

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-036133-094

DATE: **JUNE 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

And

**THE LAND REGISTRAR FOR THE LAND REGISTRY OFFICE FOR THE REGISTRATION
DIVISION OF CHICOUTIMI**

And

**THE LAND REGISTRAR FOR THE LAND REGISTRY OFFICE FOR THE REGISTRATION
DIVISION OF CHICOUTIMI**

Mis en cause

VESTING ORDER IN RESPECT OF THE ST-FULGENCE ASSETS (#587)

[1] **CONSIDERING** Petitioners' Motion for the Issuance of a Vesting Order in respect of the St-Fulgence Assets (the "**Motion**");

[2] **CONSIDERING** the representations of the parties and the Monitor's recommendation contained in the Forty-Fifth Report of June 22, 2010;

[3] **CONSIDERING** the absence of contestation by the parties holding the hypothecs detailed at paragraphs [5] and [6] of this Order who have been previously served with the Motion;

[4] **GIVEN** the provisions of the *Companies' Creditors Arrangement Act* ("**CCAA**");

FOR THESE REASONS, THE COURT:

[1] **AUTHORIZES and APPROVES** the execution by Produits Forestiers Saguenay Inc. ("**PFS**") of the agreement entitled *Convention d'achat d'actifs* (the "**Purchase Agreement**") dated May 26, 2010, filed under confidential seal as Exhibit R-1 to the Motion, by and between PFS, as vendor, and 9173-7122 Québec Inc. (the "**Purchaser**"), as purchaser and the completion of the transactions contemplated therein (the "**Sale Transactions**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Monitor.

[2] **ORDERS** that Exhibit R-1 remains confidential and kept under confidential seal in the Court record.

[3] **ORDERS and DECLARES** that this Order shall constitute the only authorization required by PFS to proceed with the Sale Transactions and that no shareholder or regulatory approval shall be required in connection therewith, save and except for those contemplated in the Purchase Agreement.

[4] **ORDERS and DECLARES** that upon the filing with this Court's registry of a Monitor's certificate substantially in the form appended as **Schedule D** hereto, (the "**Monitor's Certificate**"), all rights, title and interests in and to the assets described in the Purchase Agreement (the "**St-Fulgence Assets**"), shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all claims, liabilities, obligations, interests, prior claims, hypothecs, security interests (whether contractual, statutory or otherwise), liens, assignments, judgments, executions, writs of seizure and sale, options, adverse claims, levies, charges, liabilities (direct, indirect, absolute or contingent), pledges, executions, rights of first refusal or other pre-emptive rights in favour of third parties, mortgages, hypothecs, trusts or deemed trusts (whether contractual, statutory or otherwise), restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**St-Fulgence Assets Encumbrances**"), including without limiting the generality of the foregoing: (i) any St-Fulgence Assets Encumbrances created by the Order issued on April 17, 2009 by Justice Clément Gascon, J.S.C., as amended, and/or any other CCAA

order; and (ii) all charges, security interests or charges evidenced by registration, publication or filing pursuant to the *Civil Code of Québec*, the *Bank Act* or any other applicable legislation providing for a security interest in personal or immovable property, excluding however the servitudes (i) dated August 27, 2009 in favour of Solifor Charlevoix-Saguenay, Société en Commandite, published at the Land Register of the Land Registry Office for the Registration Division of Chicoutimi under number 16 495 252; (ii) dated June 6, 1950 and June 20, 1950 in favour of La Compagnie Électrique du Saguenay - Saguenay Electric Company (now Hydro-Québec), respectively published under numbers 99 510 and 99 731, as amended by a deed of partial renunciation dated December 8, 2003 and published under number 10 947 311, all at the Land Register of the Land Registry Office for the Registration Division of Chicoutimi with respect to the St-Fulgence Assets; and (iii) dated June 4, 2010 and published at the Land Register of the Land Registry Office for the Registration Division of Chicoutimi under number 17 248 416 (the "**Permitted Encumbrances**") and, for greater certainty, **ORDERS** that all of the St-Fulgence Assets Encumbrances, affecting or relating to the St-Fulgence Assets, with the exception of the Permitted Encumbrances, be expunged and discharged as against the St-Fulgence Assets, in each case effective as of the applicable time and date set out in the Purchase Agreement.

[5] **ORDERS** the Land Registrar of the Land Registry Office for the Registry Division of Chicoutimi, upon presentation of the Monitor's Certificate, in the form appended as Schedule D hereto, and a certified copy of this Order accompanied by the required application for registration and upon payment of the prescribed fees, to publish this Order and (i) to proceed with an entry on the index of immovables showing the Purchaser as the absolute owner in regards to the St-Fulgence Assets, located at St-Fulgence, in the Province of Québec, and being hereinafter described (the "**St-Fulgence Property**"); and (ii) proceed with the reduction and cancellation of any and all St-Fulgence Assets Encumbrances but only insofar as concerns the St-Fulgence Property as described below, including, without limitation, the following registrations published at the said Land Registry Office for the Registration Division of Chicoutimi but excluding the Permitted Encumbrances:

- Hypothec dated June 13, 2006 published under number 13 379 485 at the said Land Registry Office for the Registration Division of Chicoutimi;
- Hypothec dated May 8, 2009 published under number 16 145 470 at the said Land Registry Office for the Registration Division of Chicoutimi;
- Hypothec dated December 9, 2009 published under number 16 791 342 at the said Land Registry Office for the Registration Division of Chicoutimi; and
- Deed of Subrogation and Assignment dated January 7, 2010 published under number 16 851 032 at the said Land Registry Office for the Registration Division of Chicoutimi.

The St-Fulgence Property may be described as follows:

"Partie du lot 72

Un certain terrain connu et désigné comme étant formé d'une **partie du lot 72, du rang 3**, du cadastre officiel du **Canton de Harvey**, circonscription foncière de Chicoutimi. De figure irrégulière, cedit terrain est borné et décrit comme suit :

- vers l'ouest par une partie du lot 72, mesurant le long de cette limite **deux cent soixante-seize mètres et quatre-vingt-trois centièmes (276,83 m)**;
- vers le nord-est par une partie du lot 72 étant un ruisseau, mesurant le long de cette ligne sinueuse de **cent vingt-neuf mètres et neuf dixièmes (129,9 m)**;
- vers l'est par une partie du lot 73, étant la ligne séparatrice des lots 72 et 73, mesurant le long de cette limite **deux cent quatre-vingt-treize mètres et soixante-seize centièmes (293,76 m)**;
- vers le sud-ouest par une partie du lot 72, mesurant le long de cette limite **cent trente-trois mètres et dix-neuf centièmes (133,19 m)**;

et contenant une superficie de **trois hectares et six cent trente-deux millièmes**.

SUPERFICIE : 3,632 ha

L'intersection des limites sud-ouest et est de ce terrain est située à une distance de **quatre cent quarante-huit mètres et deux centièmes (448,02 m)** de l'emprise nord-est de la route 172, distance mesurée sur la ligne séparatrice des lots 72 et 73 desdits rang et canton.

Partie du lot 73

Un certain terrain connu et désigné comme étant formé d'une **partie du lot 73, du rang 3**, du cadastre officiel du **Canton de Harvey**, circonscription foncière de Chicoutimi. De figure irrégulière, cedit terrain est borné et décrit comme suit :

- vers l'ouest par une partie du lot 72, étant la ligne séparatrice des lots 72 et 73, mesurant le long de cette limite **deux cent quatre-vingt-treize mètres soixante-seize centièmes (293,76 m)**;
- vers le nord-est par une partie du lot 73 étant un ruisseau, mesurant le long de cette ligne sinueuse de **cent quatre-vingt-dix-neuf mètres et un dixième (199,1 m)**;
- vers l'est par une partie du lot 74, étant la ligne séparatrice des lots 73 et 74, mesurant le long de cette limite **trois cent dix mètres et vingt-sept centièmes (310,27 m)**;

- vers le sud-ouest par une partie du lot 73, mesurant le long de cette limite **quatre-vingt-deux mètres et cinquante-trois centièmes (82,53 m)** puis **trente-quatre mètres et cinquante-quatre centièmes (34,54 m)**;
- vers le sud par une partie du lot 73, mesurant le long de cette limite **cent seize mètres et trente-neuf centièmes (116,39 m)**;

et contenant une superficie de **cinq hectares et deux cent soixante et un millièmes**.

SUPERFICIE : 5,261 ha

L'intersection des limites sud et ouest de ce terrain est située à une distance de **quatre cent quarante-huit mètres et deux centièmes (448,02 m)** de l'emprise nord-est de la route 172, distance mesurée sur la ligne séparatrice des lots 72 et 73 desdits rang et canton.

Partie du lot 74

Un certain terrain connu et désigné comme étant formé d'une **partie du lot 74**, du **rang 3**, du cadastre officiel du **Canton de Harvey**, circonscription foncière de Chicoutimi. De figure irrégulière, cedit terrain est borné et décrit comme suit :

- vers l'ouest par une partie du lot 73, étant la ligne séparatrice des lots 73 et 74, mesurant le long de cette limite **trois cent dix mètres et vingt-sept centièmes (310,27 m)**;
- vers le nord par une partie du lot 74 étant un ruisseau, mesurant le long de cette ligne sinueuse de **deux cent trente-six mètres et trois dixièmes (236,3 m)**;
- vers l'est par une partie du lot 75, étant la ligne séparatrice des lots 74 et 75, mesurant le long de cette limite **trois cent trente et un mètres et quatre-vingt-sept centièmes (331,87 m)**;
- vers le sud-est par une partie du lot 74, mesurant le long de cette limite **quatre-vingt-sept mètres (87,00 m)**;
- vers le sud par une partie du lot 74, mesurant le long de cette limite **soixante et onze mètres et un centième (71,01 m)** et **soixante-quatorze mètres et quarante-deux centièmes (74,42 m)**;

et contenant une superficie de **six hectares et cent quatre-vingt-dix-neuf millièmes**.

SUPERFICIE : 6,199 ha

L'intersection des limites sud et ouest de ce terrain est située à une distance de **trois cent soixante dix mètres et quatre vingt-dix neuf centièmes (370,99 m)** de l'emprise nord-est de la route 172, distance mesurée sur la ligne séparatrice des lots 73 et 74 desdits rang et canton. »

[6] **ORDERS** the Québec Personal and Movable Real Rights Registrar, upon presentation of the required form with a true copy of this Vesting Order and the Monitor's Certificate, to reduce the scope of the hypothecs published under numbers: 04-0279470-0002, 08-0163791-0002, 08-0163796-0002, 09-0256803-0017 and 09-0762559-0002 in connection with the St-Fulgence Assets and to cancel, release and discharge all of the St-Fulgence Assets Encumbrances in order to allow the transfer to the Purchaser of the St-Fulgence Assets free and clear of any and all encumbrances created by those hypothecs.

[7] **ORDERS** that the proceeds from the sale of the St-Fulgence Assets, net of all transaction-related costs, including without limitation, attorney's fees (the "**Net Proceeds**") shall be remitted to Ernst & Young Inc., in its capacity as Monitor of the Petitioners, until the issuance of directions by this Court with respect to the allocation of said Net Proceeds.

[8] **ORDERS** that for the purposes of determining the nature and priority of the St-Fulgence Assets Encumbrances, the Net Proceeds from the sale of the St-Fulgence Assets shall stand in the place and stead of the St-Fulgence Assets, and that upon payment of the purchase price (as defined in the Purchase Agreement) by the Purchaser, all St-Fulgence Assets Encumbrances, except the Permitted Encumbrances, shall attach to the Net Proceeds from the sale of the St-Fulgence Assets with the same priority as they had with respect to the St-Fulgence Assets immediately prior to the sale, as if the St-Fulgence Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior the sale.

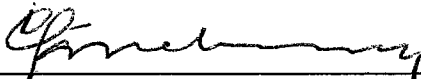
[9] **ORDERS** that notwithstanding:

- (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 vesting of the St-Fulgence Assets, contemplated in this Vesting Order, as well as the execution of the Purchase Agreement pursuant to this Vesting Order, 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.

[10] **ORDERS** the provisional execution of this Vesting Order notwithstanding any appeal and without the necessity of furnishing any security.

[11] **WITHOUT COSTS.**



CLEMENT GASCON, J.S.C. J. S. C.

Me Sean Dunphy and Me Joseph Reynaud
STIKEMAN, ELLIOTT
Attorneys for the Debtors

Date of hearing: June 23, 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