| | |
|---|---|
| **CANADA** | **SUPERIOR COURT** |
| **PROVINCE OF QUÉBEC**<br>**DISTRICT OF**<br>**MONTRÉAL** | Commercial Division<br>*Sitting as a court designated pursuant to the Companies' Creditors Arrangement Act, R.S.C., c. C-36, as amended* |
| **No.: 500-11-036133-094** | |

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

**ABITIBIBOWATER INC.**, a legal person incorporated under the laws of the State of Delaware, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And
**ABITIBI-CONSOLIDATED INC.**, a legal person incorporated under the laws of Canada, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And
**BOWATER CANADIAN HOLDINGS INC.**, a legal person incorporated under the laws of the Province of Nova Scotia, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And
the other Petitioners listed on Appendices "A", "B" and "C";

**Petitioners**

And
**ERNST & YOUNG INC.**, a legal person under the laws of Canada, having a place of business at 800 René-Lévesque Blvd. West, Suite 1900, in the City and District of Montréal, Province of Quebec, H3B 1X9;

**Monitor**

# SEVENTY-SEVENTH REPORT OF THE MONITOR
**October 17, 2011**

## INTRODUCTION

1. On April 17, 2009, Abitibi-Consolidated Inc. ("**ACI**") and its subsidiaries listed in Appendix "A" hereto (collectively with ACI, the "**ACI Petitioners**") and Bowater Canadian Holdings Incorporated ("**BCHI**") and its subsidiaries and affiliates listed in Appendix "B" hereto (collectively with BCHI, the "**Bowater Petitioners**") (the ACI Petitioners and the Bowater Petitioners, along with their successor entities, where applicable, are collectively referred to herein as the "**Petitioners**") filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**") pursuant to an Order of this Honourable Court, as amended on May 6, 2009 (the "**Initial Order**"). Pursuant to an Order of this Honourable Court dated November 10, 2009, Abitibi-Consolidated (U.K.) Inc., a subsidiary of ACI, was added to the list of the ACI Petitioners.

2. Pursuant to the Initial Order, Ernst & Young Inc. ("**EYI**") was appointed as monitor of the Petitioners (the "**Monitor**") under the CCAA and a stay of proceedings in favour of the Petitioners was granted until May 14, 2009 (the "**Stay Period**"). The Stay Period was subsequently extended to the date of implementation of the CCAA Plan (as defined herein) pursuant to further Orders of this Honourable Court. The date of implementation of the CCAA Plan was December 9, 2010.

3. On April 16, 2009, AbitibiBowater Inc. ("**ABH**"), Bowater Inc. ("**BI**"), and certain of their direct and indirect U.S. and Canadian subsidiaries, including BCHI and Bowater Canadian Forest Products Inc. ("**BCFPI**") (collectively referred to herein as the "**U.S. Debtors**"), filed voluntary petitions (collectively, the "**Chapter 11 Proceedings**") for relief under Chapter 11 of the U.S. Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the "**U.S. Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**").

4. BCHI, Bowater Canada Finance Corporation ("**BCFC**"), Bowater Canadian Limited, AbitibiBowater Canada Inc., BCFPI, Bowater LaHave Corporation and Bowater Maritimes Inc. commenced both CCAA Proceedings and Chapter 11 Proceedings and are referred to herein collectively as the "**Cross-Border Petitioners**" and are also included in

the definition of "**Petitioners**". The Petitioners, without BCFC, are referred to herein as the "**Applicants**".

5. The Petitioners are all subsidiaries of ABH (ABH, collectively with its subsidiaries, are referred to as the "**ABH Group**" or the "**Company**").

6. On April 17, 2009, ABH and the petitioners listed on Appendix "C" hereto (collectively with ABH, the "**18.6 Petitioners**") obtained Orders under Section 18.6 of the CCAA in respect of voluntary proceedings initiated under Chapter 11 and EYI was appointed as the information officer in respect of the 18.6 Petitioners.

7. On April 16, 2009, ACI and Abitibi-Consolidated Company of Canada ("**ACCC**") filed petitions for recognition under Chapter 15 of the U.S. Bankruptcy Code. On April 21, 2009, the U.S. Bankruptcy Court granted the recognition orders under Chapter 15 of the U.S. Bankruptcy Code.

8. On April 22, 2009, the Court amended the Initial Order to extend the stay of proceedings to the partnerships (the "**Partnerships**") listed in Appendix "D" hereto.

9. On December 10, 2010, ACI was renamed AbiBow Canada Inc. as a result of the corporate reorganization undertaken pursuant to these CCAA Proceedings.

## PURPOSE

10. The purpose of this seventy-seventh report of the Monitor (the "**Seventy-Seventh Report**") is to:

    (a) report to this Honourable Court with respect to certain settlement agreements (the "**Settlement Agreements**") reached between the Applicants, the U.S. Debtors, the Monitor, Avidity LLC (the post-effective date claims agent in the Chapter 11 Proceedings (the "**U.S. Claims Agent**")) and certain participants of the Abitibi US SERP (as later defined herein); and

    (b) provide an evidentiary basis for an Order from this Honourable Court approving the Settlement Agreements.

## TERMS OF REFERENCE

11. In preparing this Seventy-Seventh Report, the Monitor has been provided with and, in making comments herein, has relied upon unaudited financial information, the ABH Group's books and records, financial information and projections prepared by the ABH Group and discussions with management of the ABH Group (the "**Management**"). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Seventy-Seventh Report. Some of the information referred to in this Seventy-Seventh Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future-oriented financial information referred to in this Seventy-Seventh Report was prepared by the ABH Group based on Management's estimates and assumptions. Readers are cautioned that, since these projections are based upon assumptions about future events and conditions the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

12. Capitalized terms not defined in Seventy-Seventh Report are as defined in the previous reports of the Monitor and the Initial Order. All references to dollars are in U.S. currency and are translated at a rate of CDN$1.00=US$0.98 unless otherwise noted.

13. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Seventy-Seventh Report, and all motion records and Orders in the CCAA Proceedings are available on the Monitor's website at www.ey.com/ca/abitibibowater. The Monitor has also established a bilingual toll-free telephone number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceedings.

14. Copies of all of the U.S. Bankruptcy Court's orders are posted on the website for Epiq Bankruptcy Solutions LCC ("**Epiq**") at http://chapter11.epiqsystems.com/abitibibowater. The Monitor has included a link to Epiq's website from the Monitor's website.

## IMPLEMENTATION OF THE CCAA PLAN

15. At the meeting of all classes of creditors of the Petitioners on September 14, 2010, the resolution approving the Plan of Reorganization and Compromise, as amended, supplemented and restated (the "**CCAA Plan**"), was overwhelmingly approved by each of the classes of unsecured creditors of the Petitioners affected by the CCAA Plan (the "**Affected Unsecured Creditors**"), save and except for the Affected Unsecured Creditors of BCFC.[1]

16. On September 23, 2010, this Honourable Court issued an order (the "**Sanction Order**") approving the CCAA Plan in respect of the Petitioners, save and except for BCFC.

17. In the Chapter 11 Proceedings, the U.S. Debtors filed with the U.S. Bankruptcy Court a plan related to the joint reorganization of the U.S. Debtors under the U.S. Bankruptcy Code (the "**U.S. Plan**"). On November 23, 2010, the U.S. Bankruptcy Court entered an order confirming the U.S. Plan.

18. The CCAA Plan was implemented on December 9, 2010 (the "**Implementation Date**") and the effective date under the U.S. Plan was also December 9, 2010. The CCAA Plan and the U.S. Plan are collectively referred to herein as the "**Restructuring Plans**".

19. On the Implementation Date, the Applicants and the U.S. Debtors emerged from the CCAA Proceedings and Chapter 11 Proceedings, respectively.

## SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS

20. Prior to the date of the Initial Order, the Company sponsored approximately 24 different supplemental executive retirement plans ("**SERPs**") for its current and former employees. As part of its restructuring process, the Company effectively terminated the existing SERP plans and reinstated the accrued benefits (with adjustments, as later described) for its current employees and retirees.

---

[1] On December 31, 2010, BCFC made an assignment in bankruptcy under the provisions of the *Bankruptcy and Insolvency Act* (Canada).

21. Under the Restructuring Plans, the participants in the SERP plans were given the option to (i) reinstate their benefits under a new SERP plan (the "**Post-Emergence SERP**") or (ii) retain an unsecured claim in the Restructuring Plans for amounts owing under the terminated SERP plans (the "**Terminated SERPs**"). The Post-Emergence SERP provided for the reinstatement of accrued benefits, however, the annual benefits thereunder were subject to a reduction of a fixed percentage with an annual cap on payments, and such benefits were further reduced by any secured pension benefits received or to be received in respect of the Terminated SERPs (letters of credit were posted as security or partial security for certain Terminated SERPs) .

22. One of the Terminated SERPs was a plan referred to as the "**Abitibi US SERP**" which had approximately 61 participants. As disclosed in the Second Amended Plan Supplement 6.9(2), a copy of which is attached hereto as Appendix "E" (the "**Plan Supplement**"), the Abitibi US SERP was sponsored by the entire ABH Group, including the U.S. Debtors and the Petitioners. This plan was unique given the multiple ABH subsidiaries that were sponsors, whereas the vast majority of the other Terminated SERPs had only one or two ABH subsidiaries that were sponsors. As a result, for those Abitibi US SERP participants who opted to retain their claim in the Restructuring Plans, such claimants ultimately had an option to file multiple claims against each of the U.S. Debtors and each of the Petitioners for the value of their Abitibi US SERP entitlements. As a result, these participants could have aggregate claims well in excess of the amount owed to them.

23. A total of thirteen participants opted to file claims (the "**Claimants**") in the restructuring proceedings and the remaining 48 participants opted into the Post-Emergence SERP.

24. With respect to the 13 Claimants, 8 Claimants filed claims totalling approximately U.S. $14.6 million against multiple Petitioners and multiple U.S. Debtors. Five Claimants filed claims totalling approximately U.S. $1.6 million against multiple U.S. Debtors only. Certain of the Claimants also filed claims in respect of other amounts allegedly owing for unpaid compensation such as earned and unpaid bonuses, equity units, etc.

## ABITIBI US SERP ALLOCATION

25. As part of the overall claims resolution process, the company engaged its actuarial advisors, Mercer LLC ("**Mercer**"), to provide advice and assistance in calculating the benefits due and payable to each participant under the various SERP plans. Mercer's valuations were used by the Company and the Monitor to value the claims of the Abitibi US SERP participants and prepare the Settlement Agreements.

26. However, as indicated, each of the Claimants either filed (i) multiple claims against both the Petitioners and U.S. Debtors or (ii) claims against the U.S. Debtors only. Section 7.10 of the CCAA Plan states that a creditor may not receive a recovery of greater than 100% of its proven claim if it has a claim against multiple debtors. In order to ensure that the Claimants did not receive in excess of 100% of their claims based on the estimated value of US$25 per share of new ABH common stock (the "**New ABH Shares**") to be provided to the creditors under the Restructuring Plans (as referenced in the Information Circular dated August 2, 2010 (the "**Information Circular**")), the Monitor, the Company and the U.S. Claims Agent agreed upon a fair and reasonable approach to allocate the claims against the various Applicants and U.S. Debtors and determine the related distributions under the Restructuring Plans. This allocation was also important in that the allocation of the Abitibi US SERP claims by Applicant and U.S. Debtor would affect future distributions to other creditors of each Applicant or U.S. Debtor.

27. The allocation approach agreed upon between the Monitor, the Company and the U.S. Claims Agent took into consideration a number of complex and difficult legal issues. Nothwithstanding the Plan Supplement that stated that the Abitibi U.S. SERP was sponsored by the entire ABH Group, an analysis of legal issues had to be considered in assessing the liability to the various Applicants and U.S. Debtors. These issues included: (i) difficulty in establishing the parties intent at the time the ABH US SERP was first drafted and subsequent amendments with respect to which companies would be liable to make payments thereunder; (ii) ambiguity with respect to the identity of the liable sponsoring legal entities in the text of Abitibi US SERP; (iii) the fact that not all the Claimants filed proofs of claim against each of the potentially liable companies; and (iv)

consideration of the discount rate used for the purposes of valuing the unfunded and unsecured Abitibi US SERP claims.

28. With respect to the discount rate used for valuing claims under the Abitibi US SERP, Mercer used the same discount rate that the Company used to value its US SERP liabilities in its December 31, 2008 financial statements (being the last financial statements prepared prior to the date of the Initial Order). The Monitor understands that this rate was derived from high quality corporate bond rates and conformed with the Abitibi US SERP provisions with respect to calculations of lump sum payments.[2]

29. Pursuant to the CCAA Plan, an individual creditor's final recovery will be ultimately determined by the creditor's proven claim in relation to the total proven claims of the relevant Petitioner and such creditor will share on a pro rata basis in the New ABH Shares allocated to that Petitioner. The final pro rata share distribution cannot be finalized until all the proven claims have been established for each Petitioner. As such, to avoid the Abitibi US SERP Claimants receiving a recovery in excess of 100% of their claims and to avoid circular calculations in determining its distributions, the amount of New ABH Shares allocated to each of the Abitibi US SERP Claimants was fixed. The Settlement Agreements reflect an allowed claim amount against some combination of the U.S. Debtors and the Applicants, however, each of the Settlement Agreements provides for a fixed number of New ABH Shares from each Petitioner and U.S. Debtor to be distributed on account of each claim. Claimants will receive a onetime distribution of shares pursuant to the Settlement Agreements and will not participate in further distributions. A summary of the New ABH Shares allocated to the Abitibi US SERP Claimants by Petitioner and U.S. Debtor is attached as Appendix "F" hereto.

[2] In fact, two Claimants who were separately represented by counsel negotiated a lower discount rate for purposes of determining their Allowed Abitibi US SERP claims. They did so as part of a separately negotiated global settlement that included, among other things, the valuation of not only their Abitibi US SERP Claims, but other creditors' claims under other SERPs as well. This lower discount rate does not indicate the "appropriate" discount rate that should apply for purposes of valuing the Abitibi US SERP claims, but the fact that a different discount rate was negotiated evidences the potential for dispute that might exist regarding the Abitibi US SERP discount rate absent a consensual agreement among the parties.

30. For practical purposes, the Claimants' Abitibi US SERP claims were generally allocated against the largest entities within the ABH Group who received the most significant share allocations. For the purpose of the CCAA Plan, these entities included ACCC, ACI and BCFPI. For those Claimants who filed claims against the U.S. Debtors only, the claims were allocated to the largest U.S. Debtors only.

31. A US$25 per share value was used in calculating the share allocations. This value was based on the estimated enterprise value disclosed in Appendix H of the Information Circular and is consistent with the value used to compute distributions to other claimants.

32. Although the amount of shares to be issued from ACCC, ACI and BCFPI under the Settlement Agreements are fixed, the Monitor has calculated that the number of New ABH shares being issued is no more that what each Claimant would have been entitled to if they had received a regular pro rata share allocation of New ABH shares that has been distributed to the other unsecured creditors pursuant to the CCAA Plan by the Monitor from ACCC, ACI and BCFPI. Therefore, the Monitor is of the view that the Settlement Agreements are not prejudicial to the other creditors.

**SETTLEMENT AGREEMENTS**

33. The Company sent each Claimant a detailed letter summarizing the proposed allocation of New ABH Shares on account of their Abitibi US SERP claim and a proposed Settlement Agreement for review, comment and signature. The Settlement Agreements also deal with certain other unresolved claims of the Claimants, all of which are against the U.S. Debtors only.

34. All but one Claimant has fully executed their Settlement Agreement. The Company has been unable to locate one of the Claimants who filed claims against the U.S. Debtors only. Copies of the Settlement Agreements, with the names of the individuals redacted to preserve their privacy, are attached as Appendix "G" hereto.

35. The Settlement Agreements shall become effective upon entry of an order approving the Settlement Agreement by this Honourable Court and the U.S. Bankruptcy Court (the "**Effective Date**"). The significant terms of the Settlement Agreements are as follows:

(a) Abitibi US SERP Claim Allowance: Each Claimant shall have an allowed Abitibi US SERP claim against some combination of the following Applicants or U.S. Debtors: BI, BCFPI, Donohue Corp, Abitibi Consolidated Sales Corp., ACCC, and ACI (collectively, the "**Settlement Plan Sponsors**"). The allowed Abitibi US SERP claim shall constitute the Claimant's sole allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all such other claims (to the extent they exist), including any such claims against any other debtor or debtor's affiliate or scheduled amounts included in the debtors' schedules of assets and liabilities as part of the Chapter 11 Proceedings, as applicable, shall be deemed withdrawn and expunged.

(b) Allowed AIP Bonus Claims: Certain of the Claimants, but not all, asserted an entitlement to an annual incentive plan bonus payment (each an "**AIP Bonus Claim**"). Pursuant to certain settlement agreements reached in the Chapter 11 Proceedings, such AIP Bonus Claims have been allowed as a general unsecured claim against the appropriate U.S. Debtor (i.e., the Claimant's employer at the time the AIP Bonus Claim was earned) and will receive interim distribution in accordance with the Restructuring Plans.

(c) Abitibi US SERP Share Distribution: In full and complete satisfaction of the allowed Abitibi US SERP claim, each Claimant shall receive a designated and apportioned amount of New ABH Shares, calculated consistent with the terms of the Restructuring Plans, and allocated among the Applicants and U.S. Debtors set forth in paragraph 1 of each respective Settlement Agreement.

(d) Timing of Abitibi US SERP Share Distribution: The Abitibi US SERP share distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of orders approving the relief requested herein by the U.S. Bankruptcy Court and this Honourable Court. Upon each Claimant's confirmed receipt of the Abitibi US SERP claim distribution, the allowed Abitibi US SERP claim shall be deemed satisfied in full.

(e) Agreement Regarding All Other Claims Held by Claimants: Other than the allowed Abitibi US SERP claim and any other claims the Settlement Agreements allow, upon the Effective Date, each Claimant has agreed to withdraw all other claims asserted in his or her respective proof(s) of claim, including any other SERP claims and additional claims, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged.[3]

(f) Release by Claimant: In exchange for the allowed Abitibi US SERP Claim and corresponding distribution and any other claims the Settlement Agreements allow, each Claimant has agreed to release and forever discharge the ABH Group, the U.S. Claims Agent, and the Monitor (collectively, the "**Released Parties**") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind that the Claimant and each of its successors, assigns, spouses and dependents shall or may have against the Released Parties arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP claim, or any other claims asserted in the applicable proof(s) of claim.

(g) Effectiveness; Termination: Each Settlement Agreement shall only become effective upon entry of orders approving the relief requested herein by the U.S. Bankruptcy Court and this Honourable Court. The debtors were and are not required to seek approval of the Settlement Agreements, and in the event the relief requested herein is not entered, or this motion is subsequently withdrawn, the Settlement Agreements shall not be binding on any party.

**RECOMMENDATION**

36. The Monitor recommends that this Honourable Court approve the Settlement Agreements for the following reasons:

[3] One individual was a participant under the Canadian Supplemental Executive Retirement Plan for Executive Employees of Abitibi-Consolidated Inc. (the "ACI SERP") and asserted claims against the Company for benefits allegedly owed thereunder. The Settlement Agreement does not resolve this Claimants' ACI SERP claims, and all the parties' rights thereto are reserved.

(a) they resolve over 300 claims (each of the 8 Claimants who filed proofs of claims against the 39 Petitioners in the CCAA proceedings);

(b) the allocation of shares to each Claimant has been computed on a basis consistent with other claimants who had multiple claims under the Restructuring Plans and has been negotiated as between the Monitor and the U.S. Claims Agent;

(c) they are fair and reasonable;

(d) they avoid the need for expensive and time-consuming cross-border litigation that may result in inconsistent results; and

(e) they are not prejudicial to any other creditors.

All of which is respectfully submitted.

**ERNST & YOUNG INC.**
**In its capacity as the Court-Appointed**
**Monitor of the Petitioners**

Per:

Alex Morrison, CA, CIRP
Senior Vice President

Greg Adams, CA, CIRP
Senior Vice President

Martin Daigneault, CA, CIRP
Senior Vice President

**APPENDIX "A"**
**ABITIBI PETITIONERS**

1. Abitibi-Consolidated Company of Canada
2. Abitibi-Consolidated Inc.
3. 3224112 Nova Scotia Limited
4. Marketing Donohue Inc.
5. Abitibi-Consolidated Canadian Office Products Holding 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 Jonquière Pulp Company
17. The International Bridge and Terminal Company
18. Scramble Mining Ltd.
19. 9150-3383 Québec Inc.
20. Abitibi-Consolidated (U.K.) Inc.

**APPENDIX "B"**
**BOWATER PETITIONERS**

1. Bowater Canada Finance Corporation
2. Bowater Canadian Limited
3. Bowater Canadian Holdings. Inc.
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 Inc. (2001)
15. Bowater Belledune Sawmill Inc.
16. Bowater Maritimes Inc.
17. Bowater Mitis Inc.
18. Bowater Guérette Inc.
19. Bowater Couturier Inc.

**APPENDIX "C"**
**18.6 PETITIONERS**

1. AbitibiBowater US Holding 1 Corp.
2. AbitibiBowater Inc.
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

**APPENDIX "D"**
**PARTNERSHIPS**

1. Bowater Canada Finance Limited Partnership

2. Bowater Pulp and Paper Canada Holdings Limited Partnership

3. Abitibi-Consolidated Finance LP

**APPENDIX "E"**

**Second Amended Plan Supplement 6.9(2)**

**Court File No. 500-11-036133-094**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE

OF

ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION CIRCULAR DATED AUGUST 2, 2010

**AMENDED PLAN SUPPLEMENT 6.9(2)**

TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010

UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA),

AND SECTION 191 OF THE *CANADA BUSINESS CORPORATIONS ACT*,

September 17, 2010

## NOTICE OF FILING OF AMENDED CCAA PLAN SUPPLEMENT 6.9(2)

**PLEASE TAKE NOTICE** that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA and Section 191 of the CBCA (the "**CCAA Plan**") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "**Circular**"), this amended CCAA Plan Supplement (the "**Amended CCAA Plan Supplement 6.9(2)**") is to be posted on the Monitor's Website with notice of such posting to be provided to the Service List (as such Amended CCAA Plan Supplement 6.9(2) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this Amended CCAA Plan Supplement 6.9(2) shall have the meanings ascribed to them in the Circular.

**PLEASE TAKE FURTHER NOTICE** that on September 3, 2010 the Applicants filed CCAA Plan Supplement 6.9(2) which set forth the material terms of the New Plans (the "**Initial New Plans**").

**PLEASE TAKE FURTHER NOTICE** that attached hereto as Exhibit I are the amended material terms of the New Plans which replace and supersede in their entirety the Initial New Plans.

**PLEASE TAKE FURTHER NOTICE** that you are advised and encouraged to read this Amended CCAA Plan Supplement 6.9(2) and its Exhibit I in conjunction with the Circular, the CCAA Plan and the Creditors' Meeting Order.

**PLEASE TAKE FURTHER NOTICE** that a true and complete copy of the Amended CCAA Plan Supplement 6.9(2) is attached hereto.

**PLEASE TAKE FURTHER NOTICE** that copies of the Amended CCAA Plan Supplement 6.9(2) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

## EXHIBIT I

## MATERIAL TERMS OF THE NEW PLAN[1]

(1) Reinstatement of Certain Retirements Benefits

As set forth in the CCAA Plan Supplement 6.9(1), all of the Company's existing non-qualified and non-registered plans (such terminated non-qualified and non-registered plans and programs referred to herein as the "**Terminated Retirement Plans**") shall be terminated and, to the extent applicable, deemed rejected as of the Implementation Date pursuant to section 365 of the Bankruptcy Code.

### A. Reinstatement Option for Eligible Employees

Effective as of the Implementation Date, the U.S. Debtors, the Applicants and the Reorganized Debtors[2] will establish non-qualified and non-registered plans, agreements or arrangements (the "**New Plans**") pursuant to which, among other things, all employees and beneficiaries in active status as of the Implementation Date who were entitled to benefits under any Terminated Retirement Plans as of the Implementation Date (the "**Eligible Employees**") will be eligible to receive benefits under the New Plans substantially similar to those benefits available to such employee under the Terminated Retirement Plans, to the extent thereof, provided, however, that: (i) all defined benefits available under the New Plans will be frozen as of the Implementation Date; and (ii) the Eligible Employee must waive and forfeit any and all Claims the Eligible Employee has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans (collectively, the "**SERP Claims**").

Pursuant to the CCAA Plan, all defined benefits available to Eligible Employees under the New Plans will be frozen as of the Implementation Date. Defined benefits accrued by Eligible Employees under the Terminated Retirement Plans will be reinstated under the New Plans on substantially the same terms and conditions as were earned under the Terminated Retirement Plans, provided, however, that at emergence the Company will not secure or collateralize any funding obligations under the New Plans (and no assurance exists that it will do so in the future), and the identity of the plan sponsors may change. In addition, after the Implementation Date, Eligible Employees will only earn benefits under those New Plans that are defined contribution plans (the "**DC SERPs**") for services rendered after the Implementation Date. The material terms of the DC SERPs are set forth in this CCAA Plan Supplement.

Eligible Employees who retain their SERP Claims may be eligible for benefits under the New Plans, but without receiving any credit under the New Plans for any benefits accrued under the Terminated Retirement Plans.

---

[1] This CCAA Plan Supplement summarizes the key terms of the New Plans and is not a substitute for the terms and conditions of the actual New Plans. The pertinent plan documents and applicable agreements will in each case govern in the event of any conflict between this summary and the applicable plan documents and/or agreements. Capitalized terms not defined in this CCAA Plan Supplement shall have the same meaning as set forth in the CCAA Plan.

[2] "**Reorganized Debtors**" shall have the meaning ascribed to such term in each of the CCAA Plan and the U.S. Plan.

**B. Reinstatement Option for Eligible Retirees**

Pursuant to the CCAA Plan and the U.S. Plan, all retirees, beneficiaries and deferred vested participants, as of the Implementation Date, under the Terminated Retirement Plans (the "**Eligible Retirees**") will be eligible to receive benefits after the Implementation Date substantially similar to those benefits available to such Eligible Retiree under the Terminated Retirement Plans to the extent thereof, without retroactive adjustments; provided, however, (i) that the benefits available to each such Eligible Retiree under the New Plans shall be 10% to 35% lower, depending on the applicable Terminated Retirement Plan, than the benefits available to the Eligible Retiree under the Terminated Retirement Plans at the time of termination thereof, as detailed below, (ii) the benefits available to each such Eligible Retiree under the New Plans shall be subject to an annual per participant cap on benefits in amounts ranging from $40,000 to $50,000 (in the aggregate) in the case of defined benefit Terminated Retirement Plans and corresponding caps in the case of defined contribution Terminated Retirement Plans, depending on the applicable Terminated Retirement Plans, this annual cap being further reduced by any secured pension benefits received or to be received in respect of the Terminated Retirement Plans, as summarized below, (iii) the Company will note secure or collateralize any funding obligations under the New Plans and the identity of the plan sponsor(s) may change; and (iv) that the Eligible Retiree must waive and forfeit any and all claim such Eligible Retiree has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans (the "**Retiree SERP Claims**").

Eligible Retirees who retain their Retiree SERP Claims will not receive any benefits under the New Plans and will not receive any credit under the New Plans for any benefits accrued under the Terminated Retirement Plans. Eligible Retirees who retain their Retiree SERP Claims will receive distributions in full satisfaction of such Retiree SERP Claims under the Plan to the extent such claims are Allowed.

**[remainder of page intentionally left blank]**

The following schedule identifies the Terminated Retirement Plans, the U.S. Debtors and Applicants sponsoring each plan, and the percent-reduction in benefits and annual benefit cap per participant applicable to such plan under the New Plans.

| Plans sponsored by AbitibiBowater Inc. and/or Bowater Incorporated or a predecessor company thereof (United States) | | | |
|---|---|---|---|
| **Name of Plan** | **U.S Debtor and Applicant Sponsor(s)** | **% Reduction in Benefits** | **Annual per Participant Cap** |
| Bowater Incorporated Retirement Plan for Outside Directors ("**Bowater Directors**") | Bowater Incorporated | 35% | USD $40,000[3] |
| Supplemental Benefit Plan for Designated Employees of Bowater Incorporated and Affiliated Companies ("**Bowater SERP**") | Bowater Incorporated | 35% | USD $40,000 |
| Bowater Incorporated Benefits Equalization Plan ("**Bowater Equalization**") | Bowater Incorporated | 35% | USD $40,000 |
| Abitibi Consolidated US Supplemental Executive Retirement Plan (SERP) ("**Abitibi SERP**") | AbitibiBowater Inc. and its U.S. Debtors and Applicants | 10% | USD $50,000 |
| Abitibi Building Products Group | Abitibi Consolidated Sales Corporation | 35% | USD $40,000 |
| AbitibiBowater Inc. Supplemental Retirement Savings Plan ("**DC SERP**") | The employer of each participant | 35% | USD $40,000[3] |
| Bowater Incorporated Compensatory Benefits Plan | Bowater Incorporated. and AbitibiBowater Inc. | 35% | USD $40,000 |
| AbitibiBowater Inc. Outside Directors Deferred Compensation Plan | AbitibiBowater Inc. | 35% | USD $40,000[3] |

| Plans sponsored by Bowater Incorporated or a predecessor company (Cross-Border Debtors) | | | |
|---|---|---|---|
| **Name of Plan** | **U.S Debtor and Applicant Sponsor(s)** | **% Reduction in Benefits** | **Annual per Participant Cap** |
| Senior Executive Retirement Plan (SERP) of Bowater Canadian Forest Products Inc. ("**BCFPI Senior SERP**") | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |
| Supplemental Retirement Benefit Plan for Grade 28 and over Employees of Bowater Canadian Forest Products Inc. ("**BCFPI SERP 28+**") | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |

[3] These caps apply to defined benefit plans. Corresponding caps may apply to denied contribution plans.

| Plans sponsored by Bowater Incorporated or a predecessor company (Cross-Border Debtors) | | | |
|---|---|---|---|
| Name of Plan | U.S Debtor and Applicant Sponsor(s) | % Reduction in Benefits | Annual per Participant Cap |
| Supplemental Retirement Benefit Plan for Grade 27 and under Employees of Bowater Canadian Forest Products Inc. ("**BCFPI SERP 27-**") | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |
| Régime complémentaire de retraite relatif aux participants du Régime de retraite des salariés non syndiqués (1995) de Bowater Produits forestiers du Canada Inc. (the "**Alliance SERP**") | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |
| Supplemental Defined Contribution Benefit Plan (2003) for Employees of Bowater Canadian Forest Products Inc. and Bowater Mersey Paper Company Limited ("**BCFPI DC SERP 2003**") | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000[4] |
| Supplemental Defined Benefit Plan (2003) for Employees of Bowater Canadian Forest Products Inc. and Bowater Mersey Company Limited ("**BCFPI SERP 2003**") | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |
| Unfunded Survivor Income Benefits ("**SIB**") | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |
| Other unfunded arrangements (union and non union special pensions) ("**Other BCFPI U**" and "**Other BCFPI NU**") (pensions in payment only) | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |
| Various letters of engagement of Bowater Canadian Forest Products Inc. regarding payout of excess flexible contributions | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000[4] |
| Régime de conversion industriel prévu à la convention collective (Donnaconna, CSN Conventions collectives de 1984 à 2005) (ERIP) | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |
| Régime de conversion industriel de Domtar (Dolbeau, SCEP Local 85 et 252) (ERIP) | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |
| Bridging Supplement (Thunder Bay Woods, Collective Agreement Local 1-2693, September 1, 2005 to November 30, 2009) (ERIP) | Bowater Canadian Forest Products Inc. | 10% | CDN $50,000 |

[4] These caps apply to defined benefit plans. Corresponding caps may apply to defined contribution plans.

| Plans sponsored by Abitibi-Consolidated Inc. or a predecessor company (Canada) | | | |
|---|---|---|---|
| Name of Plan | U.S Debtor and Applicant Sponsor(s) | % Reduction in Benefits | Annual per Participant Cap |
| Canadian Supplemental Executive Retirement Plan (SERP) for Executive Employees of Abitibi-Consolidated Inc. (the "**ACI DB SERP**") | Abitibi-Consolidated Inc. and AbitibiBowater Inc. | 10% | CDN $50,000 |
| Canadian Defined Contribution Retirement Program for Executive Employees of AbitibiBowater (the "**ABH DC SERP**") | Abitibi-Consolidated Inc. and AbitibiBowater Inc. | 10% | CDN $50,000[5] |
| Management Supplementary Benefit Agreements (the "**MSBAs**") | Abitibi-Consolidated Inc. | 10% | CDN $50,000 |
| Senior Management Retirement Plan of Stone-Consolidated (the "**SMRP**") | Abitibi-Consolidated Inc. | 10% | CDN $50,000 |
| Régime supplémentaire de retraite des cadres supérieurs désignés de Donohue Inc. (the "**Donohue SERP**") | Abitibi-Consolidated Inc. and AbitibiBowater Inc. | 10% | CDN $50,000 |
| QUNO Corporation Supplemental Retirement Plan (the "**QUNO SERP**") | Abitibi-Consolidated Inc. and Abitibi Consolidated Company of Canada | 10% | CDN $50,000 |
| Supplemental Plan for Expatriate Employees of Abitibi-Consolidated Inc. (the "**SPEE**") | Abitibi-Consolidated Inc. | 10% | CDN $50,000 |
| Supplemental Retirement Plan for Senior Executives of Finlay Forest Industries Inc. (the "**FF SERP**") | Abitibi-Consolidated Inc. | 10% | CDN $50,000 |
| Other unfunded arrangements (union and non union ad hoc benefits and union and non union special pensions) ("**Other ACI U**" and "**Other ACI NU**") (pensions in payment only) | Abitibi-Consolidated Company of Canada | 10% | CDN $50,000 |
| Early Retirement Incentive Plan (Grand Falls, Memorandum of Understanding | Abitibi-Consolidated | 10% | CDN$50,000 |

[5] These caps apply to defined benefit plans. Corresponding caps may apply to defined contribution plans.

| Plans sponsored by Abitibi-Consolidated Inc. or a predecessor company (Canada) | | | |
|---|---|---|---|
| Name of Plan | U.S Debtor and Applicant Sponsor(s) | % Reduction in Benefits | Annual per Participant Cap |
| CEP Local 60N- 1999 to 2003) (ERIP) | Company of Canada. | | |
| Re-organization & Manning of paper loading crews (Grand Falls, Effective as of January 1, 1989) (ERIP) | Abitibi-Consolidated Company of Canada | 10% | CDN$50,000 |
| Retirement Agreements entered into between Abitibi-Consolidtaed Inc. and J.A. Tory, D. Ward and R. Drouin | Abitibi-Consolidated Inc. | 10% | CDN $50,000 |
| Pension bridging provisions and Trigger Bonus (Mackenzie, Collective Bargaining Agreement and the Codification of Local Agreements SCEP Local 402, 2003 to 2008) (ERIP) | Abitibi-Consolidated Company of Canada | 10% | CDN $50,000 |
| Letter of Understanding between CACC and Local 1-2995 (Iroiquois Falls Woods, USW, December 1, 2009 to November 30, 2012) (ERIP) | Abitibi-Consolidated Company of Canada | 10% | CDN $50,000 |
| Redundancy Measures Program regarding Displaced Employees at IF Division (C.P.U. Locals 90 and 109, Effective June 1, 1982) (ERIP) | Abitibi-Consolidated Company of Canada | 10% | CDN $50,000 |

C. **Miscellaneous**

The U.S. Debtors', the Applicants' or Reorganized Debtors' performance of any employment agreement, plan or policy that is not terminated under the U.S. Plan or the CCAA Plan will not entitle any person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Implementation Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program or plan. Nothing in the U.S. Plan or the CCAA Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans.

Notwithstanding anything to the contrary contained herein, on and after the Implementation Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

(2) Material Terms of DC SERPs

COMPENSATION FACT SHEET

# AbitibiBowater Inc. Supplemental Retirement Savings Plan (for grades 29 and above)

**Purpose**

The AbitibiBowater Inc. Supplemental Retirement Savings Plans (or "DC SERP") helps employees save for retirement. Qualified DC plan contributions are subject to a tax limit, so the DC SERP allows employees to benefit based on his or her full earnings.

The **DC SERP** is an unfunded plan that is paid through the Company's operating expenses and is not governed by pension legislation. The goal of the DC SERP is to provide company contributions to highly-compensated employees for retirement purposes that cannot be received from the AbitibiBowater Inc. Retirement Savings Plan (or "DC plan") due to Internal Revenue Service limitations. In other words, the DC SERP supplements the DC plan benefit.

**Eligibility**

Employees who are at salary grade 29 or above and are listed on the U.S. payroll participate in the DC SERP as of the date of emergence. Any executive who is hired into or appointed to a position corresponding to salary grade 29 or above after the date of emergence will automatically become a participant in the DC SERP.

An employee will cease to be eligible for any DC SERP contributions as of the date he or she is no longer actively employed in a position corresponding to salary grade 29 or above. If an employee moves to a position corresponding to salary grade 28 or below, he or she will be covered only under the DC plan.

There are approximately 23 eligible employees.

**Contributions**

Contributions are allocated to 2 plans under the DC retirement program:

- The DC plan, for total employee and Company contributions up to Internal Revenue Service limits; and
- The DC SERP, for Company contributions in excess of Internal Revenue Service limits as well as some additional Company contributions.

Next page ▸

COMPENSATION FACT SHEET

# AbitibiBowater Inc. Supplemental Retirement Savings Plan

## Contributions

Contribution levels for the DC SERP are as follows:

| | Company Contributions |
|---|---|
| **Basic** | 6.5% of eligible earnings<br>Minus<br>Company contributions to the DC plan |
| **Match** | 4% of eligible earnings<br>Minus<br>Maximum Company match in the DC plan |
| **Additional**<br>▸ For executives at salary grade 43 and above reporting to the CEO<br>▸ For the CEO | 10% of eligible earnings<br><br>12% of eligible earnings |

## Eligible earnings

Eligible earnings include base salary, as well as the paid bonus under annual incentive plans. The paid bonus excludes any special bonuses unless authorized by the Company.

## Tax Limit

The sum of employee and Company contributions to the DC plan is subject to the limit prescribed by the Internal Revenue Service. The limit for employee contributions is $16,500 while the limit for the sum of employee and Company contributions is $49,000 for 2010. Moreover, contributions can not be made on any compensation above $245,000. These amounts are expected to rise annually in future years.

## Program Overview

| | |
|---|---|
| Vesting | Participants become fully vested in Company contributions upon three Years of Service. Excess Matching Contributions credited before January 1, 2009 and Company contributions associated with salary deferrals (before January 1, 2009) are fully vested. |

| | |
|---|---|
| How Money Grows | Participants allocate their contributions (in whole percentages) to investment funds made available by the Plan Administrator. Individual Participant Accounts grow at the cumulative rate of return recognized by the portfolio created by their investment elections. |
| Termination of Employment or Retirement | After an employee leaves the Company, his or her vested DC SERP is paid in cash, less applicable taxes. It is paid out in 2 equal payments at 6 months and at 12 months after the employee leaves the Company. |
| Death Benefits | ▸ If the employee dies before leaving the Company, his or her spouse or beneficiary will receive a lump-sum payment equal to 100% of the DC SERP account in cash, less applicable taxes.<br>▸ If the employee dies after leaving the Company, but before having received the amount to which he or she was entitled when leaving the Company, the employee's spouse or beneficiary will receive any remaining payments that he or she would have been entitled to receive had death not occurred. This amount is paid in cash, less applicable taxes. |
| Disability | If the employee becomes disabled, he or she will receive a lump-sum payment equal to 100% of the DC SERP account in cash, less applicable taxes. |

**August 2010**

COMPENSATION FACT SHEET

abitibi bowater

# Defined Contribution (DC) Retirement Program- (DC plan and DC SERP for grades 29 and above)

**Purpose**

The defined contribution (DC) retirement program (or "retirement program") helps employees save for retirement. It consists of 2 plans: the defined contribution plan (or "DC plan") and the defined contribution supplemental executive retirement plan (or "DC SERP"). DC plan contributions are subject to a tax limit, so the DC SERP allows employees to benefit based on his or her full earnings.

The **DC plan** is a registered plan, which means that it is funded and governed by pension legislation. Employee contributions, along with the Company's matching contributions, are deposited in an individual account and allocated to investment funds that the employee chooses.

The **DC SERP** is an unfunded plan that is paid through the Company's operating expenses and is not governed by pension legislation. The goal of the DC SERP is to provide benefits to highly-compensated employees, whose retirement savings would otherwise be limited in the DC plan by the the *Income Tax Act (Canada)* maximum. In other words, the DC SERP supplements the DC plan benefit.

**Eligibility**

Employees who are at salary grade 29 or above and are listed on the Canadian payroll participate in the DC retirement program as of the date of emergence. Any executive who is hired into or appointed to a position corresponding to salary grade 29 or above after the date of emergence will automatically become a participant in the DC retirement program.

An employee will cease to be eligible for any DC SERP contributions as of the date he or she is no longer actively employed in a position corresponding to salary grade 29 or above. If an employee moves to a position corresponding to salary grade 28 or below, he or she will be covered only under the DC plan for grades 28 or below.

There are approximately 40 eligible employees.

**Contributions**

Contributions are allocated to 2 plans under the DC retirement program:

- The DC plan, for total employee and Company contributions up to *Income Tax Act (Canada)* limits; and
- The DC SERP, for Company contributions in excess of *Income Tax Act (Canada)* limits.

Employees must make contributions to the retirement program equal to 5% of eligible earnings up to the Compensation Limit (U.S.A.). The Compensation Limit (U.S.A.) is set by the Internal Revenue Service (U.S.A.) and is equal to $245,000 for the year 2010; it is expected to rise annually in future years. These contributions are allocated to the DC plan.

Next page ›

COMPENSATION FACT SHEET

# Defined Contribution (DC) Retirement Program

abitibi bowater

## Contributions

Contribution levels are as follows:

| Contributions | Employee Contributions | Company Contributions |
|---|---|---|
| **Basic** | 5% of eligible earnings* | 10.5% of eligible earnings |
| **Additional** | | |
| ▸ For executives at salary grade 43 and above reporting to the CEO | None | 10% of eligible earnings |
| ▸ For the CEO | None | 12% of eligible earnings |

* Up to the Compensation Limit (U.S.A.)

Company contributions are first deposited in the DC plan up to *Income Tax Act (Canada)* limits. Any amount that exceeds *Income Tax Act (Canada)* limits is then allocated to the DC SERP.

## Eligible earnings

Eligible earnings include base salary, as well as the paid bonus under annual incentive plans. The paid bonus excludes any special bonuses unless authorized by the Company.

## Tax Limit

The sum of employee and Company contributions to the DC plan is subject to the limit prescribed under the *Income Tax Act (Canada)*. The limit is $22,450 for 2010. This amount is expected to rise annually in future years.

## Program Overview

### Vesting

**DC plan**

Employees are immediately fully vested in the DC account.

**DC SERP**

Vesting is gradual and depends on age. An employee becomes fully vested upon an involuntary termination without cause or upon death.

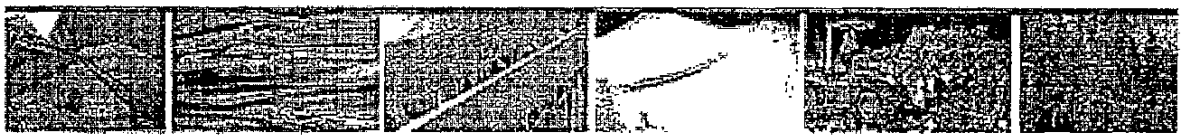
The vesting schedule for the DC SERP is as follows:

| Vested % | Age |
|---|---|
| 50% | Younger than 55 |
| 70% | 55 |
| 80% | 56 |
| 90% | 57 |
| 100% | 58 |

# Defined Contribution (DC) Retirement Program

| | |
|---|---|
| Non-Compete / Confidentiality Provisions | The right to receive any money from the DC SERP is subject to the terms of the non-compete / confidentiality provisions stipulated under the DC SERP plan text. |
| How Money Grows | **DC plan**<br>Contributions to the DC plan are deposited in an individual account and allocated to investment funds that the employee chooses. The funds accumulated in an employee's DC account vary over time, depending on the amount of contributions made and investment returns, which can be positive or negative. A range of investment funds are offered in the DC plan to meet employee needs and risk and reward objectives.<br>**DC SERP**<br>Employees do not have investment options in the DC SERP. Each year, the Company will allocate interests to DC SERP accounts at a rate equal to the average rate of return on the balanced funds offered in the DC plan during the year. However, in the year of termination of employment, interest will be allocated as if the contributions for the year were made at mid-year. |
| Termination of Employment or Retirement | **DC plan**<br>▸ At termination of employment, an employee can transfer the DC account balance to a locked-in retirement savings plan on a tax-sheltered basis.<br>▸ Upon retirement, the income will depend on the following factors:<br>– The account balance at retirement (employee contributions, Company contributions, and investment income);<br>– The age when the employee chooses to start receiving his or her retirement payments; and<br>– The authorized retirement income plan chosen by the employee. This could be a life annuity, a life income fund (LIF), or a locked-in retirement income fund (LRIF). LIFs and LRIFs are similar to investment accounts, from which withdrawals can be made each year, subject to legislated minimums and maximums.<br>**DC SERP**<br>After an employee leaves the Company, his or her vested DC SERP is paid in cash, less applicable taxes. It is paid out in 2 equal payments after the employee has left the Company; at 6 months and at 12 months. |





# Defined Contribution (DC) Retirement Program

| | |
|---|---|
| **Death Benefits** | **DC plan**<br>▸ If the employee dies before transferring the funds in the DC account out of the Plan, his or her spouse or beneficiary will receive the account balance.<br>▸ If the employee dies after transferring the DC account out of the Plan, his or her spouse or beneficiary will receive the amounts payable under the terms of the life annuity, locked-in retirement savings plan, or authorized retirement income plan previously chosen by the employee.<br>**DC SERP**<br>▸ If the employee dies before leaving the Company, his or her spouse or beneficiary will receive a lump-sum payment equal to 100% of the DC SERP account in cash, less applicable taxes.<br>▸ If the employee dies after leaving the Company, but before having received the amount to which he or she was entitled when leaving the Company, the employee's spouse or beneficiary will receive any remaining payments that he or she would have been entitled to receive had death not occurred. This amount is paid in cash, less applicable taxes. |
| **Disability** | ▸ If the employee becomes disabled and is entitled to benefits under the Company's short-term disability plan, the employee and the Company will continue to contribute to the DC Retirement Program during this period.<br>▸ If the employee becomes disabled and is entitled to benefits under the Company's long-term disability plan, the Company will continue to make its basic and optional contributions to the employee's account of the DC Retirement Program, as well as the contributions he or she was making the day before the start of disability leave.<br>▸ Contributions will be based on the employee's eligible earnings before the start of disability leave. |

August 2010

**Court File No. 500-11-036133-094**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

AND IN THE MATTER OF A PLAN OF REORGANIZATION AND COMPROMISE

OF

ABITIBIBOWATER INC.,
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN SCHEDULE "A" TO THE INFORMATION CIRCULAR DATED AUGUST 2, 2010

**SECOND AMENDED PLAN SUPPLEMENT 6.9(2)**

TO THE PLAN OF REORGANIZATION AND COMPROMISE DATED AUGUST 2, 2010

UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA),

AND SECTION 191 OF THE *CANADA BUSINESS CORPORATIONS ACT*,

November 22, 2010

NOTICE OF FILING OF SECOND AMENDED CCAA PLAN SUPPLEMENT 6.9(2)

**PLEASE TAKE NOTICE** that, pursuant to the Plan of Reorganization and Compromise jointly filed by the Applicants pursuant to the provisions of the CCAA and Section 191 of the CBCA (the "**CCAA Plan**") and as set forth in the Information Circular pertaining to a Plan of Reorganization and Compromise under the *Companies' Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* involving AbitibiBowater Inc. and certain of its subsidiaries dated August 2, 2010 (the "**Circular**"), this second amended CCAA Plan Supplement (the "**Second Amended CCAA Plan Supplement 6.9(2)**") is to be posted on the Monitor's Website with notice of such posting to be provided to the Service List (as such Second Amended CCAA Plan Supplement 6.9(2) may be thereafter modified, amended, varied or supplemented in accordance with the CCAA Plan). All capitalized terms not otherwise defined in this Second Amended CCAA Plan Supplement 6.9(2) shall have the meanings ascribed to them in the Circular.

**PLEASE TAKE FURTHER NOTICE** that on September 3, 2010 the Applicants filed CCAA Plan Supplement 6.9(2), as further amended on September 17, 2010 (collectively, CCAA Plan Supplement 6.9(2)), which set forth the material terms of the New Plans (the "**Initial New Plans**").

**PLEASE TAKE FURTHER NOTICE** that Exhibit I to this Second Amended CCAA Plan Supplement 6.9(2) amends and replaces Section (1)(b) of the Initial New Plans.

**PLEASE TAKE FURTHER NOTICE** that you are advised and encouraged to read this Second Amended CCAA Plan Supplement 6.9(2) and its Exhibit I in conjunction with CCAA Plan Supplement 6.9(2), the Circular, the CCAA Plan and the Creditors' Meeting Order.

**PLEASE TAKE FURTHER NOTICE** that a true and complete copy of the Second Amended CCAA Plan Supplement 6.9(2) is attached hereto.

**PLEASE TAKE FURTHER NOTICE** that copies of the Second Amended CCAA Plan Supplement 6.9(2) as well as the CCAA Plan and the Circular may be obtained from the Monitor's website at www.ey.com/ca/abitibibowater.

## EXHIBIT I

### B. Reinstatement Option for Eligible Retirees

Pursuant to the CCAA Plan and the U.S. Plan, all retirees, beneficiaries and deferred vested participants, as of the Implementation Date, under the Terminated Retirement Plans (the "**Eligible Retirees**") will be eligible to receive benefits after the Implementation Date substantially similar to those benefits available to such Eligible Retiree under the Terminated Retirement Plans to the extent thereof, without retroactive adjustments; provided, however, (i) that the benefits available to each such Eligible Retiree under the New Plans shall be 10% to 35% lower, depending on the applicable Terminated Retirement Plan, than the benefits available to the Eligible Retiree under the Terminated Retirement Plans at the time of termination thereof, as detailed below, (ii) the benefits available to each such Eligible Retiree under the New Plans shall be subject to an annual per participant cap on benefits in amounts ranging from $40,000 to $50,000 (in the aggregate) in the case of defined benefit Terminated Retirement Plans and corresponding caps in the case of defined contribution Terminated Retirement Plans, depending on the applicable Terminated Retirement Plans, these benefits being further reduced by any secured pension benefits received or to be received in respect of the Terminated Retirement Plans, as summarized below, (iii) the Company will not secure or collateralize any funding obligations under the New Plans and the identity of the plan sponsor(s) may change; and (iv) that the Eligible Retiree must waive and forfeit any and all claim such Eligible Retiree has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans (the "**Retiree SERP Claims**").

Eligible Retirees who retain their Retiree SERP Claims will not receive any benefits under the New Plans and will not receive any credit under the New Plans for any benefits accrued under the Terminated Retirement Plans. Eligible Retirees who retain their Retiree SERP Claims will receive distributions in full satisfaction of such Retiree SERP Claims under the Plan to the extent such claims are Allowed.

## APPENDIX "F"

## Summary of the New ABH Shares Allocated to the Abitibi US SERP Claimants by Petitioner and U.S. Debtor

Appendix "F"
AbitibiBowater Inc.
Abitibi US SERP Share Allocations

| Entity | Number of Shares Allocated for Abitibi US SERP |
|---|---|
| BI | 200,445 |
| BCFPI | 151,162 |
| ACI | 12,388 |
| ACCC | 62,303 |
| ACSC | 96,909 |
| Donohue Corp | 117,617 |
| | 640,824 |

**APPENDIX "G"**

**REDACTED SETTLEMENT AGREEMENTS**

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY – SUBJECT TO FRE 408*

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

| | | |
|---|---|---|
| | ) | Chapter 11 |
| In re: | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

**AND**

**SUPERIOR COURT OF QUEBEC**
**No.: 500-11-036133-094**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*** [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

# SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 4578<br>CCAA: 14496<br>14539-14578<br>(inclusive except for 14550) | Filed NO DEBTOR | $1,454,264.47[3] |

[3] All amounts are in U.S. dollars.

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

**SYNERGY BONUS CLAIM.** On November 24, 2010, a claims officer appointed by the CCAA Court issued an order allowing Claimant's synergy bonus claim. On March 21, 2011, the U.S. bankruptcy court entered an order allowing Claimant's synergy bonus claim in the amount of **$52,497** against Bowater Incorporated (the "Allowed Synergy Bonus Claim"). [Docket No 4414];

**AIP BONUS CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts in the amount of **$28,480.80** for unpaid annual incentive bonus earned in 2008 (the "AIP Bonus Claim");

**EQUITY UNIT CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts amounts owed for unpaid equity awards under the Debtors' prepetition equity and restricted stock unit plans (the "Equity Compensation Claims"). The Debtors believe all such amounts constitute equity interests, or are alternatively subject to subordination under section 510(b) of the U.S. Bankruptcy Code, and accordingly, are not entitled to any distribution under the Restructuring Plans. Any Equity Compensation Claims filed in the CCAA proceedings have been disallowed by the Monitor on similar grounds;

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have (a) an allowed Abitibi US SERP Claim in the amount of **$1,454,264** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors") and (b) an allowed administrative expense claim of **US$86,728** (the "Allowed Administrative Expense Claim"). The Allowed Abitibi US SERP Claim and the Allowed Administrative Expense Claim shall constitute Claimant's sole Allowed claims arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim and the Allowed Administrative Expense Claim, Claimant shall receive (i) **US$86,728** in cash, and (ii) **58,171** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The cash payment and Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such

distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the cash payment and the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim and Allowed Administrative Expense Claim shall be deemed satisfied in full.

3. Allowed AIP Bonus Claim. Claimant shall have an allowed AIP Bonus Claim in the amount of **$28,480.80** against Bowater Incorporated (the "Allowed AIP Bonus Claim"), of which $2,468 is entitled to priority under section 507 of the Bankruptcy Code and shall be paid in cash on the Claim Distribution Date and the balance shall be a general unsecured claim against Bowater Incorporated.

4. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, the Allowed Administrative Expense Claim, and the Allowed AIP Bonus Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim, including all Equity Compensation Claims, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation. Additionally, Scheduled Claim No. 316000490 filed by Bowater America Inc. (09-11316) shall be expunged. The Chapter 11 Debtors agree to make an initial distribution of New ABH Common Stock on account of the Allowed AIP Bonus Claim and Allowed Synergy Bonus Claim on the Claim Distribution Date in accordance with Section 4.4 of the Chapter 11 Plan, and subject to all applicable holdbacks and other restrictions under the Restructuring Plans (if any), and shall make subsequent distributions on account of such claims in accordance with the Restructuring Plans.

5. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Allowed Administrative Expense Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim (including any administrative expense claims), the Equity Compensation Claims, the AIP Bonus Claim, the Allowed Synergy Bonus Claim, and any other claims asserted in the Proof of Claim.

6. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

7. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

8. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

9. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

10. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement.

11. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

12. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance

of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

13. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

14. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

15. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 22nd day of August, 2011.

**CLAIMANT:**

[redacted]

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: CRAIG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 22nd day of August, 2011.

**CLAIMANT:**

[redacted]

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings, LLP its Counsel

By: Robert Winter
Name: Robert Winter
Title: Counsel to Avidity Partners

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY –*
*SUBJECT TO FRE 408*

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

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

**AND**

**SUPERIOR COURT OF QUEBEC**
**No.: 500-11-036133-094**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*** [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

# SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 7003<br>CCAA: 14786-14826<br>(inclusive except 14792) | Filed NO DEBTOR | $3,069,650[3] |

[3] All amounts are in U.S. dollars.

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

**SYNERGY BONUS CLAIM.** WHEREAS, on November 24, 2010, a claims officer appointed by the CCAA Court issued an order allowing Claimant's synergy bonus claim. On March 21, 2011, the U.S. bankruptcy court entered an order allowing Claimant's synergy bonus claim in the amount of **$66,496** against Bowater America Inc. (the "Allowed Synergy Bonus Claim"). [Docket No 4414.];

**AIP BONUS CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts in the amount of **$50,484.80** for unpaid annual incentive bonus earned in 2008 (the "AIP Bonus Claim");

**EQUITY UNIT CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts amounts owed for unpaid equity awards under the Debtors' prepetition equity and restricted stock unit plans (the "Equity Compensation Claims"). The Debtors believe all such amounts constitute equity interests, or are alternatively subject to subordination under section 510(b) of the U.S. Bankruptcy Code, and accordingly, are not entitled to any distribution under the Restructuring Plans. Any Equity Compensation Claims filed in the CCAA proceedings have been disallowed by the Monitor on similar grounds;

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have an allowed Abitibi US SERP Claim in the amount of **$3,069,650** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim, Claimant shall receive **122,786** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim shall be deemed satisfied in full.

3. Allowed AIP Bonus Claim. Claimant shall have an allowed AIP Bonus Claim in the amount of **$50,484.80** as a general unsecured claim against **Bowater America Inc.** (the "Allowed AIP Bonus Claim").

4. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim, including all Equity Compensation Claims, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation. Additionally, Scheduled Claim No. 316000540 filed by Bowater America, Inc. (09-11316) shall be expunged. The Chapter 11 Debtors agree to make an initial distribution of New ABH Common Stock on account of the Allowed Synergy Bonus Claim and the Allowed AIP Bonus Claim on the Claim Distribution Date in accordance with Section 4.4 of the Chapter 11 Plan, and subject to all applicable holdbacks and other restrictions under the Restructuring Plans (if any), and shall make subsequent distributions on account of such claims in accordance with the Restructuring Plans.

5. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of

AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim (including any administrative expense claims), the Equity Compensation Claims, the AIP Bonus Claim, the Allowed Synergy Bonus Claim, and any other claims asserted in the Proof of Claim.

6. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

7. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

8. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be

construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

9. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

10. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement.

11. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

12. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

13. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

14. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for

the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

15. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 12th day of August, 2011.

**CLAIMANT:**

[redacted]

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 12th day of August, 2011.

**CLAIMANT:**

[redacted]

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings LLP, its Counsel

By: Robert Winter
Name: Robert Winter
Title: Counsel to Avidity Partners

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY –*
*SUBJECT TO FRE 408*

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

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

**AND**

**SUPERIOR COURT OF QUEBEC**
**No.: 500-11-036133-094**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*** [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

**SETTLEMENT AGREEMENT AND RELEASE**

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 6470 | Bowater America Inc. 09-11316 | $1,105,877[3] |

[3] All amounts are in U.S. dollars.

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

**SYNERGY BONUS CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts amounts owed for unpaid synergy bonus amounts. On November 24, 2010, a claims officer appointed by the CCAA Court issued an order allowing Claimant's synergy bonus claim. On March 21, 2011, the U.S. bankruptcy court entered an order allowing Claimant's synergy bonus claim in the amount of **$46,690.77** against Bowater America Inc. (the "Allowed Synergy Bonus Claim"). [Docket No. 4414.]

**AIP BONUS CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts the amount of **$25,651.55** for unpaid annual incentive bonus earned in 2008 (the "AIP Bonus Claim");

**EQUITY UNIT CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts amounts owed for unpaid equity awards under the Debtors' prepetition equity and restricted stock unit plans (the "Equity Compensation Claims"). The Debtors believe all such amounts constitute equity interests, or are alternatively subject to subordination under section 510(b) of the U.S. Bankruptcy Code, and accordingly, are not entitled to any distribution under the Restructuring Plans. Any Equity Compensation Claims filed in the CCAA proceedings have been disallowed by the Monitor on similar grounds;

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have (a) an allowed Abitibi US SERP Claim in the amount of **$1,105,877** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors") and (b) an allowed administrative expense claim of US$127,988 (the "Allowed Administrative Expense Claim"). The Allowed Abitibi US SERP Claim and the Allowed Administrative Expense Claim shall constitute Claimant's sole Allowed claims arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim and Allowed Administrative Expense Claim, Claimant shall receive (i) **US$127,988** in cash, and (ii) **44,235** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The cash payment and Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's

receipt of the cash payment and the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim and Allowed Administrative Expense Claim shall be deemed satisfied in full.

3. Allowed AIP Bonus Claim. Claimant shall have an allowed AIP Bonus Claim in the amount of **$25,651.55** against Bowater America Inc. (the "Allowed AIP Bonus Claim"), of which $3,503 is entitled to priority under section 507 of the Bankruptcy Code and shall be paid in cash on the Claim Distribution Date and the balance shall be a general unsecured claim against Bowater America Inc.

4. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, the Allowed Administrative Expense Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim, including all Equity Compensation Claims, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation. The Chapter 11 Debtors agree to make an initial distribution of New ABH Common Stock on account of the Allowed AIP Bonus Claim and the Allowed Synergy Bonus Claim on the Claim Distribution Date in accordance with Section 4.4 of the Chapter 11 Plan, and subject to all applicable holdbacks and other restrictions under the Restructuring Plans (if any), and shall make subsequent distributions on account of such claims in accordance with the Restructuring Plans.

5. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Allowed Administrative

Expense Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim, the Equity Compensation Claims, the AIP Bonus Claim, the Allowed Synergy Bonus Claim, and any other claims asserted in the Proof of Claim.

6. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

7. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or

anyone else, other than the statements expressly written in this Settlement Agreement and Release.

8. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

9. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

10. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement.

11. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

12. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

13. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

14. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

15. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized

representatives, have executed this Agreement this __ day of August, 2011.

**CLAIMANT:**

[redacted] 8.16.11

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties, by their duly authorized

representatives, have executed this Agreement this__ day of August, 2011.

**CLAIMANT:**

[redacted] 8.16.11

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings LLP, its Counsel

By: _____
Name: Robert Winter
Title: Counsel to Avidity Partners

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY –*
*SUBJECT TO FRE 408*

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

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| | ) | |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | Case No. 09-11296 (KJC) |
| | ) | |
| | ) | (Jointly Administered) |
| | ) | |

**AND**

**SUPERIOR COURT OF QUEBEC**
**No.: 500-11-036133-094**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*** [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding I Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.



[redacted]

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 3575 | Abitibi Consolidated Sales Corporation 09-11299 | $165,137.00 |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

WHEREAS, Claimant's Proof of Claim also asserts amounts owed under the Abitibi Building Products Group supplemental executive retirement plan (the "ACSC SERP Claim"), a Terminated Plan. According to the Debtors' books and records, Claimant was not a participant under this Terminated Plan.

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have an allowed Abitibi US SERP Claim in the amount of **$148,699** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim, Claimant shall receive 5,948 shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated

among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim shall be deemed satisfied in full.

3. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim, including the ACSC SERP Claim, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation.

4. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts,

liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim (including any administrative expense claims), and any other claims asserted in the Proof of Claim.

5. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

6. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

7. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

8. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

9. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement.

10. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

11. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

12. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

13. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

14. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the

Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 1st day of September, 2011.

CLAIMANT:

[redacted]

Notary
Carolyn B. Hall-Wimsley
9/1/2011

My commission expires 9/30/2014

THE DEBTORS:

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings, LLP its Counsel

By: _____
Name: ROBERT WINTER
Title: COUNSEL TO AVIDITY PARTNERS

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY – SUBJECT TO FRE 408*

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

| | | |
|---|---|---|
| | ) | Chapter 11 |
| In re: | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

**AND**

**SUPERIOR COURT OF QUEBEC**
**No.: 500-11-036133-094**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*** [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts for unpaid pension and owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 1197 | Filed NO DEBTOR | Miscellaneous amounts for unpaid pension |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

WHEREAS, Claimant's Proof of Claim also asserts amounts owed under the Abitibi Building Products Group supplemental executive retirement plan (the "ACSC SERP Claim"), a Terminated Plan. According to the Debtors' books and records, Claimant was not a participant under this Terminated Plan.

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have an allowed Abitibi US SERP Claim in the amount of **$198,433** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim, Claimant shall receive 7,937 shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated

among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim shall be deemed satisfied in full.

3. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim, including the ACSC SERP Claim, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation.

4. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands,

damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim (including any administrative expense claims), and any other claims asserted in the Proof of Claim.

5. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

6. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

7. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

8. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

9. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement.

10. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

11. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

12. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

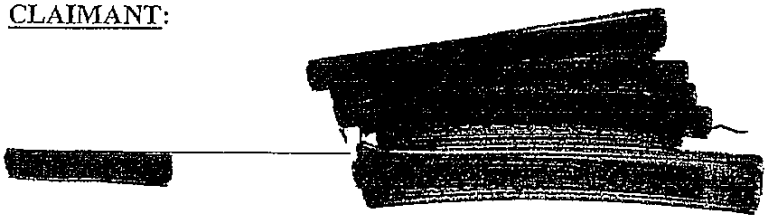
13. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

14. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the

Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this __ day of August, 2011.

CLAIMANT:



THE DEBTORS:

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: _____
Name:
Title:

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings LLP, its Counsel

By: Robert Winter
Name: ROBERT WINTER
Title: COUNSEL to AVIDITY PARTNERS

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY –*
*SUBJECT TO FRE 408*

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

AND

SUPERIOR COURT OF QUEBEC
No.: 500-11-036133-094

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.* [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC I (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 7015<br>US: 7524<br>CCAA: 14702-14741<br>(inclusive except 14734) | Multiple Debtors | $4,253,050 |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

**SYNERGY BONUS CLAIM.** On November 24, 2010, a claims officer appointed by the CCAA Court issued an order allowing Claimants synergy bonus claim. On March 21, 2011, the U.S. bankruptcy court entered an order allowing Claimant's synergy bonus claim in the amount of **$81,667** against Bowater America Inc. (the "Allowed Synergy Bonus Claim"). [Docket No. 4414];

**AIP BONUS CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts the amount of **$95,386** for unpaid annual incentive bonus earned in 2008 (the "AIP Bonus Claim");

**EQUITY UNIT CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts amounts owed for unpaid equity awards under the Debtors' prepetition equity and restricted stock unit plans (the "Equity Compensation Claims"). The Debtors believe all such amounts constitute equity interests, or are alternatively subject to subordination under section 510(b) of the U.S. Bankruptcy Code, and accordingly, are not entitled to any distribution under the Restructuring Plans. Any Equity Compensation Claims filed in the CCAA proceedings have been disallowed by the Monitor on similar grounds;

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have an allowed Abitibi US SERP Claim in the amount of **$4,253,050** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim, Claimant shall receive **170,122** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim shall be deemed satisfied in full.

3. Allowed AIP Bonus Claim. Claimant shall have an allowed AIP Bonus Claim in the amount of **$95,386** as a general unsecured claim against Bowater America Inc. (the "Allowed AIP Bonus Claim").

4. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim, including all Equity Compensation Claims, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance, of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation. The Chapter 11 Debtors agree to make an initial distribution of New ABH Common Stock on account of the Allowed AIP Bonus Claim and the Allowed Synergy Bonus Claim on the Claim Distribution Date in accordance with Section 4.4 of the Chapter 11 Plan, and subject to all applicable holdbacks and other restrictions under the Restructuring Plans (if any), and shall make subsequent distributions on account of such claims in accordance with the Restructuring Plans.

5. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of

their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim (including any administrative expense claims), the Equity Compensation Claims, the AIP Bonus Claim, the Allowed Synergy Bonus Claim, and any other claims asserted in the Proof of Claim.

6. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

7. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

8. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be

construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

9. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

10. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement.

11. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

12. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

13. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

14. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for

the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

15. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this __ day of August, 2011.

**CLAIMANT:**

[redacted]

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings, LLP its Counsel

By: Robert Winter
Name: Robert Winter
Title: Counsel to Avidity Partners

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY –*
*SUBJECT TO FRE 408*

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

AND

SUPERIOR COURT OF QUEBEC
No.: 500-11-036133-094

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.* [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding I Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

| | | |
|---|---|---|
| 7394<br>7395<br>7396<br>CCAA: 3493<br>14625-14663<br>(inclusive except for<br>14637) | | |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have an allowed Abitibi US SERP Claim in the amount of **$1,341,906** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 2976<br>2998<br>7386<br>7387<br>7388<br>7389<br>7390<br>7391<br>7392<br>7393 | Multiple Debtors | $1,442,512 |

| | | |
|---|---|---|
| 7394<br>7395<br>7396<br>CCAA: 3493<br>14625-14663<br>(inclusive except for 14637) | | |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have an allowed Abitibi US SERP Claim in the amount of **$1,341,906** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim, Claimant shall receive **53,676** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim shall be deemed satisfied in full.

3. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation.

4. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related

entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim (including any administrative expense claims), and any other claims asserted in the Proof of Claim.

5. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

6. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

7. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

8. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

9. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement.

10. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

11. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

12. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

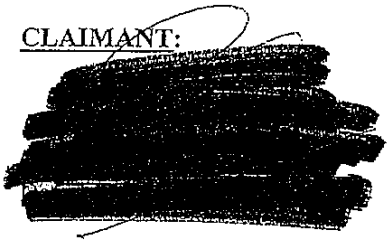
13. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be

applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

14. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 21st day of August, 2011.

CLAIMANT:



**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMT
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: _____
Name:
Title:

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings, LLP its Counsel

By: Robert Winter
Name: Robert Winter
Title: Counsel to Avidity Partners

## SCHEDULE A

Allowed ABH US SERP
Distribution and Share Allocation

Claimant: [redacted]

| Proof of Claim Number(s) | Allowed ABH US SERP Claim | Debtors Against Which Claim is Allocated | Number of Shares from Each Debtors' Estate to be Distributed to Claimant | Value of Distribution at $25/share Value |
|---|---|---|---|---|
| 2976 (US)<br>CCAA: 3493<br>14625-14663<br>(inclusive except for 14637) | $1,341,906[1] | Bowater, Incorporated | 16,526 | $413,156.81 |
| | | Bowater Canadian Forest Products Inc. | 12,463 | $311,574.87 |
| | | Abitibi-Consolidated Inc. | 1,161 | $29,023.41 |
| | | Abitibi-Consolidated Company of Canada | 5,839 | $145,970.69 |
| | | Donohue Corp. | 9,697 | $242,430.85 |
| | | Abitibi Consolidated Sales Corp. | 7,990 | $199,749.37 |
| | | **Total:** | **53,676** | **$1,341,906.00** |

[1] All amounts are in U.S. dollars.

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY –*
*SUBJECT TO FRE 408*

RECEIVED
AUG 30 2011
A/P DEPT.

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

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

**AND**

**SUPERIOR COURT OF QUEBEC**
**No.: 500-11-036133-094**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*** [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding I Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

# SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 4535<br>CCAA: 14909<br>14582-14620<br>(inclusive) | Filed NO DEBTOR | $1,142,865 |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

**SYNERGY BONUS CLAIM.** On November 24, 2010, a claims officer appointed by the CCAA Court issued an order allowing Claimant's synergy bonus claim. On March 21, 2011, the U.S. bankruptcy court entered an order allowing Claimant's synergy bonus claim in the amount of $67,375 against Bowater America Inc. (the "Allowed Synergy Bonus Claim"). [Docket No. 4414];

**AIP BONUS CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts the amount of $78,840 for unpaid annual incentive bonus earned in 2008 (the "AIP Bonus Claim");

**EQUITY UNIT CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts amounts owed for unpaid equity awards under the Debtors' prepetition equity and restricted stock unit plans (the "Equity Compensation Claims"). The Debtors believe all such amounts constitute equity interests, or are alternatively subject to subordination under section 510(b) of the U.S. Bankruptcy Code, and accordingly, are not entitled to any distribution under the Restructuring Plans. Any Equity Compensation Claims filed in the CCAA proceedings have been disallowed by the Monitor on similar grounds;

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have (a) an allowed Abitibi US SERP Claim in the amount of **$1,142,865** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors") and (b) an allowed administrative expense claim of **US$69,328** (the "Allowed Administrative Expense Claim"). The Allowed Abitibi US SERP Claim and the Allowed Administrative Expense Claim shall constitute Claimant's sole Allowed claims arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim and the Allowed Administrative Expense Claim, Claimant shall receive (i) **US$69,328** in cash, and (ii) **45,715** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The cash payment and Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such

distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the cash payment and the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim and Allowed Administrative Expense Claim shall be deemed satisfied in full.

3. Allowed AIP Bonus Claim. Claimant shall have an allowed AIP Bonus Claim in the amount of **$78,840** against Bowater America Inc. (the "Allowed AIP Bonus Claim"), of which $1,680 is entitled to priority under section 507 of the Bankruptcy Code and shall be paid in cash on the Claim Distribution Date and the balance shall be a general unsecured claim against Bowater America Inc.

4. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, the Allowed Administrative Expense Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim, including all Equity Compensation Claims, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation. The Chapter 11 Debtors agree to make an initial distribution of New ABH Common Stock on account of the Allowed AIP Bonus Claim and the Allowed Synergy Bonus Claim on the Claim Distribution Date in accordance with Section 4.4 of the Chapter 11 Plan, and subject to all applicable holdbacks and other restrictions under the Restructuring Plans (if any), and shall make subsequent distributions on account of such claims in accordance with the Restructuring Plans.

5. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Allowed Administrative Expense Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim, the Equity Compensation Claims, the AIP Bonus Claim, the Allowed Synergy Bonus Claim, and any other claims asserted in the Proof of Claim.

6. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

7. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

8. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

9. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

10. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement.

11. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

12. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance

of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

13. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

14. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

15. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 22 day of August, 2011.

**CLAIMANT:**

[redacted]

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: Greg Adams
Title: Senior Vice President

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 22 day of August, 2011.

**CLAIMANT:**

[redacted]

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings LLP, its Counsel

By: Robert Winter
Name: Robert Winter
Title: Counsel to Avidity Partners

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY –*
*SUBJECT TO FRE 408*

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

| | | |
|---|---|---|
| | ) | Chapter 11 |
| In re: | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

AND

SUPERIOR COURT OF QUEBEC
No.: 500-11-036133-094

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.* [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

# SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim")[3] against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 2974<br>2996<br>7397<br>7398<br>7399 | Multiple Debtors | $1,612,683 |

[3] The Proofs of Claim include claim numbers 2926 and 2973 which assert an aggregate of $153,496 owed for annual and synergy bonus amounts earned under a consulting agreement. As detailed below, these claims are included in this Settlement

| | | |
|---|---|---|
| 7400<br>7401<br>7402<br>7403<br>7404<br>7405<br>7406<br>7407<br>2926<br>2973<br><br>CCAA: 3489<br>14664-14701 (inclusive) | | |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

**SYNERGY BONUS CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts amounts owed for unpaid synergy bonus amounts. On November 24, 2010, a claims officer appointed by the CCAA Court issued an order allowing Claimants Synergy Bonus Claim. On March 21, 2011, the U.S. bankruptcy court entered an order allowing Claimant's synergy bonus claim in the amount of **$70,000** against AbitibiBowater Inc. (the "Allowed Synergy Bonus Claim"). [Docket No. 4414];

**AIP BONUS CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts the amount of **$83,496** for unpaid annual incentive bonus earned in 2008 under his consulting agreement (the "AIP Bonus Claim");

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have an allowed Abitibi US SERP Claim in the amount of **$1,572,212** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim, Claimant shall receive **62,888** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim shall be deemed satisfied in full.

3. Allowed AIP Bonus Claim. Claimant shall have an allowed AIP Bonus Claim in the amount of **$83,496** as a general unsecured claim against AbitibiBowater Inc. (the "Allowed AIP Bonus Claim").

4. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation.

5. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising

from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim (including any administrative expense claims), the AIP Bonus Claim, the Allowed Synergy Bonus Claim, and any other claims asserted in the Proof of Claim.

6. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

7. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

8. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

9. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

10. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further

represents and warrants that he or she has read and understands the terms of this Agreement.

11. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

12. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

13. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

14. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

15. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy

Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 24th day of August, 2011.

**CLAIMANT:**

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Jacques P. Vachon
Senior Vice President and Chief Legal Officer

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: _____
Name:
Title:

APPROVED BY:

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings LLP, its counsel

By: Robert Winter
Name: ROBERT WINTER
Title: Counsel to Avidity Partners

# SCHEDULE A

Allowed ABH US SERP
Distribution and Share Allocation

Claimant: [redacted]

| Proof of Claim Number(s) | Allowed ABH US SERP Claim | Debtors Against Which Claim is Allocated | Number of Shares from Each Debtors' Estate to be Distributed to Claimant | Value of Distribution at $25/share Value |
|---|---|---|---|---|
| US: 2974<br>2996<br>7397<br>7398<br>7399<br>7400<br>7401<br>7402<br>7403<br>7404<br>7405<br>7406<br>7407<br>2926<br>2973<br>CCAA: 3489<br>14664-14701 (inclusive) | $1,572,212[1] | Bowater, Incorporated | 19,363 | $484,065.27 |
| | | Bowater Canadian Forest Products Inc. | 14,602 | $365,049.22 |
| | | Abitibi-Consolidated Inc. | 1,360 | $34,004.59 |
| | | Abitibi-Consolidated Company of Canada | 6,841 | $171,023.06 |
| | | Donohue Corp. | 11,362 | $284,038.30 |
| | | Abitibi Consolidated Sales Corp. | 9,361 | $243,031.56 |
| | | Total: | 62,888 | $1,572,212.00 |

[1] All amounts are in U.S. dollars.

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY –*
*SUBJECT TO FRE 408*

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

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

**AND**

**SUPERIOR COURT OF QUEBEC**
**No.: 500-11-036133-094**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*** [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

**SETTLEMENT AGREEMENT AND RELEASE**

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 7380<br>CCAA: 14747-14785 (inclusive) | AbitibiBowater Inc. 09-11296 | $741,001 |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

**SYNERGY BONUS CLAIM.** WHEREAS, on November 24, 2010, a claims officer appointed by the CCAA Court issued an order allowing Claimant's synergy and annual incentive bonus claims. On March 21, 2011, the U.S. bankruptcy court entered an order allowing Claimant's synergy and annual incentive bonus claims in the amount of **$137,792.67** against AbitibiBowater Inc. (the "Allowed Synergy Bonus Claim"). [Docket No. 4414];

WHEREAS, Claimant has also asserted amounts under the Canadian Supplemental Executive Retirement Plan (SERP) for Executive Employees of Abitibi-Consolidated Inc. (the "ACI SERP" and Claimant's claims arising under and related to the ACI SERP, the "ACI SERP Claims").

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim other than the ACI SERP Claims, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have an allowed Abitibi US SERP Claim in the amount of **$741,001** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater

Canadian Forest Products Inc., Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged. For the avoidance of doubt, nothing herein allows the ACI SERP Claims.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim, Claimant shall receive **29,640** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim shall be deemed satisfied in full.

3. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, the Allowed Synergy Bonus Claim, and the ACI SERP Claims, Claimant agrees to withdraw all other claims asserted in the Proof of Claim and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada

Finance Corporation. Additionally, Scheduled Claim No. 296007040 filed by AbitibiBowater Inc. shall be expunged. The Chapter 11 Debtors agree to make an initial distribution of New ABH Common Stock on account of the Allowed Synergy Bonus Claim on the Claim Distribution Date in accordance with Section 4.4 of the Chapter 11 Plan, and subject to all applicable holdbacks and other restrictions under the Restructuring Plans (if any), and shall make subsequent distributions on account of such claims in accordance with the Restructuring Plans. For the avoidance of doubt, the ACI SERP Claims are not withdrawn pursuant to this Agreement.

4. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Allowed Synergy Bonus Claim, and the ACI SERP Claims, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim

(including any administrative expense claims), the Allowed Synergy Bonus Claim, and any other claims asserted in the Proof of Claim. For the avoidance of doubt, nothing herein releases the ACI SERP Claims, and all rights of the Parties related thereto are reserved.

5. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

6. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

7. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

8. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

9. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further

represents and warrants that he or she has read and understands the terms of this Agreement.

10. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

11. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the ACI SERP or the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

12. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

13. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

14. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy

Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this __ day of August, 2011.

**CLAIMANT:**

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Name:
Title:

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings, LLP its Counsel

By: _____
Name: Robert Winter
Title: Counsel to Avidity Partners

# SCHEDULE A

Allowed ABH US SERP
Distribution and Share Allocation

Claimant: [redacted]

| Proof of Claim Number(s) | Allowed ABH US SERP Claim | Debtors Against Which Claim is Allocated | Number of Shares from Each Debtors' Estate to be Distributed to Claimant | Value of Distribution at $25/share Value |
|---|---|---|---|---|
| (US) 7380<br>(CCAA) 14747-14785<br>(inclusive) | $741,001[1] | Bowater, Incorporated | 9,126 | $228,145.35 |
| | | Bowater Canadian Forest Products Inc. | 6,882 | $172,051.76 |
| | | Abitibi-Consolidated Inc. | 641 | $16,026.74 |
| | | Abitibi-Consolidated Company of Canada | 3,224 | $80,605.07 |
| | | Donohue Corp. | 5,355 | $133,870.41 |
| | | Abitibi Consolidated Sales Corp. | 4,412 | $110,301.68 |
| | | **Total:** | **29,640** | **$741,001.00** |

[1] All amounts are in U.S. dollars.

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY – SUBJECT TO FRE 408*

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

| | | |
|---|---|---|
| | ) | Chapter 11 |
| In re: | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

**AND**

**SUPERIOR COURT OF QUEBEC**
**No.: 500-11-036133-094**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*** [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

# SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed for pension and under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 4324 | Abitibi Consolidated Sales Corporation 09-11299 | Miscellaneous amounts for unpaid pension |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have an allowed Abitibi US SERP Claim in the amount of **$136,140** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors"). The Allowed Abitibi US SERP Claim shall constitute Claimant's sole Allowed claim arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim, Claimant shall receive **5,446** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such distribution can

reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim shall be deemed satisfied in full.

3. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation. .

4. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to

the Abitibi US SERP, the Abitibi US SERP Claim (including any administrative expense claims), and any other claims asserted in the Proof of Claim.

5. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

6. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

7. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

8. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

9. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further

represents and warrants that he or she has read and understands the terms of this Agreement.

10. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

11. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

12. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

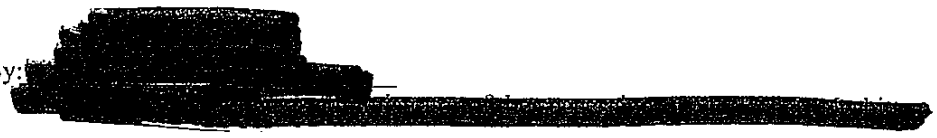
13. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

14. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy

Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this __ day of August, 2011.

**CLAIMANT:**

By: 

**THE DEBTORS:**

AbitibiBowater Inc.

By:
Name:
Title:

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: _____
Name:
Title:

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings LLP, its Counsel

By: Robert Winter
Name: ROBERT WINTER
Title: Counsel to Avidity Partners

*CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY – SUBJECT TO FRE 408*

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

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| | ) | |
| | ) | Case No. 09-11296 (KJC) |
| ABITIBIBOWATER INC., *et al.*,[1] | ) | |
| | ) | (Jointly Administered) |
| | ) | |

**AND**

**SUPERIOR COURT OF QUEBEC**
**No.: 500-11-036133-094**

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ABITIBIBOWATER INC. *et al.*** [2]

---

[1] The "Chapter 11 Debtors" in the above-captioned chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (N/A), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (N/A), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (9050), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (N/A), Bowater Canadian Forest Products Inc. (N/A), Bowater Canadian Holdings Incorporated (N/A), Bowater Canadian Limited (N/A), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (N/A), Bowater Maritimes Inc. (N/A), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0168), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] The "CCAA Debtors" are: AbitibiBowater Inc., Abitibi-Consolidated Inc., Bowater Canadian Holdings Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated Inc., 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holding Inc., 3834328 Canada Inc., 6169678 Canada Inc., 4042140 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., 3217925 Nova Scotia Company, La Tuque Forest Products Inc., Abitibi-Consolidated Nova Scotia Incorporated, Saguenay Forest Products Inc., Terra Nova Explorations Ltd., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Québec Inc., Bowater Canada Finance Corporation, Bowater Canadian Limited, Bowater Canadian Holdings. Inc., 3231378 Nova Scotia Company, AbitibiBowater Canada Inc., Bowater Canada Treasury Corporation, Bowater Canadian Forest Products Inc., Bowater Shelburne Corporation, Bowater LaHave Corporation, St-Maurice River

**SETTLEMENT AGREEMENT AND RELEASE**

This Settlement Agreement and Release (the "Agreement") is entered into by and between AbitibiBowater Inc. and its affiliates in the above captioned cases (collectively, together with the affiliates who applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"), as amended, and as reorganized, the "Debtors") and [redacted] ("Claimant"). The Debtors and Claimant are each referred to individually herein as a "Party" and collectively, as the "Parties."

WHEREAS, the Debtors filed creditor protection proceedings in the United States and Canada in April 2009. In November 2010, the U.S. bankruptcy court and the Quebec Superior Court (the "CCAA Court") entered orders confirming and sanctioning the Debtors' chapter 11 and CCAA restructuring plans (the confirmed chapter 11 plan, the "Chapter 11 Plan" and together with the sanctioned CCAA plan (the "CCAA Plan") the "Restructuring Plans"). The Restructuring Plans went effective on December 9, 2010.

WHEREAS, pursuant to the Chapter 11 Plan, all of the Debtors' existing non-qualified and non-registered employee benefit plans (the "Terminated Plans") were terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the United States Bankruptcy Code.

---

Drive Company Limited, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Québec Inc., Alliance Forest Products Inc. (2001), Bowater Belledune Sawmill Inc., Bowater Maritimes Inc., Bowater Mitis Inc., Bowater Guérette Inc., and Bowater Couturier Inc.

WHEREAS, pursuant to the CCAA Plan, the Terminated Plans were terminated in accordance with the CCAA Plan Supplement 6.9(1) and the Amended CCAA Plan Supplement 6.9(2).

WHEREAS, the Restructuring Plans allowed employees and retirees who were entitled to benefits under the Terminated Plans to elect either (a) to receive benefits under new post-emergence, non-qualified and non-registered employee benefit plans (the "New Plans") and waive any claims against the Debtors based on or arising from the Terminated Plans, or (b) to keep their claims against the Debtors arising from the Terminated Plans, and accordingly, to receive distributions under and in accordance with the Restructuring Plans on account of such claims. Prepetition claims arising from the Terminated Plans are generally classified as unsecured claims against the applicable Debtors and once allowed as such, will be entitled to distributions of common stock in the reorganized Company (as defined in the Restructuring Plans, the "New ABH Common Stock").

WHEREAS, Claimant filed the following proof(s) of claim ("Proof of Claim") against the following Debtors alleging, among other things, amounts owed under the Abitibi Consolidated U.S. Supplemental Executive Retirement Plan (the "Abitibi US SERP"), a Terminated Plan:

| Proof of Claim Number | Claim Asserted Against | Amount of Asserted Abitibi US SERP Claim |
|---|---|---|
| US: 4583<br>CCAA: 14538<br>14497-14534<br>(inclusive) | Bowater Incorporated 09-11311 | $ 743,889 |

WHEREAS, Claimant is one of thirteen individuals (the "Abitibi US SERP Claimants") who elected to retain their claims arising under the Abitibi US SERP against the Debtors (each an "Abitibi US SERP Claim");

**SYNERGY BONUS CLAIM.** On November 24, 2010, a claims officer appointed by the CCAA Court issued an order allowing Claimant's synergy bonus Claim. On March 21, 2011, the U.S. bankruptcy court entered an order allowing Claimant's synergy bonus claim in the amount of **$46,332** against Bowater America Inc. (the "Allowed Synergy Bonus Claim"). [Docket No 4414];

**AIP BONUS CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts the amount of **$23,233** for unpaid annual incentive bonus earned in 2008 (the "AIP Bonus Claim");

**EQUITY UNIT CLAIM.** WHEREAS, Claimant's Proof of Claim also asserts amounts owed for unpaid equity awards under the Debtors' prepetition equity and restricted stock unit plans (the "Equity Compensation Claims"). The Debtors believe all such amounts constitute equity interests, or are alternatively subject to subordination under section 510(b) of the U.S. Bankruptcy Code, and accordingly, are not entitled to any distribution under the Restructuring Plans. Any Equity Compensation Claims filed in the CCAA proceedings have been disallowed by the Monitor on similar grounds;

WHEREAS, to avoid the expense and inconvenience of further litigation, the Parties have agreed to settle on the allowed amount of the Claimant's Abitibi US SERP Claim, and resolve all other assertions in the Proof of Claim, according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and releases set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Abitibi US SERP Claim Allowance. Claimant shall have (a) an allowed Abitibi US SERP Claim in the amount of **$743,889** (the "Allowed Abitibi US SERP Claim") against each of the following Debtors: Bowater Incorporated, Bowater Canadian Forest Products Inc., Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Donohue Corp. and Abitibi Consolidated Sales Corp. (collectively, the "Settlement Plan Sponsors") and (b) an allowed administrative expense claim of **US$85,153** (the "Allowed Administrative Expense Claim"). The Allowed Abitibi US SERP Claim and Allowed Administrative Expense Claim shall constitute Claimant's sole Allowed claims arising under, in connection with, or relating to the Abitibi US SERP, and all other such claims (if any), including any such claims against any other Debtor or Debtor's affiliate (including for the avoidance of doubt, Bowater Canada Finance Corporation), shall be deemed withdrawn and expunged.

2. Abitibi US SERP Share Distribution. In full and complete satisfaction of the Allowed Abitibi US SERP Claim and the Allowed Administrative Expense Claim, Claimant shall receive (i) **US$85,153** in cash, and (ii) **29,756** shares of New ABH Common Stock (the "Abitibi US SERP Share Distribution") allocated among the Debtors set forth in paragraph 1 above in accordance with the share allocation set forth in Schedule "A" attached hereto. The cash payment and Abitibi US SERP Share Distribution shall be made in full on the first interim distribution date under the Restructuring Plans following entry of the order approving this Agreement by which such

distribution can reasonably be made (the "Claim Distribution Date"). Upon Claimant's receipt of the cash payment and Abitibi US SERP Share Distribution, the Allowed Abitibi US SERP Claim and Allowed Administrative Expense Claim shall be deemed satisfied in full.

3. Allowed AIP Bonus Claim. Claimant shall have an allowed AIP Bonus Claim in the amount of **$23,233** against Bowater America Inc. (the "Allowed AIP Bonus Claim") of which $3,596 is entitled to priority under section 507 of the Bankruptcy code and shall be paid in cash on the Claim Distribution Date and the balance of the claim shall be a general unsecured claim against Bowater America Inc..

4. Agreement on Allowed Claims and Distributions. Other than the Allowed Abitibi US SERP Claim, the Allowed Administrative Expense Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, Claimant agrees to withdraw all other claims asserted in the Proof of Claim, including all Equity Compensation Claims, and upon the Effective Date, all such claims shall be deemed withdrawn and expunged, including, for the avoidance of doubt, all claims (if any) asserted against Bowater Canada Finance Corporation. Additionally, Scheduled Claim No. 316002240 filed by Bowater America Inc. (09-11316) shall be expunged. The Chapter 11 Debtors agree to make an initial distribution of New ABH Common Stock on account of the Allowed AIP Bonus Claim and the Allowed Synergy Bonus Claim on the Claim Distribution Date in accordance with Section 4.4 of the Chapter 11 Plan, and subject to all applicable holdbacks and other restrictions under the Restructuring Plans (if any), and shall make subsequent distributions on account of such claims in accordance with the Restructuring Plans.

5. Release by Claimant. Other than with respect to its rights under this Agreement and the Allowed Abitibi US SERP Claim, the Allowed Administrative Expense Claim, the Allowed Synergy Bonus Claim, and the Allowed AIP Bonus Claim, the Claimant and each of its successors, assigns, spouses and dependents (collectively, the "Claimant Releasors") hereby release and forever discharge the Debtors, Avidity Partners, LLC, in its capacity as the Post-Effective Date Claims Agent, and Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, in each case along with each of their past, present, and future direct and indirect parents, subsidiaries, affiliates, related entities, directors, officers, employees, attorneys, representatives, agents, receivers, insurers, and each of their predecessors, successors, heirs and assigns (collectively, the "Debtor Releasees") from any and all causes of action, demands, damages, costs, debts, liabilities, losses or claims of any kind, whether known or unknown, that the Claimant Releasors may now have or ever have had, or hereafter shall or may have, against the Debtor Releasees arising from, in connection with, or related to the Abitibi US SERP, the Abitibi US SERP Claim, the Equity Compensation Claims, the AIP Bonus Claim, the Allowed Synergy Bonus Claim, and any other claims asserted in the Proof of Claim.

6. Complete and Final Agreement. This Agreement sets forth the entire agreement between the Parties pertaining to the subject matter hereof. No modification of, or amendment to, this Agreement shall be valid unless it is in writing and signed by the Parties hereto.

7. No Reliance. No Party has relied on or been induced to execute this Agreement by any statements, representations, agreements or promises, oral or written, made by any other Party, their agents, employees, servants or attorneys, or anyone else, other than the statements expressly written in this Settlement Agreement and Release.

8. Interpretation of Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, not strictly for or against any of the Parties.

9. Counterparts. This Agreement may be executed simultaneously or in any number of original or faxed counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

10. Authorization. Each of the undersigned represents and warrants that he or she is competent and authorized to execute this Agreement, and further represents and warrants that he or she has read and understands the terms of this Agreement.

11. Binding Effect. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, heirs, and assigns.

12. No Admission of Liability. The Parties each agree that entry into this Agreement does not constitute a determination or admission of liability under the Abitibi US SERP by the Settlement Plan Sponsors, and that the allocation and allowance

of the Abitibi US SERP Claim constitutes a settlement of the Abitibi US SERP Claim to avoid the expense and time of further litigation.

13. Governing Law. This Agreement shall be governed by and construed under the laws of either the State of Delaware or the Province of Quebec, as may be applicable, without regard to the conflict of laws provisions thereof.

14. Jurisdiction. In connection with any action, suit, or proceeding arising from, in connection with, or relating to this Agreement, the Parties each agree to submit to the exclusive jurisdiction and venue of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") or the CCAA Court, as may be applicable, and any appellate courts with jurisdiction over the Bankruptcy Court and the CCAA Court.

15. Effectiveness; Termination. The Parties acknowledge that the Debtors intend to, but are not required to, seek approval of this Agreement by the Bankruptcy Court and the CCAA Court and that this Agreement shall only become effective upon entry of an order approving the Agreement by each of the Bankruptcy Court and the CCAA Court (the "Effective Date"). In addition, the Parties acknowledge that the Debtors, in their sole discretion, may elect not to seek approval of this Agreement by the Bankruptcy Court or the CCAA Court unless all Abitibi US SERP Claimants enter into similar settlement agreements with the Debtors. Upon written notification by the Debtors to Claimant that the Debtors will not seek approval of this Agreement by the Bankruptcy Court, this Agreement shall terminate and become null and void in all respects.

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 16TH day of August, 2011.

**CLAIMANT:**

[redacted]

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Name:
Title:

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name: GREG ADAMS
Title: SENIOR VICE PRESIDENT

Avidity Partners, LLC
as Post-Effective Date Claims Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement this 16TH day of August, 2011.

**CLAIMANT:**

[redacted]

**THE DEBTORS:**

AbitibiBowater Inc.

By: _____
Name:
Title:

**APPROVED BY:**

Ernst & Young Inc., in its capacity as the court-appointed Monitor in respect of the Matter of the Plan of Compromise or Arrangement of AbitibiBowater Inc. and its subsidiaries and affiliates, and not in its personal or corporate capacity.

By: _____
Name:
Title:

Avidity Partners, LLC
as Post-Effective Date Claims Agent
By Paul Hastings LLP, its Counsel

By: Robert Winter
Name: ROBERT WINTER
Title: COUNSEL to AVIDITY PARTNERS