Court File No. 500-11-036133-094

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT (*CANADA)

AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE

OF

ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION CIRCULAR DATED AUGUST 2, 2010

PLAN SUPPLEMENT 6.1(a)(ii)

TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010

UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA),

SECTION 191 OF THE *CANADA BUSINESS CORPORATIONS ACT*,

AND SUCH OTHER SECTIONS AND LEGISLATION TO BE SET FORTH IN THE RESTRUCTURING TRANSACTIONS NOTICE TO BE DATED SEPTEMBER 3, 2010

September 1, 2010

NOTICE OF FILING OF CCAA PLAN SUPPLEMENT 6.1(a)(ii)

PLEASE TAKE NOTICE that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA, Section 191 of the CBCA and such other legislation to be set forth in the Restructuring Transactions Notice (the "**CCAA Plan**") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act* and such other legislation to be set forth in the Restructuring Transactions Notice involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "**Circular**"), this CCAA Plan Supplement (the "**CCAA Plan Supplement 6.1(a)(ii)**") is to be posted on the Monitor's Website on or before the CCAA Plan Supplement Filing Date with notice of such posting to be provided to the Service List (as such CCAA Plan Supplement 6.1(a)(ii) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this CCAA Plan Supplement 6.1(a)(ii) shall have the meanings ascribed to them in the Circular.

PLEASE TAKE FURTHER NOTICE that this CCAA Plan Supplement 6.1(a)(ii) supplements the CCAA Plan with the documentation relating to the ABL Exit Financing Facility and the Term Loan Exit Financing Facility, respectively attached hereto as Exhibit I and Exhibit II.

PLEASE TAKE FURTHER NOTICE that you are advised and encouraged to read this CCAA Plan Supplement 6.1(a)(ii) and its Exhibits I and II in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

PLEASE TAKE FURTHER NOTICE that a true and complete copy of the CCAA Plan Supplement 6.1(a)(ii) is attached hereto.

PLEASE TAKE FURTHER NOTICE that copies of the CCAA Plan Supplement 6.1(a)(ii) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

<u>EXHIBIT I</u>

ABL EXIT FINANCING FACILITY

EXHIBIT A
PRIVILEGED & CONFIDENTIAL

AbitibiBowater Inc.
Senior Secured Asset-Based Credit Facility
Summary of Principal Terms and Conditions

Borrowers:	AbitibiBowater Inc. (the "***Company***") and each of the Company's wholly owned U.S. subsidiaries that is a material subsidiary (the "***U.S. Borrowers***"). The U.S. Borrowers are jointly and severally liable for all of the obligations of the U.S. Borrowers under the Asset-Based Facility (as defined below). In addition, each of the Company's wholly owned Canadian subsidiaries that is a material subsidiary (the "***Canadian Borrowers***") shall be designated as a borrower for the Canadian Sub-Facility (as defined below). The Canadian Borrowers are jointly and severally liable for all of the obligations of the Canadian Borrowers under the Canadian Sub-Facility. The U.S. Borrowers and the Canadian Borrowers are collectively referred to herein as the "***Borrowers***".
Guarantees:	All obligations of the Borrowers under the Asset-Based Facility including, if applicable, obligations of the Borrowers arising under the Secured Hedging Agreements (as defined below) and the Secured Cash Management Agreements (as defined below), will be unconditionally guaranteed, jointly and severally on a senior secured basis (the "***U.S. Guarantees***") by the U.S. Borrowers (the "***U.S. Guarantors,***" and, together with the U.S. Borrowers, the "***U.S. Credit Parties***"). All obligations of the Canadian Borrowers under the Asset-Based Facility including, if applicable, obligations of the Canadian Borrowers arising under the Secured Hedging Agreements and the Secured Cash Management Agreements, will be unconditionally guaranteed, jointly and severally on a senior secured basis (the "***Canadian Guarantees***" and, together with the U.S. Guarantees, the "***Guarantees***") by the Canadian Borrowers (the "***Canadian Guarantors***" and, together with the Canadian Borrowers, the "***Canadian Credit Parties***"). The U.S. Credit Parties and the Canadian Credit Parties are collectively referred to herein as the "***Credit Parties***". Each such entity providing a guarantee is referred to herein as a "***Guarantor***".
Administrative Agent:	Citibank, N.A. or an affiliate thereof will act as sole and exclusive administrative agent (in such capacity, the "***Administrative Agent***") for the Lenders (as defined below).
Collateral Agent:	Citibank, N.A., will act as collateral agent (the "***Collateral Agent***") for the Lenders.
Joint Lead Arrangers:	Citigroup Global Markets, Inc., Barclays Capital, the investment banking division of Barclays Bank PLC ("***Barclays Capital***") and

J.P. Morgan Securities Inc., will act as exclusive joint lead arrangers (collectively, together with their affiliates, the "***Joint Lead Arrangers***").

Syndication Agent: Barclays Capital, together with one or more other persons reasonably selected by the Joint Lead Arrangers in consultation with the Company, will act as syndication agents (collectively, the "***Syndication Agent***") for the Asset-Based Facility.

Documentation Agent: J.P. Morgan Securities Inc., together with one or more other persons reasonably selected by the Joint Lead Arrangers in consultation with the Company, will act as documentation agents (collectively, the "***Documentation Agent***") for the Asset-Based Facility.

Joint Bookrunners: Citigroup Global Markets, Inc., Barclays Capital and J.P. Morgan Securities Inc. will act as joint bookrunners (collectively, together with their affiliates, the "***Joint Bookrunners***").

Lenders: Citibank, N.A., Barclays Bank PLC ("***Barclays***"), JPMorgan Chase Bank, N.A. ("***JPMCB***") and other financial institutions or entities acceptable to the Joint Lead Arrangers (as defined below) and selected in consultation with the Company (the "***Lenders***").

Fronting Banks: Citibank, N.A., Barclays and JPMCB (or affiliates thereof) and other mutually satisfactory Lenders or their affiliates, in each case subject to individual issuance limits to be mutually agreed (collectively, the "***Fronting Banks***").

Asset-Based Facility: A non amortizing revolving credit facility, subject to Maximum Facility Availability (as defined below), will be made available to the Borrowers in a principal amount of up to $600,000,000 (the "***Asset-Based Facility***") during the period from (and including) the Effective Date (as defined below) to (but excluding) the Termination Date (as defined below). Subject to the Maximum U.S. Borrower Availability (as defined below), the Asset-Based Facility will be available to the U.S. Borrowers (denominated in U.S. dollars); *provided* that subject to Maximum Canadian Borrower Availability (as defined below), up to $400,000,000 of the Asset-Based Facility, will be available to the Canadian Borrowers (denominated in U.S. dollars or Canadian dollars) (the "***Canadian Sub-Facility***"). All loans outstanding under the Asset-Based Facility (the "***Loans***") shall become due and payable on the Termination Date.

A. ***Letters of Credit***: Up to $150,000,000 of the Asset-Based Facility, subject to Maximum Facility Availability, will be available for the issuance of letters of credit by the Fronting Banks for the account of the Borrowers (the "***Letters of Credit***"). No Letter of Credit will be issued or shall expire after the 30th day preceding the Termination Date (as defined below) and none shall have a term of more than one year; *provided* that any Letter of Credit may provide for renewal thereof for additional periods of up to twelve months.

B. *Swingline Loans*: Up to $20,000,000 of the Asset-Based Facility, subject to Maximum Facility Availability, will be available at the discretion of Citibank, N.A. (or an affiliate thereof) as swingline lender (the "***Swingline Lender***") to the Borrowers for swingline loans from the Swingline Lender.

C. *Increase Option*: The Asset-Based Facility may from time to time, at the option of the Borrowers, be increased through the addition of new Lenders or increases in the commitments of existing Lenders, subject to the satisfaction of customary conditions; *provided* that no existing Lender will be obligated to provide any such increase. The aggregate amount of all increases in the Asset-Based Facility may not exceed $100,000,000 and each individual increase(s) shall be in an amount greater than or equal to $25,000,000.

Use of Proceeds:	The proceeds of the Asset-Based Facility will be used by the Borrowers for funding amounts payable under the Plan and the CCAA Plan and for working capital and general corporate purposes.
Credit Documents:	The documents governing the Asset-Based Facility and the rights and obligations of the Borrowers, the Guarantors and Lenders with respect to the Asset-Based Facility and any security therefor (the "***Credit Documents***").
Termination Date:	The fourth anniversary of the Effective Date (the "***Termination Date***").
Maximum Facility Availability:	Availability under that portion of the Facility that may be made available to U.S. Borrowers (the "***Maximum U.S. Borrower Availability***") will be at any date an amount equal to the lesser of (a) the then effective commitments under the Asset-Based Facility on such date and (b) the aggregate amount of the Borrowing Base (as defined below) attributable to the U.S. Credit Parties on such date. Availability under the Canadian Sub-Facility (the "***Maximum Canadian Borrower Availability***") will be at any date an amount equal to the lesser of (a) $400,000,000 and (b) the aggregate amount of the Borrowing Base attributable to the Canadian Credit Parties on such date. Notwithstanding the foregoing, aggregate availability under the Asset-Based Facility (the "***Maximum Facility Availability***") will be at any date an amount equal to the lesser of (a) the then effective commitments under the Asset-Based Facility on such date and (b) the aggregate amount of the Borrowing Base (as defined below) on such date.
Borrowing Base:	"***Borrowing Base***" means, at any time, an amount equal to the sum of (i) 85% of the eligible accounts receivable *plus* (ii) the lesser of (x) 65% of eligible inventory and (y) 85% of the net orderly liquidation value of such eligible inventory, *minus* (iii) the sum of (x) aggregate

net exposure under Secured Hedging Agreements (as defined below) which are pari passu in right of payment with the Asset-Based Facility, (y) aggregate net exposure under Secured Cash Management Agreements (as defined below) which are pari passu in right of payment with the Asset-Based Facility and (z) reserves established by the Administrative Agent in its reasonable credit judgment; *provided* that the methodology for deriving Borrowing Base will not be materially different than that reflected in the spreadsheet furnished by the Administrative Agent to the Company on August 3, 2010 (the "***Spreadsheet***").

"***Secured Hedging Agreements***" means certain interest rate, foreign currency and commodity hedging agreements entered into by the Credit Parties with the Lenders (as defined below) or their affiliates and designated as such by the Company.[1]

"***Secured Cash Management Agreements***" means certain cash management agreements entered into by the Credit Parties with the Lenders or their affiliates and designated as such by the Company.[2]

Eligibility:

Eligibility of accounts receivable for purposes of computing "***Borrowing Base***" will be determined by the Administrative Agent in accordance with criteria substantially similar to those contained in the Administrative Agent's credit agreements for similar asset-based financings; *provided* that the eligibility criteria will not be materially different than the criteria reflected in the Spreadsheet.

Borrowing Base Calculations:

The Borrowing Base will be computed monthly (or weekly in the case of receivables during an event of default or upon Excess Availability (as defined below) falling below 20% of the then effective commitments under the Asset-Based Facility), by the Company and a borrowing base certificate (a "***Borrowing Base Certificate***") presenting the Company's computation of the Borrowing Base will be delivered to the Administrative Agent promptly, but in no event later than (i) during the three-month period following the Effective Date, the 25th day following the end of each month and (ii) thereafter, the 20th day following the end of each month, (or third business day following the end of each week, when weekly Borrowing Base Certificates are required); *provided, however* that the Company shall have the option to deliver a Borrowing Base Certificate with respect to Eligible Receivables on a weekly basis.

Cash Management:

"***Concentration Account***" means, collectively, the accounts into which all proceeds of the ABL Collateral (as defined below) will be deposited. The Concentration Account will be subject to control agreements in favor of the Administrative Agent.

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[1] Cap TBD.
[2] Cap TBD.

During a Cash Dominion Period, all amounts collected in the Concentration Account will be automatically applied to the repayment of Loans in accordance with a waterfall that will be set forth in the definitive Credit Documents. "***Cash Dominion Period***" means any period during which Excess Availability is less than 17.5% of the then effective commitments under the Asset-Based Facility or during which an Event of Default shall have occurred. Once Excess Availability is equal to or greater than 17.5% of the then effective commitments under the Asset-Based Facility for a period of 45 consecutive days, the Cash Dominion Period shall end (unless an Event of Default shall be continuing).

"***Excess Availability***" means an amount equal to (i) the Maximum Facility Availability *less* (ii) the sum of the outstanding principal amounts of all revolving Loans, Letter of Credit exposures and swingline exposure under the Asset-Based Facility ("***Total Outstandings***"). Total Outstandings shall be determined as of the close of business on each business day giving effect to all changes in Total Outstandings during such business day.

Optional Prepayments: The Borrowers may ratably prepay the Loans under either tranche at any time in whole or in part without premium or penalty (other than breakage costs, if applicable), subject to customary notice and minimum denomination requirements.

Commitment Reductions: The Borrowers may at any time in whole permanently terminate, or from time to time in part permanently and ratably reduce, the commitments, subject to customary notice and minimum denomination requirements.

Mandatory Prepayments: Mandatory prepayments of the Asset-Based Facility shall be required upon receipt of net cash proceeds from (i) sales of ABL Collateral (as defined below) not in the ordinary course of business and (ii) insurance and condemnation awards with respect to ABL Collateral, in each case received by the Company or any of its subsidiaries in excess of $5,000,000.

On any date that (i) the Total Outstandings owed by the U.S. Borrowers exceed the Maximum U.S. Borrower Availability, (ii) the Total Outstandings owed by the Canadian Borrowers exceed the Maximum Canadian Borrower Availability or (iii) the Total Outstandings exceed the Maximum Facility Availability, then in each case, not later than the next business day, the Borrowers must prepay the Loans so that the Total Outstandings no longer exceed the Maximum U.S. Borrower Availability, the Maximum Canadian Borrower Availability or the Maximum Facility Availability, as applicable.

Security: All amounts owing by the U.S. Credit Parties under the Asset-Based Facility will be secured by (i) a first priority perfected lien on all now owned or hereafter acquired inventory, accounts receivable, cash and other related rights to payment, deposit and securities accounts, books and records, intangibles to the extent necessary to sell the U.S. ABL Collateral (as defined below), and contracts and assets of the U.S. Credit Parties evidencing or relating to the inventory or accounts receivable, together with proceeds of the foregoing (collectively, the "***U.S. ABL Collateral***") and (ii) a second priority perfected lien on all other now owned or hereafter acquired assets of the U.S. Credit Parties pledged to secure the Senior Secured Notes (as defined below) (other than the U.S. ABL Collateral) (collectively, the "***Other U.S. Collateral***" and together with the U.S. ABL Collateral, the "***U.S. Tranche Collateral***").

All amounts owing by the Canadian Credit Parties under the Asset-Based Facility will be secured by (i) a first priority perfected lien on all now owned or hereafter acquired inventory, accounts receivable, cash and other related rights to payment, deposit and securities accounts, books and records, intangibles to the extent necessary to sell the Canadian ABL Collateral (as defined below), and contracts and assets of the Canadian Credit Parties evidencing or relating to the inventory or account receivable, together with proceeds of the foregoing (collectively, the "***Canadian ABL Collateral***") and (ii) a second priority perfected lien on all other now owned or hereafter acquired assets of the Canadian Credit Parties pledged to secure the Senior Secured Notes (other than the Canadian ABL Collateral) (collectively, the "***Other Canadian Collateral***" and together with the Canadian ABL Collateral, the "***Canadian Tranche Collateral***"). The Canadian ABL Collateral and the U.S. ABL Collateral are collectively referred to herein as the "***ABL Collateral***".

"***Senior Secured Notes***" means the senior first lien notes to be issued by the Company in connection with its exit from Chapter 11 or any term loan financing entered into by the Company in lieu of all or any portion thereof.

Intercreditor Agreement: The lien priority, relative rights and other creditors' rights issues in respect of the Asset-Based Facility, the Secured Hedging Agreements and the Secured Cash Management Agreements on the one hand, and the Senior Secured Notes, on the other, will be set forth in an intercreditor agreement, which shall be customary for transactions of this type and acceptable to the Joint Lead Arrangers (the "***Intercreditor Agreement***").

Conditions Precedent to Effective Date: The conditions precedent to the Effective Date shall be those customarily found in the Administrative Agent's agreements for similar financings and other conditions deemed by the Administrative Agent to be appropriate to the specific transaction and in any event include without limitation:

A. entry by the US Bankruptcy Court of an order (which order may be the confirmation order) approving the Asset-Based

Facility and all related documentation, in form and substance satisfactory to the Joint Lead Arrangers and Joint Bookrunners, which order shall be in full force and effect, unstayed, final and non-appealable, and shall not have been amended, supplemented or otherwise modified without the written consent of the Joint Lead Arrangers and the Joint Bookrunners.

B. the US Disclosure Statement (as defined below) shall be reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners (it being understood that the US Disclosure Statement filed with the US Bankruptcy Court on August 2, 2010 is satisfactory to the Joint Lead Arrangers and Joint Bookrunners) and shall have been approved by the US Bankruptcy Court (as defined below).

C. the US Plan (as defined below) and all other related documentation (a) shall be satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such US Plan that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects (it being understood that the US Plan filed with the US Bankruptcy Court on August 2, 2010 is satisfactory to the Joint Lead Arrangers and Joint Bookrunners) (b) shall have been confirmed by an order of the US Bankruptcy Court satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such order that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects, which order shall be in full force and effect, unstayed, final and non-appealable, and shall not have been modified or amended without the written consent of the Joint Lead Arrangers and the Joint Bookrunners, reversed or vacated, and (c) all conditions precedent to the effectiveness of the US Plan as set forth therein shall have been satisfied or waived (the waiver thereof having been approved by the Joint Lead Arrangers), and the substantial consummation (as defined in Section 1101 of the Bankruptcy Code) of the US Plan in accordance with its terms shall have occurred contemporaneously with the closing of the Asset-Based Facility.

D. the CCAA Plan (as defined below) and all other related documentation (a) shall be satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such CCAA Plan that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects (it being understood that the CCAA Plan filed with the Canadian Bankruptcy Court on May 4, 2010, as amended on May 24, 2010 and as further amended on July 8, 2010 is satisfactory to the Joint Lead Arrangers and Joint Bookrunners) (b) shall have been approved by a Sanction Order issued by the Canadian Bankruptcy Court satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such order that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects, which order shall be in full force and effect, unstayed, final and non-appealable, and shall not have been modified or amended without the written consent of the Joint Lead Arrangers and the Joint Bookrunners, reversed or vacated, and (c) all conditions precedent to the effectiveness of the CCAA Plan as set forth therein shall have been satisfied or waived (the waiver thereof having been approved by the Joint Lead Arrangers), and the implementation of the CCAA Plan in accordance with its terms shall have occurred contemporaneously with the closing of the Asset-Based Facility.

E. except as disclosed in the US Disclosure Statement, since December 31, 2009 there has not been any event, occurrence, development or state of circumstances or facts that has had or would reasonably be expected to have, individually or in the aggregate a Material Adverse Effect (as defined below).

F. the satisfactory negotiation, execution and delivery of customary definitive documentation relating to the Asset-Based Facility, including without limitation, a credit agreement, guarantees, security agreements, pledge agreements, real property security agreements, opinions of counsel and other related definitive documents to be based upon and substantially consistent with the terms set forth in this Term Sheet and otherwise satisfactory to the Joint Lead Arrangers.

G. payment of all costs, fees and expenses then due.

H. the repayment in full of all amounts owing to the lenders and agents under the existing securitization facility in cash and the termination of such facility.

I. delivery of an inventory appraisal report and a field examination report with respect to the Borrowing Base, which in each case shall be dated no earlier than August 2010 and shall be satisfactory to the Collateral Agent.

J. delivery of a completed borrowing base certificate with respect to the Borrowers, calculated in the same manner as the Spreadsheet, as of a date no earlier than 30 days preceding the Effective Date satisfactory to the Joint Lead Arrangers.

K. Excess Availability plus unrestricted cash on hand of not less than $480,000,000.

L. minimum EBITDA (as defined below) of the Company and its subsidiaries of (i) in the event the Effective Date occurs prior to October 20, 2010, $72,000,000 and (ii) if the Effective Date occurs thereafter, $90,000,000, in each case, for the most recent three month period ended not less than 20 days prior to the Effective Date.

M. the Company shall have received minimum aggregate gross proceeds of (i) $600,000,000 in cash from the issuance of Senior Secured Notes and (ii) $900,000,000 in cash from the issuance of Senior Secured Notes, term loans, the issuance of convertible notes pursuant to the Rights Offering, asset sales (other than cash applied to prepay convertible notes issued pursuant to the Rights Offering), the settlement of the Company's NAFTA claim against the Government of Canada, or other third party debt financing, in each case, on terms and conditions reasonably satisfactory to the Joint Lead Arrangers.

N. delivery of evidence that all required insurance has been maintained and that the Collateral Agent has been named as loss payee and additional insured.

O. compliance with customary documentation conditions, including the delivery of customary legal opinions and a customary solvency certificate from the chief financial officer of the Company as to the solvency of U.S. Credit Parties and of the Canadian Credit Parties, in each case, taken as a whole, good standing certificates, certified organizational documents and customary officer's certificates (including evidence of authority), in each case, in form and substance reasonably satisfactory to the Joint Lead Arrangers.

P. delivery of all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including without limitation the Patriot Act, in each case at least five (5) business days prior to the Effective Date.

Q. credit insurance programs with Economic Development Company of Canada (the "***Credit Insurance Programs***") with respect to all non-U.S. and non-Canadian accounts receivable shall continue to be in effect.

The first date on which all of the foregoing conditions have been satisfied shall be referred to herein as the "***Effective Date***".

"***Canadian Debtors***" means certain of the US Debtors and certain non-debtor subsidiaries that are debtors in cases under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 pending in the Quebec Superior Court, Commercial Division, for the Judicial District of Montreal (the "**Canadian Bankruptcy Court**").

"***CCAA Plan***" means the plan of reorganization and compromise of the Canadian Debtors filed with the Canadian Bankruptcy Court on May 4, 2010, as amended on May 24, 2010, and further amended on July 8, 2010, and as may be further amended, supplemented or otherwise modified from time to time.

"***US Debtors***" means the Company and its subsidiaries that are debtors in possession in jointly-administered cases commenced in the United States Bankruptcy Court for the District of Delaware (the "***US Bankruptcy Court***").

"***US Disclosure Statement***" means that certain First Amended Disclosure Statement of the US Debtors filed with the US Bankruptcy Court on May 24, 2010, as may be amended, supplemented or otherwise modified from time to time.

"***US Plan***" means the First Amended Joint Chapter 11 Plan of Reorganization for the US Debtors filed with the US Bankruptcy Court on May 24, 2010, as may be amended, supplemented or otherwise modified from time to time.

"***Rights Offering***" means the rights offering for the issuance of convertible unsecured subordinated notes by the Company.

"***EBITDA***" means, for any period, net income, calculated before interest expense, provision for income taxes, depreciation, depletion and amortization expense, non-cash income or charges, extraordinary gains or losses, non-recurring non-cash charges, non-recurring cash charges (subject to a cap to be agreed), reorganizational charges (subject to a cap to be agreed) and net gain or loss on asset dispositions (in each case, for such period and to the extent included in determining net income for such period), determined on a consolidated basis for the Company and its subsidiaries.

<u>Conditions Precedent to Each Credit Event</u>:

On the date of each Credit Event (i) there shall exist no default under the Credit Documents and the representations and warranties in the Credit Documents shall be true and correct in all material respects (unless such representations and warranties are qualified as to materiality, in which case they shall be true and correct in all respects), in each case, immediately prior to, and after giving effect to, such Credit Event; (ii) after giving effect to such Credit Event, Total Outstandings owed by the U.S. Borrowers will not exceed the Maximum U.S. Borrower Availability, (iii) after giving effect to such Credit Event, Total Outstandings owed by the Canadian Borrowers will not exceed the Maximum Canadian Borrower Availability, (iv) after giving effect to such Credit Event, the Total

	Outstandings will not exceed Maximum Facility Availability; and (v) the making of such Loan (or the issuance of such Letter of Credit) shall not violate any requirement of law and shall not be enjoined, temporarily, preliminarily or permanently. "***Credit Event***" means the funding date of each Loan and the date of issuance, amendment or extension of any Letter of Credit.
<u>Material Adverse Effect</u>:	Means the following: (a) material adverse effect on the business, operations, prospects (taking into account the cyclical nature of the pulp and paper industry) or assets of the Credit Parties and their subsidiaries (taken as a whole), (b) material adverse effect on ability of the Credit Parties and their subsidiaries (taken as a whole) to perform their respective obligations under the Asset-Based Facility or (c) a material adverse effect on the legality, validity or enforceability of the Credit Documents (including, without limitation, the validity, enforceability or priority of the security interests granted thereunder).
<u>Interest Rates, Yields and Fees</u>:	As set forth on <u>Annex I</u> attached hereto.
<u>Representations and Warranties</u>:	The Credit Documents will contain representations and warranties customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other representations and warranties deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation with respect to: valid existence, compliance with law, requisite power, due authorization, no conflict with agreements or applicable law, enforceability of the Credit Documents, ownership of subsidiaries, accuracy of financial statements and all other information provided, absence of Material Adverse Effect, solvency, absence of material litigation, taxes, margin regulations, no burdensome restrictions, no default under material agreements or the Credit Documents, inapplicability of Investment Company Act, use of proceeds, insurance, labor matters, ERISA, environmental matters, necessary rights to intellectual property and ownership of properties.
<u>Affirmative Covenants</u>:	The Credit Documents will contain affirmative covenants customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other affirmative covenants reasonably deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation, the following: A. Preservation of existence. B. Compliance with laws (including ERISA and applicable environmental laws). C. Conduct of business.

D. Payment of taxes.

E. Maintenance of insurance.

F. Access to books and records and visitation rights.

G. Maintenance of books and records.

H. Maintenance of properties.

I. Use of proceeds.

J. Provision of additional collateral, guarantees and mortgages.

K. Further assurances.

L. Maintenance of cash management as set forth above.

M. Field audits, examinations and appraisals of receivables and inventory at any time at the reasonable request of the Administrative Agent; *provided* that if no Event of Default has occurred and is continuing, such audits and examinations shall be limited to 2 in any 12 month period plus one additional field audit, examination and appraisal during the 12 months following any date on which Excess Availability is less than 17.5% of the then effective commitments under the Asset-Based Facility.

N. Delivery of Borrowing Base Certificates as set forth above.

O. Delivery of audited and unaudited consolidated financial statements, annual budget and other customary information and notices.

Negative Covenants:

The Credit Documents will contain negative covenants customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other negative covenants reasonably deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation, the following (in each case, subject to customary exceptions and baskets to be mutually agreed):

A. Limitations on debt and guarantees provided that the following debt and guarantees shall be permitted:

(1) Intercompany loans and advances among the Credit Parties.

(2) Debt incurred by a majority owned subsidiary or joint venture that is, except for a pledge of the equity of such subsidiary on a non-recourse basis, without recourse to the Credit Parties.

B. Limitations on liens provided that liens on the equity interests or assets of a majority owned subsidiary or joint venture, securing indebtedness permitted under clause A.(2) above shall be permitted.

C. Limitations on loans and investments provided that:

(1) An acquisition basket in an amount to be agreed shall be permitted, subject to customary conditions including minimum Excess Availability of 25% of the then effective commitments under the Asset-Based Facility and the Fixed Charge Coverage Ratio (determined on a pro forma basis) not less than 1.10 to 1.00.

(2) Investments in connection with the acquisition of the minority joint venture interest in Augusta Newsprint Company shall be permitted; *provided* that the consideration for such acquisition shall be equity or cash generated by Augusta Newsprint Company.

D. Limitations on asset dispositions, including, without limitation, the issuance and sale of capital stock of subsidiaries provided that the following asset sales shall be permitted:

(1) The sale of the equity or assets of (I) Abitibi-Consolidated Hydro, Inc. and/or ACH Limited Partnership or (II) Bowater-Korea Ltd.

(2) The sale of timberlands.

(3) The sale of closed mills.

(4) Other asset sales in an aggregate amount to be agreed.

E. Limitations on dividends, redemptions and repurchases with respect to capital stock.

F. Limitations on cancellation of debt and on prepayments, redemptions and repurchases of debt (other than the Loans) provided that the following cancellation and prepayments of debt shall be permitted subject to customary conditions including minimum Excess Availability of 25% of the then effective commitments under the Asset-Based Facility and the Fixed Charge Coverage Ratio (determined on a pro forma basis) not less than 1.10 to 1.00:

(1) Cancellations and prepayments made pursuant to the Plan or the CCAA Plan.

(2) Prepayment of the convertible notes issued pursuant to the Rights Offering from the proceeds of asset sales (other than sales of ABL Collateral) and the proceeds of Escrowed Notes (as defined in and subject to the terms specified in the

First Amendment to the Backstop Commitment Agreement dated as of July 20, 2010 and the exhibits thereto).

G. Limitations on mergers, consolidations, acquisitions, joint ventures or creation of subsidiaries provided that the following shall be permitted:

(1) Mergers, consolidations and amalgamations among the Credit Parties (subject to customary restrictions).

(2) Joint ventures and acquisitions that comply with the investments covenants.

(3) Creation of new subsidiaries; *provided* that if such subsidiary is organized under the laws of the United States or Canada and such subsidiary is a material subsidiary, then such subsidiary shall become a U.S. Borrower or Canadian Borrower, as the case may be.

H. Limitations on changes in business.

I. Limitations on transactions with affiliates.

J. Limitations on restrictions on distributions from subsidiaries and granting of negative pledges.

K. Limitations on amendment of constituent documents and material debt instruments, except for modifications that could not reasonably be expected to materially affect the interests of the Lenders.

L. Limitations on changes in accounting treatment and reporting practices or the fiscal year; *provided* that the Company shall be permitted a one time change from generally accepted accounting principles to international financial reporting standards.

M. Limitations on hedging transactions except for the sole purpose of hedging risks in the normal course of business and consistent with industry practices.

Notwithstanding the foregoing, it is understood and agreed that the negative covenants shall permit assets and funds to be transferred between Credit Parties without a cap.

Financial Covenant: A Fixed Charge Coverage Ratio of no less than 1.10 to 1.00, applicable if Excess Availability on any day is less than 15% of the then effective commitments under the Asset-Based Facility.

"***Fixed Charge Coverage Ratio***" means, the ratio of (a) EBITDA minus capital expenditures (except those financed with borrowed money (other than Loans), asset sales or equity proceeds) and cash taxes paid in the ordinary course, to (b) the sum of cash interest expense, scheduled principal payments on indebtedness (including capital lease obligations), dividends or distributions paid in cash (excluding items eliminated in consolidation) by the Company and its subsidiaries and cash contributions to any pension plans in excess of expense or to the extent not otherwise included in the calculation of EBITDA, determined on a consolidated basis for the Company and its subsidiaries.

Events of Default: The Credit Documents will contain events of default customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other events of default reasonably deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation, the following:

A. Failure to pay principal, interest or any other amount when due (subject to grace periods for interest or other amounts to be agreed).

B. Representations and warranties incorrect in any material respect when given.

C Failure to comply with covenants (with grace periods as applicable).

D. Cross-default to payment defaults, or default or event of default if the effect is to accelerate or permit acceleration in excess of amounts to be agreed.

E. Failure to satisfy or stay execution of judgments in excess of specified amounts.

F. Bankruptcy or insolvency.

G. The existence of certain materially adverse employee benefit or environmental liabilities.

H. Actual and asserted invalidity or impairment of any Credit Document (including the failure of any lien to remain perfected).

I. Change of ownership or control.

J. Termination of the Credit Insurance Programs.

Indemnification: The Credit Documents will contain customary indemnification provisions (including coverage of environmental liabilities) by the Credit Parties (jointly and severally) in favor of the Administrative Agent and any other agents or co-agents appointed in respect of the Asset-Based Facility, the Joint Lead Arrangers, each Lender and each of their respective affiliates and the respective officers, directors, employees, agents, advisors, attorneys and representatives of each of them.

Expenses:

The Credit Parties shall jointly and severally pay or reimburse the Administrative Agent, any other agents or co-agents appointed in respect of the Asset-Based Facility and the Joint Lead Arrangers for all reasonable and documented costs and expenses incurred by the Administrative Agent, any other agents or co-agents appointed in respect of the Asset-Based Facility and the Joint Lead Arrangers (including reasonable attorneys' fees and expenses) in connection with (i) the preparation, negotiation and execution of the Credit Documents; (ii) the syndication and funding of the Loans and any issuance of Letters of Credit; (iii) the creation, perfection or protection of the liens under the Credit Documents (including all search, filing and recording fees); (iv) the on-going administration of the Credit Documents (including the preparation, negotiation and execution of any amendments, consents, waivers, assignments, restatements or supplements thereto); and (v) the reasonable and documented initial and ongoing field audits, examinations and appraisals in respect of the ABL Collateral; *provided* that if no Event of Default has occurred and is continuing, such audits and examinations shall be limited to 2 in any 12 months period plus an one additional field audit, examination and appraisal during the 12 months following any date on which Excess Availability is less than 17.5% of the then effective commitments under the Asset-Based Facility.

The Credit Parties further agree to jointly and severally pay or reimburse the Administrative Agent, any other agents or co-agents appointed in respect of the Asset-Based Facility and each of the Lenders for all costs and expenses, including reasonable attorneys' fees and expenses, incurred by the Administrative Agent or such Lenders in connection with (i) the enforcement of the Credit Documents; (ii) any refinancing or restructuring of the Asset-Based Facility in the nature of a "work-out" or any insolvency or bankruptcy proceeding; and (iii) any legal proceeding relating to or arising out of the Asset-Based Facility or the other Credit Documents.

Assignments and Participations:

Assignments must be in a minimum amount of $2,500,000 and are subject to the approval of the Administrative Agent, each Fronting Bank and the Company, which in the case of the Company, shall not be unreasonably withheld or delayed or required (x) during the primary syndication of the Asset-Based Facility, (y) during the continuance of an event of default under the Credit Documents, or (z) with respect to any assignment to a Lender, an affiliate of a Lender or a fund engaged in investing in commercial loans that is advised or managed by a Lender. Consent of the Company shall be deemed to have been given if the Company has not responded within five business days of a request for such consent. No participation shall

	include voting rights, other than for matters requiring consent of 100% of the Lenders.
Requisite Lenders:	Lenders holding more than 50% of the outstanding commitments and/or exposure under the Asset-Based Facility (the "**Requisite Lenders**").
Amendments:	Requisite Lenders, except for provisions customarily requiring approval by all affected Lenders; *provided* that amendments to the Borrowing Base definitions that would result in an increase in availability shall require the approval of Lenders holding at least 66⅔% of the of the outstanding commitments and/or exposure under the Asset-Based Facility.
Defaulting Lenders:	The Credit Documents will contain customary provisions relating to Defaulting Lenders.
Miscellaneous:	The Credit Documents will include (i) standard yield protection provisions (including, without limitation, provisions relating to compliance with risk-based capital guidelines, increased costs and payments free and clear of withholding taxes), (ii) a waiver of consequential damages and (iii) normal agency, set-off and sharing language.
Governing Law and Forum:	State of New York.
Counsel to Administrative Agent:	Davis Polk & Wardwell LLP.

INTEREST RATES AND FEES

Interest Rates:

Loans will bear interest, at the option of the Borrowers, at one of the following rates:

(a) in the case of U.S. dollar denominated Loans:

(i) the Applicable Margin (as defined below) *plus* the Alternate Base Rate (as defined below), calculated on a 365/366-day basis and payable monthly in arrears; or

(ii) the Applicable Margin *plus* the current LIBO rate as quoted by Reuters LIBOR01 page, adjusted for reserve requirements, if any, and subject to customary change of circumstance provisions, for interest periods of one month (the "***LIBO Rate***"), calculated on a 360-day basis and payable at the end of the relevant interest period; and

(b) in the case of Canadian dollar denominated Loans:

(i) the Applicable Margin (as defined below) *plus* the Canadian Prime Rate (as defined below), calculated on a 365/366-day basis and payable monthly in arrears; or

(ii) the Applicable Margin *plus* the BA Rate (as defined below), adjusted for reserve requirements, if any, and subject to customary change of circumstance provisions, for contract periods of one month, calculated on a 365/366-day basis and payable at the end of the relevant contract period, but in any event at least quarterly.

"***Applicable Margin***" means:

(i) until the completion of the second full fiscal quarter commencing after the Effective Date, 2.00% per annum, in the case of Loans bearing interest based on the Alternate Base Rate ("***ABR Loans***") or the Canadian Prime Rate ("***Canadian Prime Loans***"), and 3.00% per annum, in the case of Loans bearing interest at a rate based on the LIBO Rate ("***LIBOR Loans***") or the BA Rate ("***BA Loans***"); and (ii) thereafter, a per annum rate equal to the rate set forth below opposite the then applicable average monthly Excess Availability:

AVERAGE MONTHLY EXCESS AVAILABILITY	ABR LOANS AND CANADIAN PRIME LOANS	LIBOR LOANS AND BA LOANS
Greater than or equal to 66.7%	1.75%	2.75%
Less than 66.7% and greater than or equal to 33.3%	2.00%	3.00%
Less than 33.3%	2.25%	3.25%

"***Alternate Base Rate***" means the highest of (i) Citibank, N.A.'s base rate, (ii) one-month LIBO Rate *plus* 1% , (iii) the three-month certificate of deposit rate plus 1/2 of 1% and (iv) the Federal Funds Effective Rate *plus* 1/2 of 1%.

"***BA Rate***" means, with respect to a BA loan being made by a Lender on any day for a particular contract period, (a) for a Lender named on Schedule I to the *Bank Act* (Canada), the CDOR Rate on such day for such contract period, and (b) for any other Lender, the lesser of (i) the percentage discount rate quoted by such Lender as the percentage discount rate at which such Lender would, in accordance with its normal practices, at or about 10:00 a.m. on such date, be prepared to purchase bankers' acceptances or make BA loans having a face amount and term comparable to the face amount and term of such bankers' acceptance, and (ii) the CDOR Rate on such day for such contract period plus 0.10%.

"***Canadian Prime Rate***" means, on any day, the highest of (i) the annual rate of interest announced by the Administrative Agent and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Canadian dollar denominated commercial loans in Canada, and (ii) the annual rate of interest equal to the sum of (A) the one-month CDOR Rate in effect on such day, plus (B) 1.00%.

"***CDOR Rate***" means, on any day and for any period, an annual rate of interest equal to the average rate applicable to Canadian Dollar bankers' acceptances for the applicable period appearing on the "***Reuters Screen CDOR Page***" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time), rounded to the nearest 1/100th of 1% (with .005% being rounded up), at approximately 10:00 a.m., on such day, or if such day is not a business day, then on the immediately preceding business day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then the CDOR Rate on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) which are also Lenders as of 10:00 a.m., on such day or, if such day is not a business day, then on the immediately preceding business day.

Default Interest:	Following notice in writing from the Required Lenders, during the continuance of an event of default under the Credit Documents, Loans will bear interest at an additional 2% per annum; *provided* such increase in interest rates shall apply automatically without the requirement for such notice in the event of a payment or bankruptcy default.
Unused Commitment Fee:	From and after the Effective Date, a non-refundable unused commitment fee will accrue at the Applicable Commitment Fee Rate on the daily average unused portion of the Asset-Based Facility and during, and computed at the end of, each month (whether or not then available), payable quarterly in arrears and on the Termination Date. Swingline usage will not count for purposes of calculating this fee. "***Applicable Commitment Fee Rate***" means (i) until the completion of the second full fiscal quarter commencing after the Effective Date, 0.75% per annum and (ii) thereafter, 0.75% for any day on which Total Outstandings are less than or equal to 50% of the amount of the commitments, and 0.50% for any day on which Total Outstandings exceed 50% of the amount of the commitments.
Letter of Credit Fees:	A percentage per annum equal to the Applicable L/C Margin to the Lenders, and 0.25% per annum to the Fronting Bank, will accrue on the outstanding undrawn amount of any Letter of Credit, payable quarterly in arrears and computed on a 360-day basis. The "***Applicable L/C Margin***" means the Applicable Margin for LIBOR Loans and BA Loans, as applicable, as in effect from time to time. Following notice in writing from the Required Lenders, during the continuance of an event of default under the Credit Documents, the Letter of Credit Fees will bear interest at an additional 2% per annum; provided such increase in interest rates shall apply automatically without the requirement for such notice in the event of a payment or bankruptcy default.

EXHIBIT II

TERM LOAN EXIT FINANCING FACILITY

J.P. Morgan Securities Inc. 383 Madison Avenue New York, New York 10179	Barclays Bank PLC 745 Seventh Avenue New York, New York 10019	Citigroup Global Markets Inc. 388 Greenwich St. New York, New York 10013

August 6, 2010

Private and Confidential

AbitibiBowater Inc.
1155 Metcalfe Street, Suite 800
Montreal, Quebec, Canada H3B5H2

Term Loan Engagement Letter

Ladies and Gentlemen:

This letter agreement confirms the terms on which AbitibiBowater Inc. (as a debtor-in-possession and a reorganized debtor, as applicable, the "Company" or "you") has engaged J.P. Morgan Securities Inc. ("J.P. Morgan"), Barclays Capital, the investment banking division of Barclays Bank PLC ("Barclays") and Citigroup Global Markets Inc. ("Citigroup"; J.P. Morgan, Barclays and Citigroup are sometimes hereinafter referred to individually as an "Engagement Party" and collectively as the "Engagement Parties") in connection with obtaining a new term loan facility (the "Term Loan Facility"). It is intended that the Term Loan Facility may constitute all or a portion of the Term Loan Exit Financing Facility (as that term is defined in the U.S. Plan referred to below).

We understand that the Company and certain of its subsidiaries and its affiliates (together with the Company, the "U.S. Debtors") have filed the Debtors' First Amended Joint Plan of Reorganization under Chapter 11 of the U.S. Bankruptcy Code, dated May 24, 2010 (as the same may be amended, supplemented or modified from time to time in accordance with the terms therein, the "U.S. Plan"), in the Chapter 11 cases of the U.S. Debtors (the "Chapter 11 Cases") pending in the United States Bankruptcy Court for the District of Delaware (the "U.S. Bankruptcy Court").

We also understand that the Monitor (as defined in the CCAA Plan referred to below) for the CCAA Debtors (as defined in the CCAA Plan) has filed a report dated May 4, 2010, attaching the Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36 (as amended, the "CCAA") and Section 191 of the *Canada Business Corporations Act*, and [has filed] a further report attaching an amended version thereof on or about May 24, 2010 (as the Plan of Reorganization and Compromise may be amended, supplemented or modified from time to time in accordance with the terms therein and herein, the "CCAA Plan" and, together with the U.S. Plan, the "Plans") in the CCAA cases (the "CCAA Cases") pending before the Quebec Superior Court of Justice, Commercial Division, for the Judicial District of Montreal, Canada (the "Canadian Court" and, together with the U.S. Bankruptcy Court, the "Courts").

You hereby engage the Engagement Parties to use their best efforts to arrange a syndicate of financial institutions and to act as the joint lead arrangers and joint bookrunners for the Term Loan Facility (in such capacities, the "Lead Arrangers"), and you shall offer of JPMorgan Chase Bank, N.A. (or, at J.P. Morgan's sole discretion, one of its other affiliates) the right to act as the administrative agent in respect of the Term Loan Facility. You agree that no other agents, co-agents or arrangers will be appointed, no other titles will be awarded and no compensation will be paid in connection with the Term Loan Facility unless you and we shall so agree (except that you may appoint additional financial institutions reasonably acceptable to the Lead Arrangers to receive documentation agent titles and an aggregate of up to 10% of the aggregate Arrangement Fee (as defined in Confidential Schedule A) payable by you as set forth on Confidential Schedule A (or, if we consent in our discretion, 20% of such aggregate Arrangement Fee)); provided, that, J.P. Morgan will have "left" placement in all marketing materials and transaction documents, and that Barclays shall be directly to the right of J.P. Morgan on such documentation, and that Citigroup shall be directly to the right of Barclays on such documentation.

We intend to syndicate the Term Loan Facility to a group of lenders (the "Lenders"). We intend to commence syndication efforts promptly after you and we shall agree, and you agree actively to assist us in completing a syndication reasonably satisfactory to us. Such assistance shall include (a) your using commercially reasonable efforts to ensure that the syndication efforts benefit materially from the existing banking relationships of the Company, (b) direct contact between senior management and advisors of the Company and the proposed Lenders, (c) as set forth in the next paragraph, assistance from the Company in the preparation of materials to be used in connection with the syndication (such materials, the "Information Materials") and (d) the hosting, with us and senior management of the Company, of one or more meetings of prospective Lenders.

You will assist us in preparing Information Materials, including Confidential Information Memoranda, for distribution to prospective Lenders. You also will assist us in preparing an additional version of the Information Materials (the "Public-Side Version") to be used by prospective Lenders' public-side employees and representatives ("Public-Siders") who do not wish to receive material non-public information (within the meaning of United States federal securities laws) with respect to the Company, its affiliates and any of their respective securities ("MNPI") and who may be engaged in investment and other market related activities with respect to any such entity's securities or loans. Before distribution of any Information Materials, you agree to execute and deliver to us (i) a letter in which you authorize distribution of the Information Materials to a prospective Lender's employees willing to receive MNPI ("Private-Siders") and (ii) a separate letter in which you authorize distribution of the Public-Side Version to Public-Siders and represent that no MNPI is contained therein.

The Company agrees that the following documents may be distributed to both Private-Siders and Public-Siders, unless the Company advises the Lead Arrangers in writing (including by email) within a reasonable time prior to their intended distribution that such materials should only be distributed to Private-Siders: (a) administrative materials prepared by the Agent for prospective Lenders (such as a lender meeting invitation, lender allocation, if any, and funding and closing memoranda), (b) notification of changes in the terms of the Term Loan Facility and (c) other materials intended for prospective Lenders who are Public-Siders after the initial distribution of Information Materials. If you advise us that any of the foregoing should be distributed only to Private-Siders, then Public-Siders will not receive such materials without further discussions with you.

The Company hereby authorizes the Engagement Parties to distribute drafts and final versions of definitive documentation with respect to the Term Loan Facility to Private-Siders and Public-Siders.

J.P. Morgan, in its capacity as Lead Arranger, will manage, in consultation with you, all aspects of the syndication, including decisions as to the selection of institutions to be approached and when they will be approached, when their commitments will be accepted, which institutions will participate, the allocation of the commitments among the Lenders and the amount and distribution of fees among the Lenders. In their capacities as Lead Arrangers, the Engagement Parties will have no responsibility other than to arrange the syndication as set forth herein and in no event shall be subject to any fiduciary or other implied duties. Additionally, the Company acknowledges and agrees that the Lead Arrangers are not advising the Company as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction.

To assist us in our syndication efforts, you agree promptly to prepare and provide to us all information with respect to the Company and its subsidiaries and the transactions contemplated hereby, including all financial information and projections (the "Projections"), as we may reasonably request in connection with the arrangement and syndication of the Term Loan Facility. You hereby represent and covenant that (a) all information other than the Projections (the "Information") that has been or will be made available to us by you or any of your representatives is or will be, taken as a whole, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (b) the Projections that have been or will be made available to us by you or any of your representatives have been or will be prepared in good faith based upon assumptions believed by the Company to be reasonable at the time the Projections were prepared; provided, however, that the Projections do not reflect the application of "fresh start" accounting principles for the Company and its Subsidiaries. You understand that in arranging and syndicating the Term Loan Facility we may use and rely on the Information and Projections without independent verification thereof. If, at any time from the date hereof until the termination of this Engagement Letter, any of the representations and warranties in this paragraph would not be accurate and complete in any material respect if the Information or Projections were being furnished, and such representations and warranties were being made, at such time, then you agree to promptly supplement the Information and/or Projections from time to time so that the representations and warranties contained in this paragraph remain accurate and complete in all material respects under those circumstances. Your obligations under this paragraph shall terminate upon the closing of the initial syndication (as determined by the Lead Arrangers) of the Term Loan Facility.

In payment for services to be rendered by each Engagement Party, you agree to pay to each Engagement Party, in the event any amount is borrowed or funded under the Term Loan Facility, the fees set forth and in accordance with Confidential Schedule A.

You agree (a) to indemnify and hold harmless the Engagement Parties, their affiliates and their respective directors, officers, employees, advisors, and agents (each, an "indemnified person") from and against any and all losses, claims, damages and liabilities to which any such indemnified person may become subject arising out of or in connection with this Letter agreement, the Term Loan Facility, the use of the proceeds thereof or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any indemnified person is a party thereto, and to reimburse each indemnified person upon demand for any reasonable and documented legal or other expenses incurred in connection with investigating or defending any of the foregoing, provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to have arisen from the willful misconduct or gross negligence of such indemnified person, and

(b) to reimburse the Engagement Parties and their affiliates on demand for all reasonable and documented out-of-pocket expenses (including due diligence expenses, syndication expenses, travel expenses, and reasonable fees, charges and disbursements of New York legal counsel and one firm of Delaware legal counsel and one firm of Canadian legal counsel (which, in the case of such Delaware counsel and Canadian counsel, shall be the same counsel as are employed by the arrangers for the Company's proposed asset-backed lending facilities unless, in the reasonable opinion of any Engagement Party, representation of all Engagement Parties (and, where applicable, the arrangers for the Company's proposed asset-backed lending facilities) by one such Delaware or Canadian counsel would be inappropriate due to the existence of an actual or potential conflict of interest)) incurred in connection with the Term Loan Facility and any related documentation (including this letter agreement and the definitive financing documentation) or the administration, amendment, modification or waiver thereof. You acknowledge that information and documents relating to the Term Loan Facility may be transmitted through Intralinks or another similar secured electronic platform, and notwithstanding anything herein to the contrary, no indemnified person shall be liable for any damages arising from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems except to the extent any such damages are found by a final, non-appealable judgment of a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such indemnified person or such indemnified person's affiliates, directors, employees, advisors or agents. In addition, no party hereto shall be liable to any other party hereto for any special, indirect, consequential or punitive damages in connection with the Senior Facilities and any related documentation (including this Letter agreement and the definitive financing documentation), even if advised of the possibility thereof; provided that nothing in this sentence is intended to relieve the Company of any obligation it may otherwise have to indemnify any indemnified person against any special, indirect, consequential or punitive damages asserted against such indemnified person by a third party.

The Company acknowledges and agrees that each Engagement Party has been engaged solely as an independent contractor to provide the services set forth herein. In rendering such services each Engagement Party will be acting solely pursuant to a contractual relationship on an arm's length basis with respect to the Term Loan Facility (including in connection with determining the terms of the Term Loan Facility) and not as a financial advisor or a fiduciary to the Company or any other person. Additionally, the Company acknowledges that each Engagement Party is not advising it or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and no Engagement Party shall have any responsibility or liability to the Company with respect thereto. The Company further acknowledges and agrees that any review by any Engagement Party of the Company, the Term Loan Facility, the terms of the Term Loan Facility and other matters relating thereto will be performed solely for the benefit of the Engagement Parties and shall not be on behalf of the Company or any other person. Finally, the Company agrees that each Engagement Party may perform the services contemplated hereby in conjunction with any of its affiliates, and that any such affiliates performing services hereunder shall be entitled to the benefits and be subject to the terms of this letter agreement and each Engagement Party shall remain liable for any services performed by its affiliates (and any acts or omissions of such affiliate in connection therewith) other than as required in connection with the Chapter 11 Cases and the CCAA Cases (provided that prior to any such quotation or reference, the Company shall, to the extent permitted by law, provide prior written notice a reasonable time in advance to the applicable Engagement Parties).

Following the closing of the Term Loan Facility, the Engagement Parties shall have the right to place advertisements in financial and other newspapers and journals at their own expense describing their services to the Company hereunder. The Engagement Parties may not, without their prior consent a reasonable time in advance, be quoted or referred to in any document, release or communication prepared, issued or transmitted by the Company (including any entity controlled by, or under common control with the Company or any director, officer, employee or agent thereof).

Furthermore, the Company acknowledges that the Engagement Parties and their affiliates may have fiduciary or other relationships whereby such Engagement Party and any such affiliate may exercise voting power over securities and loans of various persons, which securities and loans may from time to time include securities and loans of the Company, potential Lenders or others with interests in respect of the Term Loan Facility. The Company acknowledges that the Engagement Parties and their affiliates may exercise such powers and otherwise perform their functions in connection with such fiduciary or other relationships without regard to any Engagement Party's relationship to the Company hereunder.

You acknowledge that the Engagement Parties and their affiliates (the term "Engagement Parties" as used below in this paragraph being understood to include such affiliates) may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transactions described herein and otherwise. The Engagement Parties will not use confidential information obtained from you by virtue of the transactions contemplated hereby or their other relationships with you in connection with the performance by any Engagement Party of services for other companies, and the Engagement Parties will not furnish any such information to other companies. You also acknowledge that the Engagement Parties have no obligation to use in connection with the transactions contemplated hereby, or to furnish to you, confidential information obtained from other companies. You further acknowledge that each Engagement Party is a full service securities firm and any Engagement Party may from time to time effect transactions, for its own or its affiliates' account or the account of customers, and hold positions in loans, securities or options on loans or securities of the Company and its affiliates and of other companies that may be the subject of the transactions contemplated by this Letter agreement.

The Company agrees to cooperate with the Engagement Parties and provide information reasonably required by the Engagement Parties in connection with the syndication of the Term Loan Facility and any other similar financing contemplated by this letter agreement.

The Company recognizes that, in providing our services pursuant to this letter agreement, the Engagement Parties will rely upon and assume the accuracy and completeness of all of the financial, accounting, tax and other information discussed with or reviewed by the Engagement Parties for such purposes, and the Engagement Parties do not assume responsibility for the accuracy or completeness thereof. The Engagement Parties will have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities of the Company or any other party or to advise or opine on any related solvency issues.

This Letter agreement does not constitute a commitment by any Engagement Party or any of their affiliates to provide any portion of the Term Loan Facility and the commitments, if any, of any Engagement Party and any of their affiliates to provide any portion of the Term Loan Facility shall only be as set forth in the definitive documentation for the Term Loan Facility.

This letter agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. This letter agreement may not be amended or modified except by a writing executed by each of the parties hereto. Section headings herein are for convenience only and are not a part of this letter agreement. This letter agreement is solely for the benefit of the Company and the Engagement Parties, and no other person (except for indemnified persons to the extent set forth above) shall acquire or have any rights under or by virtue of this letter agreement. This letter agreement may not be assigned by the Company without the prior written consent of each Engagement Party or by an Engagement Party without the Company's prior written consent. For avoidance of doubt, the rights and obligations of each Engagement Party hereunder are several, not joint.

This letter agreement, including Confidential Schedule A, shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws principles thereof, and applicable Canadian and United States bankruptcy law. Each of the parties hereto irrevocably agrees to waive trial by jury in any action, proceeding, claim or counterclaim brought by or on behalf of either party related to or arising out of this letter agreement or the performance of services hereunder. Each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of the U.S. Bankruptcy Court (or, if the U.S. Bankruptcy Court does not have or abstains from jurisdiction, any state or federal court sitting in the City of New York, Borough of Manhattan) with respect to any suit, action or proceeding arising out of or relating to this letter agreement and waives any objection to the laying of venue of any such suit, action or proceeding brought in any such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The Company hereby agrees that service of any process, summons, notice or document by hand delivery or registered mail to it at its address above or to its registered office in Delaware (as set forth in the Company's certificate of incorporation) shall be effective service of process for any suit, action or proceeding brought in any such court. A final judgment in any such suit, action or proceeding brought in any such court may be enforced in any other courts to whose jurisdiction the Company is or may be subject, by suit upon judgment. The Company further agrees that nothing herein shall affect any Engagement Parties' right to effect service of process in any other manner permitted by law or bring a suit action or proceeding (including a proceeding for enforcement of a judgment) in any other court or jurisdiction in accordance with applicable law.

This letter agreement, including the amounts of fees set forth herein and in Confidential Schedule A, and any final arrangements, proposals or advice rendered by the Engagement Parties pursuant to this letter agreement may not be disclosed in any manner without the Engagement Parties ' prior written approval and shall be treated as confidential, *provided* that nothing herein shall prevent you from disclosing such information (a) upon the order of any court or administrative agency, (b) upon demand of any regulatory agency or authority, (c) to the Company's affiliates and their respective officers, directors, employees, advisors, agents and representatives on a confidential and "need-to-know" basis in connection with the transactions contemplated by this letter agreement or (d) as required by applicable law, including the Bankruptcy Code or the CCCA. Notwithstanding the foregoing, you shall be permitted to file a copy of the Arrangement Fee Letter with the Courts; provided that Confidential Schedule A hereto shall be filed under seal and may be provided on a professionals-only basis to the professionals retained by the Creditors Committee (as defined in the Plan) and professionals retained by the Ad Hoc Unsecured Noteholders Committee (as defined in the CCAA Plan), subject to confidentiality agreements reasonably satisfactory to the Engagement Parties and to the Office of the United States Trustee, the Monitor and such other parties in interest as may be necessary to obtain the required approvals of the Courts of the Term Loan Facility and the agreements and obligations related thereto; provided that any copies of Confidential Schedule A hereto may only be furnished pursuant to and in compliance with the terms of a seal order that is anticipated to be entered by each of the courts pursuant to a motion filed by the Company. The provisions contained in this paragraph shall remain in full force and effect notwithstanding termination of this letter agreement.

The Engagement Parties' engagement hereunder may be terminated by any Engagement Party (as to itself) at any time upon 10 days' prior written notice to the Company. This letter agreement may be terminated by the Company (as to one or more Engagement Parties) at any time upon 10 days' prior written notice to any Engagement Party, except that termination of one Engagement Party shall not constitute a termination of any other Engagement Party, and shall automatically terminate upon the Company entering into the Term Loan Facility where the Engagement Parities serve in the roles contemplated hereby. This paragraph and the provisions of this letter agreement relating to the payment of fees and expenses, indemnification, the immediately preceding paragraph hereof, references to the Engagement Parties and governing law and submission to jurisdiction will survive any termination or expiration of this letter agreement. The Company agrees that if, at any time prior to "substantial consummation" (as such term is defined in Section 1101(2) of the Bankruptcy Code) of the Plans in the event that this letter agreement with respect to any Engagement Party is terminated by the Company (except as a result of a material breach by such Engagement Party of its obligations under this letter agreement), the Company or any of its affiliates shall enter into any Term Loan Facility prior to the earlier of (i) "substantial consummation" of the Plans and (ii) December 31, 2010, the Company shall pay to such terminated Engagement Party a cash fee equal to the amount that would have been payable to such Engagement Party pursuant to Confidential Schedule A had the engagement of such Engagement Party not been terminated.

We hereby notify you that pursuant to the requirements of the U.S.A. Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Patriot Act"), we are and each other Lender is required to obtain, verify and record information that identifies the Company, which information includes the name, address, tax identification number and other information regarding the Company that will allow us or such Lender to identify the Company in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective as to us and each Lender.

Notwithstanding anything to the contrary in this letter agreement, any obligations of the Company under this letter agreement shall have no force and effect unless and until the U.S. Bankruptcy Court and either or both of the Monitor and the Canadian Court have approved the entry into this letter agreement. In addition, the Company agrees that, as a condition to the Engagement Parties' services hereunder, the Courts shall have approved the Engagement Parties' compensation as set forth herein and payments made pursuant to the expense reimbursements and indemnification provisions of this letter agreement shall be allowed in full as administrative expenses under Bankruptcy Code Sections 503(b)(1), 364(b) and 507(a)(2) (and analogous provisions of the CCCA) against the Company and its debtor affiliates, without the need to file any motion (other than any motion as may be necessary to obtain the approvals of this letter agreement), application or proof of claim, and shall be immediately payable without further notice or order of either of the Courts. The Company understands that marketing and syndication efforts in respect of the Term Loan Facility will not commence until such approval has been granted, and the Company agrees to endeavor to obtain such approval and orders as soon as practicable. Notwithstanding the foregoing, marketing and syndication efforts in respect of the Term Loan Facility may commence before such approval has been granted at the sole discretion of the Engagement Parties; provided that the Engagement

Parties shall have the right to suspend marketing and syndication efforts at any time before such approval has been obtained. The Engagement Parties shall not commence a syndication of the Term Loan Facility until directed to do so by the Company.

This letter agreement may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument. Such counterparts may be delivered by facsimile or ".pdf" file and shall have the same effect as the original.

If the foregoing correctly sets forth our understanding, please so indicate by executing this letter, together with the enclosed duplicate originals, in the place indicated and returning two of these originals for our files. We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

J.P. MORGAN SECURITIES INC.

By: ______________________________
Name: Peter J. Nisupp
Title: Managing Director

JPMORGAN CHASE BANK, N.A.

By: ______________________________
Name: ANN KURINSKAS
Title: MANAGING DIRECTOR

CITIGROUP GLOBAL MARKETS INC.

By: ______________________________
Name:
Title

BARCLAYS BANK PLC

By: ______________________________
Name:
Title

[*Signature Page to Term Loan Engagement Letter*]

If the foregoing correctly sets forth our understanding, please so indicate by executing this letter, together with the enclosed duplicate originals, in the place indicated and returning two of these originals for our files. We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

J.P. MORGAN SECURITIES INC.

By: ____________________________
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By: ____________________________
Name:
Title

CITIGROUP GLOBAL MARKETS INC.

By: [signature]
Name: Thomas M. Hatsch
Title Director

BARCLAYS BANK PLC

By: ____________________________
Name:
Title

[*Signature Page to Term Loan Engagement Letter*]

If the foregoing correctly sets forth our understanding, please so indicate by executing this letter, together with the enclosed duplicate originals, in the place indicated and returning two of these originals for our files. We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

J.P. MORGAN SECURITIES INC.

By: ____________________________
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By: ____________________________
Name:
Title

CITIGROUP GLOBAL MARKETS INC.

By: ____________________________
Name:
Title

BARCLAYS BANK PLC

By: ____________________________
Name: Mark Shapiro
Title Managing Director

Accepted and agreed to as of
the date first written above.

ABITIBIBOWATER, INC.

By: W G Harvey
Name: WILLIAM G. HARVEY
Title: EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

[Signature Page to Term Loan Engagement Letter]