

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-036133-094

DATE: **SEPTEMBER 23, 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"

Debtors

And

ERNST & YOUNG INC.

Monitor

REASONS FOR JUDGMENT ON SANCTION ORDER (#733)

INTRODUCTION

[1] This judgment deals with the sanction and approval of a plan of arrangement under the CCAA¹. The sole issue to resolve is the fair and reasonable character of the plan. While the debtor company, the monitor and an overwhelming majority of stakeholders strongly support this sanction and approval, three dissenting voices raise limited objections. The Court provides these reasons in support of the Sanction Order it considers appropriate and justified to issue under the circumstances.

¹ *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36.

THE RELEVANT BACKGROUND

[2] On April 17, 2009, the Court issued an Initial Order pursuant to the CCAA with respect to the Abitibi Petitioners (listed in Schedule A), the Bowater Petitioners (listed in Schedule B) and the Partnerships (listed in Schedule C).

[3] On the day before, April 16, 2009, AbitibiBowater Inc., Bowater Inc. and certain of their U.S. and Canadian Subsidiaries (the "**U.S. Debtors**") had, similarly, filed Voluntary Petitions for Relief under Chapter 11 of the U.S. Bankruptcy Code.

[4] Since the Initial Order, the Abitibi Petitioners, the Bowater Petitioners and the Partnerships (collectively, "**Abitibi**") have, under the protection of the Court, undertaken a huge and complex restructuring of their insolvent business.

[5] The restructuring of Abitibi's imposing debt of several billion dollars was a cross-border undertaking that affected tens of thousands of stakeholders, from employees, pensioners, suppliers, unions, creditors and lenders to government authorities.

[6] The process has required huge efforts on the part of many, including important sacrifices from most of the stakeholders involved. To name just a few, these restructuring efforts have included the closure of certain facilities, the sale of assets, contracts repudiations, the renegotiation of collective agreements and several costs saving initiatives².

[7] In a span of less than 18 months, more than 740 entries have been docketed in the Court record that now comprises in excess of 12 boxes of documents. The Court has, so far, rendered over 100 different judgments and orders. The Stay Period has been extended seven times. It presently expires on September 30, 2010.

[8] Abitibi is now nearing emergence from this CCAA restructuring process.

[9] In May 2010, after an extensive review of the available alternatives, and pursuant to lengthy negotiations and consultations with creditors' groups, regulators and stakeholders, Abitibi filed its Plan of Reorganization and Compromise in the CCAA restructuring process (the "**CCAA Plan**"³). A joint Plan of Reorganization was also filed at the same time in the U.S. Bankruptcy Court process (the "**U.S. Plan**").

² See Monitor's Fifty-Seventh Report dated September 7, 2010, and Monitor's Fifty-Ninth Report dated September 17, 2010.

³ This Plan of Reorganisation and Compromise (as modified, amended or supplemented by CCAA Plan Supplements 3.2, 6.1(a)(i) (as amended on September 13, 2010) and 6.1(a)(ii) dated September 1, 2010, CCAA Plan Supplements 6.8(a), 6.8(b) (as amended on September 13, 2010), 6.8(d), 6.9(1) and 6.9(2) dated September 3, 2010, and the First Plan Amendment dated September 10, 2010, and as may be further modified, amended, or supplemented in accordance with the terms of such Plan of Reorganization and Compromise) (collectively, the "**CCAA Plan**") is included as Schedules E and F to the Supplemental 59th Report of the Monitor dated September 21, 2010.

[10] In essence, the Plans provided for the payment in full, on the Implementation Date and consummation of the U.S. Plan, of all of Abitibi's and U.S. Debtors' secured debt obligations.

[11] As for their unsecured debt obligations, save for few exceptions, the Plans contemplated their conversion to equity of the post emergence reorganized Abitibi. If the Plans are implemented, the net value would likely translate into a recovery under the CCAA Plan corresponding to the following approximate rates for the various Affected Unsecured Creditors Classes:

- (a) 3.4% for the ACI Affected Unsecured Creditor Class;
- (b) 17.1% for the ACCC Affected Unsecured Creditor Class;
- (c) 4.2% for the Saguenay Forest Products Affected Unsecured Creditor Class;
- (d) 36.5% for the BCFPI Affected Unsecured Creditor Class;
- (e) 20.8% for the Bowater Maritimes Affected Unsecured Creditor Class; and
- (f) 43% for the ACNSI Affected Unsecured Creditor Class.

[12] With respect to the remaining Petitioners, the illustrative recoveries under the CCAA Plan would be nil, as these entities have nominal assets.

[13] As an alternative to this debt to equity swap, the basic structure of the CCAA Plan included as well the possibility of smaller unsecured creditors receiving a cash distribution of 50% of the face amount of their Proven Claim if such was less than \$6,073, or if they opted to reduce their claim to that amount.

[14] In short, the purpose of the CCAA Plan was to provide for a coordinated restructuring and compromise of Abitibi's debt obligations, while at the same time reorganizing and simplifying its corporate and capital structure.

[15] On September 14, 2010, Abitibi's Creditors' Meeting to vote on the CCAA Plan was convened, held and conducted. The resolution approving the CCAA Plan was overwhelmingly approved by the Affected Unsecured Creditors of Abitibi, save for the Creditors of one the twenty Classes involved, namely, the BCFC Affected Unsecured Creditors Class.

[16] Majorities well in excess of the statutorily required simple majority in number and two-third majority in value of the Affected Unsecured Claims held by the Affected Unsecured Creditors were attained. On a combined basis, the percentages were 97.07% in number and 93.47% in value.

[17] Of the 5,793 votes cast by creditors holding claims totalling some 8,9 billion dollars, over 8,3 billion dollars worth of claims voted in favour of approving the CCAA Plan.

THE MOTION⁴ AT ISSUE

[18] Today, as required by Section 6 of the CCAA, the Court is asked to sanction and approve the CCAA Plan. The effect of the Court's approval is to bind Abitibi and its Affected Unsecured Creditors to the terms of the CCAA Plan.

[19] The exercise of the Court's authority to sanction a compromise or arrangement under the CCAA is a matter of judicial discretion. In that exercise, the general requirements to be met are well established. In summary, before doing so, the Court must be satisfied that⁵:

- a) There has been strict compliance with all statutory requirements;
- b) Nothing has been done or purported to be done that was not authorized by the CCAA; and
- c) The Plan is fair and reasonable.

[20] Only the third condition is truly at stake here. Despite Abitibi's creditors' huge support of the fairness and the reasonableness of the CCAA Plan, some dissenting voices have raised objections.

[21] They include:

- a) The BCFC Noteholders' Objection;
- b) The Contestations of the Provinces of Ontario and British Columbia; and
- c) The Contestation of NPower Cogen Limited.

[22] For the reasons that follow, the Court is satisfied that the CCAA Plan is fair and reasonable. The Contestations of the Provinces of Ontario and British Columbia and of NPower Cogen Limited have now been satisfactorily resolved by adding to the Sanction Order sought limited "carve-out" provisions in that regard. As for the only other objection that remains, namely that of some of the BCFC Noteholders, the Court considers that it should be discarded.

[23] It is thus appropriate to immediately approve the CCAA Plan and issue the Sanction Order sought, albeit with some minor modifications to the wording of specific conclusions that the Court deems necessary.

[24] In the Court's view, it is important to allow Abitibi to move forthwith towards emergence from the CCAA restructuring process it undertook eighteen month ago.

⁴ *Motion for an Order Sanctioning the Plan of Reorganization and Compromise and Other Relief (the "Motion")*, pursuant to Sections 6, 9 and 10 of the CCAA and Section 191 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the "**CBCA**").

⁵ *Boutiques San Francisco Inc. (Arrangement relatif aux)*, SOQUIJ AZ-50263185, B.E. 2004BE-775 (S.C.); *Cable Satisfaction International Inc. (Arrangement relatif à)*, J.E. 2004-907 (S.C.).

[25] No one seriously disputes that there is risk associated with delaying the sanction of the CCAA Plan. This risk includes the fact that part of the exit financing sought by Abitibi is dependent upon the capital markets being receptive to the high yield notes or term debt being offered, in a context where such markets are volatile. There is, undoubtedly, continuing uncertainty with respect to the strength of the economic recovery and the effect this could have on the financial markets.

[26] Moreover, there are numerous arrangements that Abitibi and their key stakeholders have agreed to or are in the process of settling that are key to the successful implementation of the CCAA Plan, including collective bargaining agreements with employees and pension funding arrangements with regulators. Any undue delay with implementation of the CCAA Plan increases the risk that these arrangements may require alterations or amendments.

[27] Finally, at hearing, Mr. Robertson, the Chief Restructuring Officer, testified that the monthly cost of any delay in Abitibi's emergence from this CCAA process is the neighbourhood of 30 million dollars. That includes the direct professional costs and financing costs of the restructuring itself, as well as the savings that the labour cost reductions and the exit financing negotiated by Abitibi will generate as of the Implementation Date.

[28] The Court cannot ignore this reality in dealing rapidly with the objections raised to the sanction and approval of the CCAA Plan.

ANALYSIS

1. The Court's approval of the CCAA Plan

[29] As already indicated, the first and second general requirements set out previously dealing with the statutory requirements and the absence of unauthorized conduct are not at issue.

[30] On the one hand, the Monitor has reached the conclusion that Abitibi is and has been in strict compliance with all statutory requirements. Nobody suggests that this is not the case.

[31] On the other hand, all materials filed and procedures taken by Abitibi were authorized by the CCAA and the orders of this Court. The numerous reports of the Monitor (well over sixty to date) make no reference to any act or conduct by Abitibi that was not authorized by the CCAA; rather, the Monitor is of the view that Abitibi has not done or purported to do anything that was not authorized by the CCAA⁶.

[32] In fact, in connection with each request for an extension of the stay of proceedings, the Monitor has reported that Abitibi was acting in good faith and with due

⁶ See Monitor's Fifty-Eight Report dated September 16, 2010.

diligence. The Court has not made any contrary finding during the course of these proceedings.

[33] Turning to the fairness and reasonableness of a CCAA Plan requirement, its assessment requires the Court to consider the relative degrees of prejudice that would flow from granting or refusing the relief sought. To that end, in reviewing the fairness and reasonableness of a given plan, the Court does not and should not require perfection⁷.

[34] Considering that a plan is, first and foremost, a compromise and arrangement reached, between a debtor company and its creditors, there is, indeed, a heavy onus on parties seeking to upset a plan where the required majorities have overwhelmingly supported it. From that standpoint, a court should not lightly second-guess the business decisions reached by the creditors as a body⁸.

[35] In that regard, courts in this country have held that the level of approval by the creditors is a significant factor in determining whether a CCAA Plan is fair and reasonable⁹. Here, the majorities in favour of the CCAA Plan, both in number and in value, are very high. This indicates a significant and very strong support of the CCAA Plan by the Affected Unsecured Creditors of Abitibi.

[36] Likewise, in its Fifty-Seventh Report, the Monitor advised the creditors that their approval of the CCAA Plan would be a reasonable decision. He recommended that they approve the CCAA Plan then. In its Fifty-Eighth Report, the Monitor reaffirmed its view that the CCAA Plan was fair and reasonable. The recommendation was for the Court to sanction and approve the CCAA Plan.

[37] In a matter such as this one, where the Monitor has worked through out the restructuring with professionalism, objectivity and competence, such a recommendation carries a lot of weight.

[38] The Court considers that the CCAA Plan represents a truly successful compromise and restructuring, fully in line with the objectives of the CCAA. Despite its weaknesses and imperfections, and notwithstanding the huge sacrifices and losses it imposes upon numerous stakeholders, the CCAA Plan remains a practical, reasonable and responsible solution to Abitibi's insolvency.

⁷ *Re T. Eaton Co.*, (1999), 15 C.B.R. (4th) 311 (Ont. S.C.J. [Commercial List]); *Sammi Atlas Inc. (Re)*, (1998), 3 C.B.R. (4th) 171 (Ont. S.C.J. [Commercial List]); *PSINet Lt. (Re)*, [2002] O.J. No. 1156 (Ont. S.C.J.) (QL).

⁸ *Uniforêt inc. (Arrangement relatif à)*, J.E. 2003-1408; *T.Q.S. inc. (Arrangement relatif à)*, 2008 QCCS 2448, B.E. 2008BE-834; *PSINet Ltd. (Re)*, [2002] O.J. No. 1156 (Ont. S.C.J.) (QL); *Olympia & York Developments Ltd. (Re)*, (1993) 12 O.R. (3d) 500 (Gen. Div.).

⁹ *Olympia & York Developments Ltd. (Re)*, (1993) 12 O.R. (3d) 500 (Gen. Div.); *Boutiques San Francisco inc. (Arrangement relatif aux)*, SOQUIJ AZ-50263185, B.E. 2004BE-775; *PSINet Ltd. (Re)*, [2002] O.J. No. 1156 (Ont. S.C.J.) (QL); *Northland Properties Ltd. (Re)*, (1988), 73 C.B.R. (N.S.) 175 (B.C.S.C.), affirmed (1989), 73 C.B.R. (N.S.) 195 (B.C.C.A.).

[39] Its implementation will preserve significant social and economic benefits to the Canadian economy, including enabling about 11,900 employees (as of March 31, 2010) to retain their employment, and allowing hundreds of municipalities, suppliers and contractors in several regions of Ontario and Quebec to continue deriving benefits from a stronger and more competitive important player in the forest products industry.

[40] In addition, the business of Abitibi will continue to operate, pension plans will not be terminated, and the Affected Unsecured Creditors will receive distributions (including payment in full to small creditors).

[41] Moreover, simply no alternative to the CCAA Plan has been offered to the creditors of Abitibi. To the contrary, it appears obvious that in the event the Court does not sanction the CCAA Plan, the considerable advantages that it creates will be most likely lost, such that Abitibi may well be placed into bankruptcy.

[42] If that were to be the case, no one seriously disputes that most of the creditors would end up being in a more disadvantageous position than with the approval of the CCAA Plan. As outlined in the Monitor's 57th Report, the alternative scenario, a liquidation of Abitibi's business, will not prove to be as advantageous for its creditors, let alone its stakeholders as a whole.

[43] All in all, the economic and business interests of those directly concerned with the end result have spoken vigorously pursuant to a well-conducted democratic process. This is certainly not a case where the Court should override the express and strong wishes of the debtor company and its creditors and the Monitor's objective analysis that supports it.

[44] Bearing these comments in mind, the Court notes as well that none of the objections raised support the conclusion that the CCAA Plan is unfair or unreasonable.

2. The BCFC Noteholders' objections

[45] In the end, only Aurelius Capital Management LP and Contrarian Capital Management LLC (the "**Noteholders**") oppose the sanction of the CCAA Plan¹⁰.

[46] These Noteholders, through their managed funds entities, hold about one-third of some six hundred million US dollars of Unsecured Notes issued by Bowater Canada Finance Company ("**BCFC**") and which are guaranteed by Bowater Incorporated. These notes are BCFC's only material liabilities.

[47] BCFC was a Petitioner under the CCAA proceedings and a Debtor in the parallel proceedings under Chapter 11 of the U.S. Bankruptcy Code. However, its creditors voted to reject the CCAA Plan: while 76.8% of the Class of Affected Unsecured Creditors of BCFC approved the CCAA Plan in number, only 48% thereof voted in favour in dollar value. The required majorities of the CCAA were therefore not met.

¹⁰ The Indenture Trustee acting under the Unsecured Notes supports the Noteholders in their objections.

[48] As a result of this no vote occurrence, the Affected Unsecured Creditors of BCFC, including the Noteholders, are Unaffected Creditors under the CCAA Plan: they will not receive the distribution contemplated by the plan. As for BCFC itself, this outcome entails that it is not an "Applicant" for the purpose of this Sanction Order.

[49] Still, the terms of the CCAA Plan specifically provide for the compromise and release of any claims BCFC may have against the other Petitioners pursuant, for instance, to any inter company transactions. Similarly, the CCAA Plan specifies that BCFC's equity interests in any other Petitioner can be exchanged, cancelled, redeemed or otherwise dealt with for nil consideration.

[50] In their objections to the sanction of the CCAA Plan, the Noteholders raise, in essence, three arguments:

- (a) They maintain that BCFC did not have an opportunity to vote on the CCAA Plan and that no process has been established to provide for BCFC to receive distribution as a creditor of the other Petitioners;
- (b) They criticize the overly broad and inappropriate character of the release provisions of the CCAA Plan;
- (c) They contend that the NAFTA Settlement Funds have not been appropriately allocated.

[51] With respect, the Court considers that these objections are ill founded.

[52] First, given the vote by the creditors of BCFC that rejected the CCAA Plan and its specific terms in the event of such a situation, the initial ground of contestation is moot for all intents and purposes.

[53] In addition, pursuant to a hearing held on September 16 and 17, 2010, on an Abitibi's *Motion for Advice and Directions*, Mayrand J. already concluded that BCFC had simply no claims against the other Petitioners, save with respect to the Contribution Claim referred to in that motion and that is not affected by the CCAA Plan in any event.

[54] There is no need to now review or reconsider this issue that has been heard, argued and decided, mostly in a context where the Noteholders had ample opportunity to then present fully their arguments.

[55] In her reasons for judgment filed earlier today in the Court record, Mayrand J. notably ruled that the alleged Inter Company Claims of BCFC had no merit pursuant to a detailed analysis of what took place.

[56] For one, the Monitor, in its Amended 49th Report, had made a thorough review of the transactions at issue and concluded that they did not appear to give rise to any inter company debt owing to BCFC.

[57] On top of that, Mayrand J. noted as well that the Independent Advisors, who were appointed in the Chapter 11 U.S. Proceedings to investigate the Inter Company Transactions that were the subject of the Inter Company Claims, had completed their report in this regard. As explained in its 58th Report, the Monitor understands that they were of the view that BCFC had no other claims to file against any other Petitioner. In her reasons, Mayrand J. concluded that this was the only reasonable inference to draw from the evidence she heard.

[58] As highlighted by Mayrand J. in these reasons, despite having received this report of the Independent Advisors, the Noteholders have not agreed to release its content. Conversely, they have not invoked any of its findings in support of their position either.

[59] That is not all. In her reasons for judgment, Mayrand J. indicated that a detailed presentation of the Independent Advisors report was made to BCFC's Board of Directors on September 7, 2010. This notwithstanding, BCFC elected not to do anything in that regard since then.

[60] As a matter of fact, at no point in time did BCFC ever file, in the context of the current CCAA Proceedings, any claim against any other Petitioner. None of its creditors, including the Noteholders, have either purported to do so for and/or on behalf of BCFC. This is quite telling. After all, the transactions at issue date back many years and this restructuring process has been going on for close to eighteen months.

[61] To sum up, short of making allegations that no facts or analysis appear to support or claiming an insufficiency of process because the independent and objective ones followed so far did not lead to the result they wanted, the Noteholders simply have nothing of substance to put forward.

[62] Contrary to what they contend, there is no need for yet again another additional process to deal with this question. To so conclude would be tantamount to allowing the Noteholders to take hostage the CCAA restructuring process and derail Abitibi's emergence for no valid reason.

[63] The other argument of the Noteholders to the effect that BCFC would have had a claim as the holder of preferred shares of BCHI leads to similar comments. It is, again, hardly supported by anything. In any event, assuming the restructuring transactions contemplated under the CCAA Plan entail their cancellation for nil consideration, which is apparently not necessarily the case for the time being, there would be nothing unusual in having the equity holders of insolvent companies not receive anything in a compromise and plan of arrangement approved in a CCAA restructuring process.

[64] In such a context, the Court disagrees with the Noteholders' assertion that BCFC did not have an opportunity to vote on the CCAA Plan or that no process was established to provide the latter to receive distribution as a potential creditor of the other Petitioners.

[65] To argue that the CCAA Plan is not fair and reasonable on the basis of these alleged claims of BCFC against the other Petitioners has no support based on the relevant facts and Mayrand J.'s analysis of that specific point.

[66] Second, given these findings, the issue of the breadth and appropriateness of the releases provided under the CCAA Plan simply does not concern the Noteholders.

[67] As stated by Abitibi's Counsel at hearing, BCFC is neither an "Applicant" under the terms of the releases of the CCAA Plan nor pursuant to the Sanction Order. As such, BCFC does not give or get releases as a result of the Sanction Order. The CCAA Plan does not release BCFC nor its directors or officers acting as such.

[68] As it is not included as an "Applicant", there is no need to provide any type of convoluted "carve-out" provision as the Noteholders requested. As properly suggested by Abitibi, it will rather suffice to include a mere clarification at paragraph 15 of the Sanction Order to reaffirm that in the context of the releases and the Sanction Order, "Applicant" does not include BCFC.

[69] As for the Noteholders themselves, they are Unaffected Creditors under the CCAA Plan as a result of the no vote of their Class.

[70] In essence, the main concern of the Noteholders as to the scope of the releases contemplated by the CCAA Plan and the Sanction Order is a mere issue of clarity. In the Court's opinion, this is sufficiently dealt with by the addition made to the wording of paragraph 15 of the Sanction Order.

[71] Besides that, as explained earlier, any complaint by the Noteholders that the alleged inter company claims of BCFC are improperly compromised by the CCAA Plan has no merit. If their true objective is to indirectly protect their contentions to that end by challenging the wording of the releases, it is unjustified and without basis. The Court already said so.

[72] Save for these arguments raised by the Noteholders that the Court rejects, it is worth noting that none of the stakeholders of Abitibi object to the scope of the releases of the CCAA Plan or their appropriateness given the global compromise reached through the debt to equity swap and the reorganization contemplated by the plan.

[73] The CCAA permits the inclusion of releases (even ones involving third parties) in a plan of compromise or arrangement when there is a reasonable connection between the claims being released and compromised and the restructuring achieved by the plan. Amongst others, the broad nature of the terms "compromise or arrangement", the binding nature of a plan that has received creditors' approval, and the principles that parties should be able to put in a plan what could lawfully be incorporated into any other contract support the authority of the Court to approve these kind of releases¹¹. In

¹¹ See, in this respect, *ATB Financial v. Metcalfe & Mansfield Alternative Investments II Corp.*, [2008] ONCA 587; *Charles-Auguste Fortier inc. (Arrangement relatif à)*, J.E. 2009-9, 2008 QCCS 5388 (S.C.); *Hy Bloom inc. v. Banque Nationale du Canada*, [2010] R.J.Q. 912 (S.C.).

accordance with these principles, the Quebec Superior Court has, in the past, sanctioned plans that included releases of parties making significant contribution to a restructuring¹².

[74] The additional argument raised by the Noteholders with respect to the difference between the releases that could be approved by this Court as compared to those that the U.S. Bankruptcy Court may issue in respect of the Chapter 11 Plan is not convincing.

[75] The fact that under the Chapter 11 Plan, creditors may elect not to provide releases to directors and officers of applicable entities does not render similar kind of releases granted under the CCAA Plan invalid or improper. That the result may be different in a jurisdiction as opposed to the other does not make the CCAA Plan unfair and unreasonable simply for that reason.

[76] Third, the last objection of the Noteholders to the effect that the NAFTA Settlement Funds have not been properly allocated is simply a red herring. It is aimed at provoking a useless debate with respect to which the Noteholders have, in essence, no standing.

[77] The Monitor testified that the NAFTA Settlement has no impact whatsoever upon BCFC. If it is at all relevant, all the assets involved in this settlement belonged to another of the Petitioners, ACCC, with respect to whom the Noteholders are not a creditor.

[78] In addition, this apparent contestation of the allocation of the NAFTA Settlement Funds is a collateral attack on the Order granted by this Court on September 1, 2010, which approved the settlement of Abitibi's NAFTA claims against the Government of Canada, as well as the related payment to be made to the reorganised successor Canadian operating entity upon emergence. No one has appealed this NAFTA Settlement Order.

[79] That said, in their oral argument, the Noteholders have finally argued that the Court should lift the Stay of Proceedings Order inasmuch as BCFC was concerned. The last extension of the Stay was granted on September 1, 2010, without objection; it expires on September 30, 2010. It is clear from the wording of this Sanction Order that any extension beyond September 30, 2010 will not apply to BCFC.

[80] The Court considers this request made verbally by the Noteholders as unfounded.

[81] No written motion was ever served in that regard to start with. In addition, the Stay remains in effect against BCFC up until September 30, 2010, that is, for about a week or so. The explanations offered by Abitibi's Counsel to leave it as such for the time being are reasonable under the circumstances. It appears proper to allow a few

¹² *Quebecor World Inc. (Arrangement relatif à)*, S.C. Montreal, N° 500-11-032338-085, 2009-06-30, Mongeon J.

days to the interested parties to ascertain the impact, if any, of the Stay not being applicable anymore to BCFC, if alone to ascertain how this impacts upon the various charges created by the Initial Order and subsequent Orders issued by the Court during the course of these proceedings.

[82] There is no support for the concern of the Noteholders as to an ulterior motive of Abitibi for maintaining in place this Stay of Proceedings against BCFC up until September 30, 2010.

[83] All things considered, in the Court's opinion, it would be quite unfair and unreasonable to deny the sanction of the CCAA Plan for the benefit of all the stakeholders involved on the basis of the arguments raised by the Noteholders.

[84] Their objections either reargue issues that have been heard, considered and decided, complain of a lack a clarity of the scope of releases that the addition of a few words to the Sanction Order properly addresses, or voice queries about the allocation of important funds to the Abitibi's emergence from the CCAA that simply do not concern the entities of which the Noteholders are allegedly creditors, be it in Canada or in the U.S.

[85] When one remains mindful of the relative degrees of prejudice that would flow from granting or refusing the relief sought, it is obvious that the scales heavily tilt in favour of granting the Sanction Order sought.

3. The Contestations of the Provinces of Ontario and British Columbia

[86] Following negotiations that the Provinces involved and Abitibi pursued, with the assistance of the Monitor, up to the very last minute, the interested parties have agreed upon a "carve-out" wording that is satisfactory to every one with respect to some potential environmental liabilities of Abitibi in the event future circumstances trigger a concrete dispute in that regard.

[87] In the Court's view, this is, by far, the most preferred solution to adopt with respect to the disagreement that exists on their respective position as to potential proceedings that may arise in the future under environmental legislation. This approach facilitates the approval of the CCAA Plan and the successful restructuring of Abitibi, without affecting the right of any affected party in this respect.

[88] The "carve-out" provisions agreed upon will be included in the Sanction Order.

4. The Contestation of NPower Cogen Limited

[89] By its Contestation, NPower Cogen Limited sought to preserve its rights with respect to what it called the "Cogen Motion", namely a *"motion to be brought by Cogen before this Honourable Court to have various claims heard"* (para. 24(b) and 43 of NPower Cogen Limited Contestation).

[90] Here again, Abitibi and NPower Cogen Limited have agreed on an acceptable "carve-out" wording to be included in the Sanction Order in that regard. As a result, there is no need to discuss the impact of this Contestation any further.

5. Abitibi's Reorganization

[91] The Motion finally deals with the corporate reorganization of Abitibi and the Sanction Order includes declarations and orders dealing with it.

[92] The test to be applied by the Court in determining whether to approve a reorganization under Section 191 of the *CBCA* is similar to the test applied in deciding whether to sanction a plan of arrangement under the *CCAA*, namely: (a) there must be compliance with all statutory requirements; (b) the debtor company must be acting in good faith; and (c) the capital restructuring must be fair and reasonable¹³.

[93] It is not disputed by anyone that these requirements have been fulfilled here.

6. The wording of the Sanction Order

[94] In closing, the Court made numerous comments to Abitibi's Counsel on the wording of the Sanction Order initially sought in the Motion. These comments have been taken into account in the subsequent in depth revisions of the Sanction Order that the Court is now issuing. The Court is satisfied with the corrections, adjustments and deletions made to what was originally requested.

FOR THESE REASONS, THE COURT:

[1] **GRANTS** the Motion.

Definitions

[2] **DECLARES** that any capitalized terms not otherwise defined in this Order shall have the meaning ascribed thereto in the *CCAA Plan*¹⁴ and the Creditors' Meeting Order, as the case may be.

¹³ *Raymor Industries inc. (Proposition de)*, [2010] R.J.Q. 608 (S.C.), 2010 QCCS 376; *Quebecor World Inc. (Arrangement relatif à)*, S.C. Montreal, N° 500-11-032338-085, 2009-06-30, Mongeon J., at para. 7-8; *Mei Computer Technology Group Inc. (Arrangement relatif à)*, (S.C., 2005-11-14), SOQUIJ AZ-50380254, 2005 CanLII 54083 (QC C.S.); *Doman Industries Ltd. (Re)*, 2003 BCSC 375; *Laidlaw Inc. (Re)*, [2003] O.J. No. 865 (Ont. S.C.J.).

¹⁴ It is understood that for the purposes of this Sanction Order, the *CCAA Plan* is the Plan of Reorganisation and Compromise (as modified, amended or supplemented by *CCAA Plan Supplements* 3.2, 6.1(a)(i) (as amended on September 13, 2010) and 6.1(a)(ii) dated September 1, 2010, *CCAA Plan Supplements* 6.8(a), 6.8(b) (as amended on September 13, 2010), 6.8(d), 6.9(1) and 6.9(2) dated September 3, 2010, and the First Plan Amendment dated September 10, 2010, and as may be further modified, amended, or supplemented in accordance with the terms of such Plan of Reorganization and Compromise) included as Schedules E and F to the Supplemental 59th Report of the Monitor dated September 21, 2010.

Service and Meeting

[3] **DECLARES** that the notices given of the presentation of the Motion and related Sanction Hearing are proper and sufficient, and in accordance with the Creditors' Meeting Order.

[4] **DECLARES** that there has been proper and sufficient service and notice of the Meeting Materials, including the CCAA Plan, the Circular and the Notice to Creditors in connection with the Creditors' Meeting, to all Affected Unsecured Creditors, and that the Creditors' Meeting was duly convened, held and conducted in conformity with the CCAA, the Creditors' Meeting Order and all other applicable orders of the Court.

[5] **DECLARES** that no meetings or votes of (i) holders of Equity Securities and/or (ii) holders of equity securities of ABH are required in connection with the CCAA Plan and its implementation, including the implementation of the Restructuring Transactions as set out in the Restructuring Transactions Notice dated September 1, 2010, as amended on September 13, 2010.

CCAA Plan Sanction

[6] **DECLARES** that:

- a) the CCAA Plan and its implementation (including the implementation of the Restructuring Transactions) have been approved by the Required Majorities of Affected Unsecured Creditors in each of the following classes in conformity with the CCAA: ACI Affected Unsecured Creditor Class, the ACCC Affected Unsecured Creditor Class, the 15.5% Guarantor Applicant Affected Unsecured Creditor Classes, the Saguenay Forest Products Affected Unsecured Creditor Class, the BCFPI Affected Unsecured Creditor Class, the AbitibiBowater Canada Affected Unsecured Creditor Class, the Bowater Maritimes Affected Unsecured Creditor Class, the ACNSI Affected Unsecured Creditor Class, the Office Products Affected Unsecured Creditor Class and the Recycling Affected Unsecured Creditor Class;
- b) the CCAA Plan was not approved by the Required Majority of Affected Unsecured Creditors in the BCFC Affected Unsecured Creditors Class and that the Holders of BCFC Affected Unsecured Claims are therefore deemed to be Unaffected Creditors holding Excluded Claims against BCFC for the purpose of the CCAA Plan and this Order, and that BCFC is therefore deemed not to be an Applicant for the purpose of this Order;
- c) the Court is satisfied that the Petitioners and the Partnerships have complied with the provisions of the CCAA and all the orders made by this Court in the context of these CCAA Proceedings in all respects;

- d) the Court is satisfied that no Petitioner or Partnership has either done or purported to do anything that is not authorized by the CCAA; and
- e) the CCAA Plan (and its implementation, including the implementation of the Restructuring Transactions), is fair and reasonable, and in the best interests of the Applicants and the Partnerships, the Affected Unsecured Creditors, the other stakeholders of the Applicants and all other Persons stipulated in the CCAA Plan.

[7] **ORDERS** that the CCAA Plan and its implementation, including the implementation of the Restructuring Transactions, are sanctioned and approved pursuant to Section 6 of the CCAA and Section 191 of the CBCA, and, as at the Implementation Date, will be effective and will enure to the benefit of and be binding upon the Applicants, the Partnerships, the Reorganized Debtors, the Affected Unsecured Creditors, the other stakeholders of the Applicants and all other Persons stipulated in the CCAA Plan.

CCAA Plan Implementation

[8] **DECLARES** that the Applicants, the Partnerships, the Reorganized Debtors and the Monitor, as the case may be, are authorized and directed to take all steps and actions necessary or appropriate, as determined by the Applicants, the Partnerships and the Reorganized Debtors in accordance with and subject to the terms of the CCAA Plan, to implement and effect the CCAA Plan, including the Restructuring Transactions, in the manner and the sequence as set forth in the CCAA Plan, the Restructuring Transactions Notice and this Order, and such steps and actions are hereby approved.

[9] **AUTHORIZES** the Applicants, the Partnerships and the Reorganized Debtors to request, if need be, one or more order(s) from this Court, including CCAA Vesting Order(s), for the transfer and assignment of assets to the Applicants, the Partnerships, the Reorganized Debtors or other entities referred to in the Restructuring Transactions Notice, free and clear of any financial charges, as necessary or desirable to implement and effect the Restructuring Transactions as set forth in the Restructuring Transactions Notice.

[10] **DECLARES** that, pursuant to Section 191 of the CBCA, the articles of AbitibiBowater Canada will be amended by new articles of reorganization in the manner and at the time set forth in the Restructuring Transactions Notice.

[11] **DECLARES** that all Applicants and Partnerships to be dissolved pursuant to the Restructuring Transactions shall be deemed dissolved for all purposes without the necessity for any other or further action by or on behalf of any Person, including the Applicants or the Partnerships or their respective securityholders, directors, officers, managers or partners or for any payments to be made in connection therewith, provided, however, that the Applicants, the Partnerships and the Reorganized Debtors shall cause to be filed with the appropriate Governmental Entities articles, agreements

or other documents of dissolution for the dissolved Applicants or Partnerships to the extent required by applicable Law.

[12] **DECLARES** that, subject to the performance by the Applicants and the Partnerships of their obligations under the CCAA Plan, and in accordance with Section 8.1 of the CCAA Plan, all contracts, leases, Timber Supply and Forest Management Agreements ("TSFMA") and outstanding and unused volumes of cutting rights (backlog) thereunder, joint venture agreements, agreements and other arrangements to which the Applicants or the Partnerships are a party and that have not been terminated including as part of the Restructuring Transactions or repudiated in accordance with the terms of the Initial Order will be and remain in full force and effect, unamended, as at the Implementation Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect by reason of:

- a) any event that occurred on or prior to the Implementation Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Applicants and the Partnerships);
- b) the insolvency of the Applicants, the Partnerships or any affiliate thereof or the fact that the Applicants, the Partnerships or any affiliate thereof sought or obtained relief under the CCAA, the CBCA or the Bankruptcy Code or any other applicable legislation;
- c) any of the terms of the CCAA Plan, the U.S. Plan or any action contemplated therein, including the Restructuring Transactions Notice;
- d) any settlements, compromises or arrangements effected pursuant to the CCAA Plan or the U.S. Plan or any action taken or transaction effected pursuant to the CCAA Plan or the U.S. Plan; or
- e) any change in the control, transfer of equity interest or transfer of assets of the Applicants, the Partnerships, the joint ventures, or any affiliate thereof, or of any entity in which any of the Applicants or the Partnerships held an equity interest arising from the implementation of the CCAA Plan (including the Restructuring Transactions Notice) or the U.S. Plan, or the transfer of any asset as part of or in connection with the Restructuring Transactions Notice.

[13] **DECLARES** that any consent or authorization required from a third party, including any Governmental Entity, under any such contracts, leases, TSFMAs and outstanding and unused volumes of cutting rights (backlog) thereunder, joint venture agreements, agreements or other arrangements in respect of any change of control,

transfer of equity interest, transfer of assets or transfer of any asset as part of or in connection with the Restructuring Transactions Notice be deemed satisfied or obtained, as applicable.

[14] **DECLARES** that the determination of Proven Claims in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol and the Creditors' Meeting Order shall be final and binding on the Applicants, the Partnerships, the Reorganized Debtors and all Affected Unsecured Creditors.

Releases and Discharges

[15] **CONFIRMS** the releases contemplated by Section 6.10 of the CCAA Plan and **DECLARES** that the said releases constitute good faith compromises and settlements of the matters covered thereby, and that such compromises and settlements are in the best interests of the Applicants and its stakeholders, are fair, equitable, and are integral elements of the restructuring and resolution of these proceedings in accordance with the CCAA Plan, it being understood that for the purpose of these releases and/or this Order, the terms "Applicants" or "Applicant" are not meant to include Bowater Canada Finance Corporation ("**BCFC**").

[16] **ORDERS** that, upon payment in full in cash of all BI DIP Claims and ULC DIP Claim in accordance with the CCAA Plan, the BI DIP Lenders and the BI DIP Agent or ULC, as the case may be, shall at the request of the Applicants, the Partnerships or the Reorganized Debtors, without delay, execute and deliver to the Applicants, the Partnerships or the Reorganized Debtors such releases, discharges, authorizations and directions, instruments, notices and other documents as the Applicants, the Partnerships or the Reorganized Debtors may reasonably request for the purpose of evidencing and/or registering the release and discharge of any and all Financial Charges with respect to the BI DIP Claims or the ULC DIP Claim, as the case may be, the whole at the expense of the Applicants, the Partnerships or the Reorganized Debtors.

[17] **ORDERS** that, upon payment in full in cash of their Secured Claims in accordance with the CCAA Plan, the ACCC Administrative Agent, the ACCC Term Lenders, the BCFPI Administrative Agent, the BCFPI Lenders, the Canadian Secured Notes Indenture Trustee and any Holders of a Secured Claim, as the case may be, shall at the request of the Applicants, the Partnerships or the Reorganized Debtors, without delay, execute and deliver to the Applicants, the Partnerships or the Reorganized Debtors such releases, discharges, authorizations and directions, instruments, notices and other documents as the Applicants, the Partnerships or the Reorganized Debtors may reasonably request for the purpose of evidencing and/or registering the release and discharge of any and all Financial Charges with respect to the ACCC Term Loan Claim, BCFPI Secured Bank Claim, Canadian Secured Notes Claim or any other Secured Claim, as the case may be, the whole at the expense of the Applicants, the Partnerships or the Reorganized Debtors.

For the purposes of the present paragraph [17], in the event of any dispute as to the amount of any Secured Claim, the Applicants, Partnerships or Reorganized Debtors, as the case may be, shall be permitted to pay to the Monitor the full amount in dispute (as specified by the affected Secured Creditor or by this Court upon summary application) and, upon payment of the amount not in dispute, receive the releases, discharges, authorizations, directions, instruments notices or other documents as provided for therein. Any amount paid to the Monitor in accordance with this paragraph shall be held in trust by the Monitor for the holder of the Secured Claim and the payer as their interests shall be determined by agreement between the parties or, failing agreement, as directed by this Court after summary application.

[18] **PRECLUDES** the prosecution against the Applicants, the Partnerships or the Reorganized Debtors, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the CCAA Plan.

Accounts with Financial Institutions

[19] **ORDERS** that any and all financial institutions (the "Financial Institutions") with which the Applicants, the Partnerships and the Reorganized Debtors have or will have accounts (the "Accounts") shall process and/or facilitate the transfer of, or changes to, such Accounts in order to implement the CCAA Plan and the transactions contemplated thereby, including the Restructuring Transactions.

[20] **ORDERS** that Mr. Allen Dea, Vice-President and Treasurer of ABH, or any other officer or director of the Reorganized Debtors, is empowered to take all required acts with any of the Financial Institutions to affect the transfer of, or changes to, the Accounts in order to facilitate the implementation of the CCAA Plan and the transactions contemplated thereby, including the Restructuring Transactions.

Effect of failure to implement CCAA Plan

[21] **ORDERS** that, in the event that the Implementation Date does not occur, Affected Unsecured Creditors shall not be bound to the valuation, settlement or compromise of their Affected Claims at the amount of their Proven Claims in accordance with the CCAA Plan, the Claims Procedure Orders or the Creditors' Meeting Order. For greater certainty, nothing in the CCAA Plan, the Claims Procedure Orders, the Creditors' Meeting Order or in any settlement, compromise, agreement, document or instrument made or entered into in connection therewith or in contemplation thereof shall, in any way, prejudice, quantify, adjudicate, modify, release, waive or otherwise affect the validity, enforceability or quantum of any Claim against the Applicants or the Partnerships, including in the CCAA Proceedings or any other proceeding or process, in the event that the Implementation Date does not occur.

Charges created in the CCAA Proceedings

[22] **ORDERS** that, upon the Implementation Date, all CCAA Charges against the Applicants and the Partnerships or their property created by the CCAA Initial Order or any subsequent orders shall be determined, discharged and released, provided that the BI DIP Lenders Charge shall be cancelled on the condition that the BI DIP Claims are paid in full on the Implementation Date.

Fees and Disbursements

[23] **ORDERS** and **DECLARES** that, on and after the Implementation Date, the obligation to pay the reasonable fees and disbursements of the Monitor, counsel to the Monitor and counsel to the Applicants and the Partnerships, in each case at their standard rates and charges and including any amounts outstanding as of the Implementation Date, in respect of the CCAA Plan, including the implementation of the Restructuring Transactions, shall become obligations of Reorganized ABH.

Exit Financing

[24] **ORDERS** that the Applicants are authorized and empowered to execute, deliver and perform any credit agreements, instruments of indebtedness, guarantees, security documents, deeds, and other documents, as may be required in connection with the Exit Facilities.

Stay Extension

[25] **EXTENDS** the Stay Period in respect of the Applicants until the Implementation Date.

[26] **DECLARES** that all orders made in the CCAA Proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by, or inconsistent with, this Order, the Creditors' Meeting Order, or any further Order of this Court.

Monitor and Chief Restructuring Officer

[27] **DECLARES** that the protections afforded to Ernst & Young Inc., as Monitor and as officer of this Court, and to the Chief Restructuring Officer pursuant to the terms of the Initial Order and the other Orders made in the CCAA Proceedings, shall not expire or terminate on the Implementation Date and, subject to the terms hereof, shall remain effective and in full force and effect.

[28] **ORDERS** and **DECLARES** that any distributions under the CCAA Plan and this Order shall not constitute a "distribution" and the Monitor shall not constitute a "legal representative" or "representative" of the Applicants for the purposes of section 159 of the Income Tax Act (Canada), section 270 of the Excise Tax Act (Canada), section 14 of the Act Respecting the Ministère du Revenu (Québec), section 107 of the

Corporations Tax Act (Ontario), section 22 of the Retail Sales Tax Act (Ontario), section 117 of the Taxation Act, 2007 (Ontario) or any other similar federal, provincial or territorial tax legislation (collectively the "Tax Statutes") given that the Monitor is only a Disbursing Agent under the CCAA Plan, and the Monitor in making such payments is not "distributing", nor shall be considered to "distribute" nor to have "distributed", such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of it making any payments ordered or permitted hereunder, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of payments made under the CCAA Plan and this Order and any claims of this nature are hereby forever barred.

[29] **ORDERS** and **DECLARES** that the Disbursing Agent, the Applicants and the Reorganized Debtors, as necessary, are authorized to take any and all actions as may be necessary or appropriate to comply with applicable Tax withholding and reporting requirements, including withholding a number of shares of New ABH Common Stock equal in value to the amount required to comply with such withholding requirements from the shares of New ABH Common Stock to be distributed to current or former employees and making the necessary arrangements for the sale of such shares on the TSX or the New York Stock Exchange on behalf of the current or former employees to satisfy such withholding requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Unsecured Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Entity.

Claims Officers

[30] **DECLARES** that, in accordance with paragraph [25] hereof, any claims officer appointed in accordance with the Claims Procedure Orders shall continue to have the authority conferred upon, and to the benefit from all protections afforded to, claims officers pursuant to Orders in the CCAA Proceedings.

General

[31] **ORDERS** that, notwithstanding any other provision in this Order, the CCAA Plan or these CCAA Proceedings, the rights of the public authorities of British Columbia, Ontario or New Brunswick to take the position in or with respect to any future proceedings under environmental legislation that this or any other Order does not affect such proceedings by reason that such proceedings are not in relation to a claim within the meaning of the CCAA or are otherwise beyond the jurisdiction of Parliament or a court under the CCAA to affect in any way is fully reserved; as is reserved the right of any affected party to take any position to the contrary.

[32] **DECLARES** that nothing in this Order or the CCAA Plan shall preclude NPower Cogen Limited ("Cogen") from bringing a motion for, or this Court from granting, the relief sought in respect of the facts and issues set out in the Claims Submission of

Cogen dated August 10, 2010 (the "Claim Submission"), and the Reply Submission of Cogen dated August 24, 2010, provided that such relief shall be limited to the following:

- a) a declaration that Cogen's claim against Abitibi Consolidated Inc. ("Abitibi") and its officers and directors, arising from the supply of electricity and steam to Bridgewater Paper Company Limited between November 1, 2009 and February 2, 2010 in the amount of £9,447,548 plus interest accruing at the rate of 3% *per annum* from February 2, 2010 onwards (the "Claim Amount") is (i) unaffected by the CCAA Plan or Sanction Order; (ii) is an Excluded Claim; or (iii) is a Secured Claim; (iv) is a D&O Claim; or (v) is a liability of Abitibi under its Guarantee;
- b) an Order directing Abitibi and its Directors and Officers to pay the Claim Amount to Cogen forthwith; or
- c) in the alternative to (b), an order granting leave, if leave be required, to commence proceedings for the payment of the Claim Amount under s. 241 of the *CBCA* and otherwise against Abitibi and its directors and officers in respect of same.

[33] **DECLARES** that any of the Applicants, the Partnerships, the Reorganized Debtors or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice to the Service List.

[34] **DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.

[35] **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 any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order, including the registration of this Order in any office of public record by any such court or administrative body or by any Person affected by the Order.

Provisional Execution

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

[37] **WITHOUT COSTS.**


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BCFC

Dates of hearing: September 20 and 21, 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