

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No.: 500-11-036133-094

DATE: NOVEMBER 24, 2009

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 in Schedules "A", "B", "C"
Petitioners

And

ERNST & YOUNG INC.

Monitor

**JUDGMENT ON A MOTION FOR PERMISSION
TO SELL CERTAIN ASSETS OF THE DEBTORS (BELGO) (#339)**

1 **CONSIDERING** the *Motion for Permission to Sell Certain Assets* (the "**Motion**") dated November 18, 2009 respecting the Belgo pulp and paper mill;

2 **CONSIDERING** the representations of the attorneys for the Petitioners and the Monitor and the absence of contestation by any person;

3 **CONSIDERING** that the proposed Transaction, which covers both the Immoveable in which the plant is located and the related equipment, is the culmination of a long process of appraisal and sale undertaken nineteen months ago;

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4 **CONSIDERING** that the appraisal and sale process followed by the Petitioners was efficient, transparent and fair toward all stakeholders, as evidenced by the Monitor's 23rd Report dated November 20, 2009;

5 **CONSIDERING** that the proposed Transaction is in the interest of both the Petitioners and their body of creditors, in that:

- (a) it is the most interesting from a financial point of view;
- (b) it reduces the operating costs of the Petitioners by approximately \$2,268,000 on an annual basis;
- (c) it provides for the creation of jobs through the partial re-use of the plant;
- (d) it represents the best conditions the Petitioners can obtain in the current market;

6 **CONSIDERING** that, to avoid harming similar sale procedures for closed plants instituted by the Petitioners, the request to keep the documents relating to the Transaction under seal appears well-founded;

WHEREFORE, THE COURT:

1 **ALLOWS** the Motion;

2 **AUTHORIZES** Abitibi-Consolidated Inc. ("**ACI**") and Abitibi Consolidated Company of Canada ("**ACCC**"), as vendors, to enter into with Recyclage Arctic Beluga inc., as purchaser, the Transaction proposed in the offer to purchase filed under seal as Exhibit R-1 in support of the Motion (the "**Offer to Purchase**"), the deed of sale filed under seal as Exhibit R-2 in support of the motion (the "**Deed of Sale**") and the agreement of sale filed under seal as Exhibit R-3 in support of the Motion (the "**Agreement of Sale**");

3 **ORDERS** that Exhibits R-1 to R-3 shall remain confidential and be kept under seal in the Court record;

4 **DECLARES** that this order constitutes the only authorization required by the Petitioners in order to enter into the Transaction proposed in the Offer to Purchase, the Deed of Sale and the Agreement of Sale;

5 **AUTHORIZES** the Petitioners to do any thing, sign any documents and take all steps necessary and useful to give effect to the provisions, transactions and undertakings set out in the Offer to Purchase, the Deed of Sale and the Agreement of Sale;

6 **DECLARES** that the Deed of Sale and the Agreement of Sale to be entered into will effect the transfer of all right, title and interest of ACI and ACCC in the Assets covered by the Deed of Sale and the Agreement of Sale and that such sale shall have the effect of a sale by judicial authority in accordance with the *Civil Code of Québec* and the *Quebec Code of Civil Procedure*.

7 **DECLARES** that, further to the execution of the Deed of Sale and the Agreement of Sale, Recyclage Arctic Beluga inc. shall receive good and valid title to the Assets subject to the Deed of Sale and the Agreement of Sale, free and clear of any priority, charge, obligation, hypothec, security or right, whether published or not, of any nature whatsoever;

8 **ORDERS** the registrar in charge of the land registry for the registration division of Shawinigan to strike the registration of the hypothecs published in the land registry for the registration division of Shawinigan under numbers 16 147 975 and 16 147 977, but only with respect to the Immoveable described in Schedule "D" of this judgment (the "**Immoveable**"), upon presentation of a certified true copy of this judgment and the written confirmation of Ernst & Young Inc., as Monitor, that the documents evidencing the Transaction have been signed, that the purchase price has been paid and that the whole effects the striking of the said charges;

9 **ORDERS** the registrar of the register of personal and movable real rights of the Province of Quebec (the "**RDPRM**") to reduce the basis of the hypothecs registered under numbers 09-0256803-0016, 09-0256803-0002 and 08-0163796-0002 in order to cause the movable property sold and described in the Agreement of Sale, i.e. all the movable property found on or in the Immoveable, including without limitation the equipment, rolling stock, machinery, tools, inventory and furnishings as well as the truck weigh scale situated on or near the Immoveable, to no longer be encumbered by such hypothecs, upon presentation of a certified true copy of this judgment and written confirmation by Ernst & Young Inc., as Monitor, that the documents evidencing the Transaction have been signed, that the sale price has been paid and that the whole effects reduction of the said encumbrances;

10 **DECLARES** that, in the event the Petitioners are placed in bankruptcy or make an assignment of their property, the trustee in bankruptcy will be bound by the terms of the Offer to Purchase, the Deed of Sale and the Agreement of Sale and any transaction, undertaking or document related thereto and that such transaction, undertaking or document may not be considered a preference or a reviewable transaction under the *Bankruptcy and Insolvency Act*, R.S.C. (1985), c. B-3 or under article 1631 of the *Civil Code of Québec* or any other applicable law;

11 **ORDERS** that any repayment of the sums owed under the ACI DIP Facility, if any, out of the net sale price generated by the transaction contemplated in the Offer to Purchase will give rise to the subrogation mechanism set out in paragraph 61.10 of the Initial Order in favour of the Senior Secured Noteholders, up to the amount of the ACI DIP Facility thereby repaid, the terms capitalized in this paragraph having the meaning ascribed to them in the Initial Order, as amended;

12 **ORDERS**, in the event the net proceeds of sale of the assets referred to in the Deed of Sale and the Agreement of Sale payable to ACI and/or ACCC (the "**Proceeds of Sale**") are not used in accordance with paragraph 11 of this Order, that the Proceeds of Sale be remitted to Ernst & Young Inc. as Monitor and kept by it;

13 **ORDERS** that the Proceeds of Sale held and kept by Ernst & Young Inc. in accordance with the foregoing paragraph be charged with a hypothec in favour of:

- (a) US Bank, National Association (successor of Wells Fargo Bank, National Association), as Indenture Trustee and Collateral Trustee (the "**Trustee**") for the benefit of the holders (the "**Senior Secured Noteholders**") of 13.75% senior notes due on April 1, 2011 (the "**Secured Notes**") having the same rank and priority as the hypothecs held by the Trustee, and
- (b) the ACI DIP Lender, as defined in the Initial Order as amended from time to time, having the same rank and priority as those conferred by this order.

14 **WITHOUT COSTS.**

(signed) _____
CLÉMENT GASCON, J.S.C.

Mtre. Sean Dunphy and Mtre. Joseph Reynaud
STIKEMAN ELLIOTT
Attorneys for the Debtors

Mtre. Avram Fishman
FISHMAN FLANZ MELAND PAQUIN
Attorneys for the Monitor

Mtre. Robert Thornton
THORNTON GROUT FINNIGAN
Attorneys for the Monitor

Mtre. Marc Duchesne
BORDEN, LADNER, GERVAIS
Attorneys for the Ad hoc Committee of the Senior Secured Noteholders and U.S.
Bank National Association, Indenture Trustee for the Senior Secured
Noteholders

Hearing date: November 23, 2009

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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.

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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.

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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

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SCHEDULE "D"**Description of the Immoveable****DESIGNATION**

"An immovable situated in the city of Shawinigan, Province of Quebec, known and designated as being made up of lots number THREE MILLION FIVE HUNDRED SIXTY-THREE THOUSAND FOUR HUNDRED SIXTY-SEVEN (3 563 467); THREE MILLION FIVE HUNDRED SIXTY-THREE THOUSAND SIX HUNDRED FORTY-FOUR (3 563 644); THREE MILLION SEVEN HUNDRED NINETEEN THOUSAND EIGHT HUNDRED SEVENTY-FOUR (3 719 874); THREE MILLION SEVEN HUNDRED NINETEEN THOUSAND EIGHT HUNDRED EIGHTY-FOUR (3 719 884); THREE MILLION SEVEN HUNDRED NINETEEN THOUSAND EIGHT HUNDRED EIGHTY-FIVE (3 719 885); THREE MILLION SEVEN HUNDRED NINETEEN THOUSAND EIGHT HUNDRED EIGHTY-SIX (3 719 886); THREE MILLION SEVEN HUNDRED NINETEEN THOUSAND EIGHT HUNDRED EIGHTY-NINE (3 719 889); THREE MILLION SEVEN HUNDRED EIGHTY-FIVE THOUSAND THREE HUNDRED SIXTY-ONE (3 785 361); THREE MILLION SEVEN HUNDRED EIGHTY-FIVE THOUSAND THREE HUNDRED SIXTY-TWO (3 785 362), all being in the Cadastre of Quebec, registration division of Shawinigan.

With the buildings thereon erected, appurtenances and dependencies, bearing civic number 1602 Cascades Avenue, Shawinigan, Province of Quebec, G9N 8S1."