

SUPERIOR COURT

COMMERCIAL DIVISION

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

**CANADA
PROVINCE OF QUÉBEC
DISTRICT OF OF MONTRÉAL**

No. 500-11-036133-094

July 2, 2010

Present: The Honourable Mr. Justice Clément Gascon

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

**ABITIBIBOWATER INC.
and
ABITIBI-CONSOLIDATED INC.
and
BOWATER CANADIAN HOLDINGS INC.,
and
the other Petitioners listed herein,**

Petitioners

and

ERNST & YOUNG INC.,

Monitor

and

THE ROYAL TRUST COMPANY,

Mise en cause

and

Clifford R. Bowles
Donald Bridges
Serge Bureau
Robert Chambers
Emmanuelle-Andrée Collin
Paul J.E. Gagné
Anthony Iasenza
Norman W. Lord
Ian Moss McArthur
John Poleschuk
Marc Charles Régnier
David Toole and Bette Toole
Wallace M. Vrooman
John Hubert Whalen
Edward Broadhurst
Donald Campbell
Fernand Landry
David J. Steuart
Jerry P. Soderberg
Alyce Flenniken
-and-
Warren Porter Woodworth

Petitioners/Creditors

ORDER

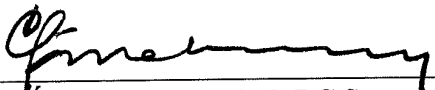
- [1] **WHEREAS** The Petitioner Bowater Canadian Forest Products Inc. ("BCFPI") is the sponsor of three Supplemental Executive Retirement Plans ("SERPs") to provide post-retirement benefits to eligible employees and to the beneficiaries of any deceased participants (together, the "members");

- [2] **WHEREAS** on April 16, 2009, AbitibiBowater Inc. ("ABH"), Bowater Inc. and certain of their U.S. and Canadian subsidiaries filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware and on April 17, 2009, ABH and certain Petitioners obtained orders under s. 18.6 of the CCAA in respect of the Chapter 11 Proceedings;
- [3] **WHEREAS** on April 17, 2009, this Honourable Court issued an order (as subsequently amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "CCCA") in respect of (i) Abitibi-Consolidated Inc. ("**ACI**") and subsidiaries thereof (collectively, the "**Abitibi Petitioners**"), (ii) Bowater Canadian Holdings Inc. and affiliates and subsidiaries thereof (collectively, the "**Bowater Petitioners**") and (iii) certain partnerships;
- [4] **WHEREAS** on or about May 1, 2009, Petitioners advised The Royal Trust Company ("RTC") that the payments of all SERP benefits had been suspended;
- [5] **WHEREAS** on or about May 28, 2010, BCFPI filed an Amended Motion for directions on the identity of the persons whose benefits under the Bowater supplemental executive retirement plans were secured by a letter of credit (the "Motion for Directions");
- [6] **WHEREAS** the following Petitioners/Creditors are identified as Schedule A members (Canadian members who retired before December 31, 2003) in the Motion for Directions:
- Clifford R. Bowles
 - Donald Bridges
 - Serge Bureau
 - Robert Chambers
 - Emmanuelle-Andrée Collin
 - Paul J.E. Gagné
 - Anthony Iasenza
 - Norman W. Lord
 - Ian Moss McArthur
 - John Poleschuk
 - Marc Charles Régnier
 - David Toole and Bette Toole
 - Wallace M. Vrooman
 - John Hubert Whalen
- [7] **WHEREAS** the following Petitioners/Creditors are identified as Schedule B members (Canadian members who retired after December 31, 2003 but before May 26, 2009) in the Motion for Directions:
- Edward Broadhurst
 - Donald Campbell
 - Fernand Landry
 - David J. Steuart

- [8] **WHEREAS** the following Petitioners/Creditors are identified as Schedule C members (U.S. Members) in the Motion for Directions:
- Alyce Flenniken
 - Jerry P. Soderberg
 - Warren Porter Woodworth
- [9] **WHEREAS** on or about June 30, 2010, an Amended Joint Motion of the Petitioners/Creditors to immediately resume the payment of SERP benefits to Schedule A, Schedule B and Schedule C members of the SERPs pending the proceedings on the Motion for directions was filed (the "Amended Joint Motion");
- [10] **WHEREAS** the rights of Schedule A, Schedule B and Schedule C members to receive outstanding amounts payable since May 1, 2009 and arrears without interest (the "Outstanding Payments") as well as the monthly SERP payments going forward (the "Monthly Payments") from the proceeds of the Letter of Credit are not contested, being understood that the Schedule B members are entitled to share in the proceeds of the Letter of Credit but only to the extent of the value of the SERP liabilities accrued up to December 31, 2003;
- [11] **WHEREAS** according to the actuarial report dated May 6, 2010 prepared by Mercer (the "Mercer Report"), the total market value of the assets of the Retirement Compensation Agreement ("RCA") referred to in the Motion for Directions was in excess of TWENTY SEVEN MILLION DOLLARS (\$27,000,000) as at April 2010;
- [12] **WHEREAS** according to the Mercer Report, said assets are expected to run out only in January 2026 based on payments to be made in accordance with the conclusions contained in the Motion for Directions;
- [13] **WHEREAS** the total benefits payable to the members of Schedule A, Schedule B and Schedule C amount to approximately \$175,000 per month;
- [14] **WHEREAS** this Order will not prejudice the rights of the Active Employees whose names are listed in Schedule "D" or those of the Deferred Vested Members listed at Schedule "E" or other parties interested in the Motion for Directions to recover their share of the proceeds of the letter of credit held by RTC, should the judgment on the Motion for Directions eventually determine that they are entitled to such a share;
- [15] **WHEREAS** none of the parties interested in the Motion for Directions object to the issuance of this Order;
- [16] **WHEREFORE, THE COURT:**
- [17] **ORDERS** Petitioner Bowater Canadian Forest Products Inc. to communicate to The Royal Trust Company, within five (5) days of this Order, the following information (the "Members Information") for each member of Schedule A, Schedule B and Schedule C:

- (a) Name of each member entitled to receive payment from the RCA Plan Trust Fund;
 - (b) Home address of each member;
 - (c) Social insurance number of each member;
 - (d) The amount of Outstanding Payments and the amount of Monthly Payments for each member;
 - (e) Payment instructions (i.e. cheque or Electronic Funds Transfer (EFT) – if by EFT, a void cheque is required. If a cheque is not available, a sample of the MICR (Magnetic Ink Character Recognition) line encoding for the bank account is required.)
 - (f) Payment frequency;
 - (g) TD1 information for the calculation of withholding tax;
 - (h) Additional tax to be withheld, if requested;
 - (i) Payment termination date, if applicable;
- [18] **ORDERS** that Petitioner Bowater Canadian Forest Products Inc. provide The Royal Trust Company any changes that may occur to the Members Information, and that such changes be implemented by The Royal Trust Company within 30 days following the communication of such changes;
- [19] **ORDERS** The Royal Trust Company to resume, within thirty (30) days following the receipt of the Members Information from Petitioner Bowater Canadian Forest Products Inc., the Outstanding Payments and the Monthly Payments of SERP benefits from the proceeds of the Letter of Credit, in accordance with the Members Information to be provided by Petitioner Bowater Canadian Forest Products Inc., to:
- (a) Clifford R. Bowles, Donald Bridges, Serge Bureau, Robert Chambers, Emmanuelle-Andrée Collin, Paul J.E. Gagné, Anthony Iasenza, Norman W. Lord, Ian Moss McArthur, John Poleschuk, Marc Charles Régnier, David Toole and Bette Toole, Wallace M. Vrooman, John Hubert Whalen, as well as to any and all other participants identified as Schedule A members in the Motion for Directions;
 - (b) Edward Broadhurst, Donald Campbell, Fernand Landry, David J. Steuart, as well as to any and all other participants identified as Schedule B members in the Motion for Directions, the whole based on the monthly amount corresponding to the value of the SERP liabilities which they accrued up to December 31, 2003, as calculated by Mercer;
 - (c) Jerry P. Soderberg, Alyce Flenniken and Warren Porter Woodworth, identified as Schedule C members in the Motion for Directions;

- [20] **RESERVES**, as the case may be, the right, if any, of the Schedule A, Schedule B and Schedule C members to claim entitlement to any interest on the Outstanding Payments;
- [21] **DECLARES** that this Order will not prejudice the rights of the Active Employees whose names are listed in Schedule "D" or those of the Deferred Vested Members listed at Schedule "E" or other parties interested in the Motion for Directions to recover their share of the proceeds of the letter of credit held by The Royal Trust Company, should the judgment to be rendered on the Motion for Directions eventually determine that they are entitled to such a share.
- [22] **THE WHOLE, WITHOUT COSTS.**


CLÉMENT GASCON, J.C.S. J.C.S.