SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

No: 500-11-036133-094

DATE: July 9, 2010

PRESENT: THE HONOURABLE DANIÈLE MAYRAND, J.S.C.

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

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.

and

BOWATER CANADIAN HOLDINGS INC.

and

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

and

ERNST & YOUNG INC.
Monitor

CREDITORS' MEETING ORDER

SEEING the Petitioners' *Motion for the Issuance of an Order for the Convening, Holding and Conduct of Creditors' Meetings and Other Relief* pursuant to Sections 4, 5, 9, 10 and 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 and Section 191 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**") and the affidavit of Bruce Robertson in support thereof (the "**Motion**"), the Monitor's 47th Report dated July 6, 2010 and the submissions of counsel to the Petitioners, the Monitor and other interested parties;

GIVEN the provisions of the initial order granted by this Court in this matter on April 17, 2009, as amended thereafter, the claims procedure orders granted by this Court on August 26, 2009, January 18, 2010, and February 23, 2010 and the cross-border insolvency protocol that was approved by this Court on July 28, 2009 and the Bankruptcy Court on July 27, 2009;

GIVEN the provisions of the CCAA and CBCA;

WHEREFORE, THE COURT:

1. **GRANTS** the Motion;

Service

2. **DECLARES** that the notices given for the presentation of the Motion are proper and sufficient;

Definitions

3. **ORDERS** that capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the Circular and that the following terms in this Order shall have the following meanings ascribed thereto:

   (a) "**ABH**" means AbitibiBowater Inc., a corporation incorporated and existing under the Laws of Delaware;

   (b) "**Affected Unsecured Creditor Proxy**" means the form of proxy, instructions and election notice for Affected Unsecured Creditors (other than for Non-registered Noteholders and Cross-Border Voting Creditors), substantially in the form attached hereto as Schedule "G";

   (c) "**Applicants**" means the direct and indirect subsidiaries of ABH participating in the CCAA Proceedings listed in Schedule "D" hereto;

   (d) "**Allowed Cross-border Claim**" has the meaning ascribed to it in paragraph 11;

(e) "**Canadian Unsecured Noteholders**" has the meaning ascribed to it in paragraph 23;

(f) "**Canadian Unsecured Notes**" has the meaning ascribed to it in the CCAA Plan;

(g) "**CCAA Plan**" means the plan of reorganization and compromise pursuant to the provisions of the CCAA, Section 191 of the CBCA and such other sections and legislation to be set forth in the Restructuring Transactions Notice, together with the Schedules thereto, and which is attached to the Circular as Appendix C, as it may be amended, varied or supplemented by the Applicants from time to time in accordance with its terms;

(h) "**CDS**" means CDS Clearing and Depository for Securities Inc. or any of its affiliates who are registered holders of Canadian Unsecured Notes;

(i) "**Chair**" has the meaning ascribed to it in paragraph 35 hereof;

(j) "**Circular**" means the information circular relating to the CCAA Plan and the Rights Offering, including the notice of meeting and appendices attached thereto, and which is attached hereto as Schedule "E", and any written amendment, variation or supplement thereto;

(k) "**Creditors' Meeting Materials**" has the meaning ascribed to it in paragraph 19;

(l) "**Cross-Border Insolvency Protocol**" means the cross-border insolvency protocol approved by this Court on July 28, 2009 and by the Bankruptcy Court on July 27, 2009, as amended, modified, or supplemented from time to time;

(m) "**Cross-Border Voting Creditors**" has the meaning ascribed thereto in the Cross-Border Voting Protocol;

(n) "**Cross-Border Voting Protocol**" means the Cross-Border Voting Protocol filed as Exhibit R-3 to the Motion;

(o) "**Date of Filing**" means April 17, 2009;

(p) "**Designated Newspapers**" means The Globe and Mail (National Edition), the Gazette, the Wall Street Journal and La Presse;

(q) "**DTC**" means the Depository Trust Company or any of its affiliates who are registered holders of Canadian Unsecured Notes;

(r) "**First Rights Offering Expiration Time**" has the meaning ascribed to it in paragraph 32;

(s) "**First Rights Offering Record Date**" has the meaning ascribed to it in paragraph 32;

(t) "**Instructions to Participant Noteholders**" means the instruction notice for participant holders, substantially in the form attached hereto as Schedule "I";

(u) "**Joint Proxy/Ballot**" means the relevant form of proxy/ballot, instructions and election notice for Cross-Border Voting Creditors, substantially in the form attached to the Cross-Border Voting Protocol as Exhibit "1" thereto;

(v) "**Meeting Date**" means August 26, 2010, subject to any adjournment, postponement or other rescheduling or further order of this Court;

(w) "**Meeting Materials**" has the meaning ascribed to it in paragraph 15 hereof;

(x) "**Monitor's Website**" means www.ey.com/ca/abitibibowater;

(y) "**Motion**" has the meaning ascribed to it in the preamble of this Creditors' Meeting Order;

(z) "**Non-registered Noteholder**" means any beneficial owner of Canadian Unsecured Notes (other than the 0% Unsecured Notes) that are registered in the name of an intermediary or a depository such as DTC or CDS ;

(aa) "**Non-registered Noteholder Proxy**" means the form of proxy and instructions for Non-registered Noteholders, substantially in the form attached hereto as Schedule "H";

(bb) "**Notice of Rights Offering**" means the notice of rights offering to be communicated by the Monitor to the Affected Unsecured Creditors and Cross-Border Voting Creditors as of the First Rights Offering Record Date or Second

Rights Offering Record Date, as the case may be, pursuant to this Order, substantially in the form attached hereto as Schedule "J";

(cc) "**Notice to Creditors**" means a notice of this Order and of the Creditors' Meetings setting out the Meeting Date, substantially in the long and short forms attached hereto as Schedule "F";

(dd) "**No Vote Occurrence**" has the meaning ascribed to it in the CCAA Plan;

(ee) "**Participant Noteholders**" has the meaning ascribed to it in paragraph 24 hereof;

(ff) "**Participant Noteholder List**" has the meaning ascribed to it in paragraph 24 hereof;

(gg) "**Proxy**" or "**Proxies**" means collectively the Affected Unsecured Creditor Proxy, the Non-registered Noteholder Proxy, and the Joint Proxy/Ballot;

(hh) "**Registered Noteholders List**" has the meaning ascribed to it in paragraph 23 hereof;

(ii) "**Resolution**" means a resolution in respect of each Affected Unsecured Creditor Class to approve the CCAA Plan, the full text of which is set out as Appendix B to the Circular;

(jj) "**Sanction Hearing**" has the meaning ascribed to it in paragraph 53 hereof;

(kk) "**Sanction Order**" has the meaning ascribed to it in paragraph 53 hereof;

(ll) "**Second Rights Offering Expiration Time**" has the meaning ascribed to it in paragraph 33 hereof;

(mm) "**Second Rights Offering Record Date**" has the meaning ascribed to it in paragraph 33 hereof; and

(nn) "**Subscription Form**" means the subscription form to be sent by the Monitor to the Affected Unsecured Creditors and Cross-Border Voting Creditors as of the First Rights Offering Record Date or Second Rights Offering Record Date, as the case may be, pursuant to this Order, substantially in the forms attached hereto as Schedule "K";

Interpretation

4. **DECLARES** that where the context requires, a word or words importing the singular shall include the plural and vice versa;

CCAA Plan and Circular

5. **ORDERS** that:

   (a) the CCAA Plan and the Circular be, and they are hereby, accepted for filing;

   (b) the Cross-Border Voting Protocol be, and it is hereby, approved in a form substantially similar to that of the draft Cross-Border Voting Protocol filed as Exhibit R-3 to the Motion;

   (c) the Applicants shall seek approval of the CCAA Plan in the manner set forth herein; and

   (d) the effectiveness of the CCAA Plan shall be conditioned upon all conditions precedent to the implementation of the U.S. Plan but for the implementation of the CCAA Plan having been satisfied or waived, the same way that the effectiveness of the U.S. Plan is conditioned upon all conditions precedent to the implementation of the CCAA Plan but for the implementation of the U.S. Plan having been satisfied or waived;

6. **ORDERS** that the Applicants, in consultation with the Monitor, be, and they are hereby, authorized to file any modification of, or amendment, variation or supplement to, the CCAA Plan, in accordance with the terms of the Backstop Agreement, including by the Restructuring Transactions Notice, any CCAA Plan Supplement or plans of reorganization, compromise or arrangement (or any one or more thereof) (each a "**CCAA Plan Modification**") prior to the Creditors' Meeting Date or at or before any Creditors' Meeting, in which case any such CCAA Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into the CCAA Plan. The Applicants shall give notice of any such CCAA Plan Modification at the Creditors' Meeting in respect of each Affected Unsecured Creditors Class prior to the vote being taken to approve the CCAA Plan. The Applicants may give notice of any such CCAA Plan Modification at or before any

Creditors' Meeting by notice which shall be sufficient if, in the case of notice at any Creditors' Meeting, given to those Affected Unsecured Creditors present at such meeting in person or by proxy. The Monitor shall post on the Monitor's Website, as soon as possible, any such CCAA Plan Modification, with notice of such posting forthwith provided to the Service List;

7. **ORDERS** that after each Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Applicants, in consultation with the Monitor, may at any time and from time to time modify, amend, vary or supplement the CCAA Plan, in accordance with the terms of the Backstop Agreement, without the need for obtaining an Order or providing notice to the Affected Unsecured Creditors if the Monitor determines that such modification, amendment, variation or supplement would not be materially prejudicial to the interests of the Affected Unsecured Creditors under the CCAA Plan or the Sanction Order and is necessary in order to give effect to the substance of the CCAA Plan or the Sanction Order. The Monitor shall post on the Monitor's Website, as soon as possible, any such modification, amendment, variation or supplement to the CCAA Plan;

8. **ORDERS** that, with the consent of the Monitor and upon notice to the Service List, the Applicants are authorized to exclude any one or more of the other Applicants from the CCAA Plan, subject to the terms of the Backstop Agreement. If the Applicants elect to exclude one or more of the other Applicants from the CCAA Plan, including without limitation upon a No Vote Occurrence, reference in this Order to the Applicants and to a Creditors' Meeting shall read, where the context requires, to mean the Applicants other than, and a Creditors' Meeting in regard of the Applicants other than, those excluded from the CCAA Plan;

Classification of Affected Claims

9. **ORDERS** that, for the purposes of considering and voting on the CCAA Plan, the Affected Unsecured Creditors Classes shall be as set forth in the CCAA Plan;

10. **ORDERS** that, without limitation to the provisions of any Law prohibiting double recovery and subject to the provisions of the CCAA Plan, for voting and distribution purposes, in respect of all Affected Creditors and their rights in respect of Affected

Claims: (i) all guarantees of an Applicant of the payment or performance by another Applicant with respect to any Affected Claim will be recognized; (ii) each Affected Claim and all guarantees by an Applicant of such Affected Claim will be treated as multiple Affected Claims against the Applicants; and (iii) any joint obligation of any Applicant with another Applicant will be treated as two separate Affected Claims against the Applicants, provided, however, that the aggregate recovery on account of any Proven Claim or Allowed Claim (as defined under the U.S. Plan) from all sources, including distributions under the CCAA Plan, the U.S. Plan or a combination of both, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, surety indemnity, joint and several obligations or otherwise, shall not exceed (A) 100% of the underlying indebtedness, liability or obligation giving rise to such Claim or, (B) where the underlying indebtedness, liability or obligation giving rise to such Claim is denominated in a currency (the "**Original Currency**") other than Canadian dollars, 100% of such underlying indebtedness, liability or obligation after conversion of the value of the distributions received in Canadian dollars back to the Original Currency at the Bank of Canada noon spot rate of exchange for exchanging Canadian dollars to the Original Currency on the date of applicable Initial Distribution Date, Interim Distribution Date or the Final Distribution Date;

11. **ORDERS** that to the extent that any Claim is both a Proven Claim against a Cross-Border Debtor under the CCAA Plan and an Allowed Claim (as defined in the U.S. Plan) against the same Cross-Border Debtor under the U.S. Plan (each an "**Allowed Cross-border Claim**"), (i) there shall only be a single recovery on account of such Allowed Cross-border Claim under the CCAA Plan and the U.S. Plan, and (ii) the aggregate distribution which such Allowed Cross-border Claim shall receive, whether under the CCAA Plan or the U.S. Plan or a combination of both, shall not exceed the greatest distribution which such Allowed Cross-border Claim would be entitled to receive under the CCAA Plan or the U.S. Plan;

12. **ORDERS** that any Affected Unsecured Creditor with a Proven Claim of less than C$6,073 (being the Canadian dollar equivalent of US$5,000 based on the Date of Filing Exchange Rate) who intends to irrevocably elect not to receive a cash distribution as

provided under the CCAA Plan shall duly complete the election notice provided in the Proxy and complete, sign, and send or deposit such Proxy so that it be received by the Monitor within the time provided in paragraph 38 or 39 hereof, as the case may be, failing which such Affected Unsecured Creditor shall receive a cash distribution;

13. **ORDERS** that any Affected Unsecured Creditor wishing to elect irrevocably to reduce its Proven Claim to C$6,073 and receive a cash distribution as provided under the CCAA Plan shall duly complete the election notice provided in the Proxy and complete, sign, and send or deposit such Proxy so that it be received by the Monitor within the time provided in paragraph 38 or 39 hereof;

Notice of Creditors' Meetings and Meeting Materials

14. **ORDERS** that the Applicants be, and are hereby, authorized to convene, hold and conduct the Creditors' Meeting of each Affected Unsecured Creditors' Class at the Meeting Date, in Montréal, Québec for the purpose of considering and, if deemed advisable, passing, with or without variation, the Resolutions to approve the CCAA Plan, unless the Chair, in accordance with paragraph 42 hereof, or the Affected Unsecured Creditors decide (in person or by proxy) by resolution carried by the majority of votes (one vote for each dollar of every Voting Claim) to adjourn, postpone or otherwise reschedule a Creditors' Meeting;

15. **ORDERS** that, no later than July 26, 2010, the Monitor shall publish the following documents (collectively, the "**Meeting Materials**") on the Monitor's Website:

(a) the Notice to Creditors (in English and French);

(b) the Circular (in English and French);

(c) the Proxies (in English and French);

(d) the CCAA Plan (in English and French);

(e) the Disclosure Statement, Confirmation Hearing Notice, U.S. Solicitation Order and Committee statement of support for the U.S. Plan (in English only);

(f) the U.S. Plan (in English only);

(g) the Notice of Rights Offering;

(h) the Subscription Form;

(i) the Cross-Border Voting Protocol; and

(j) a copy of this Order (in English and French);

16. **ORDERS** that the Applicants be and they are hereby authorized to make such modifications, amendments or supplements ("**Additional Information**") to the Meeting Materials (other than the CCAA Plan which may be modified, amended or supplemented in accordance with paragraphs 6 and 7 hereof) as the Applicants may determine, and the Applicants shall distribute or make available such Additional Information by one or more of the following methods determined in their discretion in consultation with the Monitor: (i) posting on the Monitor's Website and/or the Applicants' website; (ii) news release; (iii) newspaper advertisement; (iv) pre-paid regular mail, email, fax or delivery (in person or by courier); (v) except for Proxies, distribution at the Creditors' Meetings; or (vi) such other reasonably practicable method in the circumstances.

17. **ORDERS** that the Notice to Creditors, which is hereby approved, shall be published, in its short form, by the Monitor in the Designated Newspapers as soon as possible following the issuance of this Order, but in any event no later than July 26, 2010;

18. **ORDERS** that the Applicants or the Monitor shall not be required to provide the Meeting Materials to any shareholder of ABH and the Applicants, provided that the shareholder notice, substantially in the form attached hereto as Schedule "L" (the "**Shareholder Notice**") which is hereby approved, shall be published by the Monitor in the Designated Newspapers in French or in English, as the case may be, no later than July 26, 2010, 2010;

19. **ORDERS** that, in addition to the publications referred to in paragraphs 15 and 16 hereof, the Monitor shall send to the Affected Unsecured Creditors with Voting Claims on June 30, 2010, (other than Non-registered Noteholders which shall be dealt with in accordance with paragraphs 23 to 29 hereof and Cross-Border Voting Creditors which shall be dealt with in accordance with paragraph 21 hereof), by prepaid regular mail, courier, fax or e-mail, at the address appearing on an Affected Unsecured Creditor's Proof of Claim filed pursuant to the Claims Procedure Orders, a

copy of the Notice to Creditors, the Circular, the Notice of Rights Offering and the Subscription Form (together the "**Creditors' Meeting Materials**") and the Affected Unsecured Creditor Proxy by no later than 5:00 p.m. (Montréal time) on or about July 26, 2010 and advising that all other Meeting Materials may be obtained from the Monitor's Website or provided upon written request;

20. **ORDERS** that the Monitor shall send the Creditors' Meeting Materials to any other Affected Unsecured Creditor as the Monitor deems necessary up to and until the Meeting Date;

21. **ORDERS** that, in addition to the publications referred to in paragraphs 15 and 16 hereof, the Monitor shall send to the Cross-Border Voting Creditors with Voting Claims on June 30, 2010, (other than Non-registered Noteholders which shall be dealt with in accordance with paragraphs 23 to 29 hereof), by prepaid regular mail, courier, fax or e-mail, at the address appearing on a Cross-Border Voting Creditor's Proof of Claim filed pursuant to the Claims Procedure Orders and the Cross-border Claims Protocol, a copy of the materials referred to in paragraph 23 of the Cross-Border Voting Protocol by no later than 5:00 p.m. (Montréal time) on July 26, 2010 and advising that all other Meeting Materials may be obtained from the Monitor's Website or provided upon written request;

22. **ORDERS** that publications referred to in paragraphs 15 to 18 hereof, and transmission in accordance with paragraphs 19, 21, 25, 27 and 33 hereof, shall constitute good and sufficient service of the Meeting Materials on all Persons who may be entitled to receive notice thereof, or of these proceedings, or who may wish to be present in person or represented by proxy at the Creditors' Meeting in respect of each Affected Unsecured Creditor Class to which they belong, or who may wish to appear in these proceedings, and no other form of notice or service need be made on such Persons, and no other document or material need be served on such Persons in respect of these proceedings;

Solicitation of Canadian Unsecured Noteholders

23. **ORDERS** that promptly following the date of this Order, the Monitor shall request, and the trustees of each Canadian Unsecured Note, (other than the 0% Unsecured

Note which shall be solicited in the same manner as other Affected Unsecured Creditors), shall each provide the Monitor within one Business Day of such request with a list (the "**Registered Noteholders List**") of all the holders of the applicable Canadian Unsecured Notes (the "**Canadian Unsecured Noteholders**") who are registered as owners or holders of the relevant Canadian Unsecured Notes of record on June 30, 2010, and their addresses;

24. **ORDERS** that each of CDS and DTC shall provide the Monitor, within one Business Day of the Monitor's request, with a list (the "**Participant Noteholders List**") of each of its participants in respect of each Canadian Unsecured Note (the "**Participant Noteholders**") of record on June 30, 2010, showing the Participant Noteholders and their respective addresses;

25. **ORDERS** that, upon receipt by the Monitor of the Registered Noteholder List, the Monitor shall promptly send, by prepaid regular mail, courier, fax or e-mail, to each Person shown on the Registered Noteholder List, including CDS and DTC, a copy of the Creditors' Meeting Materials and the Affected Unsecured Creditor Proxy and advising such Person that all other Meeting Materials may be obtained from the Monitor's Website or provided upon written request;

26. **ORDERS** that, upon receipt by the Monitor of the Participant Noteholders List, the Monitor shall be entitled to contact each Participant Noteholder listed on the Participant Noteholders List who appears to the Monitor to hold Canadian Unsecured Notes on behalf of beneficial owners of Canadian Unsecured Notes (other than the 0% Unsecured Note) to determine the amount of Canadian Unsecured Notes held by the Participant Noteholder on behalf of Non-registered Noteholders and the number of packages of Creditors' Meeting Materials and Non-registered Noteholder Proxy such Participant Holder requires in order to provide a copy of the Creditors' Meeting Materials and the Non-registered Noteholder Proxy to each of its customers or principals who are Non-registered Noteholders, in which case each Participant Noteholder shall provide to the Monitor a response within three (3) Business Days of receipt of the request;

27. **ORDERS** that:

(a) upon receiving from a Participant Holder the information referred to in paragraph 26, the Monitor shall send, by prepaid regular mail, courier, fax or e-mail, to such Participant Noteholder a copy of the Instructions to Participant Noteholders together with that number of packages of Creditors' Meeting Materials and Non-registered Noteholder Proxy requested by such Participant Noteholder; and

(b) the Monitor shall send, by prepaid regular mail, courier, fax or e-mail, to the trustees of each Canadian Unsecured Note, (other than the 0% Unsecured Note), ten copies of the Creditors' Meeting Materials and Non-registered Noteholder Proxy for Non-registered Noteholders;

28. **ORDERS** that each Participant Noteholder shall, within five (5) Business Days of receipt of a Non-registered Noteholder Proxy, complete and sign the applicable section relating to the Participant Noteholders of a Non-registered Noteholder Proxy for each Non-registered Noteholder which has an account (directly or through an agent or custodian) with such Participant Noteholder and mail to such Non-registered Noteholder, the Non-registered Noteholder Proxy as so completed and signed and one package of the Creditors' Meeting Materials and that the Participant Noteholder take any other action required to enable such Non-registered Noteholder to provide to the Monitor a duly completed Non-registered Noteholder Proxy and to vote at the relevant Creditors' Meeting with respect to the Canadian Unsecured Notes owned by such Non-registered Noteholder;

29. **ORDERS** that where a Participant Noteholder or its agent has a standard practice for distribution of meeting materials to Non-registered Noteholders and for the gathering of information and proxies from Non-registered Noteholders and further provided that such standard practice has been discussed in advance with the Applicants and the Monitor and is acceptable to the Applicants and the Monitor, the Participant Noteholder or its agent may, in lieu of following the procedure set out in paragraph 28 above, do the following:

(a) forward the Creditors' Meeting Materials and the Non-registered Noteholder Proxy to the Non-registered Noteholders in accordance with the usual practice of the Participant Noteholder or its agent in dealing with Non-registered Noteholders; and

(b) submit to the Monitor a master voting list in a form satisfactory to the Applicants and the Monitor. The master voting list: (i) will set out the position of each Non-registered Noteholder, identified by name, as to voting in favour of or against the CCAA Plan; (ii) will contain a representation, in a form satisfactory to the Applicants and the Monitor, duly executed from the Participant Noteholder or its agent that the master voting list is a true summary of the position of the Non-registered Noteholders that have an account with the Participant Noteholder; and (iii) to be valid for the purpose of voting at the Creditors' Meeting in respect of the Affected Unsecured Creditor Classes to which the Non-registered Noteholders belong, must be received by the Monitor at its office located at 800, René-Lévesque Blvd. W., Suite 1900, Montréal, Québec, H3B 1X9, Canada (Attention: ACI Creditors' Meeting) no later than 3 Business Days before such Creditors' Meeting;

if the Monitor duly receives a master voting list from a Participant Noteholder or its agent, the Monitor will record the vote for each Non-registered Noteholder in accordance with that master voting list as though the Monitor had received a duly completed Non-registered Noteholders Proxy from each Non-registered Noteholder listed on such master voting list. The Monitor may amend the Creditors' Meeting Materials for Non-registered Noteholders to make those materials consistent with the usual practice of the Participant Noteholder in dealing with Non-registered Noteholders.

Monitor's Report

30. **ORDERS** that, on or before August 18, 2010, the Monitor shall serve a report on the CCAA Plan and on the Applicants' business and financial affairs on all known interested parties, including those Persons listed on the service list published on the Monitor's Website, file same with this Court, and publish it on the Monitor's Website. The notice referred to in Section 11.7(3)(c) of the CCAA shall be considered

sufficiently given if the Notice to Creditors mentions that said report is available as provided herein;

Rights Offering

31. **ORDERS** that:

(a) the Rights Offering be and it is hereby approved and shall be conducted in the manner set forth in this Order, the Circular, the other Meeting Materials and the Backstop Agreement;

(b) the Applicants and the Monitor are authorized and empowered to take any and all actions necessary and appropriate to implement the subscription procedures with respect to the Rights Offering consistent with the terms and conditions of the Backstop Agreement. Subject to approval by the Bankruptcy Court, the Applicants and the Monitor are authorized to combine the solicitation process for votes for the CCAA Plan with the subscription process for the Rights Offering; and

(c) the Applicants and the Monitor may adopt, as necessary, any additional procedures to effectuate the Rights Offering, distribute the Rights Offering Notes to Eligible Holders, and comply with the terms and conditions of the Backstop Agreement. The Applicants may, in consultation with the Monitor, execute and enter into agreements and take further action, and implement such procedures consistent with the terms and conditions of the Backstop Agreement, as may be necessary or appropriate to effectuate and implement the Rights Offering and distribute the Rights Offering Notes to Eligible Holders without further order of this Court.

32. **ORDERS** that June 30, 2010 shall be and is hereby set as the first record date (the "**First Rights Offering Record Date**") for the purpose of determining those Eligible Holders entitled to subscribe to convertible unsecured subordinated notes pursuant to the Rights Offering, which entitlement to subscribe shall expire on August 31, 2010 (the "**First Rights Offering Expiration Time**");

33. **ORDERS** (i) that August 17, 2010 shall be and is hereby set as the second record date (the "**Second Rights Offering Record Date**") in regard of those Eligible Holders whose Claims' amount has increased or decreased since the First Rights Offering Record Date as a result of the ongoing Claims reconciliation process conducted pursuant to the Claims Procedure Orders or pursuant to an order issued by this Court or the Bankruptcy Court and whose entitlement to subscribe to convertible unsecured subordinated notes in respect of the modified amount of the Proven Claim shall expire on September 3, 2010 (the "**Second Rights Offering Expiration Time**"), and (ii) that, in regard of those Eligible Holders whose Claims' amount has so increased since the First Rights Offering Record Date, the Monitor shall promptly send to such Eligible Holders a new subscription form, in form and substance substantially similar to the Subscription Form, permitting such Eligible Holders to exercise a number of incremental Eligible Holders Subscription Rights (as such term is defined in the Circular) as determined by applying the Initial Rights Ratio (as such term is defined in the Circular) to the revised amount of eligible Claim held by such Eligible Holders, as reduced by the number of Subscription Rights previously offered to such Eligible Holders, by prepaid regular mail, courier, fax or e-mail, at the address appearing on such Proof of Claim filed pursuant to the Claims Procedure Orders and/or the Cross-border Claims Protocol, as applicable;

Creditors' Meetings Procedure

34. **ORDERS** that the Voting Record Date shall be August 17, 2010, or such other date as may be determined by the Monitor and communicated in accordance with paragraph 16 hereof;

35. **ORDERS** that the Monitor shall designate any Person, including an employee or any representative of the Monitor, who shall preside as the chair of the Creditors' Meeting of each Affected Unsecured Creditors Class (the "**Chair**") and, subject to this Order or any further order of this Court, shall decide all matters relating to the conduct of such Creditors' Meeting. The Applicants or any Affected Unsecured Creditor may appeal from any decision of the Chair to this Court no later than four (4) Business Days from any such decision;

36. **ORDERS** that the Monitor may appoint scrutineers for the supervision and tabulation of the attendance at, quorum at and votes cast at the Creditors' Meeting of each Affected Unsecured Creditors Class and any person to act as secretary at the Creditors' Meeting of each Affected Unsecured Creditors Class;

37. **ORDERS** that the only Persons entitled to attend and speak at the Creditors' Meeting of each Affected Unsecured Creditors Class are Affected Unsecured Creditors with Voting Claims and their proxy holders, representatives of the Applicants, members of the boards of directors of the Applicants, representatives of the Monitor and representatives of the Ad Hoc Unsecured Noteholders Committee, the Chair and their respective legal counsel and financial advisors. Any other Person may be admitted to the Creditors' Meeting of each Affected Unsecured Creditors Class on invitation of the Chair;

38. **ORDERS** that any Affected Unsecured Creditor Proxy that an Affected Unsecured Creditor (other than Non-registered Noteholders) wishes to submit in respect of a Creditors' Meeting in respect of the Affected Unsecured Creditor Classes to which the Affected Unsecured Creditor belongs (or any adjournment, postponement or other rescheduling thereof) must be substantially in the form sent by the Monitor, a draft of such Affected Unsecured Creditor Proxy being attached hereto as Schedule "G" (or in such other form acceptable to the Monitor or the Chair) and shall either be (i) received by the Monitor at its office located at 800, René-Lévesque Blvd. W., Suite 1900, Montréal, Québec, H3B 1X9, Canada (Attention: ACI Creditors' Meeting) prior to 5:00 p.m. (Montréal time) on August 25, 2010 or prior to 5:00 p.m. (Montréal time) on the Business Day immediately preceding any adjournment, postponement or other rescheduling of such Creditors' Meeting, or (ii) deposited with the Chair at the relevant Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof) before the beginning of such Creditors' Meeting (or any such adjournment, postponement or other rescheduling);

39. **ORDERS** that any Non-registered Noteholder Proxy (other than master voting list submitted pursuant to paragraph 29) that a Non-registered Noteholder wishes to submit in respect of a Creditors' Meeting in respect of the Affected Unsecured Creditor Classes to which the Non-registered Noteholder belongs (or any

adjournment, postponement or other rescheduling thereof) must be substantially in the form sent by the Monitor, a draft of such Non-registered Noteholder Proxy being attached hereto as Schedule "H" (or in such other form acceptable to the Monitor or the Chair) and shall either be (i) received by the Monitor at its office located at 800, René-Lévesque Blvd. W., Suite 1900, Montréal, Québec, H3B 1X9, Canada (Attention: ACI Creditors' Meeting) prior to 5:00 p.m. (Montréal time) on August 25, 2010 or prior to 5:00 p.m. (Montréal time) on the Business Day immediately preceding any adjournment, postponement or other rescheduling of such Creditors' Meeting, or (ii) deposited with the Chair at the relevant Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof) before the beginning of such Creditors' Meeting (or any such adjournment, postponement or other rescheduling);

40. **ORDERS** that any Joint Proxy/Ballot that a Cross-Border Voting Creditor wishes to submit in respect of a Creditors' Meeting in respect of the Affected Unsecured Creditor Classes to which the Non- Cross-Border Voting Creditor belongs (or any adjournment, postponement or other rescheduling thereof) must be substantially in the form sent by the Monitor, a draft of such Joint Proxy/Ballot being attached to the Cross-border Voting Protocol as Exhibit "1" thereto (or in such other form acceptable to the Monitor or the Chair) and shall either be (i) received by the Monitor at its office located at 800, René-Lévesque Blvd. W., Suite 1900, Montréal, Québec, H3B 1X9, Canada (Attention: ACI Creditors' Meeting) prior to 5:00 p.m. (Montréal time) on August 25, 2010 or prior to 5:00 p.m. (Montréal time) on the Business Day immediately preceding any adjournment, postponement or other rescheduling of such Creditors' Meeting, or (ii) deposited with the Chair at the relevant Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof) before the beginning of such Creditors' Meeting (or any such adjournment, postponement or other rescheduling);

41. **ORDERS** that in the absence of instruction to vote for or against the approval of the Resolution in a duly signed and returned Proxy, the Proxy shall be deemed to include instructions to vote for the approval of the Resolution;

42. **ORDERS** that the quorum required at each Creditors' Meeting shall be one (1) Affected Unsecured Creditor in the relevant Affected Unsecured Creditor Class

present in person or by proxy and entitled to vote at the relevant Creditors' Meeting. If the requisite quorum is not present at a Creditors' Meeting, then such Creditors' Meeting shall be adjourned by the Chair to such date, time and place as may be decided by the Chair in his or her sole discretion. The Chair shall decide on the manner of giving notice to the Affected Unsecured Creditors of the rescheduled meeting and may, if he or she deems it appropriate, restrict such notice to a notice posted on the Monitor's Website;

43. **ORDERS** that the Chair be, and he or she is hereby, authorized to adjourn, postpone or otherwise reschedule a Creditors' Meeting on one or more occasions to such time(s), date(s) and place(s) as the Chair deems necessary or desirable (without the need to first convene such Creditors' Meeting for the purpose of any adjournment, postponement or other rescheduling thereof); the Chair shall decide on the manner of giving notice to the Affected Creditors of the rescheduled meeting and may, if he or she deems it appropriate, restrict such notice to a notice posted on the Monitor's Website;

<u>**Voting Procedure**</u>

44. **ORDERS** that, at a Creditors' Meeting, the Chair be, and he or she is hereby, authorized to direct the votes with respect to the Resolution to approve the CCAA Plan and any amendments, variations or supplements thereto as the Applicants and the Monitor may consider appropriate;

45. **ORDERS** that any resolution to be voted on at any Creditors' Meeting to approve, amend, vary or supplement the CCAA Plan, including the Resolution in respect of each of the Affected Unsecured Creditor Classes, will be decided by the Required Majorities on a vote by ballot, and that any other matter submitted for a vote at any Creditors' Meeting shall be decided by a majority of votes cast on a vote by a show of hands, unless the Chair decides, in his or her sole and absolute discretion, to hold such vote by way of ballot, provided, however, that each vote of a 15.5% Senior Unsecured Notes Creditor by way of ballot or show of hands in respect of the ACCC Affected Unsecured Creditor Class shall be deemed to be a vote in respect of such 15.5% Senior Unsecured Notes Creditor's 15.5% Senior Unsecured Notes Claims

comprised in each of the Affected Unsecured Creditor Classes set forth in the CCAA Plan, including the ACI Affected Unsecured Creditor Class, Saguenay Forest Products Affected Unsecured Creditor Class, ACNSI Affected Unsecured Creditor Class and 15.5% Guarantor Applicant Affected Unsecured Creditor Classes;

46. **ORDERS** that the only Persons entitled to vote at the Creditors' Meetings shall be Affected Unsecured Creditors with Voting Claims as of the Voting Record Date and their proxy holders. For the purposes of counting and tabulating the votes at a Creditors' Meeting, each Affected Unsecured Creditor with a Voting Claim shall be entitled to one (1) vote and the weight attributed to such vote (for the purposes of determining the Required Majorities) shall be equal to the aggregate Canadian dollar value of such Affected Unsecured Creditor's Voting Claim (if necessary, converted into Canadian dollars in accordance with paragraph 60 hereof). For the purpose of calculating a majority in number of an Affected Unsecured Creditor Class, each individual Non-registered Noteholder shall only be counted once, without duplication, even if that Non-registered Noteholder holds Canadian Unsecured Notes through more than one registered holder of Canadian Unsecured Notes or Participant Noteholders, and each Affected Unsecured Creditor of an Applicant with a Proven Claim shall only be counted once even if such Affected Creditor holds more than one Proven and/or Unresolved Claim that has been approved for voting purposes against such Applicant. For greater certainty, only beneficial owners of Canadian Unsecured Notes (and not registered holders of Canadian Unsecured Notes or Participant Noteholders unless they are also beneficial holders of Canadian Unsecured Notes) shall be entitled to vote their Proven Claims in respect of the Canadian Unsecured Notes as provided for in this Order;

47. **ORDERS** that if the amount of the Affected Claim of any Affected Unsecured Creditor is not resolved for voting purposes before the Voting Record Date in accordance with the Claims Procedure Orders, the Cross-Border Insolvency Protocol, the Cross-Border Voting Protocol and this Order, such Affected Unsecured Creditor shall be entitled to vote at the Creditors' Meeting in respect of the Affected Unsecured Creditor Class to which it belongs based on that portion of its Affected Claim which has been accepted for voting purposes by the Monitor, without prejudice to the rights

of the Applicants, or the Affected Unsecured Creditor, with respect to the final determination of the Affected Unsecured Creditor's Affected Claim for distribution purposes in accordance with the terms of the Claims Procedure Orders, this Order and the CCAA Plan. Affected Unsecured Creditors whose Affected Claims have been revised or disallowed, in full or in part, which revision or disallowance remains in dispute or under appeal in accordance with the Claims Procedure Orders, and the Cross-Border Claims Protocol shall have their voting intentions with respect to such disputed or disallowed amounts recorded by the Monitor and reported to this Court in accordance with paragraph 52 hereof;

Transfers of Voting Claims

48. **ORDERS** that, solely for voting purposes at any Creditors' Meeting, no assignee, transferee or purchaser of any Voting Claim who shall have acquired or become the assignee or transferee of such Voting Claim after the Voting Record Date shall have any right or entitlement whatsoever to attend or vote at, either in person or by proxy, a Creditors' Meeting, and **ORDERS** further that, any transferee, assignee or acquirer of a Voting Claim who acquired or became the assignee or transferee of such a Voting Claim on or prior to the Voting Record Date but whose name does not appear as of the Voting Record Date as the Holder of such transferred or assigned Voting Claim may, prior to the Voting Record Date, deliver evidence satisfactory to the Monitor of (A) its ownership of the whole of such Voting Claim as of the Voting Record Date, and (B) that such transfer or assignment was valid at Law, upon which:

(a) such transferee or assignee shall be entitled to receive from the Monitor a package containing the Creditors' Meeting Materials and the relevant Proxy;

(b) such transferee's or assignee's name shall be included on the list of Affected Unsecured Creditors entitled to vote at the Creditors' Meeting held in respect of the Affected Unsecured Creditor Class to which it belongs; and

(c) such transferee or assignee shall be entitled to attend and vote, either in person or by proxy, the transferor's or assignor's Voting Claim at the relevant Creditors' Meeting in lieu and to the exclusion of the transferor's or assignor's right to attend and vote at the Creditor's Meeting with respect to the transferred Voting Claim;

Distribution for Disputed Claims

49. **ORDERS** that no distributions shall be made with respect to a Disputed Claim unless and until it has become a Proven Claim, and that the Monitor, in its capacity as Disbursing Agent, shall establish the Applicants Reserve in accordance with the CCAA Plan;

Evidence that Affected Claim was Paid

50. **ORDERS** that, should the Monitor receive evidence satisfactory to it that an Affected Claim was paid in part or in full by a party other than the Applicants, such Affected Claim shall be reduced by the amount of the payment so made to such Holder of an Affected Claim, for the purposes of calculating votes and for distributions under the CCAA Plan;

Notices and Communications

51. **ORDERS** that any document sent by the Monitor or the Applicants pursuant to this Order may be sent by prepaid regular mail, courier, fax or e-mail. Any Holder shall be deemed to have received any document sent pursuant to this Order four (4) Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, e-mail or facsimile transmission. Documents shall not be sent by ordinary or registered mail during a postal strike or work stoppage of general application;

Sanction Hearing

52. **ORDERS** that the Monitor shall report to this Court no later than three (3) Business Days after the Creditors' Meeting of each Affected Unsecured Creditors Class with respect to:

(a) the results of the voting on the Resolutions to approve the CCAA Plan;

(b) the effect on the results of the vote had the Affected Unsecured Creditors also voted the amount of their Affected Claim disputed for voting purposes; and

(c) any other matter which the Monitor considers relevant in view of the Sanction Hearing, including the status and voting results of the U.S. Plan;

53. **ORDERS** that, subject to further order of this Court, if the Plan has been accepted by the Required Majorities, the Petitioners shall bring a motion presentable before this Court on September 8, 2010 (the "**Sanction Hearing**"), seeking an order sanctioning the CCAA, Section 191 of the CBCA and such other sections and legislation to be set forth in the Restructuring Transactions Notice (the "**Sanction Order**");

54. **ORDERS** that a copy of the motion seeking the Sanction Order be published on the Monitor's Website as soon as it is filed with this Court;

55. **ORDERS** that publication of the Notice to Creditors and this Order pursuant to paragraph 15 hereof shall constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who are entitled to receive such service and no other form of service need be made and no other materials need be served on such Persons in respect of the Sanction Hearing;

56. **ORDERS** that any Person intending to object to the motion seeking the Sanction Order shall file with this Court a written notice containing a description of its proposed grounds of contestation and shall effect service of same upon counsel to the Petitioners and the Monitor, and upon those Persons listed on the service list published on the Monitor's Website, the whole before 4:30 p.m. (Montréal Time) on September 3, 2010;

57. **ORDERS** that in the event that the Sanction Hearing is adjourned, postponed or otherwise rescheduled, only those Persons listed on the service list published on the Monitor's Website are required to be served with notice of the adjourned, postponed or otherwise rescheduled date;

Foreign Proceedings

58. **ORDERS** that the Monitor shall have the power and authority, but shall not be obligated, to apply to the United States Bankruptcy Court for the Southern District of New York for an order in respect of the Applicants pursuant to Chapter 15 of the U.S.

Bankruptcy Code, and in connection with such proceedings the Monitor be, and it is hereby, authorized to act as a foreign representative of the Applicants;

Aid and Assistance of Other Courts

59. **REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory of Canada or any court or any judicial, regulatory or administrative body of the United States of America and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order;

General Provisions

60. **ORDERS** that the purposes of determination of the value of Affected Claims denominated in currencies other than Canadian dollars for voting and distribution purposes, such Claims shall be converted by the Monitor to Canadian dollars in accordance with the Claims Procedure Orders and the CCAA Plan;

61. **ORDERS** that the Monitor shall use reasonable discretion as to the adequacy of completion and execution of any document completed and executed pursuant to this Order and may waive strict compliance with the requirements of this Order as to the completion and execution of documents;

62. **ORDERS** that the Monitor may apply to this Court for advice and direction in connection with the discharge or variation of its powers and duties under this Order;

63. **ORDERS** the provisional execution of this Order notwithstanding appeal and without the necessity of furnishing any security;

64. **THE WHOLE**, without costs.

Montréal (Québec), July 9, 2010

Honourable Danièle Mayrand, j.s.c.

Greffier adjoint