Plan," this "notwithstanding" language shall not apply to ACE, Liberty and Chartis, and with respect to ACE, Liberty and Chartis, Section 5.4 shall supersede: (i) Plan Supplement 2, (ii) the Cure Notice dated August 30, 2010 [Dkt. No. 3074], and (iii) any other Plan provision that might be deemed contrary to Section 5.4 of the Plan. Accordingly, Section 5.4 of the Plan shall govern and control the rights, duties and treatment of ACE, Liberty and Chartis under the Plan.

139. For the avoidance of doubt, Chartis shall not be required to file any further claim in this Court to compel payment of obligations governed by Section 5.4 of the Plan and no further bar date or other claim filing deadline in these cases shall be applicable to Chartis. The

parties may hereafter carry out the provisions of Section 5.4 of the Plan without further order of this Court.

140. Notwithstanding anything to the contrary in the Plan, any supplements thereto, or this Confirmation Order, the terms regarding assumption of certain executory contracts between the Debtors and Hewlett-Packard Company shall be governed by that certain stipulation, executed on September 29, 2010 between the parties.

141. Notwithstanding anything to the contrary contained herein and/or in the Plan, and notwithstanding the $0 asserted Cure amount listed for the "Guarantee of Deductible Reimbursement Agreement" with Liberty Mutual Insurance Group, such assumption shall be without prejudice to the respective rights of the parties, and all such rights are expressly reserved, with respect to claims made by Liberty on account of such agreement for retrospectively adjusted premiums and actual losses and expenses paid by Liberty on the Debtors' behalf, such that all such amounts that are deemed owed by the Debtors, whether now or in the future, if any, shall be paid to Liberty in the ordinary course of business.

142. Notwithstanding anything to the contrary contained herein and/or in the Plan, and notwithstanding the $0 asserted Cure amount with respect to the assumption of the agreements among Calhoun Newsprint Company, Bowater Incorporated, Bowater Nuway Inc., Advance Publications Inc. and The Herald Company, LLC (collectively the "**CNC Parties**"), related to the joint venture (the "**CNC Joint Venture**") referred to in the Cure Notice, such assumption shall be without prejudice to the respective rights of the CNC Parties, and all such rights are expressly reserved, including, but not limited to, all rights, claims, reimbursement, recoupment and/or setoff rights and defenses relating to the CNC Joint Venture.

143. The Debtors' assumption on the Effective Date pursuant to sections 365 and 1123 of the Bankruptcy Code of all Collective Bargaining Agreements set forth in Plan Supplement 1, as such Collective Bargaining Agreements may have been amended from time to time prior to the Effective Date is hereby authorized and approved. On the Effective Date, all Proofs of Claim filed by the Unions in connection with the Collective Bargaining Agreements are deemed withdrawn without prejudice to: (a) the Debtors' and Reorganized Debtors' obligations under the Master Agreement (as defined in Section 5.1(h) of the Plan); (b) the Unions' pursuit of grievances and arbitrations in the ordinary course; (c) the rights of the Unions, the Debtors and the Reorganized Debtors to apply to the Court regarding any dispute over the priority or Plan treatment of any grievance settlement entered by the parties or remedy ordered by an arbitrator pursuant to a Collective Bargaining Agreement; and (d) the Unions' right to reinstate and file Proofs of Claim if the Plan is not consummated and the Master Agreement is not assumed.

144. Through the Plan, the Debtors are seeking to assume a certain partnership and sale agreement dated as of August 17, 1981 (as may have been amended and supplemented from time to time, collectively, the "**Augusta Agreements**") with The Woodbridge Company Limited, Woodbridge International Holdings Limited and Woodbridge International Holdings SA (collectively, "**Woodbridge**"). Woodbridge filed an objection to the assumption of the Augusta Agreements [Dkt. No. 3284] and previously filed a motion to compel rejection of the Augusta Agreements [Dkt. No. 1765] that remains *sub judice*. In accordance with Section 5.5(c) of the Plan and as set forth herein, the Augusta Agreements shall be deemed assumed or rejected, as applicable, upon the entry of an order by the Court resolving the objection to the assumption or the motion to compel, and the time by which the Debtors may assume or reject the Augusta

Agreements and all related agreements under section 365(d)(2) of the Bankruptcy Code is hereby extended until entry of such order.

XIX. Reserves

145. The provisions of Section 4.4 of the Plan regarding the treatment and resolution of Class 6 Disputed Claims and the distribution of New ABH Common Stock on account of such Claims are fair and reasonable and approved in all respects.

146. Unless otherwise ordered by the Court, from and after the Effective Date, and until such time as all Disputed Claims in Class 6 have become Allowed Claims, compromised or settled, the Disbursing Agent shall reserve and hold in escrow (the "**Disputed Claims Reserve**") for the benefit of each holder of a Disputed Claim in Class 6, New ABH Common Stock (and any dividends thereon) in an amount equal to the Pro Rata Share of New ABH Common Stock which would have been made to the holder of such Disputed Claim if it were an Allowed Claim (but only to the extent such Disputed Claim, if Allowed, would be entitled to a Pro Rata Share of the New ABH Common Stock) in an amount equal to, as applicable: (i) the Disputed Claim amount, unless the Claim is a Disputed Claim solely because of section 502(d) of the Bankruptcy Code, in which case the disputed and undisputed amount (if any) of the Claim shall be reserved or (ii) if the amount of the Disputed Claim shall be estimated by the Court pursuant to section 502 of the Bankruptcy Code for purposes of allowance, such amount determined by the Court (which amount, unless otherwise ordered by the Court, shall constitute and represent the maximum amount in which such Claim may ultimately become an Allowed Claim), or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Debtors or the Reorganized Debtors.

147. The Disbursing Agent shall distribute to the holder of a Class 6 Disputed Claim that becomes an Allowed Claim (but only to the extent such Disputed Claim, if Allowed, would be entitled to a Pro Rata Share of New ABH Common Stock), in whole or in part, the New ABH Common Stock that would have been distributed to the holder of such Allowed Claim on the dates distributions were previously made to holders of other Allowed Claims had such Claim been an Allowed Claim on such dates. The balance, if any, of New ABH Common Stock remaining after distributions are made on account of a Class 6 Disputed Claim that becomes an Allowed Claim on or after the Court determines that such Class 6 Disputed Claim shall not be an Allowed Claim, in whole or in part, shall be reallocated on a pro rata basis to other Allowed Claims and remaining Disputed Claims in the applicable Class 6, and upon such reallocation, shall be distributed to holders of Allowed Claims in such Class and to the applicable Disputed Claims Reserve for such Class, as appropriate. The Disputed Claims Reserve is intended to be treated for U.S. income tax purposes as a grantor trust of the Debtors.

148. If the Allowed amount of any particular Disputed Claim is reconsidered under section 502(j) of the Bankruptcy Code and Bankruptcy Rule 3008 and/or is Allowed in an amount that is greater than the estimated amount of such Claim, or the ultimately Allowed amount of all Disputed Claims in Class 6 is greater than the estimated aggregate amount of such Claims, no claimant shall have recourse against the Reorganized Debtors (or any property thereof), any distributions made to a creditor in any other Class herein, or any distribution previously made on account of any Allowed Claim (however, nothing herein shall modify any right of a holder of a reconsidered Claim under the penultimate sentence of section 502(j) of the Bankruptcy Code).

XX. BCFC Resolution

149. Until entry of a further order by the Bankruptcy Court, and solely for purposes of this Confirmation Order and to permit an initial distribution from Bowater on the Initial Distribution Date, Bowater will reserve, on account of the 7.95% Disputed Claims, New ABH Common Stock in an amount equal to the Pro Rata Share of New ABH Common Stock that would have been made to the holder of an Allowed Class 6S Claim in the amount of $743,600,000 (the "**Interim BCFC Reserve**"). The establishment of the Interim BCFC Reserve does not constitute a waiver, admission, concession or agreement regarding the Allowed amount of the 7.95% Disputed Claims, and all related rights are fully reserved. The Debtors shall promptly seek an order from this Court setting the final reserve amount for the 7.95% Disputed Claims on an expedited basis. No additional reserves or distributions under the Plan on account of any other alleged Claims of BCFC unrelated to the BCFC Contribution Claim, including any alleged Claims against any of the Debtors or their affiliates, are warranted or shall be made now or hereafter. For the avoidance of doubt, the Interim BCFC Reserve is intended solely for the 7.95% Disputed Claims and shall not be increased or modified at any time as a reserve for any other alleged Claims of BCFC unrelated to the 7.95% Disputed Claims. The Debtors are hereby authorized to make distributions on Allowed Claims as of the Effective Date taking into account the Interim BCFC Reserve.

150. On the Initial Distribution Date, Bowater will make a distribution of New ABH Common Stock to the 7.95% Notes Indenture Trustee in accordance with the provisions of the Plan as if such 7.95% Notes Indenture Trustee held an Allowed Class 6S Claim in the aggregate amount of $619,875,000 (the "**7.95% Distribution**"). Solely for purposes of convenience to facilitate the 7.95% Distribution on the Initial Distribution Date, and subject to further order of this Court, the 7.95% Distribution shall (a) be deemed to have been made on account of the

7.95% Notes Guaranty Claim and (b) be made to or on behalf of, and at the direction of, the 7.95% Notes Indenture Trustee and in accordance with the terms of the 7.95% Notes Indenture. Nothing in the Plan or this Confirmation Order constitutes an admission, concession, acknowledgement, or waiver that the 7.95% Notes Guaranty Claims or the BCFC Contribution Claim are Allowed Claims, and all rights related thereto are fully reserved. To the extent that the 7.95% Distribution is ultimately determined by the Court to have been made on account of the BCFC Contribution Claim, then such 7.95% Distribution shall be deemed to have been made first to or on behalf of, and at the direction of, BCFC. The distribution of the 7.95% Distribution to the 7.95% Notes Indenture Trustee pursuant to this Confirmation Order is for convenience only and shall not be considered by the Court or otherwise in making any determination with regard to whether the BCFC Contribution Claim or the 7.95% Notes Guaranty Claims are duplicative or otherwise subject to disallowance. The 7.95% Notes Indenture Trustee (a) shall arrange to deliver the 7.95% Distribution to or on behalf of holders of the 7.95% Notes, and (b) may retain, and if appropriate, exercise its charging liens against any such distributions. Notwithstanding anything to the contrary herein, the 7.95% Notes Indenture Trustee shall be entitled to distribute and/or otherwise use the 7.95% Distribution in accordance with the 7.95% Notes Indenture and shall have no liability whatsoever, including, without limitation, to BCFC and/or its creditors, based on or related to any such distribution and/or use.

151. As soon as reasonably practicable after the Effective Date, the Debtors or the Reorganized Debtors shall deposit $1,900,000 into an escrow account (the "**BCFC Escrow Account**") with an escrow agent pursuant to an escrow agreement, all reasonably satisfactory to the Debtors, the BCFC Representative (defined below) and the Creditors Committee, or the Post-Effective Date Claims Agent as applicable. As soon as reasonably practicable after the

appointment of a court authorized representative of BCFC other than the debtor-in-possession (such representative, including a BIA trustee, the "**BCFC Representative**"), the Debtors or the Reorganized Debtors shall pay $100,000 to the BCFC Representative. Amounts on deposit in the BCFC Escrow Account shall be released from time to time by the escrow agent to the BCFC Representative, and such amounts shall be used by the BCFC Representative solely for reimbursing professional fees and expenses incurred by BCFC or the BCFC Representative after the Effective Date in connection with prosecuting the BCFC Contribution Claim (but not any other claim or cause of action), and the actual expenses of winding-up the BCFC estate, including, without limitation, compensation of the BCFC Representative. Amounts shall be released from the BCFC Escrow Account to the BCFC Representative in the amount requested and supported by reasonably detailed invoices within ten (10) days of the BCFC Representative's written demand to the escrow agent (with a copy of such demand and reasonably detailed invoices to the Reorganized Debtors) only if such amount is accompanied by a written certification by the BCFC Representative that the demand complies with the restrictions on use of funds in the BCFC Escrow Account set forth in this Confirmation Order. To the extent any amounts remain on deposit in the BCFC Escrow Account at the conclusion of prosecution of the BCFC Contribution Claim and winding-up of BCFC's estate, such amounts will be paid to the Reorganized Debtors. This Court retains exclusive jurisdiction to resolve any disputes arising from or related to the release and use of the BCFC Escrow Account. The BCFC Representative shall have standing to participate in the resolution of any such dispute before this Court, and shall be subject to this Court's jurisdiction but solely to the extent of such dispute, and solely in its representative, not personal, capacity.

152. In accordance with the *Order Authorizing the Bowater Debtors to Enter into the Ninth Consent to the Bowater DIP Credit Agreement* [Dkt. No. 2499], Bowater shall pay all invoiced fees for services rendered and expenses incurred by BCFC's Independent Advisors on or prior to the Effective Date, regardless of when first invoiced and such payment shall not be made from, or reduce amounts on deposit in, the BCFC Escrow Account. For purposes of this Confirmation Order, BCFC's "**Independent Advisors**" include Togut, Segal & Segal, LLP, AP Services, LLC and Wickwire Holm and their respective personnel. Bowater and the other Debtors waive any right to seek payment or reimbursement from BCFC for any administrative expense claims of BCFC paid by Bowater or any other Debtor, including, without limitation, for the fees and expenses of the Independent Advisors paid by Bowater.

153. The shares of New ABH Common Stock to which BCFC is entitled under Section 2.15 of the Plan in the amount set forth on Plan Exhibit B6 will be distributed to the BCFC Representative, for the benefit of creditors of BCFC, as soon as reasonably practicable after its appointment. Other than the BCFC Reserve (and other reserves provided for under the Plan) and distributions therefrom on account of the 7.95% Disputed Claims, no other payments or reserves shall be made by any of the Debtors or Reorganized Debtors on account of any claim asserted under, or objection relating to or arising from, the Distribution Model (as defined in the Disclosure Statement) and the Plan, and all such objections are hereby expressly overruled. No further iterations of the Distribution Model shall be made for purposes of allocating value to legal entities under the Plan, now or at any time hereafter, regardless of the ultimate resolution of the BCFC Contribution Claim or otherwise, and no claimant shall have recourse against the Reorganized Debtors (or any property thereof), any distributions made to a creditor in any other

Class under the Plan, or any distribution previously made on account of any Allowed Claim, on account of such objections.

154. As soon as reasonably practicable after entry of this Confirmation Order, the Debtors and the Reorganized Debtors shall take such steps as are reasonably necessary or appropriate to cause BCFC to (a) make an assignment for the benefit of its creditors in Nova Scotia under the Bankruptcy Insolvency Act of Canada (the "**BIA**"), and appoint Peter Wedlake of Green, Hunt Wedlake as trustee in the BIA proceeding to be the BCFC Representative; (b) dismiss its Chapter 11 Case; and (c) dismiss its CCAA proceeding. Bowater and the Reorganized Debtors will negotiate with BCFC a schedule for the litigation of the BCFC Contribution Claim in good faith.

155. All objections to confirmation of the Plan by Wilmington Trust Company, in its capacity as successor indenture trustee for the 7.95% Notes issued by BCFC ("**Wilmington Trust**") and Aurelius Capital Management, LP ("**Aurelius**") are hereby withdrawn (including any objections under Section 1129(a)(3) of the Bankruptcy Code), other than objections related to the Plan's allowance on any basis of the 8.00% Convertible Notes Guaranty Claim or any and all claims against or releases given to Fairfax.

156. Wilmington Trust and Aurelius hereby waive any and all of their rights to appeal, seek certiorari, review, reargument, reconsideration, stay or rehearing of this Order (collectively, the "Appeal Rights") arising from or related to their objections to confirmation of the Plan (including any objections under Section 1129(a)(3) of the Bankruptcy Code), other than any Appeal Right arising from the Plan's allowance on any basis of the 8.00% Convertible Notes Guaranty Claim or any and all claims against or releases given to Fairfax

157. Notwithstanding anything to the contrary contained in the Plan or this Order, any and all objections, claims, defenses and arguments of Bowater, whether asserted affirmatively, as a counterclaim or otherwise, with respect to the merits of the BCFC Contribution Claim are expressly reserved, except for any argument that no winding-up within the meaning of Section 135 of the *Companies Act* (Nova Scotia) has occurred because BCFC, as a matter of process, has consented to an assignment under the BIA pursuant to this Order. Notwithstanding the date on which BCFC's assignment under the BIA occurs, the BCFC Contribution Claim is a prepetition Claim against Bowater (which may include amounts accrued postpetition for interest and other charges to the extent allowed by the Court), and the discharge of the Debtors under the Plan and this Order shall not preclude (a) Allowance of the Contribution Claim under the Plan, and (b) if such Claim is Allowed, distributions on account of such Claim in accordance with the Plan, which distributions, if any, shall be in complete satisfaction, discharge and release of the BCFC Contribution Claim under the Plan and this Order.

XXI. Resolution of Disputed Claims and Interests; Post-Effective Date Claims Agent

158. Except as expressly provided in this Confirmation Order, the Plan, or as ordered by this Court prior to the Effective Date, no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or this Court has entered a Final Order allowing such Claim. Any Claim that is not an Allowed Claim shall be entitled to the reserve provisions set forth in Section 4.4 of the Plan and shall be determined, resolved, or adjudicated in accordance with the terms of Article IV of the Plan or other applicable provision of the Plan and Applicable Laws.

159. In accordance with Section 4.3 of the Plan, the Debtors' entry into the Engagement Agreement between the Debtors, the Reorganized Debtors, and Avidity

Partners LLC attached hereto as Exhibit 3 (the "**Claims Agent Agreement**"), and all of its terms and conditions, are expressly approved; provided, however, that the Claims Agent Agreement is amended to provide that the Debtors and the Reorganized Debtors, as applicable, shall not seek court approval to settle the BCFC Contribution Claim without the consent of the Post-Effective Date Claims Agent, such consent not to be unreasonably withheld. For the avoidance of doubt, the Reorganized Debtors may not settle or compromise the BCFC Contribution Claim without the approval of the Bankruptcy Court. Subject to the terms of the Claims Agent Agreement, all fees and expenses payable thereunder and in accordance with its terms, are hereby approved, without the need for further Court approval or order, including any fees and expenses payable thereunder prior to the Effective Date. The Post-Effective Date Claims Agent shall succeed to the rights and standing of the Creditors Committee for all purposes under the Plan. The Post-Effective Date Claims Agent shall have no responsibility with respect to reserves established in connection with distributions made on the Initial Distribution Date.

160. Except for the Post-Effective Date Claims Agent's consent rights with respect to the settlement of the BCFC Contribution Claim set forth in paragraph 159 above, the Debtors or Reorganized Debtors, as applicable, shall have the sole and exclusive right to evaluate, make, file, prosecute, settle or abandon objections to Disputed Claims in Class 6 that are not within the Disputed Claims Pool and to Disputed Claims in Classes 7 and 8, and to the Causes of Action retained by the Debtors under the Claims Agent Agreement.

161. Consistent with Bankruptcy Rule 3003(c), the Debtors and Reorganized Debtors shall recognize the Proofs of Claim filed by the Indenture Trustees in respect of the Claims for the holders each represents, in the amounts as Allowed in the Plan. Accordingly, any Claim filed by the registered or beneficial holder of such Claims is hereby disallowed as duplicative of the

Claims of the Indenture Trustees without the need for any further action or order except to the extent any Claim, or a portion of a Proof of Claim, filed by a holder of such Claims is not included within the Proofs of Claim filed by the Indenture Trustees.

162. On or after the Effective Date, except as otherwise provided in the Plan, a Claim may not be filed, asserted or amended without the prior authorization of this Court, or unless the Reorganized Debtors otherwise consent, and, absent such authorization or consent, any such new or amended Claim filed or asserted shall be deemed disallowed in full and expunged without any further notice to, or action, order, or approval of this Court or any other Person.

XXII. Settlement, Release, Injunction, and Exculpation

(1) Compromise and Settlement

163. Pursuant to sections 1129(a)(3) and 1123(b) of the Bankruptcy Code, Bankruptcy Rule 9019, and Applicable Laws (in each case, to the extent applicable), in consideration of the distributions and other benefits provided under the Plan, the compromises or settlements of all Claims and Interests reflected in the Plan or this Confirmation Order, including the Global Settlement, the Allowance of the 8.00% Convertible Notes Guaranty Claim, and each of the injunctions, releases, exculpations, indemnifications and discharges set forth in the Plan, constitute a good faith compromise and settlement in the best interests of the Debtors and holders of Claims and Interests and are hereby approved; it being understood that the Global Settlement shall not constitute a settlement or compromise of the 7.95% Disputed Claims.

(2) Discharge of Claims and Termination of Interests

164. Except as otherwise specifically provided in the Plan, and provided that the Secured Funded Debt Claims have been paid in full satisfaction of such obligations (which payment shall be irrevocable), as of the Effective Date, the distributions, rights, and treatments

that are provided in the Plan shall be in exchange for and in full and complete satisfaction, discharge, and release of all Claims and Interests in accordance with Article VIII of the Plan. Except as otherwise provided in the Plan or this Confirmation Order, upon the occurrence of the Effective Date, this Confirmation Order shall (i) act as a discharge of the Debtors from all Claims or other debts that arose before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (w) a Proof of Claim is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (x) a Claim based on such debt is Allowed pursuant to section 502 of the Bankruptcy Code, (y) the holder of a Claim based on such debt has accepted the Plan, or (z) such Claim is listed in the Schedules; and (ii) satisfy, terminate or cancel all Interests and other rights of equity security holders in the Debtors, and such discharge will void any judgment obtained against the Debtors or the Reorganized Debtors at any time, to the extent that such judgment relates to a discharged Claim. As of the Effective Date, except as otherwise provided in the Plan or this Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, or their respective successors or property, any other or further Claims, demands, debts, rights, Causes of Action, liabilities or equity interests based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

165. Notwithstanding anything to the contrary in this Confirmation Order, Claims for indemnification under the DIP Facility Documents and the Secured Funded Debt Agreements shall survive consummation of the Plan and shall not be precluded, discharged or released.

(3) Release, Exculpation, and Cancellation of Liens Provisions in the Plan

166. The release, exculpation and cancellation of Liens provisions set forth in Article VIII of the Plan are essential provisions of the Plan and are hereby approved and authorized in their entirety.

(4) Injunction

167. Except as otherwise provided in the Plan or this Confirmation Order, as of the Effective Date, all Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged, an Interest or other right of an equity security holder that is terminated, or a Claim, demand, debt, right, Cause of Action or liability that is released pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtors or the Reorganized Debtors or their respective property on account of any such discharged Claims, debts or liabilities or terminated Interests or rights and, with respect to all released Claims, demands, debts, rights, Causes of Action or liabilities, as otherwise applicable: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors or the Reorganized Debtors or their respective property or any released Person, as applicable; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan; provided, however, that nothing in this Confirmation Order will restrict any governmental or regulatory agency from pursuing any regulatory or police enforcement action against the Debtors, the Reorganized Debtors, their current or former officers, directors or employees, and their respective agents, advisors, attorneys and representatives acting in any capacity, other than any action or proceeding of any type to recover monetary claims, damages or penalties against the Debtors for an act or omission occurring prior to Confirmation; provided, further, that nothing herein shall limit the rights of the creditors of BCFC to assert claims against BCFC.

168. Each holder of an Allowed Claim receiving a distribution pursuant to the Plan is deemed to have specifically consented to the injunctions set forth herein in exchange for the distributions pursuant to the Plan.

(5) Indemnification Obligations

169. Unless expressly modified pursuant to Section 2.18 of the Plan, the respective obligations of each Debtor to indemnify and reimburse Persons who are or were at any time directors, officers, managers, or employees and agents of the Debtors on the Petition Date or at any time thereafter, whether pursuant to certificates or articles of incorporation, codes of regulation, bylaws, limited liability company agreements, limited liability partnership agreements, applicable state or non-bankruptcy law, or specific agreement or any combination of the foregoing, shall be treated as if they are executory contracts that are assumed pursuant to section 365 of the Bankruptcy Code as of the Effective Date, and such obligations shall survive Confirmation of the Plan, and shall not be discharged or Impaired by the Plan, irrespective of whether the indemnification or reimbursement obligation is owed in connection with any event occurring prior to the Effective Date.

XXIII. Existing Injunctions and Stays Remain in Effect Until Effective Date

170. All injunctions or stays provided in, or in connection with, the Chapter 11 Cases, whether pursuant to section 105 or 362 of the Bankruptcy Code, any other Applicable Laws, any order of the Court or any Final Order, in effect on the Confirmation Date, shall remain in full force and effect until the Effective Date. Nothing herein shall bar the taking of such other actions as are necessary or reasonable to effectuate the transactions contemplated by the Plan or by the Confirmation Order.

XXIV. Retained Actions

171. Except as otherwise provided in the Plan, this Confirmation Order, or in any prior Court order or document, instrument, release or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Debtors and their Estates shall retain the Causes of Action including, without limitation, the Causes of Action identified on Plan Supplement 10 (the "**Retained Causes of Action**"). Subject to Section 4.3 of the Plan, the Reorganized Debtors, as the successors in interest to the Debtors and their Estates, may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the Litigation Claims. The Debtors or the Reorganized Debtors expressly reserve all rights to prosecute any and all Litigation Claims against any Person, except as otherwise expressly provided in the Plan, and no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Litigation Claims upon, after, or as a consequence of Confirmation or the occurrence of the Effective Date.

172. Approval of the Plan is a res judicata determination of such rights to retain and exclusively enforce such Causes of Action, and no such Retained Causes of Action is deemed waived, released or determined by virtue of the entry of this Confirmation Order or the occurrence of the Effective Date, notwithstanding that the specific Claims and Retained Causes of Actions are not identified or described in more detail than as contained in the Plan, the Plan Supplements or in the Disclosure Statement. All Retained Causes of Actions may be asserted or prosecuted before or after the Effective Date.

XXV. Waiver or Estoppel

173. Each holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including, without limitation, the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, as secured, or not subordinated by virtue of an agreement made with the Debtors or their counsel, the Creditors Committee or its counsel, or any other Person, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers filed with this Court prior to the Confirmation Date.

XXVI. Failure to Consummate the Plan

174. In the event that all of the conditions to the Effective Date are not satisfied or waived or the Effective Date does not occur, then the Plan, any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), the assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be null and void; provided, however, that all orders of the Bankruptcy Court and all documents executed pursuant thereto, except this Confirmation Order, shall remain in full force and effect. In such event, nothing contained in the Disclosure Statement, the Plan, the Plan Supplements or this Confirmation Order, and no acts taken in preparation for consummation of the Plan, shall be deemed to constitute a waiver or release of any Claims by or against any of the Debtors or any other Person, to prejudice in any manner the rights of any of the Debtors or any Person in any further proceedings or to constitute an admission of any sort by any of the Debtors or any other Person. If the Effective Date does not occur by December 31, 2010, the Debtors shall cause the Escrow Issuer to redeem the High Yield Notes and pay the premium in accordance with the High Yield Exit Facility.

XXVII. Dissolution of Creditors Committee

175. On the Effective Date, subject to Section 4.3 of the Plan, the Creditors Committee shall dissolve automatically, whereupon its members, Professionals, and agents shall be released and discharged from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code. The Professionals retained by the Creditors Committee and the members thereof shall be entitled to assert claims for reasonable fees for services rendered and expenses incurred in connection with the consummation of the Plan or file applications for allowance of compensation and reimbursement of expenses of the Creditors Committee's members or Professionals pending on the Effective Date or filed and served after the Effective Date pursuant to Section 4.1 of the Plan.

176. In the event an appeal is pending from this Confirmation Order as of the Effective Date the Creditors Committee shall remain in existence only for purposes related to the prosecution and defense of such appeal, and the Creditors Committee Professionals shall be entitled to compensation and reimbursement of expenses in connection with such matters.

XXVIII. Payment of Statutory Fees

177. All fees payable after the Effective Date pursuant to section 1930 of title 28 of the United States Code shall be paid prior to the closing of the Chapter 11 Cases, either when due or as soon thereafter as practicable.

XXIX. Treatment of Multiple Claims; Cross-Border Protocol

178. To the extent that a Claim is Allowed against the Estate of more than one Debtor, there shall be only a single recovery on account of such Allowed Claim. In addition, to the extent that any obligation that would otherwise constitute a Claim is paid as a CCAA Charge in the CCAA Proceedings, the payment of such CCAA Charge in the CCAA Proceedings shall be

the only payment to be made on account of such Claim in the Chapter 11 Cases and the CCAA Proceedings.

179. Subject to Section 8.8 of the Plan, the aggregate recovery under the Plan and the CCAA Plan on account of a claim for which more than one Debtor or CCAA Debtor is also liable, whether on account of a theory of primary or secondary liability, by reason of a guarantee agreement, indemnity agreement, joint and several liability or otherwise, shall not exceed 100% of the greater of (a) the amount of the Allowed Claim or (b) the total amount in which such claim is recognized in the CCAA Proceedings, whether as a Proven Claim, Proven Secured Claim, unaffected claim or otherwise.

180. With respect to Cross-Border Claims (a) there shall only be a single recovery on account of such Allowed Cross-Border Claim, and (b) the aggregate distribution which such Allowed Cross-Border Claim shall receive, whether under the Plan, the CCAA Plan or a combination of both, shall not exceed the greatest distribution which such Allowed Cross-Border Claim would be entitled to receive as an Allowed Claim under the Plan or a Proven Claim or Proven Secured Claim under the CCAA Plan.

181. The Debtors, the Reorganized Debtors, the CCAA Debtors and the Cross-Border Debtors are authorized to take any actions as may be reasonable or necessary to effectuate the provisions and intent of the Plan and this Confirmation Order with respect to issues concerning the Cross-Border Claims or other Claim issues with respect to the Cross-Border Debtors, including with respect to Disbursing Agents.

XXX. <u>Bar Date for Allowance and Payment of Certain Administrative Claims</u>

(1) Professional Compensation

182. Persons requesting Professional compensation pursuant to any of sections 327, 328, 330, 331, 363, 503(b) and 1103 of the Bankruptcy Code for services rendered on or before the Confirmation Date shall file and serve on the Debtors, or the Reorganized Debtors, as applicable, the fee auditor, the United States Trustee, and any other party entitled to receive a copy of such application pursuant to rule or order of this Court, an application for final allowance of compensation and reimbursement of expenses on or before thirty (30) days after the Effective Date.

(2) Other Administrative Claims

183. Except as otherwise provided in Article IV of the Plan, Administrative Claims shall be filed with the Bankruptcy Court and served on the Reorganized Debtors and their counsel no later than thirty (30) days after the Effective Date, unless otherwise ordered by this Court. Any request for the payment of an Administrative Claim that is not timely filed and served shall be discharged and forever barred and the holder of such Administrative Claim shall be enjoined from commencing or continuing any action, process, or act to collect, offset or recover such Claim.

184. The Debtors and the Reorganized Debtors shall have sole responsibility for filing objections to and resolving all requests for the allowance of Administrative Claims; <u>provided, however</u>, the Creditors Committee (or the Post-Effective Date Claims Agent, as applicable) shall have the right to file an objection to any Fee Claims asserted by Professionals retained on behalf of the Debtors.

XXXI. References to Plan Provisions

185. The Plan is confirmed in its entirety. The Plan (and the CCAA Plan, to the extent applicable in accordance with the terms of the Plan or the CCAA Plan) is hereby incorporated into this Confirmation Order by reference (subject to any provision incorporated by such reference being governed by an express and contradictory provision herein). The failure to reference or discuss any particular provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of, or otherwise affect, the validity, binding effect, and enforceability of such provision, and each provision of the Plan shall have the same validity, binding effect, and enforceability as if fully set forth in this Confirmation Order.

XXXII. Return of Deposits; Release of Proceeds

186. Unless otherwise agreed upon by the Reorganized Debtors and a particular utility, all utilities (including, without limitation, gas, electric, telephone, trash, and sewer services), including, without limitation, any Person that received a deposit or other form of adequate assurance of performance pursuant to section 366 of the Bankruptcy Code during the Chapter 11 Cases (collectively, the "**Deposits**"), shall return such Deposits to the Debtors and/or the Reorganized Debtors, as applicable, either by setoff against postpetition indebtedness or by Cash refund, within 45 days following the Effective Date, and as of the Effective Date such utilities are not entitled to make requests for or receive Deposits.

187. With respect to any funds received by the Debtors as a result of asset sales during the Chapter 11 Cases and placed in escrow or trust pending further order of the Court, this Confirmation Order shall constitute such further order. On the Effective Date, such funds shall be released from escrow or trust and revert to the Reorganized Debtors free and clear of any liens, Claims, charges or encumbrances. Any escrow agent or other agent (including the

Monitor) holding such funds in escrow on behalf of the Debtors or the Reorganized Debtors is hereby authorized and directed to release such funds to the Debtors or the Reorganized Debtors on the Effective Date or as soon as reasonably practicable thereafter.

XXXIII. Headings

188. Headings utilized herein are for convenience and reference only, and shall not constitute a part of the Plan or this Confirmation Order for any other purpose.

XXXIV. Notice of Entry of this Confirmation Order

189. In accordance with Bankruptcy Rules 2002 and 3020(c), the Debtors shall serve a notice of Confirmation (the "**Confirmation Notice**") by hand, overnight courier service, or United States mail, first-class postage prepaid, to all Persons having been served with the notice of the Confirmation Hearing within a reasonable period of time after the conditions to effectiveness of the Plan set forth in Section 7.2 of the Plan have been satisfied or waived, which Confirmation Notice shall include notice of the bar date for Administrative Claims; provided, however, that no notice or service of any kind shall be required to be mailed or made upon any Person to whom the Debtors mailed a notice of the Confirmation Hearing but received such notice returned marked "undeliverable as addressed," "moved, left no forwarding address," "forwarding order expired," or similar reason, unless the Debtors have been informed in writing by such Person, or are otherwise aware, of that Person's new address.

190. Mailing of the Confirmation Notice in the time and manner set forth in the preceding paragraph shall constitute good and sufficient notice under the particular circumstances and in accordance with the requirements of Bankruptcy Rules 2002 and 3020(c), and no other or further notice of Confirmation is necessary.

XXXV. Retention of Jurisdiction

191. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding the entry of this Confirmation Order or the occurrence of the Effective Date, this Court shall retain jurisdiction as provided in the Plan over all matters arising out of, or related to, the Chapter 11 Cases, the Debtors, the Reorganized Debtors, and the Plan, to the fullest extent permitted by Applicable Laws, including, without limitation, jurisdiction over those matters set forth in Section 10.1 of the Plan.

XXXVI. Modifications To the Plan, Plan Supplements and Ancillary Documents

192. Notwithstanding anything to the contrary in the Plan or this Confirmation Order, and subject to the restrictions and requirements of section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors are authorized to modify the Plan, the Plan Supplements and any ancillary document, after the date hereof without further notice to or authorization from this Court to make any of the following modifications: (a) non-material or non-adverse modifications; (b) modifications to remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or this Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan; (c) material or adverse modifications that have been approved by all affected Persons; or (d) other modifications for which this Court has granted approval. Each of the Debtors expressly reserves its respective rights to revoke or withdraw, or to alter, amend, or modify the Plan with respect to such Debtor after Confirmation and, to the extent necessary, may initiate proceedings in this Court to so alter, amend, or modify the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Section 10.8 of the Plan.

XXXVII. Tax Matters

193. Notwithstanding anything to the contrary in the Plan, the Liens asserted by Angelina County, Arlington Independent School District, Bexar County, Dallas County, Harris County WCID #21, Harris County, Judson Independent School District and Tarrant County (collectively, the "**Texas Ad Valorem Taxing Authorities**"), for pre- and post-petition taxes on the assets of the Debtors or proceeds thereof shall continue in the order of their priority, with the same validity, force and effect, that they now have against such assets or proceeds, subject to any Claims and defenses that the Debtors may possess with respect thereto until (i) such secured tax Claims are allowed and paid in full, or (ii) the entry of a further order of this Court.

194. Notwithstanding anything to the contrary in the Plan, the Priority Tax Claims of the Missouri Department of Revenue, the Priority Tax Claims of the Tennessee Department of Revenue, and the secured claims of the Texas Ad Valorem Taxing Authorities on account of unpaid taxes shall receive interest at the applicable nonbankruptcy rate as prescribed in section 511 of the Bankruptcy Code, and such interest shall accrue from and after the Effective Date through the date such claims are paid in full. Further, notwithstanding anything to the contrary in the Plan, to the extent they are over-secured, all secured claims of the Texas Ad Valorem Taxing Authorities on account of unpaid taxes shall be paid interest on such claims as allowed pursuant to section 506(b) of the Bankruptcy Code at their applicable statutory rate as required by section 511 of the Bankruptcy Code from the Petition Date through the Effective Date.

195. The Debtors will pay the post-petition taxes owed to the Texas Ad Valorem Taxing Authorities as billed in the ordinary course of business, without the necessity of the filing of claims or requests for payment. Failure to timely pay such post-petition taxes shall subject the

Debtors to the imposition of penalties, interest and collection remedies pursuant to applicable non-bankruptcy law.

196. With respect to the Texas Comptroller of Public Accounts, the Missouri Department of Revenue, and BASF Corporation and its affiliates, the timely assertion of setoff rights that such parties may have preserves any such rights, and those rights are unaffected by the Plan or Confirmation.

197. Notwithstanding Section 2.4 of the Plan, the Debtors shall make any payment on account of any allowed claim of the Texas Comptroller of Public Accounts through quarterly, as opposed to annual, installment payments.

XXXVIII. Other Resolutions and Reservations of Rights

198. Recently, the Debtors, the Cross-Border Debtors and the CCAA Debtors reached agreement with World Color Press (formerly known as Quebecor World Inc.) and World Color (USA) Corp. (formerly known as Quebecor World (USA) Inc.), together with certain of their respective affiliated entities (collectively, "**World Color**") with respect to the resolution of the claims asserted by each of said parties in their respective pending chapter 11 proceedings and CCAA proceedings, and they have submitted a settlement agreement for approval to the courts overseeing their respective bankruptcy proceedings. Notwithstanding anything to the contrary, nothing herein and/or in the Plan, including without limitation, in Sections 5.1(c), 8.4 or 8.5 of the Plan, or in any of such proceedings, or the confirmation or implementation of the Plan shall prejudice the rights of World Color to assert claims or rights of setoff or offset, if any, in connection with their existing filed claims in such proceedings (collectively, the "**World Color Claims**") or to otherwise pursue such World Color Claims against the Debtors, the Cross-Border Debtors and the CCAA Debtors in their respective proceedings, subject to the rights of the

Debtors, the Cross-Border Debtors and the CCAA Debtors to object to the World Color Claims, consistent with the provisions hereof, and all of World Color's rights are reserved in this regard. Pending approval of the settlement agreement by the applicable courts, and the effective date thereof, the Debtors shall maintain a Disputed Claims Reserve of New ABH Common Stock on account of the World Color Claims, based on a total Disputed Claim amount of $25,085,976.00 (or $30,343,997.32 in Canadian currency), allocated among certain Debtors, Cross-Border Debtors (but excluding BCFC) and CCAA Debtors, as agreed upon by the parties.

199. Nothing in this Confirmation Order or in the Plan shall be construed as a finding by the Court or an adjudication of the merits of the claims of Paul Planet ("**Planet**") or Thor Thorsteinson ("**Thorsteinson**"), and all rights of Planet and Thorsteinson to assert that they are Eligible Retirees entitled to receive benefits under the New Plans, and to pursue any previously filed claims against the Debtors or the CCAA Debtors as may be appropriate, are fully preserved.

200. Notwithstanding anything to the contrary in the Plan or this Confirmation Order, nothing herein shall affect Caterpillar Financial Services Corporation's security interests granted pursuant to the Leases (as defined in the Limited Objection filed by CAT Financial) in the Equipment (as defined in the Limited Objection).

201. Plan Supplement 11A (Schedule of Assumed Executory Contracts and Unexpired Leases) is hereby amended by deleting all references to the "Master services, purchase & sale agreement for 11 locations" between "Smurfit Stone Container" and "Donohoe Corp.", including, without limitation, the cure amount of $305,275.00. Further, notwithstanding anything contained in the Plan to the contrary, the Reorganized Debtors hereby assume that certain Services, Purchase and Sale Agreement between Smurfit-Stone Container Enterprises, Inc. and Abitibi-Consolidated Corp. subject to the parties thereto reaching an agreement with

respect to the applicable cure amount in connection with such assumption or, if such agreement cannot be reached, a determination of the applicable cure amount by this Court.

XXXIX. Distribution Record Date

202. The Distribution Record Date shall be five (5) Business Days after the Confirmation Date, except with respect to (a) Secured Funded Debt Claims, for which the Distribution Record Date shall be the Confirmation Date, and (b) publicly held securities to be cancelled under the Plan.

XL. Final Order; Waiver of Stay

203. This Confirmation Order is a final order and the period in which an appeal must be filed shall commence upon the entry hereof. Notwithstanding Bankruptcy Rules 7062 or 3020(e), this Confirmation Order shall be effective and enforceable immediately upon entry. Pursuant to Bankruptcy Rules 6004(h), 6006(d) and 7062, the Court hereby expressly finds that there is no just reason for delay in the implementation of this Confirmation Order, and this Confirmation Order shall be effective immediately upon entry.

204. If any of the provisions of this Confirmation Order are hereafter reversed, modified, or vacated by subsequent order of this Court or any other court, such reversal, modification, or vacatur shall not affect the validity of the acts or obligations incurred or undertaken pursuant to, or in connection with the Plan prior to the Debtors' receipt of written notice of such order. Notwithstanding any such reversal, modification, or vacatur of this Confirmation Order, any such act or obligation incurred or undertaken pursuant to, and in reliance on, this Confirmation Order prior to the effective date of such reversal, modification, or vacatur shall be governed in all respects by the provisions of this Confirmation Order and the Plan and all related documents or any amendments or modifications thereto.

XLI. Authorization To Consummate

205. The Debtors are authorized to consummate the Plan at any time after the entry of this Confirmation Order, subject to the satisfaction or waiver of the conditions precedent to consummation set forth in the Plan. The substantial consummation of the Plan, within the meaning of section 1101(2) of the Bankruptcy Code, shall be deemed to occur on the Effective Date.

Date: Wilmington, Delaware
Nov 23, 2010

IT IS SO ORDERED:

Kevin J. Carey
Chief United States Bankruptcy Judge