CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-036133-094

SUPERIOR COURT

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

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

ABITIBIBOWATER INC.,

- and -

ABITIBI-CONSOLIDATED INC.,

- and -

BOWATER CANADIAN HOLDINGS INC.,

- and -

the other Petitioners listed herein

Petitioners

- and -

ERNST & YOUNG INC.,

Monitor

MOTION FOR AN ORDER AUTHORIZING THE PETITIONERS TO ENTER INTO THE ABITIBI US SERP SETTLEMENT AGREEMENTS

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

A. PREAMBLE

1. On April 17, 2009, this Honourable Court issued an order (as subsequently amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (the "**Abitibi**

Petitioners")[1]; (ii) Bowater Canadian Holdings Inc. and subsidiaries and affiliates thereof (the "**Bowater Petitioners**"[2], collectively with the Abitibi Petitioners, the "**Petitioners**") and (iii) certain partnerships (the "**Partnerships**").[3]

2. Pursuant to the Initial Order, Ernst & Young Inc. (the "**Monitor**") was appointed as Monitor of the Petitioners and Partnerships under the CCAA.

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

4. In the context of the restructuring of the Petitioners' business, Bowater Canadian Forest Products Inc. and five other Bowater Petitioners filed for court protection in both the CCAA Proceedings and the Chapter 11 Proceedings (the "**Cross-Border Petitioners**").[5]

5. On September 23, 2010, this Honourable Court issued an order (the "**Sanction Order**") approving the Plan of Reorganization and Compromise, as amended, supplemented and restated (the "**CCAA Plan**") in respect of the Petitioners, save

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[1] The Abitibi Petitioners are Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd. and 9150-3383 Québec Inc. Abitibi-Consolidated (U.K.) Inc. was added to the Schedule of Abitibi Petitioner on November 10, 2009.

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

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

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

5 The Cross-Border Petitioners are Bowater Canadian Holdings Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, AbitibiBowater Canada Inc., BCFPI, Bowater LaHave Corporation and Bowater Maritimes Inc.

and except for BCFC.[6] The Petitioners, not including BCFC, are referred to herein as the "**Applicants**").

6. In the Chapter 11 Proceedings, the U.S. Debtors filed with the U.S. Bankruptcy Court a plan related to the joint reorganization of the U.S. Debtors under the U.S. Bankruptcy Code (the "**U.S. Plan**"). On November 23, 2010, the U.S. Bankruptcy Court entered an order confirming the U.S. Plan.

7. The CCAA Plan was implemented on December 9, 2010 (the "**Implementation Date**") and the effective date under the U.S. Plan was also December 9, 2010. The CCAA Plan and the U.S. Plan are collectively referred to herein as the "**Restructuring Plans**".

8. On December 10, 2010, ACI was renamed AbiBow Canada Inc. as a result of the corporate reorganization undertaken pursuant to these CCAA Proceedings.

B. Background

Supplemental Executive Retirement Plans

9. Prior to the date of the Initial Order, the Company sponsored approximately 24 different supplemental executive retirement plans ("**SERPs**") for its current and former employees. As part of its restructuring process, the Company terminated the existing SERP plans and reinstated the accrued benefits for its current employees and retirees.

10. Under the Restructuring Plans, the participants were given the option to (i) reinstate their benefits under a new SERP plan (the "**Post-Emergence SERP**") or (ii) retain an unsecured claim in the Restructuring Plans for amounts owing under the terminated SERP plans (the "**Terminated SERPs**").

11. One of the Terminated SERPs was a plan referred to as the "**Abitibi US SERP**" which had approximately 61 participants and, as set forth in the Restructuring Plans, was sponsored by ABH and its U.S. Debtors, as well as the Petitioners. This plan was unique given the multiple sponsors and may have resulted in claimants having aggregate claims well in excess of the amount owed to them. Section 7.10 of the CCAA Plan states that creditors may not receive a recovery of greater than 100% of its proven claim if it has a claim against multiple debtors.

12. A total of thirteen participants opted to file claims (the "**Claimants**") in the restructuring proceedings and the remaining 48 participants opted into the Post-Emergence SERP.

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[6] On December 31, 2010, BCFC made an assignment in bankruptcy under the provisions of the *Bankruptcy and Insolvency Act* (Canada).

13. ABH engaged its actuarial advisors, Mercer LLC ("**Mercer**"), to provide advice and assistance in calculating the benefits due and payable to each participant under the various SERP plans. Mercer's valuations were used by ABH and the Monitor to value the claims of the Abitibi US SERP participants and prepare settlement agreements to be sent to each Claimant (the "**Settlement Agreements**").

14. The Company sent each Claimant a detailed letter summarizing the proposed allocation of shares on account of their Abitibi US SERP claim and a proposed Settlement Agreement for review, comment and signature. The Settlement Agreements also deal with certain other unresolved claims of the Claimants, all of which are against the U.S. Debtors only.

15. Settlement Agreements have been executed between the Applicants, the U.S. Debtors, the Monitor, Avidity LLC (the post-effective date claims agent in the Chapter 11 Proceedings (the "**U.S. Claims Agent**")) and 12 of the 13 Claimants.

16. The Settlement Agreements contemplate that this Honourable Court as well as the U.S. Bankruptcy Court approve the agreements and/or authorize the Company to enter into the agreements.

Abitibi US SERP Allocation

17. In order to ensure that the Claimants did not receive in excess of 100% of their claims (based on a share value outlined in the Information Circular dated August 2, 2010 (the "**Information Circular**")), the Monitor, the Company and the U.S. Claims Agent agreed upon a fair and reasonable approach to allocate the claims against the various entities and determine the related distributions under the Restructuring Plans.

18. The allocation approach agreed upon between the Monitor, the Company and the U.S. Claims Agent took into consideration a number of complex and difficult legal issues. These issues included: (i) difficulty in establishing the parties intent at the time the ABH US SERP was first drafted and subsequent amendments with respect to which companies would be liable to make payments thereunder; (ii) ambiguity with respect to the identity of the liable sponsoring legal entities in the text of Abitibi US SERP; (iii) the fact that not all the Claimants filed proofs of claim against each of the potentially liable companies; and (iv) consideration of the discount rate used for the purposes of valuing the unfunded and unsecured Abitibi US SERP claims.

19. As set forth in the CCAA Plan, an individual creditor's final recovery will be ultimately determined by the creditor's proven claim in relation to the total proven claims of the relevant Applicant and such creditor will share on a pro rata basis in the shares of new ABH common stock (the "**New ABH Shares**") allocated to that Applicant. The pro rata share cannot be finalized until all the proven claims have been established for each Applicant.

20. To avoid Claimants receiving a recovery in excess of 100% of their claims and to avoid circular calculations in determining its distributions, the amount of shares allocated to each of the Claimants was fixed. The Settlement Agreements reflect an allowed claim amount against some combination of the U.S. Debtors and the Applicants and fix the number of shares from each entity that are to be distributed on account of each claim. Claimants will receive a onetime distribution of shares pursuant to the Settlement Agreements and will not participate in further distributions.

21. Although the amount of shares to be issued from ACCC, ACI and BCFPI under the Settlement Agreements are fixed, the number of New ABH shares being issued is no more that what each Claimant would have been entitled to if they had received a regular pro rata share allocation of New ABH shares that has been distributed to the other unsecured creditors pursuant to the CCAA Plan by the Monitor from ACCC, ACI and BCFPI. Therefore, the Settlement Agreements are not prejudicial to the other creditors.

The Settlement Agreements

22. Copies of the Settlement Agreements, with the names of the Claimants redacted, are attached as Appendix "G" to the Seventy-Seventh Report of the Monitor dated October 17, 2011 (the "**Seventy-Seventh Report**").

23. In summary, the Settlement Agreements provide that each Claimant shall have an allowed Abitibi US SERP claim against some combination of the following debtors: BI, BCFPI, Donohue Corp, Abitibi Consolidated Sales Corp., ACCC, and ACI (collectively, the "**Settlement Plan Sponsors**"). The allowed Abitibi US SERP claim shall constitute the Claimant's sole allowed claim arising under, in connection with, or relating to the Abitibi US SERP.

24. In full and complete satisfaction of the allowed Abitibi US SERP claim, each Claimant shall receive a designated and apportioned amount of New ABH Shares, calculated consistent with the terms of the Restructuring Plans, and allocated among the Applicants and U.S. Debtor set forth in paragraph 1 of each respective Settlement Agreement.

25. The remainder of the material terms of the Settlement Agreements are described in greater detail in the Seventy-Seventh Report.

26. All but one Claimant have fully executed their Settlement Agreement. The Company has recently been informed that the final Claimant, who filed claims against the U.S. Debtors only, has died, and the Company now has the contact information for the legal representative of his estate. The Company intends to offer the estate representative the same settlement terms as were offered to the Claimant. A form of settlement agreement incorporating such terms, with the names of the Claimant and his legal representative redacted, is attached hereto as Petitioners' Exhibit R-1. By this Motion, the Petitioners also seek this Court's

authority to enter into the settlement agreement on substantially the same terms and conditions as set forth in the attached form of settlement agreement with Claimant's estate representative without the need for further court authority or approval.

C. ORDER SOUGHT

27. The Petitioners respectfully seek an order authorizing the Petitioners to enter into the Settlement Agreements, as executed, and to enter into the settlement agreement with the legal representative of the final Claimant on substantially the same terms and conditions as set forth in the form of settlement agreement (Exhibit R-1), without the need for further court authority or approval.

D. GROUNDS FOR THIS MOTION

28. The Petitioners submit that the Settlement Agreements:

    (i) resolve over 300 claims filed against multiple entities;

    (ii) the allocation of shares to each Claimant has been computed on a basis consistent with other claimants who had multiple claims under the Restructuring Plans;

    (iii) are fair and reasonable;

    (iv) avoid the need for expensive and time-consuming cross-border litigation that may result in inconsistent results; and

    (v) are not prejudicial to any other creditors.

E. CONCLUSION

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

30. The present Motion is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

[1] **GRANT** this Motion;

[2] **AUTHORIZE** the Petitioners to enter into the Abitibi US SERP Settlement Agreements, as executed, and to enter into the settlement agreement with the legal representative of the final Claimant on substantially the same terms and conditions as set forth in the form of settlement agreement (Exhibit R-1), without the need for further court authority or approval.

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

Montréal, October 27, 2011

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Petitioners

AFFIDAVIT

I, the undersigned, **ISABEL POULIOT**, having my principal place of business at

1155 Metcalfe Street, suite 800, Montréal, Quebec, solemnly declare the following:

1. I am Director, Corporate Compensation at AbitibiBowater Inc., the court appointed Monitor in these proceedings.

2. All the facts alleged in the *Motion for an Order Authorizing the Petitioners to Enter into the Abitibi US SERP Settlement Agreements* are true.

AND I HAVE SIGNED

ISABEL POULIOT

Solemnly declared before me at Montreal,
on the 27th day of October, 2011

Commissioner for oaths

FRANÇOIS GIROUX
MEMBRE DU BARREAU DU QUÉBEC
194023-6

NOTICE OF PRESENTATION

TO: THE SERVICE LIST

TAKE NOTICE that the *Motion for an Order Authorizing the Petitioners to enter into the Abitibi US SERP Settlement Agreements* will be presented for adjudication before the Honourable Judge Clément Gascon of the Superior Court, sitting in practice in and for the District of Montréal, in the Montréal Court House, 1 Notre-Dame Street East, on Wednesday, November 9, 2011, at 9:00 a.m, in a room to be announced to the Service List.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, October 27, 2011

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Petitioners

10737159

EXHIBIT R-1

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
	)	
	)	Case No. 09-11296 (KJC)
ABITIBIBOWATER INC., *et al.*,[1]	)	
	)	(Jointly Administered)
	)	

AND

**SUPERIOR COURT OF QUEBEC
No.: 500-11-036133-094**

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*[2]

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[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"), as legal representative of the estate of [redacted]. The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, [redacted] filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

Proof of Claim Number	**Claim Asserted Against**	**Amount of Asserted Abitibi US SERP Claim**
US: [redacted]	Abitibi Consolidated Sales Corporation 09-11299	$15,212.00

WHEREAS, [redacted] is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

WHEREAS, [redacted] Proof of Claim also asserts amounts owed under the Abitibi Building Products Group supplemental executive retirement plan (the "ACSC SERP Claim"), a Terminated Plan. According to the Debtors' books and records, [redacted] was not a participant under this Terminated Plan.

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of [redacted] Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant, on behalf of the estate and as legal representative of [redacted], shall have an allowed Abitibi US SERP Claim in the amount of **$112,596** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's and [redacted] sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim, Claimant shall receive **4,504** shares

of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim shall be deemed satisfied in full.

3. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim by [redacted], including the ACSC SERP Claim, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation.

4. Release by Claimant. Other than with respect to his rights under this Agreement and the Allowed Abitibi US SERP Claim, the Claimant, on behalf of himself and on behalf of [redacted] and his estate, and each of his and their successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries,

affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim (including any administrative expense claims), and any other claims asserted in the Proof of Claim.

5. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

6. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

7. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

8. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

9. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement. Claimant represents and warrants that he is authorized to execute this Agreement on behalf of [redacted] and his estate and that no approval or additional authorization is required from any other person or any other court other than the Bankruptcy Court.

10. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

11. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

12. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

13. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to

submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

14. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement and/or approval to enter into this agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by the Bankruptcy Court and entry of an order authorizing the Company to enter into the Agreement by the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this __ day of _______________, 2011.

CLAIMANT:

____
[redacted]
on behalf of [redacted] and as legal representative
of [redacted] estate.

THE DEBTORS:

AbitibiBowater Inc.

By: __________________________
Name:
Title:

APPROVED BY:

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: __________________________
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: __________________________
Name:
Title:

SCHEDULE A

Allowed ABH US SERP
Distribution and Share Allocation

Claimant: [redacted]

Proof of Claim Number(s)	Allowed ABH US SERP Claim	Debtors Against Which Claim is Allocated	Number of Shares from Each Debtors' Estate to be Distributed to Claimant	Value of Distribution at $25/share Value
[redacted] (US)	$112,596[1]	Bowater, Incorporated	1,595	$39,865.74
		Bowater Canadian Forest Products Inc.	1,203	$30,064.04
		Abitibi-Consolidated Inc.	n/a	n/a
		Abitibi-Consolidated Company of Canada	n/a	n/a
		Donohue Corp.	936	$23,392.29
		Abitibi Consolidated Sales Corp.	771	$19,273.93
		Total:	**4,504**	**$112,596.00**

1 All amounts are in U.S. dollars.

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

N°. 500-11-036133-094

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

In the matter of Plan of Compromise or Arrangement of:

ABITIBIBOWATER INC. et al

Petitioners

- and -

ERNST & YOUNG INC.

Monitor

MOTION FOR AN ORDER AUTHORIZING THE PETITIONERS THE ABITIBI US SERP SETTLEMENT AGREEMENTS AND EXHIBIT

ORIGINAL

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