SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-036133-094

DATE: **JUNE 10, 2010**

PRESENT: THE HONOURABLE MR. JUSTICE CLÉMENT GASCON, 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

ORDER 1) APPROVING BID PROCEDURES AND BID PROTECTIONS FOR AN AUCTION IN CONNECTION WITH THE PETITIONERS' RIGHTS OFFERING AND 2) SCHEDULING SUCH AN AUCTION (#562)

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[1] **CONSIDERING** the Motion for the Issuance of (i) (a) an Order Approving Bid Procedures and Bid Protections with Respect to an Auction in Connection with the Petitioners' Rights Offering; (b) Scheduling an Auction and Hearing; (c) Authorizing the Petitioners to Make Certain Payments; and (d) Approving the Form and Manner of Notice Thereof; (ii) an Order Authorizing the Petitioners to (a) Enter into a Backstop Commitment Agreement and (b) Make Certain Payments Thereunder; and (iii) a

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Recognition Order (the "**Motion**") filed by the Petitioners in the restructuring process undertaken pursuant to the provisions of the *Companies' Creditors Arrangement Act* ("**CCAA**");

[2] **CONSIDERING** that the Motion is presented in the following context:

A) On May 4, 2010, the Petitioners filed their draft plans of arrangement in both their CCAA and US Chapter 11 Proceedings (the "**Plans**");

B) The Plans contemplate notably that the Petitioners will finance distributions to secured creditors and ongoing business operations after emergence by, amongst other, raising exit financing;

C) As part of the exit financing, the Petitioners intend to also raise up to $500 million through the issuance of convertible notes pursuant to a rights offering to be made available to unsecured creditors under both Plans (the "**Rights Offering**");

D) On May 24, 2010, to ensure that the Rights Offering is successful in raising the required funds, the Petitioners entered into an agreement with certain investors who hold a significant amount of their unsecured bond debt (the "Backstop Investors") so as to secure their commitment to purchase any notes not subscribed by the unsecured creditors in the Rights Offering (the "**Backstop Commitment Agreement**");

E) This Backstop Commitment Agreement is intended to serve as a "stalking horse" bid in a formal process of bid procedures and auction designed to test the terms of the backstop arrangement in the market;

[3] **CONSIDERING** that the Court is merely concerned, at this stage, with the bid procedures, the bid protections and the auction scheduling aspects of the Motion, it being understood that the other aspects of the Motion (namely, the authorization to enter into a Backstop Commitment Agreement and the Recognition Order in relation thereto) would be dealt with at a later date;

[4] **CONSIDERING** that the bid procedures, the bid protections and the auction scheduling aspects of the Motion are aimed at insuring that the terms of the contemplated Backstop Commitment Agreement are as competitive and favourable to the Petitioners as possible;

[5] **CONSIDERING** that nothing in this Order is intended to impact or affect the objections filed by some parties in front of the United States Bankruptcy Court with regard to some aspects of the Backstop Commitment Agreement;

[6] **CONSIDERING** that, under these circumstances, the Order sought at this stage is therefore not contested by any party and is indeed supported by all major stakeholders of the Petitioners, as well as the Monitor;

[7] **CONSIDERING** that the Rights Offering and the Backstop Commitment Agreement are beneficial to the Petitioners in that they provide $500 million in committed subordinated financing, thereby increasing the likelihood of success in achieving the amount of exit financing needed to emerge from their insolvency proceedings;

[8] **CONSIDERING** that in the context of the complex restructuring of the Petitioners, the Rights Offering process is a significant milestone that remains pivotal to a successful emergence from both the CCAA and US Chapter 11 Proceedings;

[9] **CONSIDERING** that the Court is satisfied that any applicable criteria[1] for the bid procedures, the bid protections and the auction process sought at this time have been met in so far as:

A) The Petitioners followed a transparent, inclusive and reasonable process before finalizing the Backstop Commitment Agreement with the Backstop Investors. This process included thorough consultation with key financial advisors and stakeholders. The end result indeed enjoys the broad support of all key stakeholders in the restructuring of the Petitioners. No one suggests that any additional canvassing of the market could have led to a better result in terms of identifying the proper "stalking horse" bidder;

B) The time lines (about one week) contemplated by the bid procedures and auction process, albeit tight, are reasonable under the circumstances and insure a fair process to potential bidders. The Plans contained references to the Rights Offering going as far back as May 4, 2010. The terms of the Backstop Commitment Agreement have been known since May 25, 2010 through the circulation of the Supplemental 42nd Report of the Monitor. The limited and highly sophisticated market of potential bidders has been made aware of the Rights Offering process at issue here. In a context where the monthly cost of the restructuring remains very high, time is of the essence. In addition, any auction process must be completed rapidly since the Petitioners intend to present motions for the calling of creditors' meetings in the first week of July in order to hold the meetings for the vote on the Plans in September or October;

C) All things considered, the Termination Payment akin to "break-up fees" potentially payable to the Backstop Investors appears fair and reasonable. This Termination Payment is required in exchange for the ability to conduct the auction process and in consideration for the Backstop investors' willingness to serve as "stalking horse bidder". The Monitor's analysis contained in its 44th Report supports the reasonableness of this Termination

1 See, in this regard, *Mecachrome Canada Inc. (In the Matter of the Compromise or Arrangement of)*, 2009 QCCS 6355, Gascon J.; *Boutique Euphoria (In the Matter of the Compromise or Arrangement of)*, 2007 QCCS 7129, Gascon J.; *Royal Bank* v. *Soundair Corp.*, (1991), 7 C.B.R. (3d) 1 (Ont. C.A.), at ¶16.

Payment. No one suggests that it could have a detrimental, dissuasive or chilling effect upon the bid or auction process contemplated at this stage. If anything better results from the bid procedures and auction process, the Termination Payment may prove to be fees well earned and properly spent;

FOR THESE REASONS, THE COURT:

Approval of Bid Procedures

[10] **APPROVES** the Bid Procedures contained in **Schedule "D"** to this Order and **DECLARES** that the Petitioners are authorized to take any and all actions necessary or appropriate to implement the Bid Procedures and may, in consultation with advisors to the U.S. official committee of unsecured creditors (the "**UCC**") and Ernst & Young Inc. (the "**Monitor**"), in accordance with the terms thereof, modify such Bid Procedures as may be necessary and appropriate to maximize the value of the Petitioner's estates. Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Bid Procedures;

[11] **DECLARES** that the Bid Deadline is **June 18, 2010 at 5:00 p.m. (ET).** Any party that does not submit a Qualified Bid by the Bid Deadline will not be permitted to participate in the Auction;

[12] **DECLARES** that the Petitioners are authorized to conduct the Auction as set forth in the Bid Procedures. The Auction shall commence on **June 21, 2010 at 10:00 a.m. (ET)**, at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, or such later time or other place as the Petitioners shall timely notify the Qualified Bidders following consultation with the advisors to the UCC and the Monitor and **RESERVES** the Petitioners' right to cancel the Auction at any time by giving notice to the Qualified Bidders;

[13] **DECLARES** that if no timely, conforming Qualified Bid other than the Backstop Commitment Agreement is submitted by the Bid Deadline, the Auction will be deemed cancelled, the Backstop Investors' bid as set out in the Backstop Commitment Agreement will be deemed the Successful Bid, and the Petitioners will immediately be permitted to seek authority to enter into the Backstop Commitment Agreement;

Notice

[14] **DECLARES** that the form and manner of notice regarding the Auction and marketing process and that the form of the Auction Notice attached hereto as Schedule "E" are hereby approved and that the proposed notice is appropriate and reasonably tailored to target potential investors;

Successful Bid Hearing

[15] **DECLARES** that the Court will hold a hearing to consider approval of the Successful Bid (the "**Successful Bid Hearing**") before one of the Honourable Judges of the Superior Court, sitting in practice in and for the District of Montreal, in a Room to be announced of the Montreal Court House, 1 Notre-Dame St. East, on June 23, 2010, at a time and in a room to be communicated to the Service List;

[16] **DECLARES** that objections, if any, to the Motion must (a) be in writing, (b) state the basis of such objection with specificity and (c) be served upon (i) counsel to AbitibiBowater, Stikeman Elliott LLP, (Sean F. Dunphy and Guy P. Martel), (ii) counsel to the Monitor, Thornton Grout Finnigan LLP, (Robert Thornton and Rachel Moncur) , (iii) counsel to the UCC, Bennet Jones LLP, (Richard Orzy), (iv) counsel to the Backstop Investors, Torys LLP, (Michael Rotsztain), and (v) counsel to the Ad Hoc Committee of Noteholders, Goodmans LLP, (Robert Chadwick and Frederic Myers), so as to be actually received no later than 4:00 p.m. (ET) on June 22, 2010 (the "**Objection Deadline**");

Termination Payment and Transaction Expenses

[17] **APPROVES** the Termination Payment and Transaction Expenses set forth in the Backstop Commitment Agreement and **AUTHORIZES** the Petitioners to pay the Termination Payment and Transaction Expenses to the Backstop Investors, if due in accordance with the terms of the Backstop Commitment Agreement, without further order of the Court;

[18] **ORDERS** that notwithstanding:

(i) the proceedings under the CCAA;

(ii) any petitions for a receiving order now or hereafter issued pursuant to the Bankruptcy and Insolvency Act ("**BIA**") and any order issued pursuant to any such petition; or

(iii) the provisions of any federal or provincial legislation;

the payment of the Termination Payment and Transaction Expenses to the Backstop Investors by the Petitioners, are to be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it give rise to an oppression or any other remedy;

[19] **DECLARES** that this Order is without prejudice to the objections to the Bid Procedures, the Backstop Commitment Agreement and the Rights Offering raised by Aurelius Capital Management LP, Contrarian Capital Management LLC and Wilmington Trust, Indenture Trustee of the 7.95 notes issued by BCFC (the "**US Objections**") that are scheduled to be heard by the United States Bankruptcy Court on June 11, 2010;

[20] **GIVES ACT** to the Petitioners, the Canadian Debtors and the US Debtors of their undertaking not to allege or assert that the approval of the Bid Procedures or any transactions or steps authorized by this Order renders the issue raised in the US Objections *res judicata* or constitute issue estoppel or collateral estoppel;

[21] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian Federal Court or administrative body and other nations and states to give effect to this Order and to assist the Petitioners, the Monitor and their respective agents in carrying out the terms of this Order and any other Order in these proceedings. All Courts or administrative bodies, including the United States Bankruptcy Court for the District of Delaware, are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to Abitibi-Consolidated Inc. and/or the Monitor in any foreign proceedings and to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order and any other Order in these proceedings;

[22] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security;

[23] **WITHOUT COSTS**.

CLÉMENT GASCON, J.S.C. J.S.C.

Me Sean Dunphy, Me Guy P. Martel, Me Joseph Reynaud
STIKEMAN, ELLIOTT
Attorneys for Petitioners

Dates of hearing: June 9 and 10, 2010

SCHEDULE "A"
ABITIBI PETITIONERS

1. ABITIBI-CONSOLIDATED INC.
2. ABITIBI-CONSOLIDATED COMPANY OF CANADA
3. 3224112 NOVA SCOTIA LIMITED
4. MARKETING DONOHUE INC.
5. ABITIBI-CONSOLIDATED CANADIAN OFFICE PRODUCTS HOLDINGS INC.
6. 3834328 CANADA INC.
7. 6169678 CANADA INC.
8. 4042140 CANADA INC.
9. DONOHUE RECYCLING INC.
10. 1508756 ONTARIO INC.
11. 3217925 NOVA SCOTIA COMPANY
12. LA TUQUE FOREST PRODUCTS INC.
13. ABITIBI-CONSOLIDATED NOVA SCOTIA INCORPORATED
14. SAGUENAY FOREST PRODUCTS INC.
15. TERRA NOVA EXPLORATIONS LTD.
16. THE JONQUIERE PULP COMPANY
17. THE INTERNATIONAL BRIDGE AND TERMINAL COMPANY
18. SCRAMBLE MINING LTD.
19. 9150-3383 QUÉBEC INC.
20. ABITIBI-CONSOLIDATED (U.K.) INC.

SCHEDULE "B"
BOWATER PETITIONERS

1. BOWATER CANADIAN HOLDINGS INC.
2. BOWATER CANADA FINANCE CORPORATION
3. BOWATER CANADIAN LIMITED
4. 3231378 NOVA SCOTIA COMPANY
5. ABITIBIBOWATER CANADA INC.
6. BOWATER CANADA TREASURY CORPORATION
7. BOWATER CANADIAN FOREST PRODUCTS INC.
8. BOWATER SHELBURNE CORPORATION
9. BOWATER LAHAVE CORPORATION
10. ST-MAURICE RIVER DRIVE COMPANY LIMITED
11. BOWATER TREATED WOOD INC.
12. CANEXEL HARDBOARD INC.
13. 9068-9050 QUÉBEC INC.
14. ALLIANCE FOREST PRODUCTS (2001) INC.
15. BOWATER BELLEDUNE SAWMILL INC.
16. BOWATER MARITIMES INC.
17. BOWATER MITIS INC.
18. BOWATER GUÉRETTE INC.
19. BOWATER COUTURIER INC.

SCHEDULE "C"
18.6 CCAA PETITIONERS

1. ABITIBIBOWATER INC.
2. ABITIBIBOWATER US HOLDING 1 CORP.
3. BOWATER VENTURES INC.
4. BOWATER INCORPORATED
5. BOWATER NUWAY INC.
6. BOWATER NUWAY MID-STATES INC.
7. CATAWBA PROPERTY HOLDINGS LLC
8. BOWATER FINANCE COMPANY INC.
9. BOWATER SOUTH AMERICAN HOLDINGS INCORPORATED
10. BOWATER AMERICA INC.
11. LAKE SUPERIOR FOREST PRODUCTS INC.
12. BOWATER NEWSPRINT SOUTH LLC
13. BOWATER NEWSPRINT SOUTH OPERATIONS LLC
14. BOWATER FINANCE II, LLC
15. BOWATER ALABAMA LLC
16. COOSA PINES GOLF CLUB HOLDINGS LLC

SCHEDULE "D"

BIDDING PROCEDURES

Pursuant to the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated May 24, 2010 (as may be amended from time to time, the "U.S. Plan") filed by the Debtors (as defined in the U.S. Bidding Procedure Order) and the Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (the "CCAA") and Section 191 of *Canada Business Corporations Act* dated May 24, 2010 (as may be amended from time to time, the "CCAA Plan" and together with the U.S. Plan, the "Plans") filed by the Petitioners (as defined in the Canadian Bidding Procedure Order), the Debtors and the Petitioners (collectively the "ABH Debtors") intend to offer certain creditors the right to purchase securities (the "Securities") in the reorganized ABH Debtors through a rights offering (the "Rights Offering"). In connection therewith, and as described below, the ABH Debtors have negotiated a backstop commitment with respect to the Rights Offering. These Bidding Procedures (the "Bidding Procedures") set forth the process by which the ABH Debtors will solicit competing proposals for, and conduct an auction (the "Auction") regarding, the terms of a backstop commitment for the Rights Offering, including the terms of the Securities to be issued under the Plans.

These Bidding Procedures have been approved by an order dated [___], 2010 (the "U.S. Bidding Procedures Order"), entered by the United States Bankruptcy Court for the District of Delaware (the "U.S. Bankruptcy Court") and an order dated [___], 2010 (the "Canadian Bidding Procedures Order"), entered by the Quebec Superior Court for the District of Montreal (the "CCAA Court" and together with the U.S. Bankruptcy Court the "Courts").

Stalking Horse Agreement.

On May 24, 2010, the ABH entered into an agreement that sets forth the terms of the commitment of the ABH Debtors and certain of their unsecured creditors (collectively, the "Stalking Horse") to backstop the Rights Offering (the "Backstop Commitment Agreement"). Exhibit C thereto sets forth the terms of the Securities to be issued under the Plans (the "Securities Term Sheet"). The Backstop Commitment Agreement executed by the Stalking Horse, together with the Securities Term Sheet, are collectively referred to herein as the "Stalking Horse Agreement."

Obtaining Due Diligence Access.

Upon execution of a confidentiality agreement (each, a "Confidentiality Agreement") in form and substance satisfactory to the ABH Debtors, the ABH Debtors shall provide interested investors (each, a "Potential Investor") with reasonable due diligence information that has been or will be provided to the Stalking Horse and other Potential Investors, as requested, as soon as reasonably practicable after such request. The due diligence period will end on the Bid Deadline (as defined herein).

The ABH Debtors shall coordinate all reasonable requests for information and due diligence access from Potential Investors. No conditions relating to the completion of due diligence shall be permitted to exist after the Bid Deadline.

Bid Requirements.

To participate in the Auction, a Potential Investor (other than the Stalking Horse) must submit a Qualified Bid (as defined below) by **June 18, 2010 at 5:00 p.m. ET** (the "Bid Deadline") to each of (a) counsel to the Debtors, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019, Attn: Kelley Cornish, Esq. and Alice Belisle Eaton, Esq.; (b) the financial advisor to the Debtors, The Blackstone Group, 345 Park Avenue, New York, New York 10154, Attn: Steve Zelin and Michael O'Hara; (c) counsel to the official committee of unsecured creditors (the "Creditors Committee"), Paul Hastings LLP, Park Avenue Tower, 75 East 55th Street, New York, New York 10022, Attn: Luc Despins, Esq.; (d) the financial advisors to the Creditors Committee, (i) Lazard Freres & Co. LLC, 30 Rockefeller Plaza, New York, New York 10020, Attn: Blake O'Dowd, and (ii) FTI Consulting Inc., Three Times Square, 11th Floor, New York, New York 10036, Attn: Samuel Star; (e) counsel to the Petitioners, Stikeman Elliott LLP, 1155 René-Lévesque Blvd. West, 40th Floor, Montreal, Quebec H2B 3V2, Canada, Attn: Marc Barbeau and Sean Dunphy; (f) the financial advisor to the Petitioners, BMO Capital Markets, 100 King Street West, One First Canadian Place, Toronto, Ontario M5X 1H3, Canada, Attn: Glenn Sauntry and Mark Caiger; (g) Ernst & Young Inc., 222 Bay Street, Toronto, Ontario M5K 1J7, Attn: Alex F. Morrison (the "Monitor"); (h) counsel to the Monitor, ThorntonGroutFinnigan LLP, 100 Wellington St. W., Toronto, Ontario M5K 1K7 Attn: Robert I. Thornton; (i) counsel to the Stalking Horse, Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, Attn: Douglas Bartner, Esq. and Edmund M. Emrich, Esq. and Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: John Bessonette, Esq., and Douglas Mannal, Esq.; (j) counsel to the Stalking Horse, Torys LLP, 79 Wellington St. W., Suite 3000, Box 270, Toronto, Ontario M5K 1N2, Attn: Micheal Rotsztain; and (k) counsel to the Ad Hoc Unsecured Noteholders Committee, Goodmans LLP, 333 Bay St., Suite 3400, Toronto, Ontario M5H 2S7, Attn: Robert Chadwick (collectively, the "Notice Parties").

To constitute a Qualified Bid, a bid must:

a) be in writing;

b) be accompanied by a clean and a duly executed Backstop Commitment Agreement, along with all exhibits thereto, including the Securities Term Sheet;

c) include a mark-up of the Stalking Horse Agreement that reflects all amendments and modifications thereto with respect to both the terms of the Backstop Commitment and the Securities Term Sheet and the Plan Support Agreement;

d) specifically identify modifications or alterations to the terms of the Plans, if any, contemplated or necessitated by the terms or structure of the bid;

e) not be conditioned on any contingency, including, among others, on obtaining any of the following: (i) financing, (ii) shareholder, board of directors or other approval, and/or (iii) the outcome or completion of a due diligence review by the Potential Investor; and

f) must remain irrevocable until 72 hours after the Auction.

In addition to the above, each Potential Investor must:

g) provide the Notice Parties with sufficient and adequate information to demonstrate, to the ABH Debtors' satisfaction, in consultation with advisors to the Creditors Committee and the Monitor, that such Potential Investor has the financial wherewithal and ability to provide the Backstop Commitment;

h) provide the Notice Parties with sufficient and adequate information to demonstrate, to the ABH Debtors' satisfaction, in consultation with advisors to the Creditors Committee and the Monitor, that such Potential Investor is duly authorized by any applicable boards or other type of internal governance to submit, execute and provide the Backstop Commitment; and

i) not be entitled to any break-up fee, transaction fee, Termination Payment, expense reimbursement or any similar type of payment or reimbursement.

The ABH Debtors, in consultation with advisors to the Creditors Committee and the Monitor, shall determine in their sole discretion whether any submitted bid constitutes a "Qualified Bid." Those parties submitting Qualified Bids shall be deemed to be "Qualified Bidders." For the avoidance of doubt, the Stalking Horse is a Qualified Bidder and the Stalking Horse Agreement constitutes a Qualified Bid.

Evaluation of Qualified Bids.

Prior to the Auction, the ABH Debtors shall identify the Qualified Bid that is, in the ABH Debtors' judgment and after consultation with the advisors to the Creditors Committee and the Monitor, the most economic or otherwise best bid (the "Starting Bid"). The ABH Debtors shall notify the Qualified Bidders and the Notice Parties of such determination, and shall distribute copies of the Starting Bid to each Qualified Bidder prior to the commencement of the Auction.

Auction.

If one or more Qualified Bids are received by the Bid Deadline, then the ABH Debtors shall conduct the Auction with respect to the Backstop Commitment and the Securities. The Auction shall commence on **June 21 at 10:00 a.m. (ET)** at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, or such later time or other place as the ABH Debtors shall timely notify the Qualified Bidders following consultation with the advisors to the Creditors Committee and the Monitor; provided, however, that the ABH Debtors reserve the right to cancel the Auction at any time by giving notice to the Qualified Bidders.

The Auction will be conducted in accordance with the following procedures, subject to modification by the ABH Debtors in consultation with advisors to the Creditors Committee and the Monitor at the Auction (the "Auction Procedures"):

(a) the Qualified Bidders shall appear in person at the Auction, or through duly-authorized representatives;

(b) only such authorized representatives of each of the Qualified Bidders, as the case may be, the ABH Debtors, their respective advisors, and the advisors to the Creditors Committee and the Monitor shall be permitted to attend the Auction;

(c) bidding at the Auction shall begin at the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by a Qualified Bidder that (i) improves upon such Qualified Bidder's immediately prior Qualified Bid and (ii) the ABH Debtors determine, in consultation with the advisors to the Creditors Committee and the Monitor, is a higher or otherwise better offer than any other bids submitted in the prior round;

(d) only the Qualified Bidders shall be entitled to submit additional bids at the Auction;

(e) the Stalking Horse shall receive a credit equal to the amount of the Termination Payment (as defined in the Stalking Horse Agreement) when bidding at the Auction;

(f) each bidder will be informed of the terms of the previous bids;

(g) the Auction may, in the ABH Debtors' discretion, in consultation with advisors to the Creditors Committee and the Monitor, include individual negotiations with bidders and/or open bidding in the presence of all of the other Qualified Bidders;

(h) each bidder will be required to confirm on the record of the Auction that it has not engaged in any collusion with respect to the bidding or the Sale; and

(i) the Courts will not consider bids made after the Auction is closed.

Acceptance of the Successful Bid.

The Auction shall continue until the ABH Debtors, in the exercise of their reasonable, good-faith business judgment and after consulting with their advisors and the advisors to the Creditors Committee and the Monitor, determine that they have received the most economic or otherwise best bid or offer (the "Successful Bid"). In making such determination, the ABH Debtors may consider, among other factors: the pricing terms of the Backstop Commitment; the impact, if any, on the proposed Plans or timing for emergence; and the terms and type of Securities to be issued. The Qualified Bidder having submitted the Successful Bid will be deemed the "Successful Bidder." Upon the conclusion of the Auction, the Successful Bidder and the ABH Debtors shall, as soon as commercially reasonable and practicable, complete and sign all agreements, contracts, instruments or other documents evidencing and containing the terms upon which such Successful Bid was made.

U.S. Hearing.

A hearing to consider approval of the Successful Bid (the "U.S. Hearing") is presently scheduled to take place on **June 22, 2010 at 11:00 a.m. (ET)**, or as soon thereafter as counsel may be heard, before the Honorable Kevin J. Carey, United States Bankruptcy Judge, in the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801.

The U.S. Hearing may be continued to a later date, including the date of the hearing on approval of the Debtors' Disclosure Statement with respect to the U.S. Plan by the Debtors sending notice prior to, or making an announcement at, the U.S. Hearing. No further notice of any such continuance will be required to be provided to any party.

Canadian Hearing.

A hearing to consider approval of the Successful Bid (the "Canadian Hearing") is presently scheduled to take place on **June ●, 2010 at ● (ET)**, or as soon thereafter as counsel may be heard, before the Honorable Clément Gascon, Quebec Superior Court Judge, at the Montreal Court House, 1 Notre-Dame Street East, Room ●, Montreal, Quebec, Canada.

The Canadian Hearing may be continued to a later date, including the date of the hearing on approval of the Petitioners' Information Circular with respect to the Canadian Plan by the Petitioners' sending notice prior to, or making an announcement at, the Canadian Hearing. No further notice of any such continuance will be required to be provided to any party.

Reservation of Rights.

The ABH Debtors reserve their rights, following consultation with the advisors to the Creditors Committee and the Monitor, to modify the Bidding Procedures in any manner that will best promote the goals of the bidding process or impose, at or prior to the Auction, additional customary terms and conditions on the Backstop Commitment and/or the Securities, including, without limitation, modifying the requirements for a Qualified Bid, extending the deadlines set forth in the Bidding Procedures, canceling the Auction, and rejecting any or all Qualified Bids if, in the ABH Debtors' business judgment, in consultation with advisors to the Creditors Committee and the Monitor, such Qualified Bid (a) is inadequate or insufficient, (b) not in conformity with the requirements of the Bankruptcy Code, the CCAA or any related rules or the terms set forth herein, or (c) contrary to the best interests of the ABH Debtors and their estates.

SCHEDULE "E"

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

In re:	)	Chapter 11
ABITIBIBOWATER INC., *et al.*,[2]	)	Case No. 09-11296 (KJC)
Debtors.	)	Jointly Administered

NOTICE OF (A) ENTRY INTO BACKSTOP COMMITMENT AGREEMENT, (B) APPROVAL OF BID PROCEDURES, (C) AUCTION AND (D) HEARING

PLEASE TAKE NOTICE THAT on May 24, 2010 the above-captioned debtors (the "U.S. Debtors"), filed the First Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "U.S. Plan") and the debtors listed in Schedule "A" hereto (the "Canadian Debtors" and together with the U.S. Debtors, the "Debtors"), filed the Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (the "CCAA") and Section 191 of *Canada Business Corporations Act* (the "CCAA Plan" and together with the U.S. Plan, the "Plans"), pursuant to which the Debtors intend to raise capital to fund their obligations under

2 The debtors-in-possession in these cases, along with the last four digits of each Debtor's federal or Canadian tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (6050), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (3225), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (0999), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (8810), Bowater Canadian Forest Products Inc. (2010), Bowater Canadian Holdings Incorporated (6828), Bowater Canadian Limited (7373), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (5722), Bowater Maritimes Inc. (5684), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0186), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The corporate headquarters of the debtors-in-possession is located at, and the mailing address for each debtor-in-possession is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

the Plans through, among other sources, a rights offering to unsecured creditors (the "Rights Offering").

PLEASE TAKE FURTHER NOTICE THAT, in connection with the proposed Rights Offering, on May 24, 2010, the Debtors entered into a commitment agreement (the "Agreement") with a group of investors (the "Backstop Investors") who have agreed to backstop the Rights Offering (that obligation, the "Backstop Commitment"). The Agreement also sets forth the key terms of the unsecured convertible notes (the "Notes") that the Debtors intend to issue in connection with the Rights Offering.

PLEASE TAKE FURTHER NOTICE THAT, on June [●], 2010, the U.S. Bankruptcy Court for the District of Delaware (the "U.S. Bankruptcy Court") entered an order (the "U.S. Bid Procedures Order") authorizing the U.S. Debtors to conduct a public auction with respect to the terms of the Backstop Commitment and the Notes and approving certain procedures (the "Bid Procedures") and protections for the Backstop Investors in connection with that process and that, on June [●], 2010, the Quebec Superior Court for the District of Montreal (the "CCAA Court" and together with the U.S. Bankruptcy Court the "Courts") issued an similar order in respect of the Canadian Debtors (the "Canadian Bid Procedures Order"). Copies of the U.S. Bid Procedures Order and of the Canadian Bid Procedures Order (which both incorporate the Bid Procedures) are enclosed herein.

Contact Person For Parties Interested in Submitting a Bid

The Bid Procedures set forth in detail the requirements for submitting a "Qualified Bid" (defined in the Bid Procedures). **Only Qualified Bids will be considered by the Debtors.** Any person interested in making an offer to backstop the Rights Offering should contact: Steve Zelin and Michael O'Hara at The Blackstone Group at (212) 583-5000.

Obtaining Additional Information

Additional copies of the U.S. Bid Procedures Order, the Bidding Procedures and any other related documents are available upon request to EPIQ Bankruptcy Services, LLC, the U.S. Debtors' notice and claims agent, at (888) 266-9280, or by visiting the case website at http://dm.epiq11.com/ABH.

Additional copies of the Canadian Bid Procedures Order, the Bidding Procedures and any other related documents are available upon request to Ernst & Young Inc., the Canadian Debtors' Monitor, at 1-866-246-7889, or by visiting the case website at www.ey.com/ca/abitibibowater.

Important Dates and Deadlines

- The deadline to submit a Qualified Bid is **5:00 p.m. Eastern Time on June 18, 2010.**
- The deadline to file an objection with the U.S. Bankruptcy Court to the entry of an order approving the Commitment Agreement is **4:00 p.m. Eastern Time on June 18, 2010** (the "U.S. Objection Deadline").

- The deadline to file an objection with the CCAA Court to the entry of an order approving the Commitment Agreement is [●] (the "Canadian Objection Deadline").

- The Auction regarding the Backstop Commitment and the Notes, if one is necessary, will commence promptly at **10:00 a.m. Eastern Time on June 21, 2010**, at the offices of Paul, Weiss, Rifkind, Wharton &Garrison, LLP, located at 1285 Avenue of the Americas, New York, New York 10019.

- A hearing (the "U.S. Hearing") to consider the winning bid will be held before the Honorable Kevin J. Carey of the U.S. Bankruptcy Court at **11:00 a.m. Eastern Time on June 22, 2010**, in Courtroom 5, 824 North Market Street, Third Floor, Wilmington, Delaware 19801.

- A hearing (the "Canadian Hearing") to consider the winning bid will also be held before the Honorable Clément Gascon of the CCAA Court at [●] **Eastern Time on June [●], 2010**, at the Montreal Court House, 1 Notre-Dame Street East, Room [●], Montreal, Quebec, Canada.

Filing Objections to the Motion

Any objection must (a) be in writing, (b) state with specificity the nature of such objection, (c) comply with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the District of Delaware (if filed in the U.S. Bankruptcy Court) or the CCAA and the *Code of Civil Procedure of Quebec* (if filed in the CCAA Court) and (d) be filed with the U.S. Court or the Canadian Court (as applicable) and served upon, so as to be actually received on or prior to the Objection Deadline, by the following parties:

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP 1285 Avenue of the Americas New York, New York 10019-6064 Attn: Kelley A. Cornish, Esq. Attn: Alice Belisle Eaton, Esq. Counsel to the Debtors	STIKEMAN ELLIOTT LLP 1155, René-Lévesque Blvd. West, 40th fl. Montreal, Quebec H3B 3V2 Attn: Marc Barbeau Attn: Sean Dunphy Counsel to the Canadian Debtors
ERNST & YOUNG INC. 800 René-Lévesque Blvd. West, Suite 1900 Montreal, Quebec H3B 1X9 Attn: Alex Morrison Monitor of the Canadian Debtors	THORNTONGROUTFINNIGAN LLP Suite 3200, Canadian Pacific Tower 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre Toronto, Ontario M5K 1K7 Attn: Robert I. Thornton Counsel to the Monitor

KRAMER LEVIN NAFTALIS & FRANKEL LLP 1177 Avenue of the Americas New York, New York 10036 Attn: John Bessonette Attn: Douglas H. Mannal Counsel to the Backstop Investors	SHEARMAN & STERLING LLP 599 Lexington Avenue New York, New York 10022 Attn: Douglas Bartner Attn: Edmund M. Emrich Counsel to the Backstop Investors
TORYS LLP 79 Wellington St. W., Suite 3000, Box 270 Toronto, Ontario M5K 1N2 Attn: Micheal Rotsztain Counsel to the Backstop Investors	PAUL HASTINGS LLP Park Avenue Tower 75 East 55th Street New York, New York 10022 Attn: Luc A. Despins, Esq. Attn: Robert Winter, Esq. Counsel to the Official Committee of Unsecured Creditors
OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE 844 King Street, Suite 2207 Wilmington, Delaware 19801 Attn: David Klauder, Esq.	GOODMANS LLP 333 Bay St., Suite 3400 Toronto, Ontario M5H 2S7 Attn: Robert Chadwick Counsel to the Ad Hoc Unsecured Noteholders Committee

Consequences Of Failing To Timely File And Serve An Objection

ANY PARTY OR ENTITY WHO FAILS TO TIMELY FILE AND SERVE AN OBJECTION ON OR BEFORE THE OBJECTION DEADLINE IN ACCORDANCE WITH THE BID PROCEDURES ORDER SHALL BE FOREVER BARRED FROM ASSERTING AN OBJECTION TO THE COMMITMENT AGREEMENT.

SCHEDULE "A"
CANADIAN DEBTORS

The Canadian Debtors are:
Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd. and 9150-3383 Québec Inc., Bowater Canadian Holdings Incorporated., Bowater Canada Finance Corporation, Bowater Canadian Limited, 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St. Maurice River Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products (2001) Inc., Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc.; Bowater Couturier Inc. and Abitibi-Consolidated (U.K.) Inc.