

CANADA

SUPERIOR COURT

PROVINCE OF QUÉBEC
DISTRICT OF
MONTRÉAL

Commercial Division
*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

**FORTY-SECOND REPORT OF THE MONITOR
MAY 24, 2010**

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**”), its subsidiaries and affiliates listed in Appendix “B” hereto (collectively with BCHI, the “**Bowater Petitioners**”) (the ACI Petitioners and the Bowater Petitioners 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 has been subsequently extended to June 18, 2010 pursuant to further Orders of this Honourable Court.
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 “**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, Bowater Canadian Limited, AbitibiBowater Canada Inc., BCFPI, Bowater LaHave Corporation and Bowater Maritimes Inc. have 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**”.

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

PURPOSE

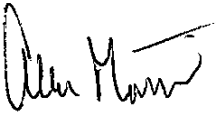
9. This is the forty-second report of the Monitor (the “**Forty-Second Report**”) in these CCAA Proceedings, the purpose of which is to advise this Honourable Court with respect to the following:
 - (i) the filing by the Petitioners of an amended draft plan of reorganization and compromise (the “**CCAA Plan**”) and the filing by the U.S. Debtors of an amended draft plan of reorganization (the “**Chapter 11 Plan**”); and
 - (ii) the filing by the Petitioners of the draft information circular (the “**Information Circular**”) and the filing by the U.S. Debtors of disclosure statements (the “**Disclosure Statement**”) in respect of the CCAA Plan and the Chapter 11 Plan, respectively.

FILING OF AMENDED RESTRUCTURING PLANS AND DISCLOSURE STATEMENTS

10. As set out in the Monitor's fortieth report dated May 4, 2010 (the "**Fortieth Report**"), ABH filed drafts of the CCAA Plan and the Chapter 11 Plan on May 4, 2010, copies of which were attached to the Fortieth Report. As reported in the Fortieth Report, ABH advised the Monitor that, at that time, it would continue its discussions with its major stakeholders regarding the draft restructuring plans, with the intention of filing amendments and supplements to the draft restructuring plans, as well as related disclosure and proxy statements, by May 18, 2010.
11. The Petitioners have held discussions with their major stakeholders over the past two weeks and, as a result, the restructuring plans have been further amended and supplemented.
12. Accordingly, the U.S. Debtors filed an amended draft Chapter 11 Plan with the U.S. Bankruptcy Court today, a copy of which is attached hereto as Appendix "**E**".
13. The Petitioners have also prepared an amended draft CCAA Plan, a copy of which is attached hereto as Appendix "**F**".
14. The U.S. Debtors have also prepared a draft Disclosure Statement with respect to the Chapter 11 Plan, a copy of which is attached hereto as Appendix "**G**".
15. The Petitioners have also prepared a draft Information Circular with respect to the CCAA Plan, a copy of which is attached hereto as Appendix "**H**".

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

John Barrett, CA, CIRP
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. Canoxel 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

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APPENDIX “E”
DRAFT CHAPTER 11 PLAN

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

In re:	)	
	)	Chapter 11
	)	
ABITIBIBOWATER INC., <i>et al.</i> ,	)	Case No. 09-11296 (KJC)
	)	Jointly Administered
	)	
Debtors.	)	

**DEBTORS' FIRST AMENDED JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE**

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

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Dated: May 24, 2010

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PLAN EXHIBITS

Exhibit A List of Debtors, Cross-Border Debtors, CCAA Debtors and Canadian Debtors

Exhibit B Classification of Claims

Exhibit B1	Priority Non-Tax Claims
Exhibit B2	Bowater Secured Bank Claims
Exhibit B3	BCFPI Secured Bank Claims
Exhibit B4	ACCC Term Loan Secured Guaranty Claims
Exhibit B5	Other Secured Claims
Exhibit B6	Unsecured Claims
Exhibit B7	Convenience Claims
Exhibit B8	Intercompany Claims and Intercompany Interests
Exhibit B9	Common Stock Claims and Interests

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PLAN SUPPLEMENTS

The following Plan Supplements shall be filed on or before the Supplement Filing Date:

- Plan Supplement 1: Assumed Collective Bargaining Agreements
- Plan Supplement 2: Assumed Insurance Policies and Agreements
- Plan Supplement 3: List of Merged or Dissolved Debtors
- Plan Supplement 4A: Form of Amended Certificates of Incorporation for Reorganized Debtors
- Plan Supplement 4B: Form of Amended Bylaws for Reorganized Debtors
- Plan Supplement 5A: Post-Effective Date Board of Directors and Officers of Reorganized ABH
- Plan Supplement 5B: Post-Effective Date Board of Directors and Officers of Reorganized Debtors other than Reorganized ABH
- Plan Supplement 6A: Management Compensation and Incentive Plans to be Continued Post-Effective Date
- Plan Supplement 6B: Management Compensation and Incentive Plans to be Terminated Post-Effective Date
- Plan Supplement 7A: Employee Compensation and Benefit Programs to be Continued Post-Effective Date
- Plan Supplement 7B: Employee Compensation and Benefit Programs to be Terminated Post-Effective Date
- Plan Supplement 8: [To come]
- Plan Supplement 9: Exit Financing Facility Documentation
- Plan Supplement 10: Retained Causes of Action
- Plan Supplement 11A: Schedule of Assumed Executory Contracts and Unexpired Leases
- Plan Supplement 11B: Schedule of Rejected Executory Contracts and Unexpired Leases
- Plan Supplement 12: Restructuring Transactions
- Plan Supplement 13: Letters of Credit

INTRODUCTION

AbitibiBowater Inc. ("AbitibiBowater" and together with its subsidiaries, the "Company") and its affiliated debtors and debtors-in-possession (each a "Debtor" and collectively, the "Debtors")¹ in the above captioned jointly administered Chapter 11 Cases hereby propose this joint plan of reorganization (as defined below, the "Plan").

Certain of the Debtors (the "Cross-Border Debtors")² and certain non-debtor subsidiaries of AbitibiBowater (such non-debtors, the "CCAA Debtors")³ and together with the Cross-Border Debtors, the "Canadian Debtors") applied for protection from their creditors under Canada's *Companies' Creditors Arrangement Act*, R.S. C. 1985, c. C-36, as amended (the "CCAA"), in the Superior Court, Commercial Division, for the Judicial District of Montreal, Canada (the "Canadian Court" and the proceedings before the Canadian Court, the "CCAA Proceedings"). Two of the CCAA Debtors – Abitibi-Consolidated Inc. ("ACI") and Abitibi-Consolidated Company of Canada ("ACCC" and, together with ACI, collectively, the "Chapter 15 Debtors") – thereafter filed petitions for recognition under chapter 15 of the Bankruptcy Code (the "Chapter 15 Cases"). AbitibiBowater and certain of the Debtors also filed for ancillary relief in Canada seeking provisional relief in support of the Chapter 11 Cases in Canada under section 18.6 of the CCAA.⁴

¹ The Debtors in these cases are: AbitibiBowater Inc., AbitibiBowater US Holding 1 Corp., AbitibiBowater US Holding LLC, AbitibiBowater Canada Inc., Abitibi-Consolidated Alabama Corporation, Abitibi-Consolidated Corporation, Abitibi-Consolidated Finance LP, Abitibi Consolidated Sales Corporation, Alabama River Newsprint Company, Augusta Woodlands, LLC, Bowater Alabama LLC, Bowater America Inc., Bowater Canada Finance Corporation, Bowater Canadian Forest Products Inc., Bowater Canadian Holdings Incorporated, Bowater Canadian Limited, Bowater Finance Company Inc., Bowater Finance II LLC, Bowater Incorporated, Bowater LaHave Corporation, Bowater Maritimes Inc., Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, Bowater Nuway Inc., Bowater Nuway Mid-States Inc., Bowater South American Holdings Incorporated, Bowater Ventures Inc., Catawba Property Holdings, LLC, Coosa Pines Golf Club Holdings LLC, Donohue Corp., Lake Superior Forest Products Inc., Tenex Data Inc, ABH LLC 1 and ABH Holding Company LLC.

² The Cross-Border Debtors are: Bowater Canada Finance Corporation, Bowater Canadian Holdings Incorporated, AbitibiBowater Canada Inc., Bowater Canadian Forest Products Inc., Bowater Maritimes Inc., Bowater LaHave Corporation and Bowater Canadian Limited.

³ The CCAA Debtors are: Bowater Mitis Inc., Bowater Guerette Inc., Bowater Couturier Inc., Alliance Forest Products (2001) Inc., Bowater Belledune Sawmill Inc., St. Maurice River Drive Company, Bowater Treated Wood Inc., Canexel Hardboard Inc., 9068-9050 Quebec Inc., Bowater Canada Treasury Corporation, Bowater Canada Finance Limited Partnership, Bowater Shelburne Corporation, 3231078 Nova Scotia Company, Bowater Pulp and Paper Canada Holdings Limited Partnership, Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated (U.K.) Inc., Abitibi-Consolidated Nova Scotia Incorporated, 3217925 Nova Scotia Company, Terra-Nova Explorations Ltd., The Jonquiere Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Quebec Inc., Star Lake Hydro Partnership, Saguenay Forest Products Inc., 3224112 Nova Scotia Limited, La Tuque Forest Products Inc., Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated, 4042410 Canada Inc., Donohue Recycling, and 1508756 Ontario Inc.

⁴ The Debtors who obtained section 18.6 relief are: AbitibiBowater Inc., AbitibiBowater US Holding 1 Corp., Bowater Ventures Inc., Bowater Incorporated, Bowater Nuway Inc., Bowater Nuway-Midstates, Inc., Catawba Property Holdings LLC, Bowater Finance Company Inc., Bowater South American Holdings Incorporated,

This Plan contemplates a comprehensive reorganization of the Company in Canada and the United States through plans approved under the CCAA and Chapter 11 of the Bankruptcy Code, respectively. The Plan's underlying financial model assumes an integrated enterprise value for the Company and allocates such value to separate U.S. and Canadian legal entities within the Company's corporate structure. The Plan also shares other common features with the Company's CCAA plan of restructuring and compromise (as defined below, the "CCAA Plan"), including financial projections and liquidation analyses. The estimated Plan recoveries against individual Debtors are based upon these underlying shared assumptions and coordinates distributions to creditors in the Chapter 11 Cases with parallel assumptions and complementary distribution mechanics contained in the CCAA Plan. Exhibit A identifies the Debtors, the CCAA Debtors and the Cross-Border Debtors.

The Plan provides for the Company's reorganization pursuant to the terms of this Plan and the CCAA Plan. By way of overview, the Plan contemplates the payment in full in Cash of all Administrative Claims, inclusive of Claims against any of the Debtors arising under section 503(b)(9) of the Bankruptcy Code and priority claims against the Debtors (subject to permitted installment payments for certain Priority Tax Claims). The Plan also contemplates the repayment in full in Cash of outstanding amounts, if any, and satisfaction of any other Claims arising under the Debtors' post-petition financing facilities (including the Debtors' Securitization Facility). In addition, this Plan provides for the treatment of Allowed Claims against, and Interests in, the Debtors as follows:

- With respect to the Debtors' pre-petition secured lenders, payment in full in Cash, or such other treatment to which the parties may agree;
- With respect to certain allowed unsecured convenience class claims in an amount less than, or reduced to, \$5,000, payment in Cash in an amount equal to the lesser of 50% of (i) \$5,000 or (ii) the allowed amount of such claim.
- With respect to each holder of an allowed unsecured claim, distribution of its pro rata share of the newly issued common stock of Reorganized ABH allocated to the Debtor against which such claim lies and ability to participate in a rights offering; and
- No distributions on account of stock issued by AbitibiBowater, including claims arising out of or with respect to such stock interests.

The Plan does not provide for the substantive consolidation of any of the Debtors' estates. The Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of the Bankruptcy Court. Accordingly, the Plan constitutes a separate plan of reorganization for each Debtor in the Chapter 11 Cases, including the Cross-Border Debtors, and the CCAA Plan constitutes a separate plan of restructuring and compromise for each entity subject to the CCAA Proceedings, including the Cross-Border

Bowater America Inc., Lake Superior Forest Products Inc., Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, Bowater Finance II, LLC, Bowater Alabama LLC and Coosa Pines Golf Club Holdings LLC.

Debtors. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. Reference is made to the Disclosure Statement accompanying this Plan, including the exhibits thereto, for a discussion of the Company's history, business, properties, results of operations, and projections for future operations and risk factors, together with a summary and analysis of the Plan and the CCAA Plan. All creditors entitled to vote on this Plan are encouraged to consult the Disclosure Statement and to read this Plan carefully before voting to accept or reject this Plan.

NO SOLICITATION MATERIALS, OTHER THAN A DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH AND APPROVED BY THE BANKRUPTCY COURT, ARE AUTHORIZED BY THE BANKRUPTCY COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THIS PLAN.

ARTICLE I
DEFINITIONS AND INTERPRETATION

A. **Definitions.** The following terms (which appear in this Plan as capitalized terms) shall have the meanings set forth below. A term used in this Plan and not defined in this Plan but that is defined in the Bankruptcy Code has the meaning set forth in the Bankruptcy Code.

1.1 “6.50% Notes” means the 6.50% Notes due June 15, 2013 issued by Bowater pursuant to the 6.50% Notes Indenture.

1.2 “6.50% Notes Indenture” means the indenture dated as of June 19, 2003, as supplemented, between Bowater, as issuer, and the 6.50% Notes Indenture Trustee.

1.3 “6.50% Notes Indenture Trustee” means The Bank of New York and its successors and assigns, as indenture trustee under the 6.50% Notes Indenture.

1.4 “7.40% Revenue Bonds (2010)” means Pollution Control Facilities Revenue Refunding Bonds, Series 1991A (Bowater Incorporated Project) due January 1, 2010 pursuant to the 7.40% Revenue Bonds (2010) Indenture.

1.5 “7.40% Revenue Bonds (2010) Indenture” means the Trust Indenture dated as of March 1, 1991, as supplemented, between York County, South Carolina, as issuer, and the 7.40% Revenue Bonds (2010) Indenture Trustee.

1.6 “7.40% Revenue Bonds (2010) Indenture Trustee” means Third National Bank in Nashville and its successors and assigns, as indenture trustee under the 7.40% Revenue Bonds (2010) Indenture.

1.7 “7.40% Revenue Bonds (2010) Loan Agreement” means the Loan Agreement by and between York County, South Carolina and Bowater Incorporated relating to the 7.40% Revenue Bonds (2010) dated as of March 1, 1991.

1.8 “7.40% Revenue Bonds (2022)” means the Solid Waste Recycling Facilities Revenue Bonds, Series 1992 (Calhoun Newsprint Company Project – Bowater Incorporated as Obligor) due December 1, 2022 pursuant to the 7.40% Revenue Bonds (2022) Indenture.

1.9 “7.40% Revenue Bonds (2022) Indenture” means the trust indenture dated as of December 1, 1992, as supplemented, between The Industrial Development Board of the County of McMinn, as issuer, and the 7.40% Revenue Bonds (2022) Indenture Trustee.

1.10 “7.40% Revenue Bonds (2022) Indenture Trustee” means Third National Bank in Nashville and its successors and assigns, as indenture trustee under the 7.40% Revenue Bonds (2022) Indenture.

1.11 “7.40% Revenue Bonds (2022) Loan Agreement” means the Loan Agreement by and between The Industrial Development Board of the County of McMinn and Bowater Incorporated relating to the 7.40% Revenue Bonds (2022) dated as of December 1, 1992.

1.12 “7.625% Revenue Bonds” means the Pollution Control Revenue Bonds, Series 1991 (Calhoun Newsprint Company -- Bowater Incorporated as Obligor) due March 1, 2016 issued pursuant to the 7.625% Revenue Bonds Indenture.

1.13 “7.625% Revenue Bonds Indenture” means the indenture dated as of March 1, 1991, as supplemented, between The Industrial Development Board of the County of McMinn, as issuer, and the 7.625% Revenue Bonds Indenture Trustee.

1.14 “7.625% Revenue Bonds Indenture Trustee” means Third National Bank in Nashville and its successors and assigns, as indenture trustee under the 7.625% Revenue Bonds Indenture.

1.15 “7.625% Revenue Bonds Loan Agreement” means the Loan Agreement by and between The Industrial Development Board of the County of McMinn and Bowater Incorporated relating to the 7.625% Revenue Bonds dated as of March 1, 1991.

1.16 “7.75% Revenue Bonds” means the Solid Waste Recycling Facilities Revenue Bonds, Series 1992 (Great Northern Paper, Inc. Project – Bowater Incorporated as Obligor) due October 1, 2022 issued pursuant to the 7.75% Revenue Bonds Indenture.

1.17 “7.75% Revenue Bonds Indenture” means the trust indenture dated as of October 1, 1992, as supplemented, between Finance Authority of Maine, as issuer, and the 7.75% Revenue Bonds Indenture Trustee.

1.18 “7.75% Revenue Bonds Indenture Trustee” means Casco Northern Bank, N.A. and its successors and assigns, as indenture trustee under the 7.75% Revenue Bonds Indenture.

1.19 “7.75% Revenue Bonds Loan Agreement” means the Loan Agreement by and between Finance Authority of Maine and Bowater Incorporated relating to the 7.75% Revenue Bonds dated as of October 1, 1992.

1.20 “7.875% Senior Notes” means the 7.875% Senior Notes due August 1, 2009 issued by Abitibi-Consolidated Finance LP pursuant to the 7.875% Senior Notes Indenture.

1.21 “7.875% Senior Notes Indenture” means the indenture dated as of July 26, 1999, as supplemented, among Abitibi-Consolidated Finance L.P. and ACI, as issuers, and the 7.875% Senior Notes Indenture Trustee.

1.22 “7.875% Senior Notes Indenture Trustee” means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 7.875% Senior Notes Indenture.

1.23 “7.95% Notes” means the 7.95% Notes due November 15, 2011 issued by BCFC pursuant to the 7.95% Notes Indenture.

1.24 “7.95% Notes Indenture” means the indenture dated as of October 31, 2001, as supplemented, among BCFC, as issuer, Bowater, as guarantor, and the 7.95% Notes Indenture Trustee.

1.25 “7.95% Notes Indenture Trustee” means The Bank of New York and its successors and assigns, as indenture trustee under the 7.95% Notes Indenture.

1.26 “8.0% Convertible Notes” means the 8% Convertible Notes due April 15, 2013 issued by ABH pursuant to the 8.0% Convertible Notes Indenture.

1.27 “8.0% Convertible Notes Indenture” means the indenture dated as of April 1, 2008, as supplemented, among ABH, as issuer, Bowater, as guarantor, and the 8.0% Convertible Notes Trustee.

1.28 “8.0% Convertible Notes Trustee” means The Law Debenture Trust Company of New York, as successor indenture trustee to The Bank of New York Trust Company, N.A. under the 8.0% Convertible Notes Indenture.

1.29 “9.00% Debentures” means the 9.00% Debentures due August 1, 2009 issued by Bowater pursuant to the 9.00% Debentures Indenture.

1.30 “9.00% Debentures Indenture” means the indenture dated as of August 1, 1989, as supplemented, between Bowater, as issuer, and the 9.00% Debentures Indenture Trustee.

1.31 “9.00% Debentures Indenture Trustee” means Manufacturers Hanover Trust Company and its successors and assigns, as indenture trustee under the 9.00% Debentures Indenture.

1.32 “9.375% Debentures” means the 9.375% Debentures due December 15, 2021 issued by Bowater pursuant to the 9.375% Debentures Indenture.

1.33 “9.375% Debentures Indenture” means the indenture dated as of December 1, 1991, as supplemented, between Bowater, as issuer, and the 9.375% Debentures Indenture Trustee.

1.34 “9.375% Debentures Indenture Trustee” means Marine Midland Bank, N.A. and its successors and assigns, as indenture trustee under the 9.375% Debentures Indenture.

1.35 “9.50% Debentures” means the 9.50% Debentures due October 15, 2012 issued by Bowater pursuant to the 9.50% Debentures Indenture.

1.36 “9.50% Debentures Indenture” means the indenture dated as of October 15, 1992, as supplemented, between Bowater, as issuer, and the 9.50% Debentures Indenture Trustee.

1.37 “9.50% Debentures Indenture Trustee” means The Chase Manhattan Bank (National Association) and its successors and assigns, as indenture trustee under the 9.50% Debentures Indenture.

1.38 “10.26% Senior Notes (Series D)” means the 10.26% Senior Notes (Series D) due January 15, 2011 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.26% Senior Notes (Series D) Note Agreement.

1.39 “10.26% Senior Notes (Series D) Note Agreement” means the note agreement dated as of November 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto.

1.40 “10.50% Senior Notes (Series B)” means the 10.50% Senior Notes (Series B) due June 15, 2010 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.50% Senior Notes (Series B) Note Agreement.

1.41 “10.50% Senior Notes (Series B) Note Agreement” means the note agreement dated as of June 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto.

1.42 “10.60% Senior Notes (Series C)” means the 10.60% Senior Notes (Series C) due January 15, 2011 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.60% Senior Notes (Series C) Note Agreement.

1.43 “10.60% Senior Notes (Series C) Note Agreement” means the note agreement dated as of November 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto.

1.44 “10.625% Senior Notes (Series A)” means the 10.625% Senior Notes (Series A) due June 15, 2010 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.625% Senior Notes (Series A) Note Agreement.

1.45 “10.625% Senior Notes (Series A) Note Agreement” means the note agreement dated as of June 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto.

1.46 “10.85% Debentures” means the 10.85% Debentures due November 30, 2014 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.85% Debentures Indenture.

1.47 “10.85% Debentures Indenture” means the trust indenture dated as of December 12, 1989, as supplemented, between BCFPI (f/k/a Canadian Pacific Forest Products Limited), as issuer, and the 10.85% Debentures Indenture Trustee.

1.48 “10.85% Debentures Indenture Trustee” means Computershare Trust Company of Canada, as Successor Trustee to Montreal Trust Company and its successors and assigns, as indenture trustee under the 10.85% Debentures Indenture.

1.49 “13.75% Senior Secured Note Guaranty” means the guaranty of the 13.75% Senior Secured Notes by ACI, Abitibi-Consolidated Nova Scotia Incorporated, Terra-Nova Explorations Ltd., The Jonquiere Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., Saguenay Forest Products Inc., Bridgewater Paper Company Limited, Cheshire Recycling Ltd., 3224112 Nova Scotia Limited, Donohue Recycling Inc., Donohue Corp., Marketing Donohue Inc., 1508756 Ontario Inc., Abitibi-Consolidated Canadian Office Products, 3834328 Canada Inc., 6169678 Canada Incorporated, Abitibi Consolidated Sales Corporation, Abitibi-Consolidated Corporation, Abitibi-Consolidated Alabama Corporation, Augusta Woodlands, LLC, Alabama River Newsprint Company and ABH LLC I pursuant to the 13.75% Senior Secured Notes Indenture.

1.50 “13.75% Senior Secured Note Guaranty Claims” means all Claims arising under or relating to the 13.75% Senior Secured Note Guaranty.

1.51 “13.75% Senior Secured Notes” means the 13.75% Senior Secured Notes due April 1, 2011 issued by ACCC pursuant to the 13.75% Senior Secured Notes Indenture.

1.52 “13.75% Senior Secured Notes Indenture” means the Indenture dated as of April 1, 2008, as supplemented, among ACCC, as issuer, each of the guarantors party thereto and the 13.75% Senior Secured Notes Indenture Trustee.

1.53 “13.75% Senior Secured Notes Indenture Trustee” means Wells Fargo Bank, National Association and its successors and assigns, as indenture trustee under the 13.75% Senior Secured Notes Indenture.

1.54 “15.5% Senior Note Guaranty” means the unsecured guaranty of the 15.5% Senior Notes by ACI, Abitibi-Consolidated Nova Scotia Incorporated, Terra Nova Explorations Ltd., The Jonquiere Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., Saguenay Forest Products Inc., Bridgewater Paper Company Limited, Cheshire Recycling Ltd., 3224112 Nova Scotia Limited, Donohue Recycling Inc., Marketing Donohue Inc., Donohue Corp., 1508756 Ontario Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated, Abitibi Consolidated Sales Corporation, Abitibi-Consolidated Corp., Abitibi-Consolidated Alabama Corporation, Augusta Woodlands, LLC, Alabama River Newsprint Company and ABH LLC I pursuant to the 15.5% Senior Notes Indenture.

1.55 “15.5% Senior Note Guaranty Claims” means all Claims arising under or relating to the 15.5% Senior Note Guaranty.

1.56 “15.5% Senior Notes” means the 15.5% Senior Notes due July 15, 2010, issued by ACCC pursuant to the 15.5% Senior Notes Indenture.

1.57 “15.5% Senior Notes Indenture” means the Indenture dated as of April 1, 2008, as supplemented, among ACCC, as issuer, each of the guarantors party thereto and the 15.5% Senior Secured Notes Indenture Trustee.

1.58 “15.5% Senior Notes Indenture Trustee” means Wilmington Trust Company, as successor indenture trustee to Wells Fargo Bank, National Association under the 15.5% Senior Notes Indenture.

1.59 “ABH” means AbitibiBowater Inc.

1.60 “ABH Board” means the Board of Directors of Reorganized ABH.

1.61 “AbitibiBowater” has the meaning set forth on page 1 of this Plan.

1.62 “ABL Exit Financing Facility” means the senior secured asset-based revolving facility to be entered into by the Reorganized Debtors and the lender(s) thereunder as contemplated in Section 6.11 of this Plan, providing for the principal terms and conditions set forth on Plan Supplement 9 to be filed on or before the Supplement Filing Date.

1.63 “ACCC” means Abitibi-Consolidated Company of Canada.

1.64 “ACCC Term Loan Agent” means Wells Fargo Bank, N.A. (as successor-in-interest to Goldman Sachs Credit Partners L.P., in its capacity as administrative agent and collateral agent under the ACCC Term Loan Documents).

1.65 “ACCC Term Loan Claims” means Claims for principal and interest, fees and other amounts outstanding under the ACCC Term Loan Documents, including accrued interest at the default rate plus reasonable professional fees.

1.66 “ACCC Term Loan Documents” means that certain Credit and Guaranty Agreement, dated as of April 1, 2008 (as may have been amended, supplemented, restated, or otherwise modified from time to time), among ACCC in its capacity as a borrower, certain subsidiaries of ABH as guarantors, the lenders from time-to-time party thereto and the ACCC Term Loan Agent, together with all other loan documents, guaranty, and security documents executed in connection therewith, including, without limitation, (x) that certain U.S. Pledge and Security Agreement, dated as of April 1, 2008, among the ACCC Term Loan Agent and certain of the Debtors party to the ACCC Term Loan Secured Guaranty, and (y) that certain U.S. Pledge and Security Agreement, dated as of April 1, 2008, among ACI, ACCC, certain of the Canadian Debtors party to the ACCC Term Loan Secured Guaranty and ACCC Term Loan Agent.

1.67 “ACCC Term Loan Secured Guaranty” means the secured guaranty of the ACCC Term Loan Claims issued by ACI, Abitibi-Consolidated Nova Scotia Incorporated, Terra-Nova Explorations Ltd., The Jonquiere Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., Produits Forestiers Saguenay Inc., Bridgewater Paper Company Limited, Cheshire Recycling Limited, Abitibi-Consolidated (U.K.) Inc., 3224112 Nova Scotia Limited, Donohue Recycling Inc., Marketing Donohue Inc., Donohue Corp., 1508756 Ontario Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated, Abitibi Consolidated Sales Corporation, Abitibi-Consolidated Corp., Abitibi-Consolidated Alabama Corporation, Augusta Woodlands, LLC, Alabama River Newsprint Company and ABH LLC pursuant to the ACCC Term Loan Documents.

1.68 “ACCC Term Loan Secured Guaranty Claims” means all ACCC Term Loan Claims arising under the ACCC Term Loan Secured Guaranty.

1.69 “ACI” means Abitibi-Consolidated Inc.

1.70 “ACI and ACCC Note Claims” means all Claims arising from or related to the Canadian Unsecured Notes, as such term is defined in the CCAA Plan.

1.71 “Ad Hoc Unsecured Noteholders Committee” means the informal committee of certain holders of ACI and ACCC Note Claims.

1.72 “Adequate Protection Claim” means a Claim of the Secured Funded Debt Administrative Agents, for themselves and for the benefit of the Secured Funded Debt Lenders, for adequate protection arising under the DIP Facility Order or the Securitization Order.

1.73 “Administrative Claim” means a Claim to the extent that it is of the kind described in section 503(b) of the Bankruptcy Code and is entitled to priority under section 507(a)(1) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary expenses of preserving the Estate, (b) any actual and necessary expenses of operating the business of the Debtors, (c) any actual indebtedness or obligations incurred or assumed by the Debtors during the pendency of the Chapter 11 Cases in connection with the conduct of their business, (d) any actual expenses necessary or appropriate to facilitate or effectuate this Plan, (e) any amount required to be paid under section 365(b)(1) of the Bankruptcy Code in connection with the assumption of executory contracts or unexpired leases, (f) all allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under sections 328, 330(a), 331 or 503(b)(2), (3), (4) or (5) of the Bankruptcy Code, (g) Claims arising under section 503(b)(9) of the Bankruptcy Code, and (h) all fees and charges payable pursuant to section 1930 of title 28 of the United States Code.

1.74 “Allowed” means, with respect to a Claim or Interest in the Chapter 11 Cases, or any portion of such Claim or Interest in any Class or category specified herein, a Claim or Interest that either (a) is listed in the Schedules as neither disputed, contingent nor unliquidated and with respect to which no contrary or superseding Proof of Claim has been filed; (b) is evidenced by a Proof of Claim filed on or before the applicable Claims Bar Date and is not listed as disputed, contingent or unliquidated in the Schedules, and as to which no objection or request for estimation has been filed on or before any applicable deadline; (c) is not the subject of an objection to allowance that (i) was filed on or before the Claims Objection Deadline and (ii) has not been settled, waived, withdrawn or denied pursuant to a Final Order; (d) is expressly allowed (i) pursuant to a Final Order, (ii) pursuant to an agreement between the holder of such Claim or Interest and the Debtors or the Reorganized Debtors, as applicable, or (iii) pursuant to the terms of this Plan; (e) was allowed in accordance with the Cross-Border Claims Reconciliation Protocol; or (f) arises from the recovery of property under sections 550 or 553 of the Bankruptcy Code and is allowed in accordance with section 502(h) of the Bankruptcy Code.

1.75 “Allowed Claim” means a Claim or any portion thereof, without duplication, that has been Allowed.

1.76 “Allowed Cross-Border Claim” has the meaning set forth in Section 9.1 of this Plan.

1.77 “Amended Certificates of Incorporation and Bylaws” has the meaning set forth in Section 6.4 of this Plan.

1.78 “Article” means any article of this Plan.

1.79 “Assistant Secretary” means the assistant secretary of any Reorganized Debtor.

1.80 “Avoidance Action” means, collectively, (i) causes of action arising under sections 542, 543, 544, 545, 546, 547, 548, 549, 550 or 553 of the Bankruptcy Code, or under similar or related state or federal statutes or common law, including fraudulent transfer laws, and (ii) causes of action arising under the BIA or under similar or related provincial laws, including fraudulent preference and reviewable transaction laws, in each case whether or not litigation to prosecute such causes of action was commenced prior to the Effective Date.

1.81 “Backstop Agreement” means the backstop commitment agreement entered into by ABH and certain of the holders of unsecured Claims as of May 23, 2010 in connection with the Rights Offering.

1.82 “Ballot” means the form distributed to each holder of an Impaired Claim or Interest upon which is to be indicated, among other things, acceptance or rejection of the Plan.

1.83 “Bankruptcy Code” means the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq., as amended from time to time.

1.84 “Bankruptcy Court” means the United States Bankruptcy Court for the District of Delaware in which the Chapter 11 Cases were filed or any other court with jurisdiction over the Chapter 11 Cases.

1.85 “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure and the local rules and standing orders of the Bankruptcy Court, as amended from time to time.

1.86 “BCFC” means Bowater Canada Finance Corporation.

1.87 “BCFPI” means Bowater Canadian Forest Products Inc.

1.88 “BCFPI Secured Bank Agent” means Bank of Nova Scotia, in its capacity as administrative agent under the BCFPI Secured Bank Documents.

1.89 “BCFPI Secured Bank Claims” means all Claims for principal and interest, fees and other amounts outstanding (including reimbursement obligations for BCFPI Secured Bank Letters of Credit and accrued interest at the default rate plus reasonable professional fees, costs and charges) under the BCFPI Secured Bank Documents.

1.90 “BCFPI Secured Bank Documents” means that certain Credit Agreement, dated as of May 31, 2006, as amended by that certain First Amendment dated as of July 20, 2007, that certain Second Amendment dated as of October 31, 2007, that certain Third Amendment and Waiver dated as of February 25, 2008, that certain Fourth Amendment dated as of March 31, 2008, that certain Fifth Amendment dated as of April 30, 2008, that certain Sixth Amendment dated as of May 28, 2008, that certain Seventh Amendment dated as of June 6, 2008, that certain Eighth Amendment dated as of June 30, 2008, that certain Ninth Amendment and Waiver dated as of August 7, 2008, that certain Tenth Amendment and Waiver dated as of November 12, 2008 and that certain Eleventh Amendment and Consent dated as of February 27, 2009; and as further modified by the letter agreements dated March 17, 2009, March 23, 2009, March 31, 2009 and April 6, 2009, among BCFPI, as the borrower, and Bowater, Bowater Alabama LLC, Bowater Newsprint South Operations LLC, Bowater Newsprint South LLC and certain of the other Debtors, as guarantors, the BCFPI Secured Bank Agent, together with all collateral, security and ancillary documents executed in connection therewith or which relate thereto.

1.91 “BCFPI Secured Bank Letters of Credit” means the letters of credit listed on Plan Supplement 13 that are issued and outstanding immediately prior to the Effective Date under the BCFPI Secured Bank Documents.

1.92 “BIA” means the *Bankruptcy and Insolvency Act* (Canada), R.S., 1985, c. B-3, as amended.

1.93: “Board” has the meaning set forth in Section 6.7 of this Plan.

1.94 “Board of Directors” means the board of directors of any Reorganized Debtor other than Reorganized ABH.

1.95 “Bowater” means Bowater Incorporated.

1.96 “Bowater Secured Bank Agent” means Wells Fargo Bank National Association (as successor by merger with Wachovia Bank, National Association), in its capacity as agent under the Bowater Secured Bank Documents.

1.97 “Bowater Secured Bank Claims” means all Claims for principal and interest, fees and other amounts outstanding (including (a) reimbursement obligations for Bowater Secured Bank Letters of Credit; (b) accrued interest at the default rate plus reasonable professional fees; and (c) Obligations as such term is defined in the Bowater Secured Bank Documents) under the Bowater Secured Bank Documents.

1.98 “Bowater Secured Bank Documents” means that certain Credit Agreement, dated as of May 31, 2006, as amended by that certain First Amendment dated as of July 20, 2007, that certain Second Amendment dated as of October 31, 2007, that certain Third Amendment and Waiver dated as of February 25, 2008, that certain Fourth Amendment dated as of March 31, 2008, that certain Fifth Amendment dated as of April 30, 2008, that certain Sixth Amendment dated as of June 30, 2008, that certain Seventh Amendment and Waiver dated as of August 7, 2008, that certain Eighth Amendment and Waiver dated as of November 12, 2008 and that certain Ninth Amendment and Consent dated as of February 27, 2009; and as further

modified by letter agreements dated March 17, 2009, March 23, 2009, March 31, 2009 and April 6, 2009 and as otherwise modified as of the date hereof, among Bowater, Bowater Alabama LLC, Bowater Newsprint South LLC and Bowater Newsprint South Operations LLC, certain of the Debtors as guarantors, the lenders and financial institutions from time to time party thereto and the Bowater Secured Bank Agent, together with all collateral, security and ancillary documents executed in connection therewith or which relate thereto.

1.99 “Bowater Secured Bank Letters of Credit” means the letters of credit listed on Plan Supplement 13 that are issued and outstanding immediately prior to the Effective Date under the Bowater Secured Bank Documents, including, without limitation, any letter of credit securing Bowater’s obligations under the Floating Rate Revenue Bonds (2029) Loan Agreement.

1.100 “Business Day” means any day other than a Saturday, Sunday, “legal holiday” as such term is defined in Bankruptcy Rule 9006(a) or non-judicial day as such term is defined in Article 6 of the Quebec *Code of Civil Procedure*.

1.101 “Canadian Court” has the meaning set forth on page 1 of this Plan.

1.102 “Canadian Debtor[s]” has the meaning set forth on page 1 of this Plan.

1.103 “Cash” means cash and cash equivalents, such as bank deposits, checks and other similar items or instruments denominated in legal tender of the United States of America.

1.104 “Cause[s] of Action” means any and all actions, causes of action, suits, accounts, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, including Avoidance Actions.

1.105 “CCAA” has the meaning set forth on page 1 of this Plan.

1.106 “CCAA Charge” has the meaning assigned to such term in the CCAA Initial Order.

1.107 “CCAA Debtors” has the meaning set forth on page 1 of this Plan.

1.108 “CCAA Initial Order” means the Initial Order entered by the Canadian Court on April 17, 2009, as amended and restated from time to time, pursuant to which, among other things, the Canadian Court provided certain relief under the CCAA to each of the CCAA Debtors and the Cross-Border Debtors.

1.109 “CCAA Plan” means the Canadian Debtors’ plan of reorganization and compromise pursuant to the provisions of the CCAA and Section 191 of the CBCA, as it may be amended, varied, or supplemented by the Company from time to time in accordance with its terms, that was filed on May 4, 2010, as amended on May 24, 2010.

- 1.110 “CCAA Proceedings” has the meaning set forth on page 1 of this Plan.
- 1.111 “CEO” means ABH’s chief executive officer.
- 1.112 “Chairman of the Board” means ABH’s chairman of the board.
- 1.113 “Chapter 11 Cases” means the Debtors’ chapter 11 cases pending the Bankruptcy Court, which are being jointly administered under Case No. 09-11296.
- 1.114 “Chapter 15 Cases” has the meaning set forth on page 1 of this Plan.
- 1.115 “Chapter 15 Debtors” has the meaning set forth on page 1 of this Plan.
- 1.116 “Chief Executive Officer” means the chief executive officer of Reorganized ABH.
- 1.117 “Chief Financial Officer” means the chief financial officer of Reorganized ABH.
- 1.118 “Claim” means “claim” as defined in section 101(5) of the Bankruptcy Code, as supplemented by section 102(2) of the Bankruptcy Code, against any of the Debtors, whether or not asserted.
- 1.119 “Claims and Noticing Agent” means Epiq Bankruptcy Solutions LLC, employed by the Debtors as the official claims, noticing, and balloting agent in the Chapter 11 Cases pursuant to an order of the Bankruptcy Court entered on or about April 17, 2009 [Docket No. 71] and to the extent applicable with respect to the Cross-Border Debtors, the Monitor.
- 1.120 “Claims Agent Professionals” has the meaning set forth in Section 4.3 of this Plan.
- 1.121 “Claims Agent Professionals’ Fee and Expense Claim(s)” has the meaning set forth in Section 4.3 of this Plan.
- 1.122 “Claims Bar Date” means, as applicable, (i) November 13, 2009, the final date for all Persons or Entities asserting certain Claims against any of the Debtors to file Proofs of Claim on account of such Claims, (ii) April 7, 2010, the final date for all individuals who were employees of the Debtors as of the Petition Date or thereafter to file Proofs of Claim on account of such Claims, (iii) the date that is thirty (30) days after the effective date of rejection of an unexpired lease or executory contract for claims arising from such rejection, or (iv) such other date as the Bankruptcy Court may fix with respect to any Claim.
- 1.123 “Claims Objection Deadline” means the first business day that is one hundred eighty (180) days after the Effective Date, or such other later date the Court may establish upon a motion by the Reorganized Debtors, which motion may be approved without a hearing and without notice to any party.

1.124 “Class” means each category or group of holders of Claims or Claims and Interests as designated under this Plan.

1.125 “Class 1 Claims” has the meaning set forth in Section 2.8(a) of this Plan.

1.126 “Class 2 Claims” has the meaning set forth in Section 2.9(a) of this Plan.

1.127 “Class 3 Claims” has the meaning set forth in Section 2.10(a) of this Plan.

1.128 “Class 4 Claims” has the meaning set forth in Section 2.11(a) of this Plan.

1.129 “Class 5 Claims” has the meaning set forth in Section 2.12(a) of this Plan.

1.130 “Class 6 Claims” has the meaning set forth in Section 2.13(a) of this Plan.

1.131 “Class 7 Claims” has the meaning set forth in Section 2.14(a) of this Plan.

1.132 “Class 8 Claims and Interests” has the meaning set forth in Section 2.15(a) of this Plan.

1.133 “Class 9 Claims and Interests” has the meaning set forth in Section 2.16(a) of this Plan.

1.134 “Collective Bargaining Agreements” means all collective bargaining agreements to which any of the Debtors, other than the Cross-Border Debtors, is a party on the Confirmation Date, as identified on Plan Supplement 1.

1.135 “Common Stock” means, collectively, (a) the common stock of ABH issued and outstanding immediately prior to the Effective Date, (b) all options, warrants, conversion, privilege or other legal or contractual rights to purchase the common stock of ABH, and (c) any rights associated with the common stock of any predecessor of ABH or any predecessor of ABH’s subsidiaries.

1.136 “Common Stock Claim” means any Claim with respect to the Common Stock of the kind described in section 510(b) of the Bankruptcy Code, together with any Claim asserted by an officer, director or underwriter for contribution, reimbursement or indemnification related thereto or otherwise.

1.137 “Company” has the meaning set forth on page 1 of this Plan.

1.138 “Confirmation” means “confirmation” as used in section 1129 of the Bankruptcy Code.

1.139 “Confirmation Date” means the date on which the Confirmation Order is entered on the docket by the clerk of the Bankruptcy Court.

1.140 “Confirmation Hearing” means the hearing(s) at which the Bankruptcy Court considers Confirmation of this Plan.

1.141 “Confirmation Order” means an order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

1.142 “Convenience Claims” means (a) with respect to Claims against the Cross-Border Debtors a Cross-border Convenience Claim, or (b) with respect to any other Unsecured Claims, any Unsecured Claim that is (i) Allowed in an amount of \$5,000 or less or (ii) Allowed in an amount greater than \$5,000 but which is reduced to \$5,000 by an irrevocable written election of the holder of such Claim made on a properly delivered Ballot; provided, however, that any Unsecured Claim that was originally Allowed in excess of \$5,000 may not be subdivided into multiple Unsecured Claims of \$5,000 or less for purposes of receiving treatment as a Convenience Claim. Notwithstanding anything to the contrary in this Plan or in the CCAA Plan, Convenience Claims shall only receive Cash distributions.

1.143 “Creditors Committee” means the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases by the Office of the United States Trustee on or about April 28, 2009, pursuant to section 1102 of the Bankruptcy Code, as reconstituted from time to time.

1.144 “Cross-Border Claims Reconciliation Protocol” means the cross-border claims reconciliation protocol that was approved by the Bankruptcy Court on or about January 19, 2010 [Docket No. 1581], as may be amended, modified, or supplemented from time to time.

1.145 “Cross-Border Debtors” has the meaning set forth on page 2 of this Plan.

1.146 “Cross-Border Claims Voting Protocol” means the protocol governing the voting procedures of claims against Cross-Border Debtors that will be included in the solicitation materials implementing procedures for soliciting votes to accept or reject the Plan that will be filed with the Bankruptcy Court, in a form and substance reasonably acceptable to the Creditors Committee and the Monitor.

1.147 “Cross-border Convenience Claim” has the meaning set forth in the CCAA Plan.

1.148 “Cure” means the distribution, within five (5) Business Days after the Effective Date or such other time as may be agreed upon by the parties or as ordered by the Bankruptcy Court or another court of competent jurisdiction, of Cash or such other property as may be agreed upon by the parties, ordered by the Bankruptcy Court or another court of competent jurisdiction, as the case may be, or determined in such other manner as the Bankruptcy Court may specify, with respect to the assumption of an executory contract or unexpired lease in accordance with the provisions of Article V of this Plan.

1.149 “Debtor(s)” has the meaning set forth on page 1 of this Plan, a list of which entities, together with their individual case numbers in the Chapter 11 Cases, is attached hereto as Exhibit A.

1.150 “Dilution” means the dilution resulting from New ABH Common Stock issued (a) pursuant to the management and director compensation and incentive programs set

forth in Section 6.8 of this Plan, (b) as a payment under the Backstop Agreement or any replacement backstop commitment obtained by the Debtors in connection therewith and approved by the Bankruptcy Court and the Canadian Court; and (c) upon conversion of the convertible unsecured subordinated notes issued by Reorganized ABH in connection with the Rights Offering on the terms and conditions set forth in the Backstop Agreement.

1.151 “DIP Agent” means Law Debenture Trust Company of New York, in its capacity as successor administrative agent and successor collateral agent under the DIP Facility Documents.

1.152 “DIP Facility Claims” means the Claims of the DIP Agent and the DIP Lenders arising under the DIP Facility Documents and the DIP Facility Order.

1.153 “DIP Facility Documents” means that certain Senior Secured Superpriority Debtor in Possession Credit Agreement dated as of April 21, 2009 (as amended, modified, or supplemented from time to time), by and among AbitibiBowater Inc., Bowater and BCFPI, as borrowers, the Debtors signatory thereto, as guarantors, the DIP Agent and the DIP Lenders, together with any related collateral, loan or security documents related thereto.

1.154 “DIP Facility Order” means, collectively, (i) that certain Interim Order Pursuant to 11 U.S.C. §§105, 361, 362, 363, 364 and 507 (I) Approving Postpetition Financing, (2) Authorizing Use of Cash Collateral, (3) Granting Liens and Providing Superpriority Administrative Expense Status, (4) Granting Adequate Protection, (5) Modifying the Automatic Stay, and (6) Scheduling a Final Hearing entered by the Bankruptcy Court on or about April 17, 2009 [Docket No. 64] and (ii) that certain Final Order Pursuant to 11 U.S.C. §§105, 361, 362, 363, 364 and 507 (I) Approving Postpetition Financing, (2) Authorizing Use of Cash Collateral, (3) Granting Liens and Providing Superpriority Administrative Expense Status, (4) Granting Adequate Protection, and (5) Modifying the Automatic Stay entered by the Bankruptcy Court on or about June 16, 2009 [Docket No. 503], as amended from time to time.

1.155 “DIP Lenders” means the lenders and financial institutions from time to time party to the DIP Facility Documents defined as “Lenders” thereunder.

1.156 “Disbursing Agent” means one or more disbursing agents, to be designated by the Debtors prior to the Confirmation Hearing in consultation with the Creditors Committee, which may receive and make distributions to holders of Allowed Claims under and as provided in this Plan, including for purposes of making distributions to holders of Allowed Claims against the Cross-Border Debtors, if applicable, the Monitor.

1.157 “Disclosure Statement” means the Disclosure Statement with respect to this Plan approved by order of the Bankruptcy Court and all supplements, schedules and exhibits thereto.

1.158 “Disputed Claim” means any Claim against a Debtor to the extent that (a) the allowance of such Claim or any portion thereof is the subject of an objection, appeal or motion to estimate that has been timely filed by a party in interest and which objection, appeal or motion has not been determined by a Final Order, (b) such Claim is scheduled by the Debtors in the Schedules as disputed, contingent and/or unliquidated or (c) during the period prior to the

deadline fixed by this Plan and/or the Bankruptcy Court for objecting to such Claim, such Claim is in excess of the amount scheduled as other than disputed, unliquidated or contingent.

1.159 “Disputed Claims Agent Professionals’ Fee and Expense Claim(s)” has the meaning set forth in Section 4.3 of this Plan.

1.160 “Disputed Claims Pool” has the meaning set forth in Section 4.3 of this Plan.

1.161 “Disputed Claims Reserve” has the meaning set forth in Section 4.4(a) of this Plan.

1.162 “Disputed Indenture Trustee Fee Claims” has the meaning set forth in Section 10.13 of this Plan.

1.163 “Distribution Record Date” means other than with respect to any publicly held securities, the record date for purposes of making distributions under the Plan on account of Allowed Claims, which date shall be five Business Days from and after the Confirmation Date.

1.164 “DTCC” means the Depository Trust & Clearing Corporation, and its successors and assigns.

1.165 “Effective Date” means the first Business Day this Plan becomes effective and is implemented in accordance with Article VII hereof.

1.166 “Estate” means the estates of the Debtors, individually or collectively, as is appropriate in the context, created in the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code.

1.167 “Exculpated Claims” has the meaning set forth in Section 8.6 of this Plan.

1.168 “Exhibit” means any exhibit attached to or incorporated by this Plan.

1.169 “Exit Facility Documents” means the documentation, in substantially the form set forth in Plan Supplement 9, providing for the Exit Financing Facilities.

1.170 “Exit Financing Facilities” means collectively, the ABL Exit Financing Facility and the Term Loan Exit Financing Facility.

1.171 “Face Amount” means respecting a Claim, the amount equal to the first of the following that is applicable: (a) the amount fixed or estimated in an order of the Bankruptcy Court; (b) the liquidated amount set forth in a Proof of Claim; or (c) the amount of the Claim listed in the Schedules as liquidated or not contingent. If none of the foregoing applies, the Face Amount of the Claim shall be zero (\$0) dollars.

1.172 “Fee Claims” means Allowed Administrative Claims of Professionals.

1.173 “Final DIP Order” means the Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507 (1) Approving Postpetition Financing, (2) Authorizing Use of Cash Collateral, (3) Granting Liens and Providing Superpriority Administrative Expense Status, (4) Granting Adequate Protection, and (5) Modifying the Automatic Stay (Conformed Version of Order [Docket No. 407]), entered by the Bankruptcy Court on June 4, 2009.

1.174 “Final Distribution Date” means a date selected by the Reorganized Debtors in consultation with the Post-Effective Date Claims Agent that is not later than thirty (30) days after the date on which (i) all Disputed Claims in the Chapter 11 Cases shall have been Allowed or disallowed pursuant to a Final Order of the Bankruptcy Court or any other court with competent jurisdiction over such Disputed Claims and (ii) with respect to the Cross-Border Debtors, the CCAA Monitor shall have certified to the Canadian Bankruptcy Court that the last Disputed Claim against the Cross-Border Debtors in the CCAA Proceedings has been finally resolved.

1.175 “Final Order” means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the subject matter (a) that has not been reversed, stayed, modified or amended and as to which (i) any right to appeal or seek certiorari, review, reargument, stay or rehearing has been waived or (ii) the time to appeal or seek certiorari, review, reargument, stay or rehearing has expired and no appeal or petition for certiorari, review, reargument, stay or rehearing is pending or (b) as to which an appeal has been taken or petition for certiorari, review, reargument, stay or rehearing has been filed and (i) such appeal or petition for certiorari, review, reargument, stay or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay or rehearing was sought or (ii) the time to appeal further or seek certiorari, further review, reargument, stay or rehearing has expired and no such further appeal or petition for certiorari, further review, reargument, stay or rehearing is pending.

1.176 “Floating Rate Notes (2010)” means the Floating Rate Notes due March 15, 2010 issued by Bowater pursuant to the Floating Rate Notes (2010) Indenture.

1.177 “Floating Rate Notes (2010) Indenture” means the Senior Indenture dated as of March 17, 2004, as supplemented, among Bowater, as issuer, and the Floating Rate Notes (2010) Indenture Trustee.

1.178 “Floating Rate Notes (2010) Indenture Trustee” means the Bank of New York, and its successors and assigns, as Indenture Trustee under the Floating Rate Notes (2010) Indenture.

1.179 “Floating Rate Revenue Bonds (2029)” means the Tax-Exempt Adjustable Mode Solid Waste Disposal Facilities Revenue Bonds (Bowater Incorporated Project) Series 1999 due June 1, 2029 issued pursuant to the Floating Rate Revenue Bonds (2029) Indenture.

1.180 “Floating Rate Revenue Bonds (2029) Indenture” means the trust indenture dated as of June 1, 1999, as supplemented, between The Industrial Development Board

of the County of McMinn, as issuer, and the Floating Rate Revenue Bonds (2029) Indenture Trustee.

1.181 “Floating Rate Revenue Bonds (2029) Indenture Trustee” means First-Citizens Bank & Trust Company, and its successors and assigns, as indenture trustee under the Floating Rate Revenue Bonds (2029) Indenture.

1.182 “Floating Rate Revenue Bonds (2029) Loan Agreement” means the Loan Agreement by and between the Industrial Development Board of the County of McMinn and Bowater relating to the Floating Rate Revenue Bonds (2029) dated as of June 1, 1999.

1.183 “Impaired” means “impaired” within the meaning of section 1124 of the Bankruptcy Code.

1.184 “Indenture(s)” means the 6.50% Notes Indenture, 7.40% Revenue Bonds (2010) Indenture, 7.40% Revenue Bonds (2022) Indenture, 7.625% Revenue Bonds Indenture, 7.75% Revenue Bonds Indenture, 7.875% Senior Notes Indenture, 7.95% Notes Indenture, 8.0% Convertible Notes Indenture, 9.00% Debentures Indenture, 9.375% Debentures Indenture, 9.50% Debentures Indenture, 10.26% Senior Notes (Series D) Note Agreement, 10.50% Senior Notes (Series B) Note Agreement, 10.60% Senior Notes (Series C) Note Agreement, 10.625% Senior Notes (Series A) Note Agreement, 10.85% Debentures Indenture, 13.75% Senior Secured Notes Indenture, 15.5% Senior Notes Indenture, Floating Rate Notes (2010) Indenture and the Floating Rate Revenue Bonds (2029) Indenture.

1.185 “Indenture Trustee(s)” means the 6.50% Notes Indenture Trustee, 7.40% Revenue Bonds (2010) Indenture Trustee, 7.40% Revenue Bonds (2022) Indenture Trustee, 7.625% Revenue Bonds Indenture Trustee, 7.75% Revenue Bonds Indenture Trustee, 7.875% Senior Notes Indenture Trustee, 7.95% Notes Indenture Trustee, 8.0% Convertible Notes Trustee, 9.00% Debentures Indenture Trustee, 9.375% Debentures Indenture Trustee, 9.50% Debentures Indenture Trustee, 10.85% Debentures Indenture Trustee, 13.75% Senior Secured Notes Indenture Trustee, 15.5% Senior Notes Indenture Trustee, Floating Rate Notes (2010) Indenture Trustee and the Floating Rate Revenue Bonds (2029) Indenture Trustee, and in each case their successors and assigns.

1.186 “Indenture Trustee Fee Claims” has the meaning set forth in Section 10.13 of this Plan.

1.187 “Initial Distribution Date” means the first Business Day that is ten (10) days (or such longer period as may be reasonably determined by the Reorganized Debtors in consultation with the Post-Effective Date Claims Agent) after the Effective Date.

1.188 “Intercompany Claims” means a Claim by a Debtor or a CCAA Debtor against a Debtor or a CCAA Debtor.

1.189 “Intercompany Interest” means an Interest of a Debtor or a CCAA Debtor in another Debtor or a CCAA Debtor.

1.190 “Interest” means all rights (including unpaid dividends) arising from any equity security (as defined in section 101(16) of the Bankruptcy Code) of any of the Debtors, including, without limitation, preferred shares and the Common Stock, but excluding Common Stock Claims.

1.191 “Interim Distribution Date” means any date after the Initial Distribution Date on which the Reorganized Debtors determine, in consultation with the Post-Effective Date Claims Agent, that an interim distribution should be made to Class 6 or Class 7, in light of, inter alia, resolutions of Disputed Claims and the administrative costs of such a distribution and to the extent applicable with respect to the Cross-Border Debtors, as provided in the CCAA Plan.

1.192 “Liens” means, with respect to any interest in property, any mortgage, lien, pledge, charge, security interest, easement or encumbrance of any kind whatsoever affecting such interest in property.

1.193 “Litigation Claim” means all Causes of Action that any Debtor or Estate may hold against any Person or entity as of the Effective Date, except any Cause of Action that (a) may have been settled by the Debtors on or prior to the Effective Date or (b) shall be released by the Debtors pursuant to Article VIII hereof.

1.194 “Monitor” means Ernst & Young Inc. or any successor thereto appointed in accordance with any order of the Canadian Court.

1.195 “New ABH Common Stock” means the new common stock of Reorganized ABH which shall be issued on the Effective Date or authorized to be issued by Reorganized ABH at any time from and after the Effective Date.

1.196 “Ordinary Course Administrative Claim” means an Administrative Claim that arises in the ordinary course of the Debtors’ operations.

1.197 “Other Secured Claims” means a Secured Claim not classified in Class 2, Class 3 or Class 4 under this Plan.

1.198 “Person” means any person, including, without limitation, any individual, partnership, joint venture, venture capital fund, association, corporation, limited liability company, limited liability partnership, unlimited liability company, trust, trustee, executor, administrator, legal personal representative, estate, group, unincorporated association or organization or governmental unit.

1.199 “Petition Date” means April 16, 2009 for all Debtors other than ABH LLC 1 and ABH Holding Company LLC, and December 21, 2009 for ABH LLC 1 and ABH Holding Company LLC.

1.200 “Plan” means this Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, the Plan Supplement, and all addenda, exhibits, schedules and other attachments hereto, all of which are incorporated herein by reference, as the same may be amended from time to time, pursuant to this Plan, the Bankruptcy Code or the Bankruptcy Rules.

1.201 “Plan Supplement” means the Supplements to this Plan that will be filed on or before the Supplement Filing Date.

1.202 “Post-Effective Date Claims Agent” has the meaning set forth in Section 4.3 of this Plan.

1.203 “Post-Effective Date Claims Agent Avoidance Actions” has the meaning set forth in Section 4.3 of this Plan.

1.204 “Post-Effective Date Claims Agent Fund” has the meaning set forth in Section 4.3 of this Plan.

1.205 “President” means the president of any Reorganized Debtor.

1.206 “Priority Non-Tax Claims” means a Claim to the extent that it is of the kind described in, and entitled to priority under, section 507(a)(3), (4), (5) or (6) of the Bankruptcy Code, but other than any Priority Tax Claim.

1.207 “Priority Tax Claim” means a Claim to the extent that it is of the kind described in, and entitled to priority under, section 507(a)(8) of the Bankruptcy Code.

1.208 “Pro Rata Share” means the proportion that the amount of any Allowed Claim in a particular Class bears to the aggregate amount of all Allowed Claims in such Class, except in cases where Pro Rata Share is used in reference to multiple Classes of Claims, in which case Pro Rata Share means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of all Allowed Claims in such multiple Classes.

1.209 “Professional” means any Person retained by the Debtors or the Creditors Committee in the Chapter 11 Cases pursuant to a Final Order of the Bankruptcy Court entered pursuant to sections 327 or 1103 of the Bankruptcy Code.

1.210 “Proof of Claim” means a proof of claim filed by a holder of a Claim against any Debtor (as may be amended and supplemented from time to time pursuant to the Bankruptcy Code or Bankruptcy Rules) on or before the applicable Claims Bar Date, or such other time as may be permitted by the Bankruptcy Court or agreed to by the Debtors.

1.211 “Proven Claim” has the meaning set forth in the CCAA Plan.

1.212 “Record Holder” means the holder of a Claim or Interest as of the Distribution Record Date.

1.213 “Reinstated” means (a) leaving unaltered the legal, equitable and contractual rights to which a Claim entitles the holder of such Claim, or (b) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default, (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the holder of such Claim for any

damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; (iv) if such Claim arises from any failure to perform a nonmonetary obligation under a nonresidential real property lease subject to section 365(b)(1)(A) of the Bankruptcy Code, compensating the holder of such Claim for any pecuniary loss incurred by such holder as the result of such failure; and (v) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the holder thereof.

1.214 “Released Party or Parties” has the meaning set forth in Section 8.5 of this Plan.

1.215 “Reorganized ABH” means, on and after the Effective Date, AbitibiBowater, as reorganized under and pursuant to this Plan or a new holding company created in contemplation of the Effective Date that, on or after the Effective Date, owns 100% of the equity in ABH (as in existence prior to the Effective Date).

1.216 “Reorganized Debtors” means, on and after the Effective Date, collectively, all of the surviving Debtors that are reorganized under and pursuant to this Plan.

1.217 “Reorganized U.S. Plan Sponsors” has the meaning set forth in Section 6.10 of this Plan.

1.218 “Retained Causes of Action” has the meaning set forth in Section 8.7 of this Plan.

1.219 “Rights Offering” has the meaning set forth in Section 6.12 of this Plan.

1.220 “Sanction Order” means one or more orders of the Canadian Court sanctioning the CCAA Plan pursuant to the CCAA and Section 191 of the Canadian Business Corporations Act as such order may be amended, modified or varied from time to time.

1.221 “Schedules” means the Schedules of Assets and Liabilities filed in the Chapter 11 Cases, as amended, revised or modified from time-to time.

1.222 “Series A-D Notes” has the meaning set forth in Section 3.4 of this Plan.

1.223 “Search Committee” has the meaning set forth in Section 6.7 of this Plan.

1.224 “Section” means any section of this Plan.

1.225 “Section 510 Actions” has the meaning set forth in Section 4.3 of this Plan.

1.226 “Secretary” means any secretary of a Reorganized Debtor.

1.227 “Secured Claim” means a Claim that constitutes a secured claim under section 506(a) or 1111(b) of the Bankruptcy Code.

1.228 “Secured Funded Debt Administrative Agents” means collectively, the Bowater Secured Bank Agent, the BCFPI Secured Bank Agent and the ACCC Term Loan Agent.

1.229 “Secured Funded Debt Agreements” means collectively, the Bowater Secured Bank Documents, the BCFPI Secured Bank Documents and the ACCC Term Loan Secured Guaranty.

1.230 “Secured Funded Debt Claims” means collectively the Bowater Secured Bank Claims, the BCFPI Secured Bank Claims, and the ACCC Term Loan Secured Guaranty Claims.

1.231 “Secured Funded Debt Lenders” means collectively, the lenders and financial institutions from time to time party to the Secured Funded Debt Agreements.

1.232 “Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.233 “Securitization Claims” means any Claims arising under or relating to the Securitization Facility.

1.234 “Securitization Facility” means the receivables securitization facility made available to certain subsidiaries of ABH pursuant to that certain Second Amended and Restated Receivables Purchase Agreement, dated as of June 16, 2009, as amended, among Abitibi-Consolidated U.S. Funding Corp. as the seller, ACI and Abitibi Consolidated Sales Corporation as originators, Abitibi Consolidated Sales Corporation as servicer, ACI as subservicer, Citibank, N.A. as agent, and the banks named therein, and the other Transaction Documents (as defined therein).

1.235 “Securitization Order” means collectively (i) that certain Interim Order Pursuant to Sections 105, 362(d), 363(b)(I), 363(c)(2), 363(f), 363(l), 363(m), 364 (c)(1), 364(e) and 365 of the Bankruptcy Code (1) Authorizing Entry into an Amended and Restated Guaranteed Receivables Purchase Facility, (2) Authorizing the Sale of Receivables and Related Rights Pursuant to an Amended and Restated Securitization Program, (3) Authorizing ACSC to Cause Payment of Certain Fees Pursuant to the Engagement Letters, (4) Modifying the Automatic Stay, (5) Authorizing the Use of Cash Collateral, (6) Granting Superpriority Administrative Expense Claims, (7) Granting Adequate Protection, (8) Scheduling A Hearing and (9) Granting other Related Relief entered by the Bankruptcy Court on or about June 11, 2009 [Docket No. 458] and (ii) that certain Final Order Pursuant to Sections 105, 362(d), 363(b)(I), 363(c)(2), 363(f), 363(l), 363(m), 364 (c)(1), 364(e) and 365 of the Bankruptcy Code (1) Authorizing Entry into an Amended and Restated Guaranteed Receivables Purchase Facility, (2) Authorizing the Sale of Receivables and Related Rights Pursuant to an Amended and Restated Securitization Program, (3) Authorizing ACSC to Cause Payment of Certain Fees Pursuant to the Engagement Letters, (4) Modifying the Automatic Stay, (5) Authorizing the Use of Cash Collateral, (6) Granting Superpriority Administrative Expense Claims, (7) Granting Adequate Protection, (8) Scheduling A Hearing and (9) Granting other Related Relief [Docket No. 595].

1.236 “Supplement” means any supplement attached to or incorporated into this Plan, including the Plan Supplements.

1.237 “Supplement Filing Date” means the date or dates on which certain exhibits, schedules and supplements to this Plan, including the Plan Supplements, which shall be in a form reasonably acceptable to the Debtors, the Creditors Committee and the DIP Lenders shall be filed with the Bankruptcy Court, which date or dates shall be at least ten days (10) prior to the Voting Deadline.

1.238 “Term Loan Exit Financing Facility” means the senior secured term loan facility, that may take the form of a loan, high-yield notes, a bridge facility or other arrangement, to be entered into by the Reorganized Debtors and the lender(s) thereunder as contemplated in Section 6.11 of this Plan, providing for the principal terms and conditions set forth on Plan Supplement 9.

1.239 “UDAG Loan” means the 6.5% UDAG Promissory Note UDAG Loan due February 1, 2010 under which Bowater Newsprint South Operations LLC (f/k/a Newsprint South, Inc.) is the borrower.

1.240 “Unclaimed Property” means any distribution under the Plan that is unclaimed by the holder of the Allowed Claim entitled to such distribution ninety (90) days after the distribution date applicable to such distribution.

1.241 “Unsecured Claim” means a Claim that is not an Administrative Claim, a Priority Tax Claim, a Priority Non-Tax Claim, a Bowater Secured Bank Claim, a BCFPI Secured Bank Claim, an ACCC Term Loan Secured Guaranty Claim, an Other Secured Claim, a Secured Claim, a Convenience Claim, an Intercompany Claim, a Common Stock Claim or an Interest.

1.242 “Unsecured Note Claims” means all Claims arising under or relating to the Unsecured Notes, 13.75% Senior Secured Note Guaranty Claims, 15.5% Senior Note Guaranty Claims, 7.40% Revenue Bonds (2010) Loan Agreement, 7.40% Revenue Bonds (2022) Loan Agreement, 7.625% Revenue Bonds Loan Agreement and 7.75% Revenue Bonds Loan Agreement.

1.243 “Unsecured Notes” means the 6.50% Notes, 7.875% Senior Notes, 7.95% Notes, 8.0% Convertible Notes, 9.00% Debentures, 9.375% Debentures, 9.50% Debentures, 10.26% Senior Notes (Series D), 10.50% Senior Notes (Series B), 10.60% Senior Notes (Series C), 10.625% Senior Notes (Series A), 10.85% Debentures, Floating Rate Notes (2010) and UDAG Loan.

1.244 “U.S. Pension Plans” means the single-employer defined benefit plans indicated on Plan Supplement 7A.

1.245 “U.S. Plan Sponsors” has the meaning set forth in Section 6.10 of this Plan.

1.246 “Voting Deadline” means the date set in an order of the Bankruptcy Court as the deadline for the return of Ballots accepting or rejecting this Plan.

B. Interpretation. For purposes of this Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the

singular and the plural; (b) unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) unless otherwise provided in this Plan, any reference in this Plan to an existing document or exhibit means such document or exhibit, as it may have been or may be amended, modified or supplemented pursuant to this Plan; (d) unless otherwise specified herein, any reference to a Person as a holder of a Claim includes that Person's successors, assigns and affiliates; (e) unless otherwise specified, all references in this Plan to sections, Articles, schedules, Supplements and Exhibits are references to sections, Articles, schedules, Supplements and Exhibits of or to this Plan; (f) the words "herein", "hereof" and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (g) captions and headings to Articles and sections are inserted for convenience of reference only and are not intended to be part of or to affect the interpretation of this Plan; and (h) the rules of construction set forth in section 102 of the Bankruptcy Code will apply.

C. Computation of Time. In computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

D. Currency Denomination. All references in this Plan to monetary figures shall refer to currency of the United States of America unless otherwise indicated.

ARTICLE II

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. General Rules.

2.1 **Classification.** Pursuant to sections 1122 and 1123 of the Bankruptcy Code, the following designates the Classes of Claims and Interests under this Plan. A Claim or Interest is in a particular Class for purposes of voting on, and of receiving distributions pursuant to, this Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified, although the treatment for such Claims is set forth below.

2.2 **Separate Plans.** The Plan does not provide for substantive consolidation of the Estates. Subject to Section 9.1 of this Plan, Claims that are asserted against multiple Debtors shall be treated as separate Claims against each applicable Debtor. The Plan also provides for rights of subrogation and contribution among each Debtor, as applicable, with respect to recoveries on Secured Funded Debt Claims. The aggregate recovery on an Allowed Claim from all sources, including distributions under this Plan, the CCAA Plan or a combination of both, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, indemnity agreement, joint and several obligations or otherwise, shall not exceed 100% of the face amount of the underlying Allowed Claim.

B. Unclassified Claims.

2.3 Administrative Claims.

(a) General. Subject to the provisions of Article IV of this Plan and unless otherwise agreed by the holder of an Allowed Administrative Claim (in which event such other agreement shall govern), each holder of an Allowed Administrative Claim shall be paid in full in Cash (i) at the sole option of the Debtors (before the Effective Date) or the Reorganized Debtors (on or after the Effective Date), (a) in the ordinary course of business as the Claim becomes due and owing or (b) on the Initial Distribution Date, or (ii) on such other date as the Bankruptcy Court may order; provided, however, any payment proposed to be made pursuant to subsection (i) above in the aggregate amount of \$500,000 or greater, that does not relate to an Allowed Administrative Claim incurred in the ordinary course of business, shall not be paid without the prior consent of the Creditors Committee, such consent not to be unreasonably withheld.

(b) No Double Payment of Administrative Claims. To the extent that an Administrative Claim is Allowed against the Estate of more than one Debtor, there shall be only a single recovery on account of such Allowed Administrative Claim. In addition, to the extent that any obligation that would otherwise constitute an Administrative Claim is paid as a CCAA Charge in the CCAA Proceedings, the payment of such CCAA Charge in the CCAA Proceedings shall be the only payment to be made on account of such Administrative Claim in the Chapter 11 Cases and the CCAA Proceedings.

2.4 Priority Tax Claims. Unless otherwise agreed to by the holder of an Allowed Priority Tax Claim (in which event such other agreement shall govern), each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Reorganized Debtors, (a) Cash in an amount equal to such Allowed Priority Tax Claim on the later of the Effective Date and the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable, but no later than thirty (30) days after the Effective Date, or (b) through equal annual installment payments in Cash (i) of a total value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim; (ii) over a period ending not later than 5 years after the Petition Date; and (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the Plan. All Allowed Priority Tax Claims against any of the Debtors that are not due and payable on the Effective Date shall be paid in the ordinary course of business by the Reorganized Debtors in accordance with the applicable non-bankruptcy law governing such Claims.

2.5 DIP Facility Claims. On the Effective Date, if not previously repaid in full, all DIP Facility Claims shall be paid in full in Cash, or otherwise satisfied in a manner acceptable to the DIP Agent and each DIP Lender.

2.6 Securitization Claims. On the Effective Date, all outstanding receivables interests purchased under the Securitization Facility will be repurchased in Cash for a price equal to the par amount thereof plus accrued yield and fees and servicing fees payable under the Securitization Facility, and any unpaid fees and expenses or other amounts payable under the Securitization Facility, whether by a Debtor or an affiliate of the Debtors, if any, and any

Securitization Claims shall be paid in full in Cash. On the Effective Date, after all such receivables interests are repurchased and all such payments are made, the Securitization Facility shall be terminated, and all Securitization Claims and any claims against, or obligations of, Abitibi-Consolidated U.S. Funding Corp. arising under the Securitization Facility or under the Securitization Order shall be deemed fully satisfied and released.

2.7 Adequate Protection Claims. On the Effective Date, Adequate Protection Claims shall be deemed satisfied in full by all interest payments and professional fee payments made by the applicable Debtors pursuant to, and in accordance with, the DIP Facility Order and the Securitization Order (as applicable).

C. Classified Claims and Interests.

2.8 Class 1 – Priority Non-Tax Claims.

(a) Classification. Classes 1A through 1HH (collectively, the “Class 1 Claims”), as set forth on Exhibit B1, consist of all Priority Non-Tax Claims.

(b) Allowance. Class 1 Claims shall be allowed or disallowed in accordance with Article IV of this Plan and applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

(c) Treatment. Unless otherwise agreed to by the holder of an Allowed Priority Non-Tax Claim (in which event such agreement shall govern), each holder of an Allowed Class 1 Claim, in full satisfaction of such Claim, shall be paid in full in Cash on the later of the Initial Distribution Date and a date that is as soon as practicable after the date upon which such Claim becomes an Allowed Priority Non-Tax Claim.

(d) Impairment and Voting. Class 1 Claims are unimpaired and the holders thereof are not entitled to vote on this Plan.

2.9 Class 2 – Bowater Secured Bank Claims.

(a) Classification. Class 2A through 2G (collectively, the “Class 2 Claims”), as set forth on Exhibit B2, consist of all Bowater Secured Bank Claims.

(b) Allowance. Class 2 Claims shall be Allowed Claims pursuant to this Plan in the amount set forth on Exhibit B2, and shall be entitled to the distributions set forth herein. For the avoidance of doubt, any prepayment penalty or premium or any extra-contractual amount provided for in the Bowater Secured Bank Claims shall not be Allowed.

(c) Treatment. Holders of Class 2 Claims, in full satisfaction of such Claims (other than Claims in respect of Bowater Secured Bank Letters of Credit), shall (i) be paid in full in Cash on, or as soon as practicable after but in any event, not later than five (5) business days after, the Effective Date, or (ii) receive such treatment as otherwise agreed to by the Debtors and the holders of such Claims. In addition, in full satisfaction of Claims in respect of Bowater Secured Bank Letters of Credit, holders of Class 2 Claims shall receive on, or as soon as practicable after, the Effective Date, replacement letters of credit, “back up” letters of

credit or cash collateral, in each case in the aggregate face amount of the Bowater Secured Bank Letters of Credit, or treatment on such other terms as the Debtors and holders of such Claims may agree; provided, however, that any “back up” letters of credit provided hereunder must be issued by financial institutions that are reasonably satisfactory to the Debtor or Reorganized Debtors, and the Secured Funded Debt Lenders. In no event shall holders of Class 2 Claims receive aggregate distributions on account of Class 2 Claims under this Plan or the CCAA Plan in excess of the Allowed amount of the Bowater Secured Bank Claims.

(d) Impairment and Voting. Class 2 Claims are unimpaired and the holders thereof are not entitled to vote on this Plan.

2.10 Class 3 – BCFPI Secured Bank Claims.

(a) Classification. Class 3A through 3G (collectively, the “Class 3 Claims”), as set forth on Exhibit B3, consist of all BCFPI Secured Bank Claims.

(b) Allowance. Class 3 Claims shall be Allowed Claims pursuant to this Plan in the amount set forth on Exhibit B3, and shall be entitled to the distributions set forth herein. For the avoidance of doubt, any prepayment penalty or premium or any extra-contractual amount provided for in the BCFPI Secured Bank Claims shall not be allowed.

(c) Treatment. Holders of Class 3 Claims, in full satisfaction of such Claims (other than Claims in respect of BCFPI Secured Bank Letters of Credit), shall (i) be paid in full in Cash on, or as soon as practicable after, the Effective Date and in the currency as set forth in paragraph L(viii) of the Final DIP Order, or (ii) receive such treatment as otherwise agreed to by the Debtors and the holders of such Claims. In addition, in full satisfaction of Claims in respect of BCFPI Secured Bank Letters of Credit, holders of Class 3 Claims shall receive on, or as soon as practicable after, the Effective Date, replacement letters of credit or cash collateral, in the case of replacement letters of credit, in the aggregate face amount of the BCFPI Secured Bank Letters of Credit and in the case of cash collateral, in an amount sufficient to cover all fees for the term of each BCFPI Secured Bank Loan Claim and in the currency of such BCFPI Secured Bank Loan Claim, or treatment on such other terms as to which the Debtors and holders of such Claims may agree. In no event shall holders of Class 3 Claims receive aggregate distributions on account of such Class 3 Claims under this Plan or the CCAA Plan in excess of the Allowed amount of the BCFPI Secured Bank Claims.

(d) Impairment and Voting. Class 3 Claims are unimpaired and the holders thereof are not entitled to vote on this Plan.

2.11 Class 4 – ACCC Term Loan Secured Guaranty Claims.

(a) Classification. Classes 4A through 4G (collectively, the “Class 4 Claims”), as set forth on Exhibit B4, consist of all ACCC Term Loan Secured Guaranty Claims.

(b) Allowance. Class 4 Claims shall be Allowed Claims pursuant to this Plan in the amount set forth on Exhibit B4, and shall be entitled to the distributions set forth herein. For the avoidance of doubt, any prepayment penalty or premium or any extra-contractual amount provided for in the ACCC Term Loan Secured Guaranty Claims shall not be allowed.

(c) Treatment. Holders of Class 4 Claims, in full satisfaction of such Claims, shall (i) be paid in full in Cash, pursuant to this Plan and the CCAA Plan, on, or as soon as practicable after, the Effective Date, or (ii) receive such treatment as otherwise agreed by the Debtors and the holders of such Claims; provided, however, that holders of Class 4 Claims shall not receive aggregate distributions on account of such Class 4 Claims under this Plan or the CCAA Plan in excess of the Allowed amount of the ACCC Term Loan Claims.

(d) Impairment and Voting. Class 4 Claims are unimpaired and the holders thereof are not entitled to vote on this Plan.

2.12 Class 5 – Other Secured Claims.

(a) Classification. Classes 5A through 5HH (collectively, the “Class 5 Claims”), as set forth on Exhibit B5, consist of all Other Secured Claims.

(b) Allowance. Class 5 Claims shall be allowed or disallowed to the extent permitted by section 506 of the Bankruptcy Code and other applicable provisions of the Bankruptcy Code and Bankruptcy Rules in accordance with Article IV of this Plan. For the avoidance of doubt, any prepayment penalty or premium or any extra-contractual amount provided for in the Other Secured Claims shall not be allowed.

(c) Treatment. Each holder of an Allowed Class 5 Claim shall, in full satisfaction of such Claim, at the sole option of the Debtors, be (i) paid in full in Cash on the Initial Distribution Date, (ii) reinstated according to the terms of the relevant instrument, (iii) paid on such other terms as the Debtors and the holder of such Claim may agree, or (iv) satisfied through the surrender by the applicable Debtors of the collateral securing the Claim to the holder thereof.

(d) Impairment and Voting. Class 5 Claims are unimpaired and the holders thereof are not entitled to vote on this Plan.

2.13 Class 6 – Unsecured Claims.

(a) Classification. Classes 6A through 6HH (collectively, the “Class 6 Claims”), as set forth on Exhibit B6, consist of all Unsecured Claims.

(b) Allowance. Subject to Section 9.1 of this Plan, Class 6 Claims shall be allowed or disallowed in accordance with Article IV of this Plan and applicable provisions of the Bankruptcy Code and Bankruptcy Rules; provided, however, that the Unsecured Note Claims set forth on Exhibit B6 shall be Allowed Class 6 Claims in the amount set forth, and against the applicable Debtor(s) identified, in Exhibit B6.

(c) Treatment. Each holder of an Allowed Class 6 Claim shall, in full satisfaction of such Claim, (i) receive its Pro Rata share of the number of shares of New ABH Common Stock allocated to the Debtor against which such Claim is Allowed as set forth in Exhibit B6 attached hereto, subject to Dilution; and (ii) to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to the Debtor against which such Claim is Allowed based on the allocations of New ABH Common Stock allocated to such Debtor as set

forth in Exhibit B6 attached hereto. In no event shall holders of Class 6 Claims for which more than one Debtor or CCAA Debtor is liable (including the 13.75% Senior Secured Note Guaranty Claims and the 15.5% Senior Note Guaranty Claims) receive aggregate distributions on account of such Class 6 Claims under this Plan or the CCAA Plan in excess of the Allowed amount of such Class 6 Claims.

(d) Impairment and Voting. Class 6 Claims are impaired and the holders thereof are entitled to vote on this Plan.

2.14 Class 7 – Convenience Claims.

(a) Classification. Classes 7A through 7HH (collectively, the “Class 7 Claims”), as set forth on Exhibit B7, consist of all Convenience Claims.

(b) Allowance. Class 7 Claims shall be allowed or disallowed in accordance with Article IV of this Plan and applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

(c) Treatment. Each holder of an Allowed Class 7 Claim shall, in full satisfaction of such Claim, be paid in Cash in an amount equal to the lesser of 50% of (i) \$5,000 or (ii) the amount of its Allowed Class 7 Claim; provided, however, that if the holders of Class 7 Claims against any Debtor do not accept the Plan by the requisite majorities set forth in section 1126(e) of the Bankruptcy Code, then the holders of Allowed Convenience Claims for such Debtor shall be treated as holders of Class 6 Claims against such Debtor, and shall be treated in accordance with Section 2.13 of this Plan.

(d) Impairment and Voting. Class 7 Claims are impaired and the holders thereof are entitled to vote on this Plan.

2.15 Class 8 – Intercompany Claims and Intercompany Interests.

(a) Classification. Class 8 consists of all Intercompany Claims and Intercompany Interests (collectively, the “Class 8 Claims and Interests”).

(b) Allowance. Subject to Sections 6.2, 6.3 and 6.17 of this Plan, and except as otherwise ordered by the Bankruptcy Court with respect to a particular Intercompany Claim or Intercompany Interest, on the Effective Date, at the option of the Debtors or the Reorganized Debtors, the Intercompany Claims shall either be (a) Reinstated, in full or in part, and treated in the ordinary course of business, or (b) cancelled and discharged, in full or in part; provided, however, that any election by the Debtors or the Reorganized Debtors hereunder shall not impact any recoveries under this Plan.

(c) Treatment. Unless otherwise ordered by the Bankruptcy Court with respect to a particular Intercompany Claim or Intercompany Interest, and subject to Sections 6.2, 6.3 and 6.17 hereof, holders of Intercompany Claims and Intercompany Interests shall not receive or retain any property on account of such Intercompany Claims and Interests to the extent such claim is cancelled and discharged as provided in Section 2.15(b).

(d) Impairment and Voting. Class 8 Claims and Interests are impaired, shall be deemed to accept this Plan and shall not vote on this Plan.

2.16 Class 9 – Common Stock Claims and Interests.

(a) Classification. Classes 9A through 9HH (collectively, the “Class 9 Claims and Interests”) consist of all Common Stock Claims and Interests.

(b) Treatment. Common Stock Claims and Interests shall be cancelled, and the holders of Common Stock Claims and Interests shall not be entitled to receive or retain any property on account of such Claims and Interests.

(c) Impairment and Voting. Class 9 Claims and Interests are impaired and deemed to reject the Plan, and the holders thereof are not entitled to vote to accept or reject the Plan.

2.17 Limits on Certain Distributions. No agreements for the treatment of Claims permitted in Section 2.3 through and including Section 2.12 (if any) shall provide for distributions of New ABH Common Stock to holders of Claims in such sections. For the avoidance of doubt, no distributions of New ABH Common Stock shall be made on account of Administrative Claims, Priority Tax Claims, DIP Facility Claims, Securitization Claims, Adequate Protection Claims and Claims in Class 1, Class 2, Class 3, Class 4 and Class 5.

2.18 [Preservation of Indemnification Rights. The treatment and classification of Claims by present or former officers or directors of the Debtors for indemnification or contribution arising out of actions or conduct which occurred prior to the Petition Date, as well as any exclusions from the Plan releases relating thereto, remains unresolved and to be negotiated with the Creditors Committee.]

2.19 Preservation of Subordination Rights.

(a) Nothing contained in this Plan shall be deemed to modify, impair, terminate or otherwise affect in any way the rights of any entity (as that term is defined in section 101(15) of the Bankruptcy Code) under section 510(a) of the Bankruptcy Code, and all such rights are expressly preserved under this Plan. The treatment set forth in this Article II and the distributions to the various Classes of Claims hereunder shall not affect the right of any Person to levy, garnish, attach, or employ any other legal process with respect to such distributions by reason of any claimed subordination rights or otherwise. All such rights and any agreements relating thereto shall remain in full force and effect, except as otherwise expressly compromised and settled pursuant to the Plan.

(b) Distributions shall be subject to and modified by any Final Order directing distributions other than as provided in the Plan. The right of the Debtors or any other entity to seek subordination of any Claim pursuant to section 510 of the Bankruptcy Code is fully reserved except as set forth in Article VIII below, and the treatment afforded any Claim that becomes a subordinated Claim at any time shall be modified to reflect such subordination. Unless the Confirmation Order provides otherwise, no distribution shall be made to the holder of

a subordinated Claim on account of such claim until the rights or the holders of Claims senior to such Claim have been satisfied.

ARTICLE III

VOTING AND DISTRIBUTIONS

3.1 Voting of Claims. Each holder of an Allowed Claim in an impaired Class of Claims that is entitled to vote on the Plan pursuant to Article II of this Plan shall be entitled to vote separately to accept or reject the Plan as provided in such order as is entered by the Bankruptcy Court establishing procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order or orders of the Bankruptcy Court.

(a) Non-Consensual Confirmation. If at least one (1) Class of Claims or Interests that is Impaired under the Plan votes to reject the Plan or is deemed to reject the Plan, the Debtors may seek to have the Court confirm the Plan under section 1129(b) of the Bankruptcy Code.

(b) Deemed Acceptance if No Votes Cast. If no holders of Claims or Interests eligible to vote in a particular Class vote to accept or reject the Plan, the Plan shall be deemed accepted by the holders of such Claims or Interests in such Class.

(c) Elimination of Vacant Classes. Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

(d) Votes Regarding Cross-Border Debtors. The Cross-Border Claims Voting Protocol shall govern the voting of claims regarding the Cross-Border Debtors.

3.2 Distributions to Secured Funded Debt Claims. Distributions under this Plan to holders of Secured Funded Debt Claims in Classes 2 through 4 shall be made to the applicable Secured Funded Debt Administrative Agent and shall be distributed by the Secured Funded Debt Administrative Agents to the applicable Secured Funded Debt Lenders, in accordance with the terms of the applicable Secured Funded Debt Agreements, in satisfaction of all amounts owing by the Debtors and the CCAA Debtors under the Secured Funded Debt Agreements as of the Effective Date. Distributions of Cash to holders of Claims in Classes 2 through 4 shall be made based on the amount of such Claims held by such holders as set forth in the books and records of the Secured Funded Debt Administrative Agents as of the close of business on the Confirmation Date, and in accordance with the Secured Funded Debt Agreements, after giving effect to payments made prior to the Effective Date in satisfaction of Adequate Protection Claims arising under the DIP Facility Order and the Securitization Order, as applicable.

3.3 Distributions to Holders of Allowed Convenience Class Claims. Subject to Section 4.4, on the Effective Date, or as soon as practicable thereafter, Reorganized ABH shall

deliver to the Disbursing Agent for distribution on behalf of the Debtors to holders of Allowed Convenience Claims, Cash in an amount sufficient to make distributions in accordance with Article II of this Plan. Thereafter, the Disbursing Agent shall distribute to the holder of a Disputed Claim that becomes an Allowed Convenience Claim the Cash to which such holder is then entitled under the Plan (i) as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim, in whole or in part, becomes a Final Order, (ii) at the next applicable Interim Distribution Date, or (iii) at such other time as is reasonably practicable under the circumstances, but in any event, no later than the Final Distribution Date.

3.4 Distributions to Holders of Unsecured Note Claims. The Indenture Trustees for each series of Unsecured Notes shall be deemed to be the holders of all Unsecured Note Claims, as applicable, for purposes of distributions to be made hereunder, and all distributions on account of such Unsecured Note Claims, shall be made to or on behalf of the applicable Indenture Trustees. The Debtors or Reorganized Debtors, or other agent selected by the Debtors or Reorganized Debtors, shall fulfill the role of the indenture trustee for holders of 10.26% Senior Notes (Series D), 10.50% Senior Notes (Series B), 10.60% Senior Notes (Series C), and 10.625% Senior Notes (Series A) (the “Series A-D Notes”). Each Indenture Trustee shall hold or direct such distributions for the benefit of the holders of Allowed Unsecured Note Claims, as applicable, in accordance with the terms of the applicable indenture. As soon as practicable following compliance with the requirements set forth in Section 6.16 of this Plan, the Indenture Trustee shall (a) arrange to deliver such distributions to or on behalf of such holders of Allowed Unsecured Note Claims, (b) retain, and if necessary, exercise their charging liens against any such distributions, and (c) seek compensation and reimbursement for any fees and expenses incurred in making such distributions.

3.5 Distributions to Holders of Allowed Unsecured Claims Other than Unsecured Note Claims.

(a) The Disbursing Agent shall make distributions of New ABH Common Stock to holders of Allowed Claims in Class 6, other than holders of Unsecured Note Claims, as follows:

(i) On the Initial Distribution Date, the Disbursing Agent shall distribute the New ABH Common Stock allocable to such Allowed Unsecured Claims as of the Distribution Record Date to the Indenture Trustees and holders of Allowed Unsecured Claims, as applicable.

(ii) On any Interim Distribution Date, the Disbursing Agent shall make interim distributions of New ABH Common Stock to Indenture Trustees and holders of Allowed Claims in Class 6, as applicable, pursuant to and consistent with Section 4.4 of this Plan.

(iii) On the Final Distribution Date, the Disbursing Agent shall make the balance of all distributions to Indenture Trustees and holders of Allowed Claims in Class 6 as applicable and as required under this Plan.

(b) Notwithstanding any other provision of this Plan, all distributions to holders of Unsecured Note Claims shall be made in accordance with the terms of this Plan and the applicable Indenture.

3.6 Miscellaneous Distribution Provisions.

(a) Distribution Record Date. All Distributions on account of Allowed Claims shall be made to the Record Holders of such Claims. As of the close of business of the Distribution Record Date, the Claims register maintained by the Claims and Noticing Agent shall be closed, and there shall be no further changes regarding the Record Holder of any Claim. The Reorganized Debtors, the Indenture Trustees, the Secured Funded Debt Administrative Agents and any Disbursing Agents shall have no obligation to recognize any transfer of any Claim occurring after the Distribution Record Date. The Reorganized Debtors shall instead be entitled to recognize and deal for all purposes under this Plan with the Record Holders as of the Distribution Record Date. As of the close of business on the Distribution Record Date, the transfer ledgers for the Indenture Trustees and the Secured Funded Debt Administrative Agents shall be deemed closed, the Indenture Trustees and the Secured Funded Debt Administrative Agents may take whatever action is necessary to close the transfer ledgers and there shall be no further transfers or changes in the Record Holders of such securities in such transfer ledgers; provided, however, that with respect to Allowed Unsecured Note Claims, further distributions on account of such Claims by the Indenture Trustees to the record holders of the Unsecured Note Claims shall be accomplished in accordance with the respective Indentures and the policies and procedures of DTCC or such other securities depository or custodian thereof. PLEASE NOTE THAT IF YOU ACQUIRE A CLAIM FOLLOWING THE DISTRIBUTION RECORD DATE, YOU WILL NOT RECEIVE A DISTRIBUTION FROM THE DEBTORS OR THE REORGANIZED DEBTORS ON ACCOUNT OF SUCH CLAIM. IN ADDITION, IF YOU SELL OR TRANSFER YOUR CLAIM BEFORE THE DISTRIBUTION RECORD DATE, YOU WILL NOT RECEIVE A DISTRIBUTION ON ACCOUNT OF SUCH CLAIM.

(b) No Interest. Except as specifically provided for in this Plan, no Claims (including Administrative Claims), Allowed or otherwise, shall be entitled, under any circumstances, to receive any interest on such Claim.

(c) Foreign Currency Exchange Rate. Except as specifically provided for in this Plan or an order of the Bankruptcy Court, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the Bank of Canada's noon spot rate as of the Petition Date (CDN\$1 – US\$0.8290) for all purposes under this Plan, including voting, allowance and distribution.

(d) Fractional Plan Securities and De Minimis Distributions. Notwithstanding any other provision of this Plan, only whole numbers of shares of New ABH Common Stock shall be issued. When any distribution on account of an Allowed Claim would otherwise result in the issuance of a number of shares of New ABH Common Stock that is not a whole number, the actual distribution of such shares shall be rounded to the next higher or lower whole number of shares as follows: (i) fractions equal to or greater than $\frac{1}{2}$ shall be rounded to the next higher whole number; and (ii) fractions less than $\frac{1}{2}$ shall be rounded to the next lower number. No consideration shall be provided in lieu of fractional shares that are rounded down.

The Debtors or the Reorganized Debtors, as the case may be, shall not be required to, but may in their sole and absolute discretion, make Cash distributions to any holder of a Claim in an amount less than \$10. In addition, the Debtors and the Reorganized Debtors shall not be required to, but may in their sole and absolute discretion, make any payment on account of any Claim in the event that the costs of making such payment exceeds the amount of such payment.

(e) Fractional Cents. Any other provision of this Plan notwithstanding, no payment of fractional cents will be made. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

(f) Distributions on Non-Business Days. Any payment or distribution due on a day other than a Business Day shall be made, without interest, on the next Business Day.

(g) No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary herein, if any portion of a Claim is a Disputed Claim, no payment or distribution provided hereunder shall be made on account of the portion of such Claim that is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim, but the payment or distribution provided hereunder shall be made on account of the portion of such Claim that is an Allowed Claim.

(h) Disputed Payments. If any dispute arises as to the identity of the holder of an Allowed Claim entitled to receive any distribution under this Plan, the Reorganized Debtors may retain such distribution until its disposition is determined by a Final Order or written agreement among the interested parties to such dispute.

(i) Unclaimed Property. Holders of Allowed Claims to Unclaimed Property shall cease to be entitled thereto, and such Unclaimed Property shall revert to the Reorganized Debtors.

(j) Voting of ABH New Common Stock. ABH New Common Stock that is Unclaimed Property or reserved for Disputed Claims shall be voted by the Disbursing Agent at any meeting of the stockholders of Reorganized ABH in an equal proportion to the votes of other stockholders.

(k) Post-Consummation Effect of Evidence of Claims or Interests. Notes, stock certificates and other evidence of Claims against or Interests in the Debtors shall, effective on the Effective Date, represent only the right to participate in the distributions contemplated by this Plan and shall not be valid or effective for any other purpose.

(l) Setoffs and Recoupment. The Reorganized Debtors may, but shall not be required to, setoff or recoup against any Allowed Claim and the distributions to be made pursuant to this Plan on account of such Claim, claims of any nature that the Debtors or Reorganized Debtors may have against the holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff or recoupment nor the allowance of any Claim

against the Debtors or the Reorganized Debtors shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any setoff or recoupment claim that the Debtors or the Reorganized Debtors may possess against such holder.

(m) Compliance with Tax Requirements. In connection with this Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit, and all distributions pursuant to this Plan that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of this Plan, each Person that has received any distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligation imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution.

ARTICLE IV

PROCEDURES FOR DETERMINATION OF CLAIMS AND INTERESTS

4.1 Bar Date for Certain Administrative Claims. All applications for final allowance of Fee Claims, and all other requests for the payment of Administrative Claims (other than Ordinary Course Administrative Claims), must be filed with the Bankruptcy Court and served on the Reorganized Debtors and their counsel at the addresses set forth in Section 10.14 of this Plan not later than thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Any request for the payment of an Administrative Claim that is not timely filed and served shall be discharged and forever barred and the holder of such Administrative Claim shall be enjoined from commencing or continuing any action, process, or act to collect, offset or recover such Claim. The Debtors and the Reorganized Debtors shall have sole responsibility for filing objections to and resolving all requests for the allowance of Administrative Claims; provided, however, the Creditors Committee (or the Post-Effective Date Claims Agent, as applicable) shall have the right to file an objection to any Fee Claims asserted by Professionals retained on behalf of the Debtors.

4.2 Objections To Claims. Objections to any Claim filed by any party other than the Debtors (other than Administrative Claims governed by Section 4.1 of this Plan) or the Post-Effective Date Claims Agent must be filed no later than twenty (20) days before the Effective Date. To the extent any property is distributed to a Person on account of a Claim that is not an Allowed Claim, such property shall be held in trust for and shall promptly be returned to the Reorganized Debtors.

4.3 Post-Effective Date Claims Agent and Authority to Prosecute Objections.

[This Section 4.3 remains subject to resolution of the issues identified in Section 2.18 of this Plan. Notwithstanding anything to the contrary contained below, the Debtors and the Creditors Committee continue to negotiate the Causes of Action included or excluded from the Post-Effective Date Claims Agent Avoidance Actions and Section 510 Actions described below.]

(a) [_____], as selected by the Creditors Committee and subject to the Debtors' reasonable consent, shall act as the agent for the Estates (the "Post-Effective Date Claims Agent") in evaluating and prosecuting (i) objections to Disputed Claims in Classes 1, 5

and 6 that (A) are Filed in an amount of \$75,000 or more and are not listed on the Schedules or (B) as to which the variance between (1) the amount of such Claim as Filed and (2) the liquidated, non-contingent and undisputed amount for which such Claim is listed on the Schedules is \$75,000 or more (subparts (1) and (2) together, the “Disputed Claims Pool”) and (ii) Avoidance Actions to recover any alleged transfers made to any entity that received payments or transfers during the applicable “look back” period (the “Post-Effective Date Claims Agent Avoidance Actions”) and (iii) actions brought pursuant to section 510(b) or (c) of the Bankruptcy Code (the “Section 510 Actions”).

(b) The Post-Effective Date Claims Agent’s compensation shall be approved by the Debtors and the Creditors Committee prior to the Effective Date. Any adjustment in the Post-Effective Date Claims Agent’s compensation shall be subject to the approval of the Reorganized Debtors but may not be adjusted downward prior to the second anniversary of the Effective Date; provided, however, that the Post-Effective Date Claims Agent shall be entitled to such compensation only up to and through the earlier to occur of (x) the date on which all Disputed Claims in the Disputed Claims Pool and all Post-Effective Date Claims Agent Avoidance Actions have been resolved or adjudicated pursuant to a Final Order and (y) the date on which such Post-Effective Date Claims Agent resigns, terminates his or her engagement as Post-Effective Date Claims Agent or is removed pursuant to Section 4.3(e).

(c) Subject to the terms and provisions of this Section 4.3 and except as otherwise set forth in this subsection or Section 4.3(d), the Post-Effective Date Claims Agent shall be authorized and empowered to evaluate, make, file, prosecute, settle and abandon objections to (i) any Disputed Claims in the Disputed Claims Pool, (ii) any Post-Effective Date Claims Agent Avoidance Actions and (iii) any Section 510 Actions; provided, however, that the resolution of all Claims against the Cross-Border Debtors remain subject to the Cross-Border Claims Reconciliation Protocol and the Post-Effective Date Claims Agent shall have the rights and duties of the Creditors Committee under the Cross-Border Claims Reconciliation Protocol. The Post-Effective Date Claims Agent shall be entitled to retain counsel and other advisors to exercise the foregoing rights and duties (the “Claims Agent Professionals”). The Claims Agent Professionals, as well as the terms of their employment, shall be reasonably satisfactory to the Post-Effective Date Claims Agent and the Reorganized Debtors. The Reorganized Debtors shall pay all reasonable and documented fees and expenses of the Claims Agent Professionals (the “Claims Agent Professionals’ Fee and Expense Claims”) on a monthly basis, provided, however, that the Reorganized Debtors may dispute any portion of a Claims Agent Professionals’ Fee and Expense Claim (a “Disputed Claims Agent Professionals’ Fee and Expense Claim”), in which case (x) the Reorganized Debtors shall pay the portion of the Claims Agent Professionals’ Fee and Expense Claim that is not specifically disputed, and (y) in the absence of a consensual resolution of the Disputed Claims Agent Professionals’ Fee and Expense Claim, the Reorganized Debtors or the applicable Claims Agent Professionals shall submit the Disputed Claims Agent Professionals’ Fee and Expense Claim to the Bankruptcy Court for adjudication.

(d) On or before the Effective Date, the Debtors shall deposit \$750,000, or such other amount as reasonably agreed to by the Debtors and the Creditors Committee, into an account designated by and held in the name of the Post-Effective Date Claims Agent (the “Post-Effective Date Claims Agent Fund”), which amounts shall be used by the Post-Effective Date Claims Agent from and after (but not for services rendered or costs or

expenses incurred before) the Effective Date to perform its duties and responsibilities set forth above (other than for the payment of the Claims Agent Professionals, who shall be paid by the Reorganized Debtors as provided in Section 4.3(c)). If, subsequent to the initial funding of the Post-Effective Date Claims Agent Fund, the Post-Effective Date Claims Agent determines that the amount then held in the Post-Effective Date Claims Agent Fund is insufficient for it to conclude the performance of its duties under this Section 4.3, it shall notify the Reorganized Debtors, and they shall meet together in good faith to determine what, if any, additional amounts should be deposited by the Reorganized Debtors into the Post-Effective Date Claims Agent Fund. The Reorganized Debtors shall determine the amount of subsequent funding of the Post-Effective Date Claims Agent Fund.

(e) In the event that the Post-Effective Date Claims Agent resigns or otherwise terminates its service in such capacity prior to the resolution or adjudication of all Disputed Claims in the Disputed Claims Pool, the Reorganized Debtors shall designate a successor Post-Effective Date Claims Agent (which shall be vested with all of the rights and powers set forth in this Section 4.3). The Reorganized Debtors shall provide the Post-Effective Date Claims Agent (or any successor Post-Effective Date Claims Agent) with reasonable access to the Debtors' books and records and personnel during normal business hours upon reasonable prior notice, and the Reorganized Debtors shall take commercially reasonable steps to cooperate with the Post-Effective Date Claims Agent in the performance of its duties under this Section 4.3. In the event of any dispute regarding the conduct of, or exercise of the duties of, the Post-Effective Date Claims Agent or the Claims Agent Professionals, the Reorganized Debtors may submit such dispute to the Bankruptcy Court, provided, however, that the Post-Effective Date Claims Agent may only be removed for gross negligence, willful misconduct or fraud.

(f) After the Effective Date, except as provided in Sections 4.3(a) and 4.3(c) above or otherwise in the Plan, only the Post-Effective Date Claims Agent shall have the authority to file, prosecute, settle, compromise, withdraw or litigate to judgment objections to Disputed Claims in the Disputed Claims Pool, Post-Effective Date Claims Agent Avoidance Actions and Section 510 Actions. Before bringing any (i) objections to Disputed Claims in the Disputed Claims Pool; (ii) Post-Effective Date Claims Agent Avoidance Actions other than Post-Effective Date Claims Agent Avoidance Actions brought solely for purposes of section 502(d) of the Bankruptcy Code; or (iii) Section 510 Actions, in each case with respect to a party with a current contractual or supplier relationship with the Debtors, a then current employee of the Reorganized Debtors, or then current officer or director of the Company, the Post-Effective Date Claims Agent shall consult with the Reorganized Debtors (or the Reorganized Debtors' designee). Subject to Section 4.3(g), the Debtors' authority to file, prosecute, settle, compromise, withdraw or litigate to judgment objections to Disputed Class in the Disputed Claims Pool, Post-Effective Date Claims Agent Avoidance Actions or Section 510 Actions shall terminate on the Effective Date as provided herein; provided, however, that notwithstanding any other provision of this Section 4.3 to the contrary, the Debtors and Reorganized Debtors shall retain the authority to prosecute, settle, compromise and otherwise resolve all labor grievances arising under Collective Bargaining Agreements pursuant to the terms and conditions of the governing Collective Bargaining Agreement. The Post-Effective Date Claims Agent shall provide periodic updates on Claims resolutions to the Reorganized Debtors (or the Reorganized Debtors' designee). Notwithstanding the foregoing, and subject to section 4.3(j), the Post-Effective Date Claims Agent shall have full authority to bring and settle (x) any Claims in the

Disputed Claims Pool, (y) any Post-Effective Date Claims Agent Avoidance Action that would result in a recovery of less than \$500,000, and (z) any Section 510 Action. Any settlements of a Post-Effective Date Claims Agent Avoidance Action that results in a recovery in excess of \$500,000 shall require approval by the Reorganized Debtors.

(g) Any previously prosecuted objections to any Disputed Claims in the Disputed Claims Pool, any Post-Effective Date Claims Agent Avoidance Actions and any Section 510 Actions that are pending as of the Effective Date shall be deemed to have been assigned to the Post-Effective Date Claims Agent, and the Post-Effective Date Claims Agent shall have the sole and exclusive right, subject to the limitations set forth above, to continue the prosecution of such Disputed Claims in the Disputed Claims Pool, Post-Effective Date Claims Agent Avoidance Action or Section 510(c) Action, abandon such Claim objections or action, or settle or compromise such Disputed Claims or action, subject to the terms of this Section 4.3; provided, however, that notwithstanding the foregoing, the Debtors and Reorganized Debtors shall retain the Causes of Action, and right to resolve, evaluate and prosecute the objections to Disputed Claims, which the Debtors shall identify on a schedule to be provided to the Creditors Committee prior to the Effective Date, and which shall be reasonably acceptable to the Creditors Committee.

(h) Within thirty (30) days following the end of each February, May, August and November until all Disputed Claims in the Disputed Claims Pool have been Allowed or Disallowed and all Post-Effective Date Claims Agent Avoidance Actions and Section 510 Actions have been settled, abandoned or prosecuted to judgment and recoveries of judgments received, the Post-Effective Date Claims Agent shall provide to the Reorganized Debtors a report with such information and detail as the Reorganized Debtors shall reasonably request in order for them to make the distributions described in Article III.

(i) All amounts recovered by the Post-Effective Date Claims Agent as a result of its prosecution or settlement of any Post-Effective Date Claims Agent Avoidance Action or Section 510 Action shall be promptly paid to the Reorganized Debtors.

(j) Except as set forth herein, notwithstanding that the Post-Effective Date Claims Agent shall have the right to file objections to Disputed Claims in the Disputed Claims Pool, litigate and/or settle objections to Disputed Claims in the Disputed Claims Pool on behalf of the Debtors and their Estates, and commence, prosecute, litigate and settle any Post-Effective Date Claims Agent Avoidance Actions or Section 510 Actions, nothing contained herein shall be deemed to obligate the Post-Effective Date Claims Agent to take any such actions, all of which shall be determined by the Post-Effective Date Claims Agent in its sole and absolute discretion.

(k) The Debtors or Reorganized Debtors, as applicable, shall have the sole and exclusive right to evaluate, make, file, prosecute, settle or abandon objections to Disputed Claims in Class 6 that are not within the Disputed Claims Pool and to Disputed Claims in Classes 7 and 8. The Reorganized Debtors shall quarterly provide a report to the Post-Effective Date Claims Agent summarizing the status of such disputed claims resolution in reasonable detail.

4.4 Payments and Distributions on Disputed Claims.

(a) Disputed Claims Reserve. From and after the Effective Date, and until such time as all Disputed Claims have been compromised and settled or determined by Final Order, the Disbursing Agent shall reserve and hold in escrow (the “Disputed Claims Reserve”) for the benefit of each holder of a Disputed Claim, New ABH Common Stock (and any dividends thereon) in an amount equal to the Pro Rata Share of distributions which would have been made to the holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the Disputed Claim amount, (ii) the amount in which the Disputed Claim shall be estimated by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code for purposes of allowance, which amount, unless otherwise ordered by the Bankruptcy Court, shall constitute and represent the maximum amount in which such Claim may ultimately become an Allowed Claim, or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Debtors or the Reorganized Debtors. The Disputed Claims Reserve is intended to be treated for U.S. income tax purposes as a grantor trust of the Debtors.

(b) Distributions on Disputed Claims Upon Allowance. The Disbursing Agent shall distribute to the holder of a Disputed Claim that becomes an Allowed Claim (other than a Disputed Claim that becomes an Allowed Convenience Claim, the distribution for which is provided for in Section 3.3 of this Plan), in whole or in part, the distribution to which such holder is then entitled under the Plan for such Allowed Claim, in the Disbursing Agent’s sole discretion, (a) as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim becomes a Final Order, (b) at the next applicable Interim Distribution Date, or (c) at such other time the Disbursing Agent reasonably determines is appropriate under the circumstances, but in any event, no later than the Final Distribution Date. The balance, if any, of New ABH Common Stock previously reserved pursuant to Section 4.4(a) shall be included in future calculations of New ABH Common Stock reserved pursuant to Section 4.4(a) as Disputed Claims become Allowed as provided in this Section 4.4(b). The existence of a Disputed Claim in Class 6 shall not impair or impede the making of a distribution to Allowed Claims in such Class or any other Class. If the Allowed amount of any particular Disputed Claim is reconsidered under section 502(j) of the Bankruptcy Code and Bankruptcy Rule 3008 and/or is Allowed in an amount that is greater than the estimated amount of such Claim, or the ultimately Allowed amount of all Disputed Claims in Class 6 is greater than the estimated aggregate amount of such Claims, no claimant shall have recourse against the Reorganized Debtors (or any property thereof), any distributions made to a creditor in any other Class herein, or any distribution previously made on account of any Allowed Claim (however, nothing herein shall modify any right of a holder of a reconsidered Claim under the penultimate sentence of section 502(j) of the Bankruptcy Code)

4.5 Claims Against Cross-Border Debtors. Subject to Sections 4.3 and 6.14 hereof, the procedures set forth in the Cross-Border Claims Reconciliation Protocol shall govern the allowance of Claims against the Cross-Border Debtors.

4.6 Indenture Trustees as Claim Holders. Consistent with Bankruptcy Rule 3003(c), the Debtors and the Reorganized Debtors shall recognize the Proofs of Claim filed by an Indenture Trustee with respect to the Claims of the holders represented by such Indenture Trustee in the amount Allowed herein. Any Proof of Claim filed by a registered or beneficial

holder of Claims for which the applicable Indenture Trustee has filed a Proof of Claim shall be Disallowed by the Confirmation Order as duplicative of the Proof of Claim filed by the Indenture Trustee without need for any further action or Bankruptcy Court Order, except to the extent that any Claim, or a portion of a Proof of Claim, filed by a Holder is not included within the Proof(s) of Claim filed by the applicable Indenture Trustee.

ARTICLE V

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

5.1 Assumed Executory Contracts and Unexpired Leases.

(a) Assumption and Assignment Generally. On the Effective Date, except as otherwise provided in the Plan, in any contract, instrument, release or other agreement or document entered into in connection with the Plan, in a Final Order of the Bankruptcy Court, or as requested in any motion filed on or prior to the Effective Date, pursuant to section 365 of the Bankruptcy Code the applicable Debtor or Debtors will assume, or assume and assign, each executory contract or unexpired lease listed on Plan Supplement 11A. Each contract and lease listed on Plan Supplement 11A will be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Listing a contract or lease on Plan Supplement 11A will not constitute an admission by a Debtor or a Reorganized Debtor that such contract or lease (including any modifications, amendments, supplements, restatements, or other related agreements) is an executory contract or unexpired lease or that a Debtor or Reorganized Debtor has any liability thereunder. To the extent applicable, all executory contracts or unexpired leases of the Reorganized Debtors assumed during the Chapter 11 Cases, including those assumed pursuant to Section 5.1 hereof, shall be deemed modified such that the transactions contemplated by the Plan and the CCAA Plan shall not constitute a “change of control” (or terms with similar effect) under the applicable executory contract or unexpired lease, regardless of how such term may be defined herein, and any consent or advance notice required under such executory contract or unexpired lease shall be deemed satisfied by Confirmation of the Plan.

(b) Modifications, Amendments, Supplements, Restatements, or Other Agreements. Unless otherwise provided in the Plan, each executory contract or unexpired lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such executory contract or unexpired lease, and all executory contracts and unexpired leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan. Modifications, amendments, supplements, and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the executory contract or unexpired lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

(c) Customer Agreements. To the extent that (i) the Debtors are party to any contract, purchase order or similar agreement providing for the sale of the Debtors’ products or services, (ii) such agreement constitutes an executory contract, and (iii) such

agreement (A) has not been previously rejected or assumed by order of the Bankruptcy Court, (B) is not subject to a motion to reject such executory contract or unexpired lease filed on or prior to the Effective Date, (C) is not listed on Plan Supplement 11A or Plan Supplement 11B, (D) has not been designated for rejection in accordance with Section 5.2(a), such contract (including any modifications, amendments, supplements, restatements or other related agreements), purchase order or similar agreement will be deemed assumed by the applicable Debtor(s) in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. The Cure amount to be paid in connection with the assumption of a customer contract that is not specifically identified in Plan Supplement 11A shall be \$0.00.

(d) Paper Retriever® and EcoRewards® Program Contracts. Any contract (including any modifications, amendments, supplements, restatements or other related agreements) of the Debtors under the Company's Paper Retriever® and EcoRewards® programs for the collection, pick-up, payment for, or other services relating to, the collection of recyclables under the Paper Retriever® and EcoRewards® programs, including the leasing or provision of bins, will be deemed assumed by the applicable Debtor(s) in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date unless such contract (i) has been previously rejected or assumed by order of the Bankruptcy Court, (ii) is subject to a motion to reject filed on or prior to the Effective Date, (iii) is listed on Plan Supplement 11B, or (iv) has been designated for rejection in accordance with Section 5.2(a) of this Plan. The Cure amount to be paid in connection with the assumption of any and all such Paper Retriever® and EcoRewards® contracts that are not specifically identified in Plan Supplement 11A shall be \$0.00.

(e) Utility Agreements. To the extent that (i) the Debtors are party to any utility service contract or similar agreement with a utility, (ii) such agreement constitutes an executory contract, and (iii) such agreement (A) has not been previously rejected or assumed by order of the Bankruptcy Court, (B) is not subject to a motion to reject such executory contract or unexpired lease filed on or prior to the Effective Date, (C) is not listed on Plan Supplement 11A or Plan Supplement 11B, (D) has not been designated for rejection in accordance with Section 5.2(a), such utility service contract or similar agreement with a utility (including any modifications, amendments, supplements, restatements or other related agreements) will be deemed assumed by the applicable Debtor(s) in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. The Cure amount to be paid in connection with the assumption of a utility service contract or similar agreement with a utility that is not specifically identified in Plan Supplement 11A shall be \$0.00.

(f) Collective Bargaining Agreements. Unless otherwise requested in any motion filed on or prior to the Effective Date, all Collective Bargaining Agreements set forth on Plan Supplement 1 shall be deemed to have been assumed by the Debtors party thereto upon the occurrence of the Effective Date, as such Collective Bargaining Agreements may have been amended from time to time. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the pertinent Debtor's assumption of each Collective Bargaining Agreement to which it is a party for the remaining term of agreement of each such Collective Bargaining Agreement as in effect on the Effective Date. The Cure amount to be paid in connection with the assumption of such Collective Bargaining Agreements shall be \$0.00.

(g) Payments Related to Assumption of Executory Contracts and Unexpired Leases. Except as otherwise provided herein, any monetary amounts by which each executory contract and unexpired lease to be assumed under this Plan may be in default shall be satisfied by Cure in the amount, if any, set forth in Plan Supplement 11A, or, in the event of an objection to such Cure amount or if no such Cure amount is listed, in the amount agreed between the parties or as ordered by the Bankruptcy Court or another court of competent jurisdiction. If the non-Debtor party to the unexpired lease or executory contract does not object to the amount of Cures set forth in Plan Supplement 11A on or before the Voting Deadline, such non-Debtor party shall be deemed to accept such Cure amount. In the event of a dispute regarding (a) the nature or amount of any Cure, (b) the ability of the applicable Reorganized Debtor or any assignee to provide “adequate assurance of future performance” within the meaning of section 365 of the Bankruptcy Code under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, such dispute shall be determined by the Bankruptcy Court, or as the parties may otherwise agree. To the extent that the Debtor who is a party to the unexpired lease or executory contract is to be merged pursuant to Sections 6.2 and 6.3 of this Plan, upon assumption as contemplated herein, the Reorganized Debtor that is the surviving entity after such merger shall be the party to the unexpired lease or executory contract.

5.2 Rejection of Executory Contracts and Unexpired Leases.

(a) Rejection Generally. On the Effective Date, except for an executory contract or unexpired lease that was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court or that is assumed pursuant to Section 5.1, each executory contract or unexpired lease entered into by a Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms shall be deemed rejected pursuant to section 365 of the Bankruptcy Code. The executory contracts or unexpired leases to be rejected pursuant to this Plan will include the executory contracts or unexpired leases listed on Plan Supplement 11B. Each executory contract and unexpired lease listed on Plan Supplement 11B shall be rejected only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Listing a contract on Plan Supplement 11B will not constitute an admission by a Debtor or Reorganized Debtor that such contract or lease is an executory contract or unexpired lease or that a Debtor or Reorganized Debtor has any liability thereunder. Regardless of whether an executory contract or unexpired lease is listed on Plan Supplement 11B, it will be deemed rejected unless such contract (a) is listed on Plan Supplement 11A, (b) was previously assumed, assumed and assigned, or rejected by order of the Bankruptcy Court, or (c) is deemed assumed pursuant to Section 5.1(c) and 5.1(d).

(b) Rejection Damages Bar Date. Unless an earlier Claims Bar Date applies, if the rejection by a Debtor of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against any Debtor unless a Proof of Claim with respect to such Claim is filed with the Claims and Noticing Agent and served upon counsel to the Debtors or the Reorganized Debtors (as the case may be) within thirty (30) days after (a) filing of a notice of the occurrence of the Effective Date or (b) entry of an order authorizing the rejection of such executory contract or unexpired lease.

5.3 Limited Extension of Time to Assume or Reject. In the event of a dispute as to whether a contract or lease is executory or unexpired, the right of the Debtors or

Reorganized Debtors to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after the entry of a Final Order by the Bankruptcy Court determining that the contract or lease is executory or unexpired. The deemed assumptions and rejections provided for in this Article V of the Plan shall not apply to such contract or lease.

5.4 Insurance Policies and Agreements. The insurance policies issued to, or insurance agreements entered into by, the Debtors prior to the Petition Date set forth on Plan Supplement 2 shall continue in effect after the Effective Date. To the extent that such insurance policies or agreements are considered to be executory contracts, then, notwithstanding anything to the contrary in the Plan, the Plan shall constitute a motion to assume or ratify such insurance policies and agreements, and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of each Debtor and its Estate. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments shall be required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy or agreement. If the Bankruptcy Court determines otherwise as to any such insurance policy or agreement, the Debtors reserve the right to seek the rejection of such insurance policy or agreement or other available relief.

5.5 Miscellaneous.

(a) The Debtors reserve the right to file a motion on or before the Confirmation Date to assume or reject any executory contract or unexpired lease.

(b) Subject to Section 5.5(d), but notwithstanding any other provision of this Plan, each of the Debtors shall retain the right to, at any time prior to the Confirmation Hearing, modify, amend or supplement Plan Supplement 11A and Plan Supplement 11B, including the right to (i) delete any executory contract or unexpired lease listed therein, (ii) add any executory contract or unexpired lease thereto, thus providing for its assumption or assumption and assignment pursuant to Section 5.1, or its rejection pursuant to Section 5.2 as the case may be, or (iii) modify the Cure Amount.

(c) The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumption, assumption and assignment, or rejection of the executory contracts and unexpired leases as contemplated in this Article V pursuant to section 365 of the Bankruptcy Code, as of the later of: (a) the Effective Date; or (b) the resolution of any objection to the proposed assumption, assumption and assignment, or rejection of an such executory contract or unexpired lease.

(d) The Debtors or Reorganized Debtors shall not assume any executory contract or unexpired lease that would result in Cure costs greater than \$1 million without the consent of the Creditors Committee, such consent not to be unreasonably withheld.

ARTICLE VI

IMPLEMENTATION OF PLAN

6.1 Pre-Effective Date Injunction or Stays. All injunctions or stays, whether by operation of law or by order of the Bankruptcy Court, provided for in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise that are in effect on the Confirmation Date shall remain in full force and effect until the Effective Date.

6.2 Restructuring Transactions. Effective as of the Effective Date, the applicable Debtors and Reorganized ABH shall enter into one or more corporate reorganization and related transactions and take any actions as may be necessary or appropriate to simplify their corporate structure and to effect a tax efficient corporate restructuring of their respective businesses, in each case upon consultation with the Creditors Committee. The restructuring transactions may include one or more intercompany mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, liquidations or other transactions as may be determined by the Debtors or Reorganized ABH to be necessary or appropriate. The Debtors shall file Plan Supplement 12 setting forth the restructuring transactions that will occur.

6.3 Dissolution of Certain Debtors. On or as of the Effective Date, within the sole and exclusive discretion of the Debtors, the Debtors may, subject to Section 6.2 of this Plan but notwithstanding any other transactions described in this Article VI, (a) cause any or all of the Debtors to be merged into one or more of the Debtors, dissolved, or otherwise consolidated, (b) cause the transfer of assets between or among the Debtors, or (c) engage in any other transaction in furtherance of the Plan. Any such transaction shall be effective as of the Effective Date pursuant to the Confirmation Order without any further action by the stockholders or directors of any of the Debtors or the Reorganized Debtors. The Debtors shall file Plan Supplement 3 with the Bankruptcy Court setting forth the Debtors that will be merged or dissolved.

6.4 Amended Certificates of Incorporation and Bylaws. As of the Effective Date, the current certificates of incorporation and bylaws of the Debtors and other similar formation documents as applicable, shall be amended as necessary to satisfy the provisions of this Plan and the Bankruptcy Code, including, without limitation, the prohibition against the issuance of non-voting equity securities set forth in section 1123(a)(6) of the Bankruptcy Code (collectively, the “Amended Certificates of Incorporation and Bylaws”). The forms of Amended Certificates of Incorporation and Bylaws in Plan Supplements 4A and 4B shall become effective on the Effective Date. After the Effective Date, the Amended Certificates of Incorporation and Bylaws shall be subject to such further amendments or modifications as may be made by law, or pursuant to such Amended Certificates of Incorporation and Bylaws.

6.5 No Further Approvals. The mergers, transfers of assets, dissolutions, consolidations and other transactions contemplated in this Plan shall be approved and effective as of the Effective Date without the need for any further state or local regulatory approvals or approvals by any non-Debtor parties, and without any requirement for further action by the Debtors, Reorganized Debtors, or any entity created to effectuate the provisions of the Plan.

6.6 Pre-Effective Date Management. After the Confirmation Date and until the Effective Date, the current directors and officers of each Debtor shall continue to serve in such capacities, subject to such changes as may be determined by the Board of Directors of a Debtor in accordance with the current bylaws and certificates of incorporation or other formation document of such Debtor.

6.7 Post-Effective Date Management of Reorganized Debtors.

(a) Board. As of the Effective Date, the directors and officers of each Debtor that is not a Reorganized Debtor will be terminated. A search committee (the "Search Committee"), consisting of three (3) members of the Creditors Committee, three (3) members of the Ad Hoc Unsecured Noteholders Committee, and one (1) representative of the Company shall be formed to select the Board. Among other things, the Search Committee shall be responsible for selecting the board of directors for Reorganized ABH (the "Board"), determining the number of directors (including the number of independent directors) comprising the Board, and defining the terms and other qualifications for such directors.

(b) Officers. As of the Effective Date, the initial officers of Reorganized ABH shall be the persons identified in Plan Supplement 5A. The term of any current officer of AbitibiBowater not identified as an officer of Reorganized ABH shall expire on the Effective Date.

(c) Unless otherwise provided in Plan Supplement 5B, the directors and officers of each of the Debtors other than AbitibiBowater shall continue to serve in such capacities with respect to the Reorganized Debtors after the Effective Date.

(d) The Debtors shall file Plan Supplement 5B with the Bankruptcy Court on or before the Supplement Filing Date setting forth the names, affiliations and offices of, and the compensation proposed to be paid to, the individuals intended to serve as directors and officers of each Reorganized Debtor on and after the Effective Date. On and after the Effective Date, each Reorganized Debtor shall be governed in accordance with the Amended Certificates of Incorporation and Bylaws or similar formation document.

6.8 Management and Director Compensation and Incentive Plans and Programs. On or as soon as practicable after the Effective Date, the Reorganized Debtors will adopt and implement a management stock incentive program, and such other management and director compensation and incentive programs as reasonably determined by the Debtors and Reorganized Debtors, as set forth in Plan Supplement 6 to be filed on or before the Supplement Filing Date; provided, however, that the Debtors and Reorganized Debtors shall reserve 8.5% on a fully diluted basis of the New ABH Common Stock for issuance pursuant to such management and director compensation and incentive programs. As of the Effective Date, all existing director and management compensation plans and programs set forth in Plan Supplement 6A shall remain in effect and the plans and programs set forth in Plan Supplement 6B shall be terminated. The form and substance of the management and director compensation and incentive plans and programs assumed or adopted by the Debtors and set forth in Plan Supplement 6A and 6B shall be reasonably acceptable to the Creditors Committee.

6.9 Employee Compensation and Benefit Programs. As of the Effective Date, all of the Debtors' existing retirement income plans, welfare benefit plans, severance policies and other employee-related plans and programs set forth in Plan Supplement 7A, including all the Debtors' existing U.S. and Canadian Pension Plans, shall remain in effect, as amended, and the plans and programs set forth in Plan Supplement 7B shall be terminated; After the Effective Date, the Reorganized Debtors shall have the sole authority to terminate, amend or implement retirement income plans, welfare benefit plans and other plans and programs for employees in accordance with the terms of such plans and applicable law. The form and substance of the employee compensation and benefit programs assumed by the Debtors set forth in Plan Supplement 7A shall be reasonably acceptable to the Creditors Committee.

6.10 U.S. Pension Plans. Upon the occurrence of the Effective Date, Bowater Inc., and Abitibi-Consolidated Sales Corporation (collectively, the "U.S. Plan Sponsors") and as reorganized under the Plan, the "Reorganized U.S. Plan Sponsors") shall continue the U.S. Pension Plans, including meeting the minimum funding standards under ERISA and the Internal Revenue Code, paying all PBGC insurance premiums, and administering and operating the U.S. Pension Plans in accordance with their terms and ERISA. Nothing in the Plan or in this Order shall be deemed to discharge, release, or relieve the Debtors, the Reorganized Debtors, any member of the Debtors' controlled groups (as defined in 29 U.S.C. § 1301(a)(14)) or any other party, in any capacity, from any current or future liability with respect to the U.S. Pension Plans, and PBGC and the U.S. Pension Plans shall not be enjoined or precluded from enforcing such liability as a result of the Plan's provisions or confirmation of the Plan. Upon the Effective Date, PBGC shall be deemed to have withdrawn any and all proofs of claim filed against the Debtors with prejudice. After the Effective Date, the Reorganized U.S. Plan Sponsors shall have the authority to terminate, amend or freeze the U.S. Pension Plans in accordance with the terms of the U.S. Pension Plans, ERISA and the Internal Revenue Code.

6.11 Exit Financing Facilities. On the Effective Date, the Reorganized Debtors will enter into definitive documentation, in a form and in substance satisfactory to the Debtors and reasonably acceptable to the Creditors Committee, with respect to the Exit Financing Facilities in an aggregate amount up to \$2.3 billion, less cash on hand and proceeds from the Rights Offering. On or about the Effective Date, the Debtors shall borrow funds under the Exit Financing Facilities in amounts which, together with such other cash as is then available to the Debtors, will be sufficient to make all Cash distributions to be made under this Plan and the CCAA Plan.

6.12 Rights Offering. Subject to the auction process and bidding procedures referred to in the Backstop Agreement, the Debtors may implement a rights offering (the "Rights Offering") for the issuance of securities, on terms and in substance reasonably satisfactory to the Debtors, in an amount not to exceed \$500 million and consistent with the terms of the Backstop Agreement. Among other things, the Rights Offering will be made available to creditors in the Chapter 11 Cases and the CCAA Proceedings and will be subject to approval by the Canadian Court and the Bankruptcy Court. The form and substance of the Rights Offering approved by the Bankruptcy Court shall be reasonably acceptable to the Creditors Committee.

6.13 Issuance of New ABH Common Stock.

(a) New ABH Common Stock. On the Effective Date, Reorganized ABH shall authorize and issue New ABH Common Stock for distribution in accordance with this Plan and the CCAA Plan, subject to Dilution; provided, however, that as set forth in Section 6.8 of this Plan, Reorganized ABH shall reserve shares representing 8.5% on a fully diluted basis of the New ABH Common Stock for issuance pursuant to management and director incentive programs.

(b) Section 1145 Exemption. The issuance of the New ABH Common Stock and the distribution, transfer or exchange thereof in accordance with this Plan and the CCAA Plan shall be exempt from registration under applicable securities laws (including without limitation, Section 5 of the Securities Act or any similar state or local law requiring the registration for offer or sale of a security or registration or licensing of an issuer of a security) pursuant to section 1145(a) of the Bankruptcy Code, and may be sold without registration to the extent permitted under section 1145 of the Bankruptcy Code.

(c) Listing on Exchange. The Reorganized Debtors shall use their reasonable best efforts to cause the New ABH Common Stock to be listed on the New York Stock Exchange, the NASDAQ Global Market or NASDAQ Global Select Market and the Toronto Stock Exchange.

6.14 Dissolution of Committee. Subject to Section 4.3, on and as of the Effective Date, the Creditors Committee shall be dissolved, and its members shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases.

6.15 Effectuating Documents; Further Transactions. The Chief Executive Officer, President, Chief Financial Officer or Chief Legal Officer of Reorganized ABH or any Debtor shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of this Plan, without any further order of the Bankruptcy Court and without the requirement of any further action by any stockholder or director of any of the Debtors or Reorganized Debtors. The Secretary or any Assistant Secretary of each Debtor or Reorganized Debtor shall be authorized to certify or attest to any of the foregoing actions.

6.16 Surrender of Existing Securities. As soon as practicable after the Effective Date, each holder of an Unsecured Note Claim shall surrender its note(s) to the relevant Indenture Trustee (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes), or in the event such note(s) are held in the name of, or by a nominee of, The Depository Trust Company, the Reorganized Debtors shall seek the cooperation of The Depository Trust Company to provide appropriate instructions to the Indenture Trustees (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes). No distributions under the Plan shall be made for or on behalf of such holder unless and until such note(s) is received by the Indenture Trustees (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes) or the loss, theft or destruction of such note(s) is

established to the reasonable satisfaction of the applicable Indenture Trustee (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes), which satisfaction may require such holder to submit (a) a lost instrument affidavit and (b) an indemnity bond holding the Debtors, the Reorganized Debtors, and the Indenture Trustees, harmless in respect of such note and distributions made thereof. Upon compliance with this Section 6.16 by a holder of any Unsecured Note Claim, such holder shall, for all purposes under the Plan, be deemed to have surrendered such Unsecured Note Claim. Any holder that fails to surrender such Unsecured Note or satisfactorily explain its non-availability to the applicable Indenture Trustee (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes) within one (1) year of the Effective Date shall be deemed to have no further Claim against the Debtors, the Reorganized Debtors (or their property), or the Indenture Trustees in respect of such Claim and shall not participate in any distribution under the Plan. All property in respect of such forfeited distributions, including interest thereon, shall be promptly returned to the Reorganized Debtors by the applicable Indenture Trustee (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes), and any such security shall be cancelled. Notwithstanding the foregoing, if the record holder of an Unsecured Note Claim is DTCC or its nominee or such other securities depository or custodian thereof, or if an Unsecured Note Claim is held in book-entry or electronic form pursuant to a global security held by DTCC or such other securities depository or custodian thereof, then the beneficial holder of such an Allowed Unsecured Note Claim shall be deemed to have surrendered such holder's security, note, debenture or other evidence of indebtedness upon surrender of such global security by DTCC or such other securities depository or custodian thereof.

6.17 Allowed Intercompany Claims and Allowed Intercompany Interests. Each Debtor that holds an Allowed Intercompany Claim shall be entitled to account for such Allowed Intercompany Claim in its books and records as an asset of such Debtor and shall be deemed to have received distributions on account of such Allowed Intercompany Claim. Prior to effectiveness of the discharge of Allowed Intercompany Claims and Allowed Intercompany Interests pursuant to Section 2.15 of this Plan, the Debtors and Reorganized ABH, as the case may be, shall have the right to retain for the benefit of Reorganized ABH such Allowed Intercompany Claims and Allowed Intercompany Interests, or effect such transfers and setoffs with respect to, Allowed Intercompany Claims and Allowed Intercompany Interests as they may deem appropriate for accounting, tax and commercial business purposes, to the fullest extent permitted by applicable law.

ARTICLE VII

CONDITIONS PRECEDENT

7.1 Conditions to Confirmation. The following are conditions precedent to Confirmation of this Plan that may be satisfied or waived in accordance with Section 7.3 of this Plan:

(a) The Bankruptcy Court shall have approved by Final Order a Disclosure Statement with respect to this Plan in form and substance reasonably acceptable to the Debtors, the Creditors Committee, and the Monitor; and

(b) The Debtors shall have entered into a backstop agreement and Rights Offering, if necessary, and commitment agreements for the Exit Financing Facilities, in form and substance reasonably acceptable to the Debtors, the Creditors Committee and the Monitor, and all fees and expenses related thereto shall have been approved by the Bankruptcy Court.

7.2 Conditions to the Effective Date. The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Section 7.3 of this Plan.

(a) The Confirmation Order in form and substance reasonably acceptable to the Debtors, the Creditors Committee and the Monitor shall have been entered by the Bankruptcy Court;

(b) The Confirmation Order shall be a Final Order, the Confirmation Date shall have occurred, and no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code shall have been made, or, if made, shall remain pending;

(c) The Sanction Order in form and substance reasonably acceptable to the Debtors and the Creditors Committee shall have been entered by the Canadian Court;

(d) The operation and effect of the Sanction Order shall not have been stayed, reversed or amended;

(e) The Reorganized Debtors shall have entered into the Exit Financing Facilities, all conditions precedent to the consummation thereof shall have been waived or satisfied in accordance with the terms thereof and, simultaneous with the Effective Date, the Exit Financing Facilities shall be in full force and effect;

(f) The Reorganized Debtors shall have entered into a backstop agreement and the Rights Offering documents, if necessary, and all conditions precedent to the consummation thereof shall have been waived or satisfied in accordance with the terms thereof and, simultaneous with the Effective Date, the backstop agreement and the Rights Offering documents shall be in full force and effect;

(g) The Exhibits, Supplements, schedules, documents, or agreements to be executed in connection with this Plan shall be in form and substance reasonably acceptable to the Debtors, and such documents (other than ministerial documents executed in connection with this Plan) are reasonably acceptable to the Creditors Committee and the Monitor;

(h) All statutory fees then due and payable to the United States Trustee shall have been paid in full; and

(i) all conditions precedent to the implementation of the CCAA Plan but for the implementation of the Plan shall have been satisfied or waived.

7.3 Waiver of Conditions. The Debtors may waive any or all of the conditions set forth in Sections 7.1 and 7.2 of this Plan (except for the conditions set forth in Section 7.1(a),

7.2(a) or 7.2(c)) at any time; provided, however, that other than for the waiver of technical or immaterial conditions, the Debtors may not waive any condition without the prior consent of the Creditors Committee, such consent not to be unreasonably withheld. Any such waiver may be effected at any time by filing a notice thereof with the Bankruptcy Court. No waiver or non-waiver of any conditions to Confirmation or to the occurrence of the Effective Date shall diminish the application of the mootness doctrine with respect to the Confirmation of this Plan or any order entered in connection therewith, which doctrine shall apply to the fullest extent of applicable law.

7.4 Notice of Effective Date. The Debtors shall file with the Bankruptcy Court a notice of the occurrence of the Effective Date within a reasonable period of time after the conditions in Section 7.2 of the Plan have been satisfied or waived pursuant to Section 7.3 of the Plan.

7.5 Order Denying Confirmation. If an Order denying confirmation of the Plan is entered by the Bankruptcy Court and such Plan is not consummated, then nothing contained in the Plan shall (a) constitute a waiver or release of any Claims against or Interests in the Debtors, (b) prejudice in any manner the rights of the Holder of any Claim against, or Interest in, the Debtors, (c) prejudice in any manner any right, remedy or Claim of the Debtors, (d) be deemed an admission against interest by the Debtors, or (e) constitute a settlement, implicit or otherwise, of any kind whatsoever.

ARTICLE VIII

EFFECT OF THIS PLAN ON ASSETS, CLAIMS AND INTERESTS

8.1 Revesting of Assets. Except as provided in this Plan, on the Effective Date, all property of the Estates, to the fullest extent provided by section 541 of the Bankruptcy Code, and any and all other rights and assets of the Debtors of every kind and nature shall revert in the Reorganized Debtors free and clear of all Liens, Claims and Interests other than (a) those Liens, Claims and Interests retained or created pursuant to this Plan or any document entered into in connection with the transactions described in this Plan and (b) Liens that have arisen subsequent to the Petition Date on account of taxes that arose subsequent to the Petition Date.

8.2 Discharge of Claims and Termination of Interests.

(a) **As of the Effective Date, except as otherwise provided in this Plan or the Confirmation Order and with respect to the Secured Funded Debt Claims, only upon payment of the Secured Funded Debt Claims in full as provided in this Plan, the rights afforded under this Plan and the treatment of Claims and Interests under this Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims and satisfaction or termination of all Interests, including any Claims arising under the Secured Funded Debt Agreements, the DIP Facility Documents, the DIP Facility Order, the Securitization Facility and the Securitization Order (whether or not such Claims are indemnification claims that purport to survive consummation of the Plan). Except as otherwise provided in this Plan or the Confirmation Order, Confirmation shall, as of the Effective Date: (i) discharge the Debtors from all Claims or other debts that arose before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of**

the Bankruptcy Code, whether or not (w) a Proof of Claim is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (x) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code (y) the holder of a Claim based on such debt has accepted this Plan or (z) such Claim is listed in the Schedules; and (ii) satisfy, terminate or cancel all Interests and other rights of equity security holders in the Debtors.

(b) As of the Effective Date, except as otherwise provided in this Plan or the Confirmation Order and with respect to the Secured Funded Debt Claims, only upon payment of the Secured Funded Debt Claims in full as provided in this Plan, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, or their respective successors or property, any other or further Claims, demands, debts, rights, causes of action, liabilities or equity interests based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in this Plan or the Confirmation Order, the Confirmation Order will be a judicial determination, as of the Effective Date, of discharge of all such Claims and other debts and liabilities against the Debtors and satisfaction, termination or cancellation of all Interests and other rights of equity security holders in the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge will void any judgment obtained against the Debtors or the Reorganized Debtors at any time, to the extent that such judgment relates to a discharged Claim.

8.3 Cancellation of Liens. Except as otherwise provided in the Plan, on the Effective Date, and with respect to the Secured Funded Debt Claims, only upon payment of the Secured Funded Debt Claims in full as provided in this Plan, (a) all Liens, Administrative Claims and rights related to any Claim or Interest, including, without limitation, those existing under the Secured Funded Debt Agreements, the DIP Facility Documents, the DIP Facility Order, the Securitization Facility and the Securitization Order shall be deemed released, terminated, null and void and of no effect, and (b) any Lien securing any Other Secured Claim (other than a Lien securing an Other Secured Claim that is Reinstated pursuant to the Plan) shall be deemed released, terminated, null and void and of no effect. The holder of Claims (other than a holder of any Other Secured Claim that is Reinstated pursuant to the Plan) shall be authorized and directed to release any collateral or other property of any Debtor (including any cash collateral) held by such holder and to take such actions as may be requested by the Debtors (or the Reorganized Debtors, as the case may be) to evidence the release of such Lien, including the execution, delivery, and filing or recording of such release documents as may be reasonably requested by the Debtors (or the Reorganized Debtors, as the case may be) and the Debtors (or the Reorganized Debtors, as the case may be) are hereby authorized to take any actions on or after the Effective Date as required to effectuate the release of collateral or other property of any Debtor or any subsidiary of a Debtor (including, without limitation, filing of appropriate termination statements and directing third-parties holding collateral or other property of any Debtor to promptly remit such collateral or property without further consent of any other party).

8.4 Injunctions.

(a) Except as otherwise provided in this Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of this Plan are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Interests or rights: (i) commencing or continuing in any manner any action or other proceeding against the Debtors or the Reorganized Debtors or their respective property; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors or the Reorganized Debtors or their respective property; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors or the Reorganized Debtors or their respective property; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors or the Reorganized Debtors or their respective property; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of this Plan.

(b) Except as otherwise provided in this Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold or may hold a Claim, demand, debt, right, cause of action or liability that is released pursuant to this Plan are permanently enjoined from taking any of the following actions on account of such released Claims, demands, debts, rights, causes of action or liabilities: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released Person; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of this Plan.

(c) In exchange for the distributions pursuant to this Plan, each holder of an Allowed Claim receiving such distribution pursuant to this Plan will be deemed to have specifically consented to the injunctions set forth in this Section 8.4.

8.5 Releases.

(a) Mutual Releases. On the Effective Date, (a) the Debtors and the Reorganized Debtors, on behalf of themselves and their Estates, any Person seeking to exercise any rights of the Debtors, the Reorganized Debtors or their Estates, including any successor to the Debtors or the Reorganized Debtors or any estate representative appointed or selected pursuant to section 1123 of the Bankruptcy Code, (b) all of their respective officers, directors, employees, partners, advisors, attorneys, financial advisors, accountants and other professionals, (c) the members of, and counsel and financial advisors to, the Creditors Committee, (d) the members of, and counsel and financial advisors to, the Ad Hoc Unsecured Noteholders Committee, (e) the DIP Agent and the DIP Lenders, each in their capacities as such, and their respective legal counsel and financial advisors, (f) Citibank, N.A., Barclays Bank PLC and Barclays Capital Inc., in their respective capacities

under the Securitization Facility, (g) the Indenture Trustees, each in their capacity as such, (h) the Monitor in its capacity as such, its current officers and directors, and its legal counsel and financial advisors, and (i) the Secured Funded Debt Administrative Agents and Secured Funded Debt Lenders, each in their capacity as such, and their counsel and financial advisors, (collectively clauses (a) through (i) being the “Released Parties,” and each a “Released Party”) shall be deemed to and shall unconditionally and irrevocably release each other from any and all claims, obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon actions taken in their respective capacities described above or any omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 15 Debtors, the CCAA Debtors, the Chapter 11 Cases, the Chapter 15 Cases, the CCAA Proceedings, the Rights Offering, the Plan, and the CCAA Plan, except that (i) no individual shall be released from any act or omission that constitutes gross negligence or willful misconduct, (ii) the Reorganized Debtors shall not relinquish or waive the right to assert any of the foregoing as a legal or equitable defense or right of setoff or recoupment against any Claims of any such Persons asserted against the Debtors or the Reorganized Debtors, and (iii) the foregoing release shall not apply to any express contractual or financial obligations owed to the Debtors or Reorganized Debtors or any obligation arising under the Plan or an agreement entered into pursuant to, or contemplated by, the Plan.

(b) Releases By Non-Debtors. On and as of the Effective Date, all Persons who (a) directly or indirectly have held, hold, or may hold Claims or Interests, (b) vote to accept the Plan as set forth on the relevant Ballot, and (c) do not mark their Ballot to indicate their refusal to grant the releases described in the Plan, shall be deemed, by virtue of their receipt of distributions and/or other treatment contemplated under the Plan, to have absolutely, unconditionally, irrevocably, and forever released and covenanted with the Reorganized Debtors and the other Released Parties not to (y) sue or otherwise seek recovery from any of the Reorganized Debtors or any other Released Party on account of any Claim or Interest, including but not limited to any Claim based upon tort, breach of contract, violations of federal or state securities laws or otherwise, based upon any act, occurrence, or failure to act from the beginning of time through the Effective Date in any way relating to the Debtors or their business and affairs or (z) assert against any of the Reorganized Debtors or any other Released Party any claim, obligation, right, Cause of Action or liability that any holder of a Claim or Equity Interest may be entitled to assert, whether known or unknown, foreseen or unforeseen, existing or thereafter arising, based in whole or in part on any act or omission, transaction, or occurrence from the beginning of time through the Effective Date in any way relating to the Debtors, the Chapter 15 Debtors, the Chapter 11 Cases, the Chapter 15 Cases, the CCAA Proceedings, the Rights Offering, the Plan or the CCAA Plan; provided, however, that (i) none of the Released Parties shall be released from any claim based on any act or omission that constitutes gross negligence or willful misconduct, (ii) such release shall not apply to Ordinary Course Administrative Claims and Fee Claims or obligations arising under the Plan, and (iii) such release shall not be construed to prohibit a party in interest from seeking to enforce the terms of the Plan.

8.6 **Exculpation and Limitation of Liability.** The Debtors, the Reorganized Debtors and the other Released Parties (a) shall have no liability whatsoever to one another or any holder or purported holder of a Claim or Equity Interest, or any other party-in-interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, or any of their successors or assigns, for any act or omission in connection with, or arising out of, the Plan, the Disclosure Statement, the settlement of Claims or renegotiation of executory contracts and leases, the negotiation of the Plan, the negotiation of the Plan Supplement Documents, the Exit Facility Documents, the Rights Offering, the Rights Offering Documents, the pursuit of approval of the Disclosure Statement or the Plan, or the solicitation of votes for confirmation of the Plan, the Chapter 11 Cases, the Chapter 15 Cases, the consummation of the Plan or the CCAA Plan, the administration of the Plan or the property to be distributed under the Plan, or any transaction contemplated by the Plan or Disclosure Statement, or in furtherance thereof, or any obligations that they have under or in connection with the Plan or the transactions contemplated by this Plan (collectively, the “Exculpated Claims”), except for any act or omission that constitutes willful misconduct or gross negligence as determined by a Final Order, and (b) in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. No holder of any Claim or Interest, or other party-in-interest, none of their respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, and no successors or assigns of the foregoing, shall have any right of action against the Released Parties with respect to the Exculpated Claims. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations and any other applicable law or rules protecting such Released Parties from liability.

8.7 **Retention and Enforcement and Release of Causes of Action.** Subject to Section 4.3, except as otherwise provided in the Plan, the Confirmation Order, or in any document, instrument, release or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Debtors and their Estates shall retain the Causes of Action including, without limitation, the Causes of Action identified on Plan Supplement 10 (the “Retained Causes of Action”). Subject to Section 4.3, the Reorganized Debtors, as the successors in interest to the Debtors and their Estates, may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the Litigation Claims. The Debtors or the Reorganized Debtors expressly reserve all rights to prosecute any and all Litigation Claims against any Person, except as otherwise expressly provided in the Plan, and no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Litigation Claims upon, after, or as a consequence of Confirmation or the occurrence of the Effective Date.

ARTICLE IX

CERTAIN CROSS-BORDER INSOLVENCY PROVISIONS

9.1 **No Double Recovery on Allowed Cross-Border Claims.** To the extent that the same Claim is an Allowed Claim against a Cross-Border Debtor under this Plan and a Proven Claim against the same Cross-Border Debtor under the CCAA Plan (such claim, an “Allowed”

Cross-Border Claim”), (a) there shall only be a single recovery on account of such Allowed Cross-Border Claim, and (b) the aggregate distribution which such Allowed Cross-Border Claim shall receive, whether under this Plan, the CCAA Plan or a combination of both, shall not exceed the greatest distribution which such Allowed Cross-Border Claim would be entitled to receive as an Allowed Claim under this Plan or a Proven Claim under the CCAA Plan. The aggregate recovery on an Allowed Claim from all sources, including distributions under this Plan, the CCAA Plan or a combination of both, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, indemnity agreement, joint and several obligations or otherwise, shall not exceed 100% of the face amount of the underlying Allowed Claim.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1 Retention of Jurisdiction. Following the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising from or relating to the Chapter 11 Cases to the fullest extent of applicable law, including, without limitation:

(a) To determine the validity under any applicable law, allowability, classification and priority of Claims and Interests upon objection, or to estimate, pursuant to section 502(c) of the Bankruptcy Code, the amount of any Claim that is or is anticipated to be contingent or unliquidated as of the Effective Date;

(b) To construe and to take any action authorized by the Bankruptcy Code and requested by the Reorganized Debtors or any other party in interest to enforce this Plan and the documents and agreements filed in connection with this Plan, issue such orders as may be necessary for the implementation, execution and consummation of this Plan, without limiting the generality of the foregoing, orders to expedite regulatory decisions for the implementation of this Plan and to ensure conformity with the terms and conditions of this Plan, such documents and agreements and other orders of the Bankruptcy Court, notwithstanding any otherwise applicable non-bankruptcy law;

(c) To determine any and all applications for allowance of compensation and expense reimbursement of Professionals retained by the Debtors, the Reorganized Debtors or the Creditors Committee, and for members of the Creditors Committee, for periods on or before the Effective Date, and to determine any other request for payment of administrative expenses;

(d) To determine all matters that may be pending before the Bankruptcy Court on or before the Effective Date;

(e) To resolve any dispute regarding the implementation or interpretation of this Plan, or any related agreement or document that arises at any time before the Chapter 11 Cases are closed, including the determination, to the extent a dispute arises, of the entities entitled to a distribution within any particular Class of Claims and of the scope and nature of the Reorganized Debtors’ obligations to cure defaults under assumed contracts, leases, franchises and permits;

(f) To determine any and all matters relating to the rejection, assumption or assignment of executory contracts or unexpired leases entered into prior to the Petition Date, the nature and amount of any Cure required for the assumption of any executory contract or unexpired lease, and the allowance of any Claim resulting therefrom, including the amount, validity and treatment under any applicable law of any Claim for damages arising from or related to the rejection of any such contract (including that certain Call Agreement between Woodbridge International Holdings, Ltd., Woodbridge International Holdings SA, Woodbridge Co. Ltd., Abitibi Consolidated Sales Corp., and ACI, dated September 6, 2001, as amended);

(g) To determine all applications, adversary proceedings, contested matters and other litigated matters that were brought or that could have been brought in the Bankruptcy Court on or before the Effective Date;

(h) To determine matters concerning local, state and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, and to determine any tax claims that may arise against the Debtors or the Reorganized Debtors as a result of the transactions contemplated by this Plan; and

(i) To modify this Plan pursuant to section 1127 of the Bankruptcy Code or to remedy any apparent nonmaterial defect or omission in this Plan, or to reconcile any nonmaterial inconsistency in this Plan so as to carry out its intent and purposes.

From the Confirmation Date through the Effective Date, the Bankruptcy Court shall retain jurisdiction with respect to each of the foregoing items and all other matters that were subject to its jurisdiction prior to the Confirmation Date. Nothing contained herein shall be construed to increase, decrease or otherwise modify the independence, sovereignty or jurisdiction of the Bankruptcy Court, the Canadian Court, or any other court or tribunal in the United States or Canada, including the ability of any such court or tribunal to provide appropriate relief under applicable law on an ex parte or “limited notice” basis.

10.2 Terms Binding. Upon the occurrence of the Effective Date, all provisions of this Plan, including all agreements, instruments and other documents filed in connection with this Plan and executed by the Debtors or the Reorganized Debtors in connection with this Plan, shall be binding upon the Debtors, the Reorganized Debtors, all Claim and Interest holders and all other Persons that are affected in any manner by this Plan. All agreements, instruments and other documents filed in connection with this Plan shall have full force and effect, and shall bind all parties thereto as of the entry of the Confirmation Order, whether or not such exhibits actually shall be executed by parties other than the Debtors or the Reorganized Debtors, or shall be issued, delivered or recorded on the Effective Date or thereafter. The rights, benefits and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

10.3 Governing Law. Except to the extent that the Bankruptcy Code or any other federal law is applicable or to the extent the law of a different jurisdiction is validly elected by the Debtors, the rights, duties and obligations arising under this Plan shall be governed in accordance with the substantive laws of the United States of America and, to the extent federal law is not applicable, the laws of the State of Delaware.

10.4 Severability. If the Bankruptcy Court determines at the Confirmation Hearing that any material provision of this Plan is invalid or unenforceable, such provision, subject to section 1127 of the Bankruptcy Code, shall be severable from this Plan and shall be null and void, and, in such event, such determination shall in no way limit or affect the enforceability or operative effect of any or all other portions of this Plan.

10.5 Confirmation Order and Plan Control. Except as otherwise provided in this Plan, in the event of any inconsistency between this Plan and the Disclosure Statement, any exhibit to this Plan or any other instrument or document created or executed pursuant to this Plan, this Plan shall control. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall control.

10.6 Incorporation by Reference. Each Exhibit, schedule or Supplement to this Plan is incorporated herein by reference.

10.7 Plan Supplements. Each of the Plan Supplements shall be in form and substance reasonably satisfactory to the Creditors Committee.

10.8 Modifications to this Plan. The Debtors may amend or modify this Plan, and any Exhibit, schedule or Supplement to this Plan, at any time prior to the Confirmation Date in accordance with the Bankruptcy Code and Bankruptcy Rules; provided, however, that other than for technical or immaterial amendments and modifications, the Debtors may not amend or modify this Plan without the prior consent of the Creditors Committee, such consent not to be unreasonably withheld. A holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or supplemented, if the proposed alteration, amendment, modification or supplement does not materially and adversely change the treatment of the Claim or Interest of such holder.

10.9 Revocation, Withdrawal or Non-Consummation. The Debtors reserve the right to revoke or withdraw this Plan at any time prior to the Effective Date. If the Debtors revoke or withdraw this Plan prior to the Effective Date, or if the Confirmation Date or the Effective Date does not occur, then this Plan, any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), the assumption or rejection of executory contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan, shall be null and void; provided, however, that all orders of the Bankruptcy Court and all documents executed pursuant thereto, except the Confirmation Order, shall remain in full force and effect. In such event, nothing contained herein, and no acts taken in preparation for consummation of this Plan, shall be deemed to constitute a waiver or release of any Claims by or against any of the Debtors or any other Person, to prejudice in any manner the rights of any of the Debtors or any Person in any further proceedings or to constitute an admission of any sort by any of the Debtors or any other Person.

10.10 Post-Confirmation Date Retention of Professionals. Upon the Effective Date, any requirement that professionals employed by the Reorganized Debtors comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Reorganized Debtors will be authorized

to employ and compensate professionals in the ordinary course of business and without the need for Bankruptcy Court approval.

10.11 Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer or exchange of any securities, instruments or documents under the Plan, (b) the creation of any mortgage, deed of trust, Lien, pledge or other security interest under the Plan, (c) the making or assignment of any lease or sublease pursuant to the Plan, or (d) the making or delivery of any deed or other instrument of transfer under, pursuant to, or in connection with the Plan, including, without limitation, any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, assignments, and transfers of tangible property executed in connection with the Plan, the Confirmation Order or the Sanction Order, shall not be subject to any stamp tax or similar tax or government assessment to the fullest extent provided for under the Bankruptcy Code.

10.12 Payment of Statutory Fees. All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date.

10.13 Payment of Fees and Expenses of Indenture Trustees. On the Effective Date (and thereafter with respect to fees and expenses relating to post-Effective Date service under the Plan or the CCAA Plan) or as soon as reasonably practicable thereafter, the Disbursing Agent shall pay in Cash all reasonable and documented fees and expenses of the Indenture Trustees (the “Indenture Trustee Fee Claims”); provided, however, that the Indenture Trustees and their advisors must provide reasonably detailed fee invoices to the Debtors or the Reorganized Debtors as a condition of payment hereunder (subject to redaction to preserve attorney-client privilege), and provided, further that the Indenture Trustees shall retain and may exercise their respective charging liens or priority payment rights (if any) until paid in full hereunder. Notwithstanding the foregoing, the Debtors or Reorganized Debtors may dispute any portion of the Indenture Trustee Fee Claims (a “Disputed Indenture Trustee Fee Claim”), in which case (a) the Debtors or Reorganized Debtors shall pay the portion of the Indenture Trustee Fee Claim that is not specifically disputed, and (b) in the absence of a consensual resolution of the Disputed Indenture Trustee Fee Claim, the Debtors, Reorganized Debtors or the applicable Indenture Trustee shall submit the Disputed Indenture Trustee Fee Claim to the Bankruptcy Court for adjudication.

10.14 Notice. All notices, requests and demands to or upon the Debtors or the Reorganized Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

ABITIBIBOWATER INC.
1155 Metcalfe Street, Suite 800
Montréal (Québec), Canada H3B 5H2
Attention: Jacques P. Vachon
Telephone: (514) 875-2160

with a copy to:

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Attention: Kelley A. Cornish
Alice Belisle Eaton
Claudia R. Tobler
Lauren Shumejda
Jacob A. Adlerstein
Telephone: (212) 373-3000
Facsimile: (212) 757-3990

and

YOUNG CONAWAY STARGATT & TAYLOR, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Attention: Pauline K. Morgan
Sean T. Greecher
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

10.15 Reservation of Rights. The filing of the Plan, the Disclosure Statement, any statement or provision contained in the Plan, or the taking of any action by the Debtors with respect to the Plan, shall not be and shall not be deemed to be an admission or waiver of any rights of the Debtors with respect to any holders of Claims against or Interests in the Debtors.

10.16 No Waiver. Neither the failure of a Debtor to list a Claim or Interest in the Debtor's Schedules, the failure of a Debtor to object to any Claim, Administrative Expense Claim or Interest for purposes of voting, the failure of a Debtor to object to a Claim, Administrative Expense Claim or Interest prior to the Confirmation Date or the Effective Date, nor the failure of a Debtor to assert a Retained Cause of Action prior to the Confirmation Date or the Effective Date shall, in the absence of a legally-effective express waiver or release executed by the Debtor with the approval of the Bankruptcy Court, if required, and with any other consents or approvals required under the Plan, be deemed a waiver or release of the right of a Debtor, a Reorganized Debtor, the Post-Effective Date Claims Agent or their respective successors, either before or after solicitation of votes on the Plan, the Confirmation Date or the Effective Date, to (a) object to or examine such Claim, Administrative Expense Claim or Interest, in whole or in part, or (b) retain or either assign or exclusively assert, pursue, prosecute,

utilize, or otherwise act or enforce any Retained Cause of Action against the holder of such Claim, Administrative Expense Claim or Interest.

Dated: May 21, 2010

AbitibiBowater Inc.
AbitibiBowater US Holding 1 Corp.
AbitibiBowater US Holding LLC
AbitibiBowater Canada Inc.
Bowater Alabama LLC
Bowater America Inc.
Bowater Canada Finance Corporation
Bowater Canadian Forest Products Inc.
Bowater Canadian Holdings Incorporated
Bowater Canadian Limited
Bowater Finance Company Inc.
Bowater Finance II LLC
Bowater Incorporated
Bowater LaHave Corporation
Bowater Maritimes Inc.
Bowater Newsprint South LLC
Bowater Newsprint South Operations LLC
Bowater Nuway Inc.
Bowater Nuway Mid-States Inc.
Bowater South American Holdings Incorporated
Bowater Ventures Inc.
Catawba Property Holdings, LLC
Coosa Pines Golf Club Holdings LLC
Donohue Corp.
Lake Superior Forest Products Inc.
Tenex Data Inc
ABH LLC 1
ABH Holding Company LLC

By: /s/ William G. Harvey
Name: William G. Harvey
Title: Authorized Signatory
Chief Financial Officer, AbitibiBowater Inc.

-- and --

Abitibi Consolidated Sales Corporation
Abitibi-Consolidated Corp.
Abitibi-Consolidated Finance LP
Abitibi-Consolidated Alabama Corporation
Augusta Woodlands LLC
Alabama River Newsprint Company

By: /s/ Jacques P. Vachon
Name: Jacques P. Vachon
Title: Authorized Signatory
Senior Vice President, AbitibiBowater Inc.

Exhibit A

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Plan Exhibit A
List of Debtors, Cross Border Debtors, CCAA Debtors and Canadian Debtors

Chapter 11 Debtor	Case Number
AbitibiBowater Inc.	09-11296
AbitibiBowater US Holding 1 Corp.	09-11331
AbitibiBowater US Holding LLC	09-11297
AbitibiBowater Canada Inc.	09-11321
Abitibi-Consolidated Alabama Corporation	09-11300
Abitibi-Consolidated Corporation	09-11302
Abitibi-Consolidated Finance LP	09-11305
Abitibi Consolidated Sales Corporation	09-11299
Alabama River Newsprint Company	09-11301
Augusta Woodlands, LLC	09-11303
Bowater Alabama LLC	09-11309
Bowater America Inc.	09-11316
Bowater Canada Finance Corporation	09-11319
Bowater Canadian Forest Products Inc.	09-11322
Bowater Canadian Holdings Incorporated	09-11320
Bowater Canadian Limited	09-11326
Bowater Finance Company Inc.	09-11314
Bowater Finance II LLC	09-11308
Bowater Incorporated	09-11311
Bowater LaHave Corporation	09-11325
Bowater Maritimes Inc.	09-11324
Bowater Newsprint South LLC	09-11306
Bowater Newsprint South Operations LLC	09-11307
Bowater Nuway Inc.	09-11328
Bowater Nuway Mid-Sates Inc.	09-11329
Bowater South American Holdings Incorporated	09-11315
Bowater Ventures Inc.	09-11330
Catawba Property Holdings, LLC	09-11312
Coosa Pines Golf Club Holdings LLC	09-11310
Donohue Corp.	09-11298
Lake Superior Forest Products Inc.	09-11317
Tenex Data Inc.	09-11304
ABH Holding Company Inc.	09-14487
ABH LLC 1	09-14485

Cross-Border Debtors	Case Number
AbitibiBowater Canada, Inc.	09-11321
Bowater Canada Finance Corporation	09-11319
Bowater Canadian Forest Products Inc.	09-11322
Bowater Canadian Holdings Incorporated	09-11320
Bowater Canadian Limited	09-11326
Bowater LaHave Corporation	09-11325
Bowater Maritimes Inc.	09-11324

Canadian Debtors	Case Number
1508756 Ontario Inc.	n/a
3217925 Nova Scotia Company	n/a
3224112 Nova Scotia Limited	n/a
3231378 Nova Scotia Company	n/a
3834328 Canada Inc.	n/a
4042140 Canada Inc.	n/a
6169678 Canada Inc.	n/a
9068-9050 Québec Inc.	n/a
9150-3383 Québec Inc.	n/a
AbitibiBowater Canada Inc.	09-11321
Abitibi-Consolidated (U.K.) Inc	n/a
Abitibi-Consolidated Canadian Office Products Holding Inc.	n/a
Abitibi-Consolidated Company of Canada	n/a
Abitibi-Consolidated Inc.	n/a
Abitibi-Consolidated Nova Scotia Incorporated	n/a
Alliance Forest Products Inc. (2001)	n/a
Bowater Belledune Sawmill Inc.	n/a
Bowater Canada Finance Corporation	09-11319
Bowater Canada Treasury Corporation	n/a
Bowater Canadian Forest Products Inc.	09-11322
Bowater Canadian Holdings. Inc.	09-11320
Bowater Canadian Limited	09-11326
Bowater Couturier Inc.	n/a
Bowater Guérette Inc.	n/a
Bowater LaHave Corporation	09-11325
Bowater Maritimes Inc.	09-11324
Bowater Mitis Inc.	n/a
Bowater Shelburne Corporation	n/a
Bowater Treated Wood Inc.	n/a
Canoxel Hardboard Inc.	n/a
Donohue Recycling Inc.	n/a
La Tuque Forest Products Inc.	n/a
Marketing Donohue Inc.	n/a

Canadian Debtors	Case Number
Saguenay Forest Products Inc.	n/a
Scramble Mining Ltd.	n/a
St-Maurice River Drive Company Limited	n/a
Terra Nova Explorations Ltd.	n/a
The International Bridge and Terminal Company	n/a
The Jonquière Pulp Company	n/a

CCAA Debtors	Case Number
1508756 Ontario Inc.	n/a
3217925 Nova Scotia Company	n/a
3224112 Nova Scotia Limited	n/a
3231378 Nova Scotia Company	n/a
3834328 Canada Inc.	n/a
4042140 Canada Inc.	n/a
6169678 Canada Inc.	n/a
9068-9050 Québec Inc.	n/a
9150-3383 Québec Inc.	n/a
Abitibi-Consolidated (U.K.) Inc	n/a
Abitibi-Consolidated Canadian Office Products Holding Inc.	n/a
Abitibi-Consolidated Company of Canada	n/a
Abitibi-Consolidated Inc.	n/a
Abitibi-Consolidated Nova Scotia Incorporated	n/a
Alliance Forest Products Inc. (2001)	n/a
Bowater Belledune Sawmill Inc.	n/a
Bowater Canada Treasury Corporation	n/a
Bowater Couturier Inc.	n/a
Bowater Guérette Inc.	n/a
Bowater Mitis Inc.	n/a
Bowater Shelburne Corporation	n/a
Bowater Treated Wood Inc.	n/a
Canoxel Hardboard Inc.	n/a
Donohue Recycling Inc.	n/a
La Tuque Forest Products Inc.	n/a
Marketing Donohue Inc.	n/a
Saguenay Forest Products Inc.	n/a
Scramble Mining Ltd.	n/a
St-Maurice River Drive Company Limited	n/a
Terra Nova Explorations Ltd.	n/a
The International Bridge and Terminal Company	n/a
The Jonquière Pulp Company	n/a

Exhibit B

Plan Exhibit B1

Class 1 Claims
Priority Non-Tax Claims

Chapter 11 Debtor	Class No.
AbitibiBowater Inc.	1A
AbitibiBowater US Holding 1 Corp.	1B
AbitibiBowater US Holding LLC	1C
AbitibiBowater Canada Inc.	1D
Abitibi-Consolidated Alabama Corporation	1E
Abitibi-Consolidated Corporation	1F
Abitibi-Consolidated Finance LP	1G
Abitibi Consolidated Sales Corporation	1H
Alabama River Newsprint Company	1I
Augusta Woodlands, LLC	1J
Bowater Alabama LLC	1K
Bowater America Inc.	1L
Bowater Canada Finance Corporation	1M
Bowater Canadian Forest Products Inc.	1N
Bowater Canadian Holdings Incorporated	1O
Bowater Canadian Limited	1P
Bowater Finance Company Inc.	1Q
Bowater Finance II LLC	1R
Bowater Incorporated	1S
Bowater LaHave Corporation	1T
Bowater Maritimes Inc.	1U
Bowater Newsprint South LLC	1V
Bowater Newsprint South Operations LLC	1W
Bowater Nuway Inc.	1X
Bowater Nuway Mid-Sates Inc.	1Y
Bowater South American Holdings Incorporated	1Z
Bowater Ventures Inc.	1AA
Catawba Property Holdings, LLC	1BB
Coosa Pines Golf Club Holdings LLC	1CC
Donohue Corp.	1DD
Lake Superior Forest Products Inc.	1EE
Tenex Data Inc.	1FF
ABH LLC 1	1GG
ABH Holding Company LLC	1HH

Plan Exhibit B2

Class 2 Claims
Bowater Secured Bank Claims

Chapter 11 Debtor	Class No.	Allowed Amount
Bowater Alabama LLC	2A	\$280,054,303
Bowater America Inc.	2B	\$280,054,303
Bowater Incorporated	2C	\$280,054,303
Bowater Newsprint South LLC	2D	\$280,054,303
Bowater Newsprint South Operations LLC	2E	\$280,054,303
Bowater Nuway Inc.	2F	\$280,054,303
Bowater Nuway Mid-Sates Inc.	2G	\$280,054,303

Plan Exhibit B3

Class 3 Claims
BCFPI Secured Bank Claims

Chapter 11 Debtor	Class No.	Allowed Amount
Bowater Alabama LLC	3A	\$143,773,205
Bowater Canadian Forest Products Inc.	3B	\$143,773,205
Bowater Canadian Holdings Incorporated	3C	\$143,773,205
Bowater Canadian Limited	3D	\$143,773,205
Bowater LaHave Corporation	3E	\$143,773,205
Bowater Newsprint South Operations LLC	3F	\$143,773,205
Bowater Shelburne	3G	\$143,773,205

Plan Exhibit B4

Class 4 Claims
ACCC Term Loan Secured Guaranty Claims

Chapter 11 Debtor	Class No.	Allowed Amount
ABH LLC 1	4A	\$357,168,079
Abitibi Consolidated Sales Corporation	4B	\$357,168,079
Abitibi-Consolidated Alabama Corporation	4C	\$357,168,079
Abitibi-Consolidated Corporation	4D	\$357,168,079
Alabama River Newsprint Company	4E	\$357,168,079
Augusta Woodlands, LLC	4F	\$357,168,079
Donohue Corp.	4G	\$357,168,079

Plan Exhibit B5

Class 5 Claims
Other Secured Claims

Chapter 11 Debtor	Class No.
AbitibiBowater Inc.	5A
AbitibiBowater US Holding 1 Corp.	5B
AbitibiBowater US Holding LLC	5C
AbitibiBowater Canada Inc.	5D
Abitibi-Consolidated Alabama Corporation	5E
Abitibi-Consolidated Corporation	5F
Abitibi-Consolidated Finance LP	5G
Abitibi Consolidated Sales Corporation	5H
Alabama River Newsprint Company	5I
Augusta Woodlands, LLC	5J
Bowater Alabama LLC	5K
Bowater America Inc.	5L
Bowater Canada Finance Corporation	5M
Bowater Canadian Forest Products Inc.	5N
Bowater Canadian Holdings Incorporated	5O
Bowater Canadian Limited	5P
Bowater Finance Company Inc.	5Q
Bowater Finance II LLC	5R
Bowater Incorporated	5S
Bowater LaHave Corporation	5T
Bowater Maritimes Inc.	5U
Bowater Newsprint South LLC	5V
Bowater Newsprint South Operations LLC	5W
Bowater Nuway Inc.	5X
Bowater Nuway Mid-Sates Inc.	5Y
Bowater South American Holdings Incorporated	5Z
Bowater Ventures Inc.	5AA
Catawba Property Holdings, LLC	5BB
Coosa Pines Golf Club Holdings LLC	5CC
Donohue Corp.	5DD
Lake Superior Forest Products Inc.	5EE
Tenex Data Inc.	5FF
ABH LLC 1	5GG
ABH Holding Company LLC	5HH

Plan Exhibit B6

Class 6 Claims Unsecured Claims

Chapter 11 Debtor	Class No.	Percent of New ABH Common Stock Allocated to Each Debtor (Subject to Dilution) ¹	Number of Shares of New ABH Common Stock Allocated to Each Debtor (Subject to Dilution) ¹
AbitibiBowater Inc.	6A	0.1%	141,299
AbitibiBowater US Holding 1 Corp.	6B	0.0%	0
AbitibiBowater US Holding LLC	6C	0.0%	0
AbitibiBowater Canada Inc.	6D	0.0%	2
Abitibi-Consolidated Alabama Corporation	6E	0.0%	0
Abitibi-Consolidated Corporation	6F	1.5%	1,492,873
Abitibi-Consolidated Finance LP	6G	0.3%	264,827
Abitibi Consolidated Sales Corporation	6H	4.3%	4,175,950
Alabama River Newsprint Company	6I	0.1%	50,644
Augusta Woodlands, LLC	6J	0.0%	19,274
Bowater Alabama LLC	6K	0.3%	260,991
Bowater America Inc.	6L	0.3%	297,490
Bowater Canada Finance Corporation	6M	0.2%	233,714
Bowater Canadian Forest Products Inc.	6N	7.0%	6,845,106
Bowater Canadian Holdings Incorporated	6O	0.0%	613
Bowater Canadian Limited	6P	0.0%	8,508
Bowater Finance Company Inc.	6Q	0.0%	0
Bowater Finance II LLC	6R	0.0%	0
Bowater Incorporated	6S	52.0%	50,468,374
Bowater LaHave Corporation	6T	0.0%	0
Bowater Maritimes Inc.	6U	0.0%	44,806
Bowater Newsprint South LLC	6V	0.0%	141
Bowater Newsprint South Operations LLC	6W	0.1%	55,395
Bowater Nuway Inc.	6X	0.0%	2,007
Bowater Nuway Mid-Sates Inc.	6Y	0.0%	3,974
Bowater South American Holdings Incorporated	6Z	0.0%	0
Bowater Ventures Inc.	6AA	0.0%	0
Catawba Property Holdings, LLC	6BB	0.0%	0
Coosa Pines Golf Club Holdings LLC	6CC	0.0%	1,521
Donohue Corp.	6DD	3.5%	3,385,539
Lake Superior Forest Products Inc.	6EE	0.0%	67
Tenex Data Inc.	6FF	0.0%	0

¹ The Plan provides the percentage and the number of shares of New ABH Common Stock allocated to each Debtor (including the Cross-Border Debtors) based on the total New ABH Common Stock to be issued under both this Plan and the CCAA Plan. The balance of New ABH Common Stock that this Exhibit B6 does not reflect will be distributed to the CCAA Debtors pursuant to the CCAA Plan.

Chapter 11 Debtor	Class No.	Percent of New ABH Common Stock Allocated to Each Debtor (Subject to Dilution)¹	Number of Shares of New ABH Common Stock Allocated to Each Debtor (Subject to Dilution)¹
ABH LLC 1	6GG	0.0%	0
ABH Holding Company LLC	6HH	0.0%	0

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Plan Exhibit B6 (continued)

Class 6 Claims
Allowed Unsecured Note Claims

Unsecured Notes	Class No.(s)	Allowed Claim
6.50% Notes	6S	\$408,071,926
7.40% Revenue Bonds (2010) Loan Agreement	6S	\$3,320,146
7.40% Revenue Bonds (2022) Loan Agreement	6S	\$40,596,125
7.625% Revenue Bonds Loan Agreement	6S	\$30,244,688
7.75% Revenue Bonds Loan Agreement	6S	\$62,200,208
7.875% Senior Notes	6G	\$7,972,373
7.95% Notes	6M, 6S	\$619,513,246
8.0% Convertible Notes	6A, 6S	\$387,304,167
9.00% Debentures	6S	\$252,743,725
9.375% Debentures	6S	\$205,669,708
9.50% Debentures	6S	\$130,890,924
10.26% Senior Notes (Series D)	6N	\$4,514,114
10.50% Senior Notes (Series B)	6N	\$21,119,950
10.60% Senior Notes (Series C)	6N	\$71,875,611
10.625% Senior Notes (Series A)	6N	\$2,822,315
10.85% Debentures	6N	\$107,872,474
13.75% Senior Secured Notes	6E, 6F, 6H, 6I, 6J, 6DD, 6GG	\$338,906,585
15.50% Senior Notes	6E, 6F, 6H, 6I, 6J, 6DD, 6GG	\$304,573,827
Floating Rate Notes (2010)	6S	\$235,308,759
UDAG Loan	6W	\$4,656,250

Plan Exhibit B7

**Class 7 Claims
Convenience Claims**

Chapter 11 Debtor	Class No.
AbitibiBowater Inc.	7A
AbitibiBowater US Holding 1 Corp.	7B
AbitibiBowater US Holding LLC	7C
AbitibiBowater Canada Inc.	7D
Abitibi-Consolidated Alabama Corporation	7E
Abitibi-Consolidated Corporation	7F
Abitibi-Consolidated Finance LP	7G
Abitibi Consolidated Sales Corporation	7H
Alabama River Newsprint Company	7I
Augusta Woodlands, LLC	7J
Bowater Alabama LLC	7K
Bowater America Inc.	7L
Bowater Canada Finance Corporation	7M
Bowater Canadian Forest Products Inc.	7N
Bowater Canadian Holdings Incorporated	7O
Bowater Canadian Limited	7P
Bowater Finance Company Inc.	7Q
Bowater Finance II LLC	7R
Bowater Incorporated	7S
Bowater LaHave Corporation	7T
Bowater Maritimes Inc.	7U
Bowater Newsprint South LLC	7V
Bowater Newsprint South Operations LLC	7W
Bowater Nuway Inc.	7X
Bowater Nuway Mid-Sates Inc.	7Y
Bowater South American Holdings Incorporated	7Z
Bowater Ventures Inc.	7AA
Catawba Property Holdings, LLC	7BB
Coosa Pines Golf Club Holdings LLC	7CC
Donohue Corp.	7DD
Lake Superior Forest Products Inc.	7EE
Tenex Data Inc.	7FF
ABH LLC 1	7GG
ABH Holding Company LLC	7HH

Plan Exhibit B8

Class 8 Claims

Intercompany Claims and Intercompany Interests

Subject to Sections 6.2, 6.3 and 6.17 of this Plan, and except as otherwise ordered by the Bankruptcy Court with respect to a particular Intercompany Claim or Intercompany Interest, on the Effective Date, at the option of the Debtors or the Reorganized Debtors, the Intercompany Claims shall either be (a) Reinstated, in full or in part, and treated in the ordinary course of business, or (b) cancelled and discharged, in full or in part; provided, however, that any such election by the Debtors or the Reorganized Debtors shall not impact any recoveries under this Plan. Unless otherwise ordered by the Bankruptcy Court with respect to a particular Intercompany Claim or Intercompany Interest, and subject to Sections 6.2, 6.3 and 6.17 hereof, holders of Intercompany Claims and Intercompany Interests shall not receive or retain any property on account of such Intercompany Claims and Interests to the extent such claim is cancelled and discharged as provided in Section 2.15(b).

Plan Exhibit B9

Class 9 Claims and Interests
Common Stock Claims and Interests

Common Stock Claims and Interests shall be cancelled, and the holders of Common Stock Claims and Interests shall not be entitled to receive or retain any property on account of such Claims and Interests.

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APPENDIX "F"
DRAFT CCAA PLAN

Draft for discussion purposes only dated May 24, 2010

Subject to revision and comments

THIS CCAA PLAN IS NOT BEING FILED OR DISTRIBUTED FOR THE PURPOSE OF
SOLICITING VOTES – ANY SOLICITATION OF THIS CCAA PLAN SHALL BE IN
CONJUNCTION WITH A COURT-APPROVED INFORMATION CIRCULAR

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" HERETO

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

AS
SECTION 191 OF THE CANADA¹ BUSINESS CORPORATIONS ACT,

●, 2010

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PLAN OF REORGANIZATION AND COMPROMISE

Plan of Reorganization and Compromise of AbitibiBowater Inc. and certain of its subsidiaries listed in Schedule "A" hereto pursuant to the *Companies' Creditors Arrangement Act* (Canada) and pursuant to Section 191 of the *Canada Business Corporations Act*.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this CCAA Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

"0% Unsecured Notes" means the 0% Unsecured Notes due 2012 issued by ACCC pursuant to the 0% Unsecured Notes Note Agreement;

"0% Unsecured Notes Note Agreement" means the note agreement dated as of May 28, 2004 between ACCC, as issuer, and Investissement Québec, as lender;

"6.00% Senior Notes" means the 6.00% Senior Notes due June 20, 2013 issued by ACCC pursuant to the 6.00% Senior Notes Indenture;

"6.00% Senior Notes Indenture" means the indenture dated as of December 11, 2001, as supplemented, between ACCC, as issuer, and the 6.00% Senior Notes Indenture Trustee;

"6.00% Senior Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 6.00% Senior Notes Indenture;

"7.40% Debentures" means the 7.40% Debentures due April 1, 2018 issued by ACI pursuant to the 7.40% Debentures Indenture;

"7.40% Debentures Indenture" means the indenture dated as of April 6, 1998, as supplemented, between ACI, as issuer, and the 7.40% Debentures Indenture Trustee;

"7.40% Debentures Indenture Trustee" means Computershare Trust Company of Canada, as successor trustee to Montreal Trust Company and its successors and assigns, as indenture trustee under the 7.40% Debentures Indenture;

"7.50% Debentures" means the 7.50% Debentures due April 1, 2028 issued by ACI pursuant to the 7.50% Debentures Indenture;

"7.50% Debentures Indenture" means the indenture dated as of April 6, 1998, as supplemented, between ACI, as issuer, and the 7.50% Debentures Indenture Trustee;

"7.50% Debentures Indenture Trustee" means Computershare Trust Company of Canada, as successor trustee to Montreal Trust Company and its successors and assigns, as indenture trustee under the 7.50% Debentures Indenture;

"7.75% Notes" means the 7.75% Notes due June 15, 2011 issued by ACCC pursuant to the 7.75% Notes Indenture;

"7.75% Notes Indenture" means the indenture dated as of June 15, 2004, as supplemented, among ACCC, as issuer, and the 7.75% Notes Indenture Trustee;

"7.75% Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 7.75% Notes Indenture;

"7.875% Notes" means the 7.875% Notes due August 1, 2009 issued by ACF LP pursuant to the 7.875% Notes Indenture;

"7.875% Notes Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACF LP and ACI, as issuers, and the 7.875% Notes Indenture Trustee;

"7.875% Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 7.875% Senior Notes Indenture;

"7.95% Notes" means the 7.95% Notes due November 15, 2011 issued by BCFC pursuant to the 7.95% Notes Indenture;

"7.95% Notes Indenture" means the indenture dated as of October 31, 2001, as supplemented, between BCFC, as issuer, and the 7.95% Notes Indenture Trustee;

"7.95% Notes Indenture Trustee" means The Bank of New York and its successors and assigns, as indenture trustee under the 7.95% Notes Indenture;

"8.375% Senior Notes" means the 8.375% Senior Notes due April 1, 2015 issued by ACCC pursuant to the 8.375% Senior Notes Indenture;

"8.375% Senior Notes Indenture" means the indenture dated as of December 11, 2001, as supplemented, between ACCC, as issuer, and the 8.375% Senior Notes Indenture Trustee;

"8.375% Senior Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.375% Senior Notes Indenture;

"8.50% Debentures" means the 8.50% Debentures due August 1, 2029 issued by ACI pursuant to the 8.50% Debentures Indenture;

"8.50% Debentures Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACI and ACF LP, as issuers, and the 8.50% Debentures Indenture Trustee;

"8.50% Debentures Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.50% Debentures Indenture;

"8.55% Senior Notes" means the 8.55% Senior Notes due August 1, 2010 issued by ACI pursuant to the 8.55% Senior Notes Indenture;

"8.55% Senior Notes Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACI and ACF LP, as issuers, and the 8.55% Senior Notes Indenture Trustee;

"8.55% Senior Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.55% Senior Notes Indenture;

"8.85% Debentures" means the 8.85% Debentures due April 1, 2030 issued by ACI pursuant to the 8.85% Debentures Indenture;

"8.85% Debentures Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACI and ACF LP, as issuers, and the 8.85% Debentures Indenture Trustee;

"8.85% Debentures Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.85% Debentures

"10.26% Senior Notes (Series D)" means the 10.26% Senior Notes (Series D) due January 15, 2011 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.26% Senior Notes (Series D) Note Agreement;

"10.26% Senior Notes (Series D) Note Agreement" means the note agreement dated as of November 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.50% Senior Notes (Series B)" means the 10.50% Senior Notes (Series B) due June 15, 2010 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.50% Senior Notes (Series B) Note Agreement;

"10.50% Senior Notes (Series B) Note Agreement" means the note agreement dated as of June 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.60% Senior Notes (Series C)" means the 10.60% Senior Notes (Series C) due January 15, 2011 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.60% Senior Notes (Series C) Note Agreement;

"10.60% Senior Notes (Series C) Note Agreement" means the note agreement dated as of November 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.625% Senior Notes (Series A)" means the 10.625% Senior Notes (Series A) due June 15, 2010 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.625% Senior Notes (Series A) Note Agreement;

"10.625% Senior Notes (Series A) Note Agreement" means the note agreement dated as of June 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.85% Debentures" means the 10.85% Debentures due November 30, 2014 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.85% Debentures Indenture;

"10.85% Debentures Indenture" means the trust indenture dated as of December 12, 1989, as supplemented, between BCFPI (f/k/a Canadian Pacific Forest Products Limited), as issuer, and the 10.85% Debentures Indenture Trustee;

"10.85% Debentures Indenture Trustee" means Computershare Trust Company of Canada, as successor trustee to Montreal Trust Company and its successors and assigns, as indenture trustee under the 10.85% Debentures Indenture;

"15.5% Guarantor Applicant" means any of 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., The Jonquière Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., Terra Nova Explorations Ltd. and Abitibi-Consolidated (U.K.) Inc.;

"15.5% Guarantor Applicant Affected Unsecured Claim" means any Affected Claim against a 15.5% Guarantor Applicant;

"15.5% Guarantor Applicant Affected Unsecured Creditor" means any creditor that is the Holder of a 15.5% Guarantor Applicant Affected Unsecured Claim;

"15.5% Guarantor Applicant Affected Unsecured Creditor Class" means, in respect of each 15.5% Guarantor Applicant, the class of creditors grouped in accordance with their Affected Claims against such 15.5% Guarantor Applicant for the purpose of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, each class being comprised solely of the 15.5% Guarantor Applicant Affected Unsecured Creditors that are Holders of an Affected Claim against such 15.5% Guarantor Applicant;

"15.5% Pro Rata" means, at any time, the proportion that the Face Amount of a 15.5% Senior Unsecured Notes Claim in a particular class bears to the aggregate Face Amount of all 15.5% Senior Unsecured Notes Claims in such class (including Disputed Claims but excluding any Disallowed Claims);

"15.5% Senior Unsecured Notes" means the 15.5% Senior Unsecured Notes due July 15, 2010 issued by ACCC pursuant to the 15.5% Senior Unsecured Notes Indenture;

"15.5% Senior Unsecured Notes Claim" means any Affected Claim against any 15.5% Guarantor Applicant, ACI, ACCC, Saguenay Forest Products or ACNSI pursuant to the 15.5% Senior Unsecured Notes;

"15.5% Senior Unsecured Notes Creditor" means any creditor that is the Holder of a 15.5% Senior Unsecured Note Claim;

"15.5% Senior Unsecured Notes Indenture" means the indenture dated as of April 1, 2008, as supplemented, between ACCC, as issuer, and the 15.5% Senior Unsecured Notes Indenture Trustee;

"15.5% Senior Unsecured Notes Indenture Trustee" means Wilmington Trust Company, as successor indenture trustee to Wells Fargo Bank, National Association under the 15.5% Senior Unsecured Notes Indenture;

"18.6 Petitioners" has the meaning ascribed to such term in the Initial Order;

"ABH" means AbitibiBowater Inc.;

"Abitibi Administration Charge" has the meaning ascribed to such term in the Initial Order;

"AbitibiBowater Canada" means AbitibiBowater Canada Inc.;

"AbitibiBowater Canada Affected Unsecured Claim" means any Affected Claim against AbitibiBowater Canada;

"AbitibiBowater Canada Affected Unsecured Creditor" means any creditor that is the Holder of an AbitibiBowater Canada Affected Unsecured Claim;

"AbitibiBowater Canada Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against AbitibiBowater Canada for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the AbitibiBowater Canada Affected Unsecured Creditors;

"Abitibi D&O Charge" has the meaning ascribed to such term in the Initial Order;

"ABL Exit Financing Facility" means the senior secured asset-based revolving facility to be entered into by the Reorganized Debtors and the lender(s) thereunder as contemplated in Section [6.10] of the U.S. Plan, providing for the principal terms and conditions set forth on Plan Supplement [9] under the U.S. Plan;

"ACCC" means Abitibi-Consolidated Company of Canada;

"ACCC Administrative Agent" means Wells Fargo Bank, N.A. (as successor-in-interest to Goldman Sachs Credit Partners L.P.) in its capacity as administrative agent and collateral agent under the ACCC Term Loan, and its successors and assigns;

"ACCC Affected Unsecured Claim" means any Affected Claim against ACCC, including any 15.5% Senior Unsecured Notes Claim against ACCC;

"ACCC Affected Unsecured Creditor" means any creditor that is the Holder of an ACCC Affected Unsecured Claim;

"ACCC Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against ACCC for the purposes of considering and voting on this

CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the ACCC Affected Unsecured Creditors;

"ACCC Term Lenders" means the lenders party from time to time to the ACCC Term Loan Documents;

"ACCC Term Loan Claim" means, subject to paragraphs 13 and 14 of the Third Claims Procedure Order, any Claim of any ACCC Term Lender, the ACCC Administrative Agent or the ACCC Collateral Agent pursuant to the ACCC Term Loan Documents, and interest accrued thereon and any unpaid costs, fees and other amounts relating thereto as of the Implementation Date;

"ACCC Term Loan Documents" means that certain Credit and Guaranty Agreement, dated as of April 1, 2008 (as may have been amended, supplemented, restated, or otherwise modified from time to time), among ACCC in its capacity as a borrower, certain subsidiaries of ABH as guarantors, the lenders from time-to-time party thereto and the ACCC Administrative Agent, together with all other loan documents, guaranty, and security documents executed in connection therewith or which relate thereto;

"ACI" means Abitibi-Consolidated Inc.;

"ACI Affected Unsecured Claim" means any Affected Claim against ACI, including any 15.5% Senior Unsecured Notes Claim against ACI;

"ACI Affected Unsecured Creditor" means any creditor that is the Holder of an ACI Affected Unsecured Claim;

"ACI Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against ACI for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the ACI Affected Unsecured Creditors;

"ACI DIP Charge" has the meaning ascribed to such term in the Initial Order;

"ACI Inter-company Advances Charge" has the meaning ascribed to such term in the Initial Order;

"ACF LP" means Abitibi-Consolidated Finance L.P.;

"ACNSI" means Abitibi-Consolidated Nova Scotia Incorporated;

"ACNSI Affected Unsecured Claim" means any Affected Claim against ACNSI, including any 15.5% Senior Unsecured Notes Claim against ACNSI;

"ACNSI Affected Unsecured Creditor" means any creditor that is the Holder of an ACNSI Affected Unsecured Claim;

"ACNSI Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against ACNSI for the purposes of considering and

voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the ACNSI Affected Unsecured Creditors;

"Ad Hoc Unsecured Noteholders Committee" means the informal committee of certain Holders of Canadian Unsecured Notes Claims;

"Administrative Claim" means, in respect of any Cross-border Debtor, a Claim to the extent that it is of the kind described in section 503(b) of the Bankruptcy Code and is entitled to priority under section 507(a)(1) of the Bankruptcy Code, including (i) any actual and necessary expenses of preserving the estate of such Cross-border Debtor, (ii) any actual and necessary expenses of operating the business of such Cross-border Debtor, (iii) all allowances of compensation or reimbursement of expenses to such Cross-border Debtor to the extent allowed by the Bankruptcy Court under sections 330(a), 331 or 503(b)(2), (3), (4) or (5) of the Bankruptcy Code, (iv) Claims of such Cross-border Debtor arising under section 503(b)(9) of the Bankruptcy Code, and (v) all fees and charges payable by such Cross-border Debtor pursuant to section 1930 of title 28 of the United States Code;

"Affected Claims" means all Claims other than Excluded Claims;

"Affected Unsecured Claims" means the ACI Affected Unsecured Claims, the ACCC Affected Unsecured Claims, the 15.5% Guarantor Applicant Affected Unsecured Claims, the Saguenay Forest Products Affected Unsecured Claims, the BCFPI Affected Unsecured Claims, the BCFC Affected Unsecured Claims, the Bowater Canadian Limited Affected Unsecured Claims, the AbitibiBowater Canada Affected Unsecured Claims, the Bowater Maritimes Affected Unsecured Claims and the ACNSI Affected Unsecured Claims;

"Affected Unsecured Creditor" means any creditor that is the Holder of an Affected Unsecured Claim and may, if the context requires, mean an assignee of an Affected Unsecured Claim or a trustee, interim receiver, receiver manager, or other Person acting on behalf of such Person, if such assignee or other Person has been recognized by the affected Applicant, the Disbursing Agent or the Servicer, as the case may be;

"Affected Unsecured Creditor Classes" means the ACI Affected Unsecured Creditor Class, the ACCC Affected Unsecured Creditor Class, the 15.5% Guarantor Applicant Affected Unsecured Creditor Classes, the Saguenay Forest Products Affected Unsecured Creditor Class, the BCFPI Affected Unsecured Creditor Class, the BCFC Affected Unsecured Creditor Class, the Bowater Canadian Limited Affected Unsecured Creditor Class, the AbitibiBowater Canada Affected Unsecured Creditor Class, the Bowater Maritimes Affected Unsecured Creditor Class and the ACNSI Affected Unsecured Creditor Class;

"Allowed Cross-border Claim" has the meaning ascribed to such term in Section 7.10;

"Allowed Insured Claim" means a Proven Claim in respect of an Insured Claim;

"Applicants" means the direct and indirect subsidiaries of ABH participating in the CCAA Proceedings listed in Schedule "A" hereto;

"Applicants Reserve" means the reserve to be established and maintained under this CCAA Plan by the Monitor, in its capacity as Disbursing Agent, by holding on account of Disputed Claims a number of shares of New ABH Common Stock equal to the amount of shares of New ABH Common Stock that the Holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims in their entire amount on the Initial Distribution Record Date;

"Backstop Agreement" means the backstop commitment agreement entered into by ABH and certain of the Holders of Affected Unsecured Claims as of May 23, 2010 in connection with the Rights Offering;

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. sections 101 et seq., as amended from time to time;

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware in which the Chapter 11 Cases were filed or any other United States court with jurisdiction over the Chapter 11 Cases;

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure and the local rules and standing orders of the Bankruptcy Court, as amended from time to time;

"BCFC" means Bowater Canada Finance Corporation;

"BCFC Affected Unsecured Claim" means any Affected Claim against BCFC;

"BCFC Affected Unsecured Creditor" means any creditor that is the Holder of a BCFC Affected Unsecured Claim;

"BCFC Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against BCFC for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the BCFC Affected Unsecured Creditors;

"BCFPI" means Bowater Canadian Forest Products Inc.;

"BCFPI Administrative Agent" means Bank of Nova Scotia in its capacity as administrative agent under the BCFPI Secured Bank Documents, and its successors and assigns;

"BCFPI Affected Unsecured Claim" means any Affected Claim against BCFPI;

"BCFPI Affected Unsecured Creditor" means any creditor that is the Holder of a BCFPI Affected Unsecured Claim;

"BCFPI Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against BCFPI for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the BCFPI Affected Unsecured Creditors;

"BCFPI Lenders" means the lenders party from time to time to the BCFPI Secured Bank Documents;

"BCFPI Secured Bank Claim" means any Claim of any BCFPI Lender or the BCFPI Administrative Agent pursuant to the BCFPI Secured Bank Documents, and interest accrued thereon and any unpaid costs, fees and other amounts relating thereto as of the Implementation Date;

"BCFPI Secured Bank Documents" means that certain Credit Agreement, dated as of May 31, 2006, as amended by that certain First Amendment dated as of July 20, 2007, that certain Second Amendment dated as of October 31, 2007, that certain Third Amendment and Waiver dated as of February 25, 2008, that certain Fourth Amendment dated as of March 31, 2008, that certain Fifth Amendment dated as of April 30, 2008, that certain Sixth Amendment dated as of May 28, 2008, that certain Seventh Amendment dated as of June 6, 2008, that certain Eighth Amendment dated as of June 30, 2008, that certain Ninth Amendment and Waiver dated as of August 7, 2008, that certain Tenth Amendment and Waiver dated as of November 12, 2008 and that certain Eleventh Amendment and Consent dated as of February 27, 2009; and as further modified by the letter agreements dated March 17, 2009, March 23, 2009, March 31, 2009 and April 6, 2009, among BCFPI, as the borrower, and Bowater, Bowater Alabama LLC, Bowater Newsprint South Operations LLC, Bowater Newsprint South LLC and certain of the U.S. Debtors and Applicants, as guarantors, the BCFPI Administrative Agent, together with all collateral, security and ancillary documents executed in connection therewith or which relate thereto;

"BCFPI Secured Bank Letters of Credit" means the letters of credit listed on Plan Supplement [13] under the U.S. Plan that are issued and outstanding immediately prior to the Implementation Date under the BCFPI Secured Bank Documents;

"BI DIP Agent" means the administrative agent and collateral agent from time to time under the BI DIP Facility Documents;

"BI DIP Claim" means any Claim of any BI DIP Lender or the BI DIP Agent pursuant to the BI DIP Facility Documents or the Initial Order;

"BI DIP Facility Documents" means that certain Senior Secured Superpriority Debtor in Possession Credit Agreement dated as of April 21, 2009 (as amended, modified, or supplemented from time to time), by and among ABH, Bowater and BCFPI, as borrowers, the BI DIP Lenders from time to time party thereto (including Fairfax Financial Holdings Limited, as initial lender and initial BI DIP Agent) and the BI DIP Agent from time to time party thereto together with any related collateral, loan, or security documents executed in connection therewith or which relate thereto;

"BI DIP Lenders" means the lenders and financial institutions party from time to time to the BI DIP Facility Documents;

"BI DIP Lenders Charge" has the meaning ascribed to such term in the Initial Order;

"**BI Inter-company Advances Charge**" has the meaning ascribed to such term in the Initial Order;

"**Board**" has the meaning ascribed to such term in Section 6.11;

"**Bowater**" means Bowater Incorporated;

"**Bowater Administration Charge**" has the meaning ascribed to such term in the Initial Order;

"**Bowater Adequate Protection Charge**" has the meaning ascribed to such term in the Initial Order;

"**Bowater Canadian Limited Affected Unsecured Claim**" means any Affected Claim against Bowater Canadian Limited;

"**Bowater Canadian Limited Affected Unsecured Creditor**" means any creditor that is the Holder of a Bowater Canadian Limited Affected Unsecured Claim;

"**Bowater Canadian Limited Affected Unsecured Creditor Class**" means the class of creditors grouped in accordance with their Affected Claims against Bowater Canadian Limited for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the Bowater Canadian Limited Affected Unsecured Creditors;

"**Bowater D&O Charge**" has the meaning ascribed to such term in the Initial Order;

"**Bowater Maritimes**" means Bowater Maritimes Inc.;

"**Bowater Maritimes Affected Unsecured Claim**" means any Affected Claim against Bowater Maritimes;

"**Bowater Maritimes Affected Unsecured Creditor**" means any creditor that is the Holder of a Bowater Maritimes Affected Unsecured Claim;

"**Bowater Maritimes Affected Unsecured Creditor Class**" means the class of creditors grouped in accordance with their Affected Claims against Bowater Maritimes for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the Bowater Maritimes Affected Unsecured Creditors;

"**Bridgewater Entities**" means Bridgewater Paper Company Limited and Cheshire Recycling Ltd.;

"**Business Day**" means (i) any day, other than a Saturday or a Sunday, or a non-judicial day (as defined in Article 6 of the *Code of Civil Procedure*, R.S.Q., c. C-25, as amended), on which commercial banks are generally open for business in Montreal, Québec, Canada and (ii) in respect of any Cross-border Debtor, any day other than a Saturday, a Sunday or a "legal holiday" (as such term is defined in Bankruptcy Rule 9006(a));

"**Canadian Secured Notes**" means the 13.75% Senior Secured Notes due April 1, 2011 issued by ACCC pursuant to the Canadian Secured Notes Indenture;

"**Canadian Secured Notes Claims**" means, subject to paragraphs 11 and 12 of the First Claims Procedure Order and paragraph 15 of the Third Claims Procedure Order, any Claim of any holder of Canadian Secured Notes and the Canadian Secured Notes Indenture Trustee pursuant to the Canadian Secured Notes and the Canadian Secured Notes Indenture, and interest accrued thereon and any unpaid costs, fees, and other amounts relating thereto as of the Implementation Date;

"**Canadian Secured Notes Indenture**" means the indenture dated as of April 1, 2008, as supplemented, between ACCC, as issuer, and the Canadian Secured Notes Indenture Trustee;

"**Canadian Secured Notes Indenture Trustee**" means Wells Fargo Bank, National Association and its successors and assigns, as indenture trustee under the Canadian Secured Notes Indenture;

"**Canadian Unsecured Notes**" means the 0% Unsecured Notes, 6.00% Senior Notes, 7.40% Debentures, 7.50% Debentures, 7.75% Notes, 7.875% Notes, 7.95% Notes, 8.375% Senior Notes, 8.50% Debentures, 8.55% Senior Notes, 8.85% Debentures, 10.26% Senior Notes (Series D), 10.50% Senior Notes (Series B), 10.60% Senior Notes (Series C), 10.625% Senior Notes (Series A), 10.85% Debentures, 15.5% Senior Unsecured Notes and the Floating Rate Notes;

"**Canadian Unsecured Notes Claims**" means any Claim of any holder of a Canadian Unsecured Note;

"**Canadian Unsecured Notes Indentures**" means the 0% Unsecured Notes Note Agreement, 6.00% Senior Notes Indenture, 7.40% Debentures Indenture, 7.50% Debentures Indenture, 7.75% Notes Indenture, 7.875% Notes Indenture, 7.95% Notes Indenture, 8.375% Senior Notes Indenture, 8.50% Debentures Indenture, 8.55% Senior Notes Indenture, 8.85% Debentures Indenture, 10.26% Senior Notes (Series D) Note Agreement, 10.50% Senior Notes (Series B) Note Agreement, 10.60% Senior Notes (Series C) Note Agreement, 10.625% Senior Notes (Series A) Note Agreement, 10.85% Debentures Indenture, 15.5% Senior Unsecured Notes Indenture and the Floating Rate Notes;

"**Cash**" means cash and cash equivalents such as bank deposits, term deposits, guaranteed investment certificates, checks and other similar items or instruments denominated in legal tender of either Canada or the United States, as the context requires;

"**CBCA**" means the *Canada Business Corporations Act*;

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada) as applicable to the CCAA Proceedings which, for greater certainty, does not include the amendments proclaimed into force on September 18, 2009;

"**CCAA Charges**" has the meaning ascribed to such term in the Initial Order;

"**CCAA Charge Claim**" has the meaning ascribed to such term in Section 2.3;

"**CCAA Plan**" means this plan of reorganization and compromise jointly filed by the Applicants pursuant to the provisions of the CCAA and Section 191 of the CBA, as it may be amended, varied or supplemented by the Applicants from time to time in accordance with its terms;

"**CCAA Proceedings**" means the proceedings in respect of the Applicants and the 18.6 Petitioners before the Court commenced pursuant to the CCAA;

"**Chair**" means the chair of the Creditors' Meeting;

"**Chapter 11 Cases**" means the U.S. Debtors' Chapter 11 cases pending in front of the Bankruptcy Court, which are being jointly administered under Case No. 09-11296;

"**Chapter 15 Proceedings**" means the voluntary cases under Chapter 15 of the Bankruptcy Code commenced by ACI and ACCC in the Bankruptcy Court on April 17, 2009;

"**Chief Restructuring Officer**" means Bruce Robertson and 7088418 Canada Inc., a corporation the shares of which are held by Bruce Robertson;

"**Circular**" means the information circular relating to this CCAA Plan, including the notice of meeting and exhibits attached thereto and any written amendment, variation or supplement thereto;

"**Claim**" means any right or claim of any Person against one or more of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever of one or more of the Applicants owed to such Person and any interest accrued thereon or costs, fees or other amounts in respect thereof, whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Claim arising from or caused by the repudiation by an Applicant of any contract, lease or other agreement, whether written or oral, the commission of a tort (intentional or unintentional), any breach of duty (legal, statutory, equitable, fiduciary or otherwise), any right of ownership or title to property, employment, contract, a trust or deemed trust, howsoever created, any Claim made or asserted against any one or more of the Applicants through any affiliate, or any right or ability of any Person to advance a Claim for contribution or indemnity or otherwise with respect to any grievance, matter, action, cause or chose in action, whether existing at present or commenced in the future, in each case based in whole or in part on facts which existed on the Date of Filing, or which would have been together with any other Claims of any kind that, if unsecured, would constitute a debt provable in bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) had the Affected Applicant become bankrupt on the Date of Filing;

"**Claims Bar Dates**" means November 13, 2009 and April 7, 2010, the bar dates for filing Claims for voting purposes or distribution purposes as set out in the Claims Procedure Orders;

"**Claims Procedure Orders**" means the First Claims Procedure Order, the Second Claims Procedure Order and the Third Claims Procedure Order;

"**Collective Bargaining Agreements**" means the collective bargaining agreements, as amended by the letters of understanding, letters of intent and other written communications with bargaining agents for employees;

"**Company**" means either ABH or Reorganized ABH, as the case may be, collectively with its Subsidiaries, either prior to the Implementation Date or on and after the Implementation Date, as reorganized under and pursuant to this CCAA Plan or the U.S. Plan, as the case may be;

"**Court**" means the Québec Superior Court of Justice, Commercial Division, for the Judicial District of Montreal, Canada, or any Canadian court with appellate jurisdiction over the CCAA Proceedings;

"**Creditors' Meeting**" means, in respect of any Affected Unsecured Creditors Class, the meeting of the Affected Unsecured Creditors holding Voting Claims called pursuant to the Creditors' Meeting Order for the purpose of considering and, if deemed appropriate, passing their respective Resolution and includes any adjournment of such meeting;

"**Creditors' Meeting Date**" means the date fixed for the Creditors' Meeting under the Creditors' Meeting Order subject to any adjournment or postponement or further Order of the Court;

"**Creditors' Meeting Order**" means, the Order of the Court dated ●, 2010 as amended or supplemented from time to time by further Orders of the Court which, among other things, sets the Creditors' Meeting Date and establishes meeting procedures for the Creditors' Meeting;

"**Cross-border Claims Protocol**" means the cross-border claims protocol that was approved by the Court on January 18, 2010 and the Bankruptcy Court on January 19, 2010, as amended, modified, or supplemented from time to time;

"**Cross-border Convenience Claim**" means any Proven Claim (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, in respect of which its Holder has not made a valid election in accordance with Subsections 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i) or 2.4(i)(i);

"**Cross-border Debtors**" means BCFC, Bowater Canadian Holdings Incorporated, AbitibiBowater Canada Inc., BCFPI, Bowater Maritimes, Bowater LaHave Corporation and Bowater Canadian Limited;

"**Cross-border Voting Protocol**" means the cross-border voting protocol governing the voting procedures of Claims against Cross-border Debtors that will be included in the solicitation materials implementing procedures for soliciting votes to accept or reject this CCAA Plan and that was filed with the Court on ● and the Bankruptcy Court on ●, as amended, modified, or supplemented from time to time;

"**Date of Filing**" means April 17, 2009;

"**Dilution**" means the dilution resulting from shares of New ABH Common Stock issued (i) pursuant to the management and director compensation and incentive programs set forth in

Section 6.4 of this CCAA Plan, (ii) as a payment under the Backstop Agreement or any replacement backstop commitment obtained by the Applicants in connection therewith and approved by the Court and the Bankruptcy Court; and (iii) upon conversion of the convertible unsecured subordinated notes issued by Reorganized ABH in connection with the Rights Offering on the terms and conditions set forth in the Backstop Agreement;

"Disallowed Claim" means any Claim, including any portion thereof, that has been disallowed, denied, dismissed, or overruled pursuant to a final Order of the Court, the Bankruptcy Court, or any other court of competent jurisdiction;

"Disbursing Agent" means any Person in its capacity as a disbursing agent, including the Monitor, the Indenture Trustees and the ACCC Administration Agent in their capacities as disbursing agents;

"Disputed Claim" means an Affected Unsecured Claim or any portion thereof, that is subject to a Notice of Revision or Disallowance, or a Notice of Dispute, and in either case has become neither a Proven Claim nor a Disallowed Claim;

"Election Deadline" means the time specified in the Creditors' Meeting Order as the deadline for filing a form of proxy;

"Election Notice" means the election notice included in the form of proxy, which permits Affected Unsecured Creditors to make an election in accordance with Subsections 2.4(a)(i), 2.4(b)(i), 2.4(c)(i), 2.4(d)(i), 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i), 2.4(i)(i) or 2.4(j)(i);

"Eligible Employees" has the meaning ascribed to such term in Section 3.8;

"Excluded Claims" has the meaning ascribed to such term in Section 2.3;

"Exit Loan Facilities" means collectively, the ABL Exit Financing Facility and the Term Loan Exit Financing Facility;

"Face Amount" means, (i) when used in reference to a Disputed Claim or a Disallowed Claim, the full stated liquidated amount claimed by the Holder of such Claim in any Proof of Claim timely filed in accordance with the Claims Procedure Orders, and (ii) when used in reference to a Proven Claim, the amount of such Claim as agreed by the Applicants, or as otherwise finally determined, pursuant to the provisions of the Claims Procedure Orders;

"Final Distribution Date" means a date selected by the Reorganized Debtors that is not later than thirty (30) days after the date on which the Monitor shall have certified to the Court that the last Disputed Claim in the CCAA Proceedings has been finally resolved;

"Final Restructuring Transactions Time" means such time as set forth in the Restructuring Transactions Notice;

"First Claims Procedure Order" means the Order of the Court dated August 26, 2009 establishing, among other things, procedures for proving Claims;

"Floating Rate Notes" means the Floating Rate Notes due June 15, 2011 issued by ACCC pursuant to the Floating Rate Notes Indenture;

"Floating Rate Notes Indenture" means the indenture dated as of June 15, 2004, as amended, between ACCC, as borrower, and The Bank of Nova Scotia Trust Company of New York, as indenture trustee;

"Floating Rate Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the Floating Rate Notes Indenture;

"Government Priority Claims" means any Claim owing to Her Majesty the Queen in right of Canada or any Province as described in Section 18.2(1) of the CCAA;

"Governmental Entities" means any: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, commission, board, or authority of any of the foregoing; or (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or, for the account of, any of the foregoing;

"Holder" means a Person holding a Claim against one or more of the Applicants;

"Implementation Date" means the Business Day on which all conditions to implementation of the CCAA Plan have been satisfied or (to the extent legally permissible) waived and the Monitor has filed a certificate with the Court confirming the foregoing;

"Indenture Trustees" means, collectively, the 6.00% Senior Notes Indenture Trustee, 7.40% Debentures Indenture Trustee, 7.50% Debentures Indenture Trustee, 7.75% Notes Indenture Trustee, 7.875% Notes Indenture Trustee, 7.95% Notes Indenture Trustee, 8.375% Senior Notes Indenture Trustee, 8.50% Debentures Indenture Trustee, 8.55% Senior Notes Indenture Trustee, 8.85% Debentures Indenture Trustee, 10.85% Debentures Indenture Trustee, Canadian Secured Notes Trustee, 15.5% Senior Notes Indenture Trustee and Floating Rate Notes Indenture Trustee;

"Initial Distribution Date" means the first Business Day that is ten (10) days (or such longer period as may reasonably be determined by the Reorganized Debtors in consultation with the Monitor after the Implementation Date);

"Initial Distribution Record Date" means the applicable date designated in the Sanction Order;

"Initial Order" means the Order of the Court dated April 17, 2009, as amended and restated from time to time, pursuant to which, among other things, the Applicants were granted certain relief pursuant to the CCAA;

"Insurance Contract" means any policy of third party liability insurance under which the Applicants could have asserted or did assert, or may in the future assert, a right to coverage for any claim, together with any other contracts which pertain or relate to such policy;

"Insured Claim" means that portion of any Claim arising from an incident or occurrence alleged to have occurred prior to the Implementation Date: (i) as to which any Insurer is obligated pursuant to the terms, conditions, limitations and exclusions of its Insurance Contract(s), to pay any judgment, settlement, or contractual obligation with respect to the Applicants, or (ii) that any Insurer otherwise agrees to pay as part of a settlement or compromise of a claim made under the applicable Insurance Contract(s);

"Insured Claim Creditor" means any creditor that is the Holder of an Insured Claim;

"Insurer" means any Person that issued, or is responsible for, an Insurance Contract;

"Inter-company Claims" means any Claim by an Applicant or a U.S. Debtor against another Applicant or U.S. Debtor;

"Interim Distribution Dates" means the first Business Day occurring sixty (60) days after the Initial Distribution Date, and subsequently, the first Business Day occurring sixty (60) days after the immediately preceding Interim Distribution Date (unless otherwise determined by the Monitor, in its capacity as Disbursing Agent);

"Interim Distribution Record Date" means, with respect to any Interim Distribution Date, the fifteenth (15th) day prior to such Interim Distribution Date;

"Laws" means all statutes, regulations, statutory rules, orders, judgments, decrees and terms and conditions of any grant of approval, permission, authority, permit or license of any court, Governmental Entity, statutory body or self-regulatory authority, and the term "applicable" with respect to such Laws and in any context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

"Lien" means, with respect to any interest in property, any mortgage, lien, pledge, charge, security interest, easement or encumbrance of any kind whatsoever, under United States, Canadian, or other applicable Law, affecting such interest in property;

"Monitor" means Ernst & Young Inc. or any successor thereto appointed in accordance with the Initial Order or any further Order of the Court;

"New ABH Common Stock" means the new common stock of Reorganized ABH which shall be issued on the Implementation Date or authorized to be issued by Reorganized ABH at any time from and after the Implementation Date;

"No Vote Applicant" has the meaning ascribed to such term in Subsection 2.5(b);

"No Vote Investee Applicant" has the meaning ascribed to such term in Subsection 2.5(b);

"No Vote Occurrence" has the meaning ascribed to such term in Subsection 2.5(a);

"Notice of Dispute" has the meaning ascribed to such term in the Claims Procedure Orders;

"Notice of Revision or Disallowance" has the meaning ascribed to such term in the Claims Procedure Orders;

"Obligations" has the meaning ascribed to such term in Subsection 6.6(a);

"Order" means any order of the Court or the Bankruptcy Court;

"Person" means any person, including any individual, partnership, joint venture, venture capital fund, association, corporation, limited liability company, limited liability partnership, unlimited liability company, trust, trustee, executor, administrator, legal personal representative, estate, group, unincorporated association or organization, Governmental Entity, syndicate, the Monitor, United States Trustee or other entity, whether or not having legal status;

"Post-filing Claims" means all valid claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities which are not Claims and arise from, or are in respect of, (i) any executory contract or unexpired lease which has been deemed ratified pursuant to the CCAA Plan, or (ii) the supply of goods or services to any Applicant after the Date of Filing;

"Pro Rata" means, at any time, the proportion that (i) the Face Amount of an Affected Claim (including any Inter-company Claim deemed to be an Affected Unsecured Claim pursuant to Section 2.5(c)) in a particular class bears to (ii) the aggregate Face Amount of all Affected Claims (including any Inter-company Claim deemed to be an Affected Unsecured Claim pursuant to Section 2.5(c)) in such class less (x) the aggregate Face Amount of all Affected Claims settled, compromised, released or otherwise dealt with in accordance with Subsections 2.4(a)(i), 2.4(b)(i), 2.4(c)(i), 2.4(d)(i), 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i), 2.4(i)(i) and 2.4(j)(i), as the case may be, and (y) the aggregate Face Amount of all Affected Claims fully paid pursuant to Section 3.8 (including Disputed Claims, but excluding Disallowed Claims);

"Proof of Claim" has the meaning ascribed to such term in the Claims Procedure Orders;

"Proven Claim" means, in respect of an Affected Unsecured Creditor, the amount or any portion of the amount of the Affected Claim of such Affected Unsecured Creditor as finally determined for distribution purposes in accordance with the provisions of the CCAA Plan, the CCAA, the Claims Procedure Orders and any other applicable Orders;

"Proven Secured Claim" means the amount of a Secured Claim as agreed by the Applicants or as finally determined in accordance with the provisions of the CCAA Plan, the CCAA, the Claims Procedure Orders and any other applicable Orders;

"Released Parties" has the meaning ascribed to such term in Subsection 6.6(b);

"Reorganized ABH" means on and after the Implementation Date, ABH as reorganized under the U.S. Plan, or a new holding company created in contemplation of the Implementation Date that, on such date, owns 100% of the equity in ABH (as in existence prior to the Implementation Date);

"Reorganized Debtors" means, on or after the Implementation Date, collectively, all of the surviving Applicants that are reorganized under and pursuant to the this CCAA Plan, including the Restructuring Transactions;

"Required Majority" means, in respect of an Affected Unsecured Creditor Class, the affirmative vote of a majority in number in such Affected Unsecured Creditor Class having Voting Claims and voting on its Resolution (in person or by proxy) at the Creditors' Meeting and representing not less than 66⅔% in value of the Voting Claims voting (in person or by proxy) at the Creditors' Meeting;

"Resolution" means, in respect of an Affected Unsecured Creditor Class, the resolution for such Affected Unsecured Creditor Class substantially in the form attached as [Appendix ●] to the Circular, providing for the approval of the CCAA Plan by the Affected Unsecured Creditors comprised in such Affected Unsecured Creditor Class;

"Restructuring Transactions" means those steps and transactions necessary or desirable to give effect to the transactions contemplated herein and in the Restructuring Transaction Notice;

"Restructuring Transactions Notice" means the notice setting out and detailing substantially all of the Restructuring Transactions, which is intended to be posted on the Monitor's website on or before [●], and as thereafter modified consistent with the CCAA Plan and the U.S. Plan, with a final Restructuring Transaction Notice to be posted on the Monitor's website on the Implementation Date;

"Rights Offering" has the meaning ascribed to such term in Subsection 6.1(a)(v);

"Saguenay Forest Products" means Saguenay Forest Products Inc.;

"Saguenay Forest Products Affected Unsecured Claim" means any Affected Claim against Saguenay Forest Products, including any 15.5% Senior Unsecured Notes Claim against Saguenay Forest Products;

"Saguenay Forest Products Affected Unsecured Creditor" means any creditor that is the Holder of a Saguenay Forest Products Inc. Affected Unsecured Claim;

"Saguenay Forest Products Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against Saguenay Forest Products for the purposes of considering and voting on this CCAA Plan in accordance with the provisions of this CCAA Plan and receiving distributions hereunder, such class being comprised solely of the Saguenay Forest Products Affected Unsecured Creditors;

"Sanction Order" means the Order by the Court sanctioning the CCAA Plan pursuant to the CCAA and Section 191 of the CBCA as such Order may be amended, modified or varied from time to time;

"Search Committee" has the meaning ascribed to such term in Section 6.11;

"Second Claims Procedure Order" means the Order of the Court dated January 18, 2010 establishing, among other things, procedures for reviewing and determining Claims;

"Secured Claim" means any: (i) ACCC Term Loan Claim; (ii) BCFPI Secured Bank Claim; (iii) Canadian Secured Notes Claim; or (iv) Claim, other than a CCAA Charge, which is secured by a security interest in or a lien on the property of the Applicants, which security interest or lien is valid, perfected and enforceable pursuant to applicable Laws or by reason of an Order, to the extent of the value of such property, as of the Implementation Date or such other date as is established by the Court, excluding, in each case any prepayment penalty or premium or any extra-contractual amount provided for in the contract or other arrangement giving rise to, or otherwise relating to, such Secured Claim;

"Securitization Claims" means any Claim arising under or relating to the Securitization Facility;

"Securitization Facility" means the receivables securitization facility made available to certain Subsidiaries of ABH pursuant to that certain Second Amended and Restated Receivables Purchase Agreement, dated as of June 16, 2009, as amended, among Abitibi-Consolidated U.S. Funding Corp., as the seller, ACI and Abitibi Consolidated Sales Corporation, as originators, Abitibi Consolidated Sales Corporation, as servicer, ACI, as subservicer, Citibank, N.A., as agent, and the banks named therein, and the other Transaction Documents (as defined therein);

"Servicer" means any indenture trustee, agent or servicer that administers any agreement that governs the rights of a Holder of an Affected Claim;

"Stay Termination Date" has the meaning ascribed to such term in the Initial Order;

"Supplemental Distribution" has the meaning ascribed to such term in Section 3.8;

"Taxes" means any and all taxes, duties, fees, pending assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind whatsoever (including any Claims by Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any Province or Territory of Canada, the Canada Revenue Agency and any similar revenue or taxing authority, including any municipality, of any Province or Territory of Canada), including all interest, penalties, fines and additions with respect to such amounts;

"Term Loan Exit Financing Facility" means the senior secured term loan facility, that may take the form of a loan, high-yield notes, a bridge facility or other loan arrangement, to be entered into by the Reorganized Debtors and the lender(s) thereunder as contemplated in Section [6.10] of the U.S. Plan, providing for the principal terms and conditions set forth on Exhibit [9] to be filed on or before the supplement filing date under the U.S. Plan;

"Third Claims Procedure Order" means the Order of the Court dated February 23, 2010 establishing, among other things, procedures for soliciting, reviewing and determining applicable claims and restructuring claims;

"TSX" means the Toronto Stock Exchange, a division of TSX Inc., through which the senior listing operations of TMX Group Inc. are conducted;

"ULC DIP Facility Documents" means that certain Letter Loan Agreement, dated as of December 9, 2009 (as amended, modified, or supplemented from time to time) by and between ACI and 3239432 Nova Scotia Company together with any related collateral, loan, or security documents executed in connection therewith or which relate thereto;

"Unaffected Creditor" means any Creditor with Excluded Claims, in respect of and to the extent of those Excluded Claims;

"Unions" has the meaning ascribed to such term in the Second Claims Procedure Order;

"Unionized Employees" means employees employed under Collective Bargaining Agreements with the Unions;

"Unsecured Creditors' Committee" means the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases by the Office of the United States Trustee on or about April 28, 2009, pursuant to Section 1102 of the Bankruptcy Code, as reconstituted from time to time;

"U.S. Debtors" means ABH, AbitibiBowater US Holding 1 Corp., AbitibiBowater US Holding LLC, AbitibiBowater Canada, Abitibi-Consolidated Alabama Corporation, Abitibi-Consolidated Corporation, ACF LP, Abitibi Consolidated Sales Corporation, Alabama River Newsprint Company, Augusta Woodlands, LLC, Bowater Alabama LLC, Bowater America Inc., BCFC, BCFPI, Bowater Canadian Holdings Incorporated, Bowater Canadian Limited, Bowater Finance Company Inc., Bowater Finance II LLC, Bowater, Bowater LaHave Corporation, Bowater Maritimes, Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, Bowater Nuway Inc., Bowater Nuway Mid-States Inc., Bowater South American Holdings Incorporated, Bowater Ventures Inc., Catawba Property Holdings, LLC, Coosa Pines Golf Club Holdings LLC, Donohue Corp., Lake Superior Forest Products Inc. and Tenex Data Inc., ABH LLC 1 and ABH Holding Company LLC;

"U.S. Petition Date" means April 16, 2009;

"U.S. Plan" means the plan of reorganization of the U.S. Debtors dated ●, 2010 as may be further amended, varied or supplemented from time to time in accordance with the terms thereof, which U.S. Plan is accessible and can be obtained on the Monitor's website; and

"Voting Claim" means, in respect of an Affected Unsecured Creditor, the Canadian dollar amount of the Affected Claim of such Affected Unsecured Creditor accepted for purposes of voting at the Creditors' Meeting, in accordance with the provisions of the Creditors' Meeting Order and the Cross-border Voting Protocol.

1.2 Interpretation, etc.

For purposes of this CCAA Plan:

- (a) any reference in this CCAA Plan to a contract, instrument, release, indenture, agreement or other document being in a particular form or on particular terms

and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

- (b) any reference in this CCAA Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified or supplemented;
- (c) all references to currency and to "\$" or "Cdn\$" are to Canadian dollars except as otherwise indicated;
- (d) all references in this CCAA Plan to Articles, Sections, Subsections and Schedules are references to Articles, Sections, Subsections and Schedules of or to this CCAA Plan;
- (e) unless otherwise specified, the words "hereof", "herein" and "hereto" refer to this CCAA Plan in its entirety rather than to any particular portion of this CCAA Plan;
- (f) the division of this CCAA Plan into Articles, Sections, Subsections, Schedules, and paragraphs and the insertion of captions and headings to Articles, Sections, Subsections, Schedules and paragraphs are for convenience of reference only and are not intended to affect the interpretation of, or to be part of this CCAA Plan;
- (g) where the context requires, a word or words importing the singular shall include the plural and vice versa;
- (h) the deeming provisions are not rebuttable and are conclusive and irrevocable;
- (i) the words "includes" and "including" are not limiting; and
- (j) the word "or" is not exclusive.

1.3 Date for any Action

In the event that any date on which any action is required to be taken under this CCAA Plan by any of the parties is not a Business Day, that action shall be required to be taken on the next succeeding day which is a Business Day.

1.4 Time

All times expressed in this CCAA Plan are prevailing local time Montreal, Québec, Canada unless otherwise stipulated.

1.5 Statutory References

Unless otherwise specified, any reference in this CCAA Plan to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force, from time to time, or any statute or regulations that supplement or supersede such statute or regulations.

1.6 Schedules

The following are the schedules to this CCAA Plan, which are incorporated by reference into this CCAA Plan and form an integral part of it:

Schedule "A" - Applicants

Schedule "B" - Affected Unsecured Claims (other than 15.5% Unsecured Notes Claims Share Allocation)

Schedule "C" - 15.5% Senior Unsecured Notes Claims Share Allocation

ARTICLE 2 COMPROMISE AND ARRANGEMENT

2.1 Persons Affected

This CCAA Plan provides for a coordinated restructuring and compromise of Affected Claims against the Applicants. The U.S. Debtors are subject to the Chapter 11 Cases and have filed the U.S. Plan with the Bankruptcy Court. Under this CCAA Plan, the treatment of Affected Claims against the Cross-border Debtors is intended to be consistent with the treatment of Affected Claims against the Cross-border Debtors in the U.S. Plan, with the Holders of Claims or Affected Claims against any particular Cross-border Debtor receiving a single recovery on account of such Claims in this CCAA Plan and the U.S. Plan. This CCAA Plan will become effective on the Implementation Date in accordance with its terms and in the sequence set forth in Section 6.1. Each Affected Claim against the Applicants will be fully and finally compromised or otherwise assigned or transferred in the manner and the sequence as set forth in this CCAA Plan and the Restructuring Transactions Notice. This CCAA Plan shall be binding on and enure to the benefit of the Applicants, the Affected Unsecured Creditors of each Affected Unsecured Creditor Class, the Released Parties, any trustee, agent or other Person acting on behalf of any Affected Unsecured Creditor and such other Persons who have received the benefit of, or are bound by any waivers, releases or indemnities hereunder.

2.2 Classes of Affected Claims

Subject to Section 4.4, for the purpose of voting on, and distributions pursuant to, this CCAA Plan, the Affected Claims are divided into twenty-one (21) classes as set out below:

- (a) the ACI Affected Unsecured Creditor Class;
- (b) the ACCC Affected Unsecured Creditor Class;
- (c) the 15.5% Guarantor Applicant Affected Unsecured Creditor Classes, being twelve (12) classes of Affected Unsecured Creditors grouped in accordance with their Affected Claims against each of the 15.5% Guarantor Applicants, which Affected Claims only include 15.5% Senior Unsecured Notes Claims;
- (d) the Saguenay Forest Products Affected Unsecured Creditor Class;

- (e) the BCFPI Affected Unsecured Creditor Class;
- (f) the BCFC Affected Unsecured Creditor Class;
- (g) the Bowater Canadian Limited Affected Unsecured Creditor Class;
- (h) the AbitibiBowater Canada Affected Unsecured Creditor Class;
- (i) the Bowater Maritimes Affected Unsecured Creditor Class; and
- (j) the ACNSI Affected Unsecured Creditor Class.

2.3 Excluded Claims

This CCAA Plan does not affect the following (each, an "Excluded Claim"):

- (a) any Claim secured by the Abitibi Administration Charge, the Bowater Administration Charge, the Abitibi D&O Charge, the Bowater D&O Charge, the ACI DIP Charge, the BI DIP Lenders Charge and the Bowater Adequate Protection Charge (each, a "CCAA Charge Claim");
- (b) any Administrative Claim;
- (c) any Secured Claim;
- (d) any Securitization Claim;
- (e) subject to Subsection 2.5(c), any Inter-company Claim, including those secured by the ACI Inter-company Advances Charge and the BI Inter-company Advances Charge;
- (f) any Claim of an employee of any of the Applicants who was employed by that Applicant as of April 16, 2009, other than Claims by any such employee who was required to file its Proof of Claim prior to April 7, 2010 or any applicable subsequent Claim Bar Date, pursuant to and in accordance with the Third Claims Procedure Order;
- (g) any Post-filing Claim;
- (h) any Allowed Insured Claim, provided that the Insured Claim Creditor agrees to relinquish and waive any right to any portion of any Claim, other than the Allowed Insured Claim, arising from the same incident or occurrence alleged to have occurred prior to the Implementation Date; and
- (i) any Government Priority Claim.

Creditors with Excluded Claims will not be entitled to vote at the Creditors' Meeting or receive any distributions under this CCAA Plan in respect of the portion of their Claims which is an Excluded Claim. Nothing in this CCAA Plan shall affect the Applicants' rights and

defences, both legal and equitable, with respect to any Excluded Claim including any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claims.

2.4 Treatment of Affected Claims

(a) Compromise of ACI Affected Unsecured Claims.

- (i) Each ACI Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such ACI Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the ACI Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against ACI, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(a)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no ACI Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(a)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each ACI Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(a)(i) above will, in full and final satisfaction of its Proven Claim against ACI, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACI in Schedule "B" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACI up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACI in Schedule "B" hereto, provided, however, that each ACI Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against ACI will, in full and final satisfaction of such Proven Claim, ultimately receive its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of ACI in Schedule "C" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering

allocated to ACI up to its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against ACI in Schedule "C" hereto.

(b) Compromise of ACCC Affected Unsecured Claims.

- (i) Each ACCC Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such ACCC Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the ACCC Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against ACCC, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(b)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no ACCC Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(b)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each ACCC Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(b)(i) above against ACCC will, in full and final satisfaction of its Proven Claim against ACCC, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACCC in Schedule "B" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACCC up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACCC in Schedule "B" hereto, provided, however, that each ACCC Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Notes Claim against ACCC will, in full and final satisfaction of such Proven Claim, ultimately receive its 15.5% Pro Rata Share of the number of shares of New ABH Common Stock set forth against the name of ACCC in Schedule "C" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACCC up to its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against ACCC in Schedule "C" hereto.

(c) Compromise of 15.5% Guarantor Applicant Affected Unsecured Claims.

- (i) Each 15.5% Guarantor Applicant Affected Unsecured Creditor with Proven Claims against a 15.5% Guarantor Applicant: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such 15.5% Guarantor Applicant Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the 15.5% Guarantor Applicant Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against the 15.5% Guarantor Applicants, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(c)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no 15.5% Guarantor Applicant Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(c)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each 15.5% Guarantor Applicant Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(c)(i) above against any 15.5% Guarantor Applicant will, in full and final satisfaction of its Proven Claim against such 15.5% Guarantor Applicant, ultimately receive its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of such 15.5% Guarantor Applicant in Schedule "C" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to each Guarantor Applicant up to its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against each Guarantor Applicant in Schedule "C" hereto.

(d) Compromise of Saguenay Forest Products Affected Unsecured Claims.

- (i) Each Saguenay Forest Products Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final

satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such Saguenay Forest Products Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Saguenay Forest Products Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Saguenay Forest Products, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(d)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no Saguenay Forest Products Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(d)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each Saguenay Forest Products Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(d)(i) above will, in full and final satisfaction of its Proven Claim against Saguenay Forest Products, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against Saguenay Forest Products in Schedule "B" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to Saguenay Forest Products up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against Saguenay Forest Products in Schedule "B" hereto, provided, however, that each Saguenay Forest Products Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against Saguenay Forest Products will, in full and final satisfaction of such Proven Claim, ultimately receive its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of Saguenay Forest Products in Schedule "C" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to Saguenay Forest Products up to its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against Saguenay Forest Products in Schedule "C" hereto.

(e) Compromise of BCFPI Affected Unsecured Claim.

- (i) Each BCFPI Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution

purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such BCFPI Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the BCFPI Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against BCFPI, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(e)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no BCFPI Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(e)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(e)(i) above will, in full and final satisfaction of its Proven Claim against BCFPI, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFPI in Schedule "B" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to BCFPI up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFPI in Schedule "B" hereto.

(f) Compromise of BCFC Affected Unsecured Claims.

- (i) Each BCFC Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such BCFC Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the BCFC Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against BCFC, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(f)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and

not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no BCFC Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(f)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each BCFC Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(f)(i) above will, in full and final satisfaction of its Proven Claim against BCFC, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFC in Schedule "B" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to BCFC up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFC in Schedule "B" hereto.

(g) Compromise of Bowater Canadian Limited Affected Unsecured Claims.

- (i) Each Bowater Canadian Limited Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such Bowater Canadian Limited Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Bowater Canadian Limited Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Bowater Canadian Limited, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(g)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no Bowater Canadian Limited Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(g)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions

Notice, each Bowater Canadian Limited Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(g)(i) above will, in full and final satisfaction of its Proven Claim against Bowater Canadian Limited, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against Bowater Canadian Limited in Schedule "B" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to Bowater Canadian Limited up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against Bowater Canadian Limited in Schedule "B" hereto.

(h) Compromise of AbitibiBowater Canada Affected Unsecured Claims.

- (i) Each AbitibiBowater Canada Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such AbitibiBowater Canada Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the AbitibiBowater Canada Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against AbitibiBowater Canada, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(h)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no AbitibiBowater Canada Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(h)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each AbitibiBowater Canada Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(h)(i) above will, in full and final satisfaction of its Proven Claim against AbitibiBowater Canada, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against AbitibiBowater Canada in Schedule "B" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to AbitibiBowater Canada up to

its Pro Rata share of the number of shares of New ABH Common Stock set forth against AbitibiBowater Canada in Schedule "B" hereto.

(i) Compromise of Bowater Maritimes Affected Unsecured Claims.

- (i) Each Bowater Maritimes Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such Bowater Maritimes Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Bowater Maritimes Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Bowater Maritimes, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(i)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no Bowater Maritimes Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(i)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each Bowater Maritimes Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(i)(i) above will, in full and final satisfaction of its Proven Claim against Bowater Maritimes, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against Bowater Maritimes in Schedule "B" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to Bowater Maritimes up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against Bowater Maritimes in Schedule "B" hereto.

(j) Compromise of ACNSI Affected Unsecured Claims.

- (i) Each ACNSI Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its

Proven Claims, a cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such ACNSI Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the ACNSI Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against ACNSI, its Pro Rata share of New ABH Common Stock, the whole as described in Subsection 2.4(j)(ii). To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no ACNSI Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection 2.4(j)(i) only, all Claims of a Holder shall be considered to constitute one Claim only.

- (ii) In accordance with the other provisions of this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each ACNSI Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to Section 2.4(j)(i) above will, in full and final satisfaction of its Proven Claim against ACNSI, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACNSI in Schedule "B" hereto, subject to Dilution, and be entitled to participate in the Rights Offering, provided, however, that each ACNSI Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against ACNSI will, in full and final satisfaction of such Proven Claim, ultimately receive its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of ACNSI in Schedule "C" hereto, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACNSI up to its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against ACNSI in Schedule "C" hereto.

2.5 No Vote Occurrence

- (a) Unless otherwise set forth herein, Affected Unsecured Creditors in any Affected Unsecured Creditor Class that fails to approve this CCAA Plan by the affirmative vote of the Required Majority or in respect of which this CCAA Plan is not sanctioned by the Court (each, a "No Vote Occurrence"), shall be deemed to be Unaffected Creditors in respect of their Claims against that No Vote Applicant for the purposes of this CCAA Plan.
- (b) In the event of a No Vote Occurrence, each Applicant affected by such No Vote Occurrence (each, a "No Vote Applicant") or any other Applicant may undertake, at its sole and absolute discretion, any corporate transactions

necessary for such No Vote Applicant's equity in any other Applicant (each, a "No Vote Investee Applicant") to be changed, exchanged, cancelled, transferred or otherwise dealt with, for NIL consideration, including the transactions set forth in the form of plan of reorganization or arrangement attached as Appendix "A" to the Restructuring Transactions Notice.

- (c) In the event of a No Vote Occurrence, any Inter-company Claim held by a No Vote Applicant shall be deemed to be an Affected Unsecured Claim for the purposes of this CCAA Plan and shall be compromised pursuant to the applicable provisions of Section 2.4, even though such No Vote Applicant shall not have voted in respect of the CCAA Plan.

ARTICLE 3 TREATMENT OF UNAFFECTED CREDITORS

3.1 CCAA Charge and Administrative Claims

Except as provided in Section 3.4 in respect of the BI DIP Claims, Holders of CCAA Charge Claims shall receive full payment in Cash of such Claims at such times and in such amounts as may be determined by the Monitor or the Court from time to time. Except as otherwise specifically provided in this CCAA Plan or the U.S. Plan, the Holders of Administrative Claims shall receive full payment in Cash of such Claims in accordance with the principles set out in the U.S. Plan. In addition, to the extent that any obligation that would otherwise constitute an Administrative Claim is paid as a CCAA Charge under this CCAA Plan, the payment of such CCAA Charge under this CCAA Plan, shall be the only payment to be made on account of such Administrative Claim in the CCAA Proceedings and the Chapter 11 Cases.

3.2 Secured Claims

On the Implementation Date, Holders of Secured Claims shall receive full payment in Cash of their applicable Proven Secured Claims (other than their Proven Secured Claims in respect of any BCFPI Secured Bank Letter of Credit). In addition, Holders of Secured Claims in respect of any BCFPI Bank Letter of Credit shall receive on, or as soon as practicable after, the Implementation Date, replacement letters of credit, "back-up" letters of credit or cash collateral, or treatment on such other terms the Applicants and Holders of such Secured Claims may agree.

3.3 Securitization Claims

On the Implementation Date, in accordance with the U.S. Plan, all outstanding receivable interests purchased under the Securitization Facility will be repurchased in Cash for a price equal to the par amount thereof plus accrued and unpaid yield and fees and servicer fees payable under the Securitization Facility, and any unpaid fees and expenses or other amounts payable under the Securitization Facility whether by an Applicant or an affiliate of the Applicants, and any and all Securitization Claims shall be paid in full in Cash. On the Implementation Date, after all such receivable interests are repurchased and all such payments

are made, the Securitization Facility shall be terminated, and all Securitization Claims shall be deemed fully satisfied and released.

3.4 BI DIP Lender Claims

On the Implementation Date, the BI DIP Lenders and the BI DIP Agent shall receive full payment in Cash of their applicable BI DIP Claims.

3.5 Inter-company Claims

Subject to Section 2.5(c), at the sole and absolute discretion of the Applicants, any and all Inter-company Claims may either be ratified, in whole or in part, by the Applicants, and treated in the ordinary course of business or cancelled and discharged, in full or in part, in the manner and the sequence as set forth in the Restructuring Transactions Notice, provided, however, that any such elections by the Applicants hereunder or under the Restructuring Transactions Notice shall not impact any recoveries under this CCAA Plan.

3.6 Allowed Insured Claims

Except as otherwise specifically provided for in this CCAA Plan or the U.S. Plan and provided that the Insured Claim Creditor agrees to relinquish and waive any right to any portion of any Claim, other than the Allowed Insured Claim, arising from an incident or occurrence alleged to have occurred prior to the Implementation Date and having given rise to such Allowed Insured Claim, such Insured Claim Creditor shall receive, in full and final satisfaction of its Insurance Claim, a Cash distribution in an amount equal to the net payment made by the Insurer to the Applicants in respect of such Allowed Insured Claim, less the amount of any payment made directly by the Insurer to such Insured Claim Creditor.

3.7 Deemed Unaffected Creditors

Affected Unsecured Creditors deemed to be Unaffected Creditors pursuant to Subsection 2.5(a) shall not be entitled to receive any distribution under this CCAA Plan.

3.8 Government Priority Claims

Within six (6) months after the Sanction Order, the Applicants will pay in full all Government Priority Claims.

3.9 Supplemental Distribution

The Applicants shall, as soon as practicable on or after the Implementation Date, make a supplemental distribution in Cash in the amount of up to Cdn\$ ● to such present or former employees (i) who were employed by the Applicants, other than the Cross-border Debtors, on or after the Date of Filing, and (ii) who are holding an Affected Unsecured Claim that is a Proven Claim (the "Supplemental Distribution"), provided, however, that the aggregate amount payable hereunder shall not exceed Cdn\$ 5 million. No later than ten (10) days prior to the Implementation Date, the Applicants, other than the Cross-border Debtors, shall determine, in consultation with the Monitor, the employees who shall be entitled to receive such Supplemental Distribution (the "Eligible Employees") and the pro rata amount of the

Supplemental Distribution to be allocated to each Eligible Employee, provided that (i) no Eligible Employee shall have a right of review or appeal in respect of such allocation which shall, for all purposes, be final and binding upon the Eligible Employees, and (ii) the Affected Claim of each Eligible Employee shall, for distribution purposes under this CCAA Plan, be reduced by the amount of such Eligible Employee's Supplemental Distribution.

3.10 Monitor's Fees and Expenses

The Monitor's fee and expenses including, the fees and disbursements of its counsel shall be paid from time to time by the Applicants.

3.11 No Distribution of New ABH Common Stock to Unaffected Creditors

Under no circumstances, including under this CCAA Plan or the U.S. Plan, shall Unaffected Creditors receive a distribution of shares of New ABH Common Stock.

ARTICLE 4 VALUATION OF AFFECTED CLAIMS, CREDITORS' MEETING AND RELATED MATTERS

4.1 Conversion of Affected Claims into Canadian Currency

For the purposes of determination of the value of Affected Claims denominated in currencies other than Canadian dollars for voting and distribution purposes:

- (a) any Affected Claim, other than those contemplated in Subsections 4.1(b) and 4.1(c), shall be converted by the Monitor to Canadian dollars at the rate of U.S.\$1=CDN\$1.2146, which is the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Date of Filing;
- (b) any Affected Claim against any Cross-border Debtor shall be converted by the Monitor to Canadian dollars at the rate of U.S.\$1=CDN\$1.2062, which is the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on April 16, 2009; and
- (c) any Affected Claim arising as a result of or in connection with the repudiation, termination or restructuring of the Applicants of any contract, lease or obligations shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the date of notice of the event which gave rise to such repudiation, termination or restructuring.

4.2 Affected Claims

Affected Unsecured Creditors shall be entitled to prove their respective Affected Claims, vote their Voting Claims in respect of the CCAA Plan, and if their Claims become Proven Claims receive the distributions provided for, under and pursuant to the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol, the Creditors' Meeting Order and this CCAA Plan.

4.3 Creditors' Meeting

The Creditors' Meeting shall be held in accordance with this CCAA Plan, the Creditors' Meeting Order and any further Order which may be made from time to time for the purposes of considering and voting on the Resolution of such Affected Unsecured Creditor Class or other matters to be considered at the Creditors' Meeting.

4.4 Approval by each Affected Unsecured Creditor Class

The Applicants will seek approval of the CCAA Plan by the affirmative vote of the Required Majorities of the Affected Unsecured Creditors with Voting Claims in each Affected Unsecured Creditor Class. Any resolution, including the Resolution, to be voted on by each Affected Unsecured Creditor Class at the Creditors' Meeting to approve, amend, vary or supplement the CCAA Plan will be decided by the Required Majorities on a vote by ballot, and any other matter submitted for a vote at the Creditors' Meeting shall be decided by a majority of votes cast on a vote by a show of hands, unless the Chair decides, in his sole and absolute discretion, to hold such vote by way of ballot, provided, however, that each vote of a 15.5% Senior Unsecured Notes Creditor by way of ballot or show of hands in respect of the ACCC Affected Unsecured Creditor Class shall be deemed to be a vote in respect of such 15.5% Senior Unsecured Notes Creditor's 15.5% Senior Unsecured Notes Claims comprised in each of the ACI Affected Unsecured Creditor Class, Saguenay Forest Products Affected Unsecured Creditor Class, ACNSI Affected Unsecured Creditor Class and 15.5% Guarantor Applicant Affected Unsecured Creditor Classes. The result of any vote will be binding on all Affected Unsecured Creditors in the relevant Affected Unsecured Creditor Class, whether or not any such Affected Unsecured Creditor is present and voting (in person or by proxy) at the Creditors' Meeting.

4.5 Order to Establish Procedure for Valuing Affected Claims

The procedure for valuing Affected Claims for voting and distribution purposes, and resolving disputes in respect of any such valuation, is set forth in the Claims Procedure Orders, Cross-border Claims Protocol, Cross-border Voting Protocol and the Creditors' Meeting Order. The Applicants and the Monitor reserve the right to seek the assistance of the Court in valuing the Affected Claim of any Affected Unsecured Creditor, if deemed advisable, or in determining the result of any vote on any of the Resolutions or otherwise at the Creditors' Meeting, or the amount, if any, to be distributed to any Affected Unsecured Creditor under the CCAA Plan, as the case may be.

4.6 Affected Claims for Voting Purposes

Each Affected Unsecured Creditor with a Voting Claim shall be entitled to one (1) vote and the weight attributed to such vote (for the purposes of determining the Required Majorities) shall be equal to the aggregate Canadian dollar value of such Affected Unsecured Creditor's Voting Claim (if necessary, converted into Canadian dollars in accordance with Section 4.1).

If the amount of the Affected Claim of any Affected Unsecured Creditor is not resolved for voting purposes at least five (5) Business Days before the Creditors Meeting Date in

accordance with the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol and the Creditors' Meeting Order, such Affected Unsecured Creditor shall be entitled to vote at the Creditors' Meeting based on that portion of its Affected Claim which has been accepted for voting purposes by the Monitor, without prejudice to the rights of the Applicants, or the Affected Unsecured Creditor, with respect to the final determination of the Affected Unsecured Creditor's Affected Claim for distribution purposes in accordance with the terms of the Claims Procedure Orders, the Creditors' Meeting Order and this CCAA Plan.

Affected Unsecured Creditors whose Affected Claims have been revised or disallowed, in full or in part, which revision or disallowance remains in dispute or under appeal in accordance with the Claims Procedure Orders, shall have their voting intentions with respect to such disputed or disallowed amounts recorded by the Monitor and reported to the Court.

4.7 Adjournments

If the Creditors' Meeting is adjourned or postponed by the Chair, in his sole and absolute discretion, or because quorum is not obtained, the Creditors' Meeting will be adjourned, postponed or otherwise rescheduled by the Monitor to such date, time and place as may be decided by the Chair, in his sole and absolute discretion.

4.8 Voting of Proxies

Any Affected Unsecured Creditor's proxy will be voted on any ballot in accordance with the Affected Unsecured Creditor's instruction to vote for or against the approval of such Affected Unsecured Creditor Class' Resolution and any other matters before the Creditors' Meeting. In the absence of such instruction, the proxy will be voted for the approval of such Resolution.

Forms of proxy may confer discretionary authority on the individuals designated therein with respect to amendments or variations of matters identified in the notice of Creditors' Meeting and other matters that may properly come before the Creditors' Meeting.

All matters related to the solicitation of votes for the Creditors' Meeting, the mailing of materials to Affected Unsecured Creditors and the voting procedure and tabulation of votes cast with respect to the Creditors' Meeting shall be as set forth in the Creditors' Meeting Order.

4.9 Claims Bar Dates

If an Affected Unsecured Creditor has failed to file its Proof of Claim prior to the relevant Claims Bar Dates and has not been permitted to file a late Claim pursuant to the Claims Procedure Orders, that Affected Unsecured Creditor shall be forever barred from voting at the Creditors' Meeting and receiving a distribution, and the Applicants shall be released from the Affected Claims of such Affected Unsecured Creditor and Subsection 6.6(b) shall apply to all such Affected Claims.

ARTICLE 5
DISTRIBUTIONS IN RESPECT OF DISPUTED CLAIMS

5.1 No Distributions Pending Allowance

Notwithstanding any other provision of this CCAA Plan, no distributions shall be made with respect to a Disputed Claim unless and until it has become a Proven Claim. Prior to the Implementation Date, Disputed Claims shall be dealt with in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol and the Cross-border Voting Protocol. Following the Implementation Date, Disputed Claims shall continue to be dealt with in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol and the Cross-border Voting Protocol.

5.2 Applicants Reserve

As of the Initial Distribution Date, the Monitor, in its capacity as Disbursing Agent, shall establish the Applicants Reserve by holding on account of Disputed Claims, a number of shares of New ABH Common Stock equal to the amount of shares of New ABH Common Stock that the Holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims in their entire amount on the Initial Distribution Record Date. The shares of New ABH Common Stock deposited in the Applicants Reserve shall not be voted by the Monitor, in its capacity as Disbursing Agent and holder of record of such securities, except pursuant to, and in accordance with, an Order of the Court.

5.3 Distributions From Applicants Reserve Once Disputed Claims Resolved

The Monitor, in its capacity as Disbursing Agent, shall make allocations from the Applicants Reserve to Holders of Proven Claims following the Initial Distribution Date in accordance with this CCAA Plan. To the extent that Disputed Claims become Proven Claims after the Initial Distribution Record Date, the Monitor, in its capacity as Disbursing Agent, shall on the applicable Interim Distribution Date or the Final Distribution Date, distribute from the Applicants Reserve to the Holders of such Proven Claims, the shares of New ABH Common Stock which they would have been entitled to receive in respect of such Proven Claims had such Affected Claims been Proven Claims on the Initial Distribution Record Date. To the extent that any Disputed Claim or a portion thereof has become a Disallowed Claim after the Initial Distribution Record Date, then the Monitor, in its capacity as Disbursing Agent, shall distribute on the applicable Interim Distribution Date or the Final Distribution Date, to the Holders of Affected Unsecured Claims that have previously been adjudicated under this CCAA Plan to be Proven Claims, their Pro Rata share from the Applicants Reserve, of such additional shares of New ABH Common Stock kept in the Applicants Reserve on account of such Disallowed Claims. The Monitor, in its capacity as Disbursing Agent shall make its last distribution on the Final Distribution Date.

ARTICLE 6
IMPLEMENTATION OF THE CCAA PLAN

6.1 CCAA Plan Implementation

(a) CCAA Plan Transactions

Each of the following transactions contemplated by and provided for under the CCAA Plan, including the Restructuring Transactions, will be consummated and effected and shall for all purposes be deemed to occur on or after the Implementation Date, in the manner and the sequence as set forth below or in the Restructuring Transactions Notice. Therefore, all of the actions, documents, agreements and funding necessary to implement all of the following transactions must be in place and be final and irrevocable prior to the Implementation Date and shall then be held in escrow and shall be released without any further act or formality, except as provided in the Sanction Order.

On or after the Implementation Date, each of the following transactions shall be consummated and effected:

- (i) **Restructuring Transactions.** Each of the steps and transactions comprising the Restructuring Transactions necessary to be completed on or after the Implementation Date shall be effected in the manner and the sequence as set forth in the Restructuring Transactions Notice.
- (ii) **Payment of Certain Excluded Claims.** The Excluded Claims that pursuant to this CCAA Plan are required to be paid on the Implementation Date shall be paid in full as set forth in this CCAA Plan.
- (iii) **New ABH Common Stock.** The shares of New ABH Common Stock to be distributed to Affected Unsecured Creditors will be delivered in accordance with this CCAA Plan, including the Restructuring Transactions.
- (iv) **Compromise of Debt.** The Affected Claims will be settled, compromised, released or otherwise dealt with in accordance with this CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice.
- (v) **Rights Offering.** Subject to the auction process and bidding procedures referred to in the Backstop Agreement, the Applicants may implement a rights offering (the "**Rights Offering**") for the issuance of securities, on terms and in substance reasonably satisfactory to the Applicants, in an amount not to exceed \$500 million in accordance with the terms of the Backstop Agreement. Among other things, the Rights Offering will be made available to Affected Unsecured Creditors in the Chapter 11 Cases and the CCAA Proceedings and will be subject to Court and Bankruptcy Court approval.

- (vi) **Reserve for Disputed Claims.** The Applicants Reserve will be established.
- (vii) **CCAA Charges Cancelled.** The CCAA Charges will be cancelled, provided that the BI DIP Lenders Charge shall be cancelled on the condition that the BI DIP Claims are paid in full on the Implementation Date.
- (viii) **Exit Loan Facilities.** The Reorganized Debtors will enter into definitive documentation, in a form and in substance satisfactory to the Applicants and reasonably acceptable to the Unsecured Noteholders' Committee, with respect to the Exit Loan Facilities in an aggregate amount up to \$2.3 billion, less cash on hand and proceeds from the Rights Offering, and the Applicants will borrow funds under the Exit Loan Facilities in amounts which, together with such other Cash as is then available to the Applicants, will be sufficient to make all Cash distributions to be made under this CCAA Plan and the U.S Plan.
- (ix) **Expiry of the Stay Period.** The Stay Termination Date will occur.

6.2 Restructuring Transactions

The Applicants shall take actions as may be necessary or appropriate to effect the Restructuring Transactions as set forth in the Restructuring Transactions Notice, including all of the transactions described in this CCAA Plan and the U.S. Plan. Such actions may include: (i) the execution and delivery of appropriate agreements or other documents of incorporation, merger, amalgamation, consolidation, conversion or reorganization containing terms that are consistent with the terms of this CCAA Plan and the U.S. Plan and that satisfy the requirements of applicable Law; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, guarantee, or delegation of any property, right, liability, duty or obligation on terms consistent with the terms of this CCAA Plan or the U.S. Plan, in each case without the need to obtain any third party consent; (iii) the filing of appropriate certificates of incorporation, merger, amalgamation, consolidation, or reorganization with the appropriate Governmental Entities under applicable Law; (iv) the manner and the sequence in which the Affected Claims are settled, compromised or otherwise dealt with, and (v) all other actions that the Applicants determine are necessary or appropriate to give effect to the Restructuring Transactions, including the making of filings or recordings in connection with the relevant Restructuring Transactions. The form of each Restructuring Transaction shall be determined by the boards of directors or shareholders of each of the Applicants and the U.S. Debtors and their successors party to any Restructuring Transaction, and shall be approved by the Monitor, provided, however, that the Applicants and the U.S. Debtors reserve the right to undertake transactions in lieu of or in addition to such Restructuring Transactions as the Applicants and the U.S. Debtors may deem necessary or appropriate under the circumstances and as approved by the Monitor so long as such other transactions do not affect the distributions under this CCAA Plan or the U.S. Plan. The implementation of any of the Restructuring Transactions shall not affect the distributions under this CCAA Plan or the U.S. Plan.

6.3 Listing of Shares of New ABH Common Stock

The Applicants shall use their reasonable best efforts to cause the shares of New ABH Common Stock to be listed on the TSX.

6.4 Management and Director Compensation and Incentive Plans and Programs

On or as soon as practicable after the Implementation Date, the Reorganized Debtors will adopt and implement a management stock incentive program, and such other management and director compensation and incentive programs as reasonably determined by the Applicants and Reorganized Debtors, as set forth in Plan Supplement [6] under the U.S. Plan; provided, however, that the Applicants and Reorganized Debtors shall reserve 8.5% on a fully diluted basis of the shares of New ABH Common Stock for issuance pursuant to such management and director compensation and incentive programs. As of the Implementation Date, all existing director and management compensation plans and programs set forth in Plan Supplement [6A] under the U.S. Plan shall remain in effect and the plans and programs set forth in Plan Supplement [6B] under the U.S. Plan shall be terminated.

6.5 Employee Compensation and Benefit Programs

As of the Implementation Date, all of the Applicants' existing retirement income plans, welfare benefit plans, severance policies and other employee-related plans and programs set forth in Plan Supplement [7A] under the U.S. Plan, shall remain in effect, as amended, and the plans and programs set forth in Plan Supplement [7B] under the U.S. Plan shall be terminated. After the Implementation Date, the Reorganized Debtors shall have the sole authority to terminate, amend or implement retirement income plans, welfare benefit plans and other plans and programs for employees in accordance with the terms of such plans and applicable Law.

6.6 CCAA Plan Releases

The following releases will become effective at the Final Restructuring Transactions Time:

(a) Releases by the Applicants

As at the Final Restructuring Transactions Time and subject to the provisions of Subsection 5.1(2) of the CCAA, each Applicant will be deemed to forever release, waive and discharge any and all demands, claims, actions, causes of action, counterclaims, suits, rights, obligations, debts, sums of money, accounts, covenants, damages, judgments, expenses, liabilities, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature (including interest thereon and costs, fees or other amounts in respect thereof) (collectively, the "**Obligations**") (other than the rights of the Applicants to enforce this CCAA Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered hereunder or pursuant hereto (including the Restructuring Transactions and the contracts, instruments, releases, indentures and other agreements or documents delivered under the Rights Offering or pursuant thereto) whether reduced to judgment,

liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Applicants, the business and affairs of the U.S. Debtors, the subject matter of, or the transactions or events giving rise to any Claims, this CCAA Plan, the U.S. Plan, the Rights Offering, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases that could be asserted by or on behalf of the Applicants against: (i) present or former directors, officers and employees of the Applicants, including the Chief Restructuring Officer and any director, officer or employee of any Applicant sitting on a committee constituted in connection with the CCAA Proceedings at the request of such Applicant, in each case in their respective capacities as of the Implementation Date; (ii) the agents, legal counsel, financial advisors and other professionals of the Applicants, in each case in their respective capacities as of the Implementation Date; (iii) the Monitor, its legal counsel and its current officers, directors; (iv) the BI DIP Lenders and the BI DIP Agent, each in their capacities as such, and each of their respective counsel; (v) Citibank, N.A., Barclays Bank PLC and Barclays Capital Inc., in their respective capacities under the Securitization Facility, (vi) the Ad Hoc Unsecured Noteholders Committee, (vii) the Unsecured Creditors' Committee, (viii) the Indenture Trustees, and, where applicable, with respect to each of the above named parties, such party's present and former advisors, principals, employees, officers, directors, representatives, financial advisors, legal counsel, accountants, investment bankers, consultants, agents and other representatives or professionals.

(b) Releases by Others

As at the Final Restructuring Transactions Time, (i) the Applicants, (ii) the subsidiaries of Reorganized ABH, (iii) the Monitor, (iv) the Chief Restructuring Officer, (v) the BI DIP Lenders and the BI DIP Agent, each in their capacity as such, (vi) Citibank, N.A., Barclays Bank PLC and Barclays Capital Inc., in their respective capacities under the Securitization Facility, (vii) the Ad Hoc Unsecured Noteholders Committee, (viii) the Unsecured Creditors' Committee, (ix) the Indenture Trustees and (x) in each case, their respective present and former advisors, principals, employees, officers, directors, representatives, financial advisors, legal counsel, accountants, investment bankers, consultants, agents and other representatives or professionals (collectively, the "**Released Parties**") will be released and discharged from any and all Obligations, whether reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise, that any Person (including the Holders, the Applicants and the U.S. Debtors, as applicable, and any Person who may claim contribution or indemnification against or from them) may be entitled to assert (including any and all Claims in respect of potential statutory liabilities of the Released Parties for which the Initial Order authorized the granting of a

CCAA Charge or Claims for which Released Parties who are directors are by law liable in their capacity as directors for the payment of such Claims, but other than the rights of Persons to enforce this CCAA Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder or pursuant hereto (including the Restructuring Transactions and the contracts, instruments, releases, indentures and other agreements or documents delivered under the Rights Offering or pursuant thereto) based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Applicants, the business and affairs of the U.S. Debtors, the subject matter of, or the transactions or events giving rise to, any Claims, the CCAA Charges, this CCAA Plan, the U.S. Plan, the Rights Offering, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases, provided that nothing herein will release or discharge such Released Party if the Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct or to have been grossly negligent or, in the case of directors or officers, in respect of any claim referred to in Subsection 5.1(2) of the CCAA.

(c) [Releases by Unionized Employees]

[As at the Final Restructuring Transactions Time, each and every one of the current and former Unionized Employees will be deemed to forever release, waive and discharge any and all Obligations (including any remedies to challenge transfers which may fall within the scope of any bulk sales, fraudulent conveyance or similar statute) against the Released Parties, whether reduced to judgement, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the Unions bargaining, negotiation, settling, granting of concessions or compromising grievances or Claims of any nature whatever with the Applicants in connection with, directly or indirectly, this CCAA Plan, the U.S. Plan, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases that could be asserted by or on behalf of the Unionized Employees, the Unions or any Persons acting on behalf of such Unionized Employees or Unions against the Released Parties.]

(d) [Releases by the Bridgewater Entities]

[As at the Final Restructuring Transactions Time, each and every one of the Bridgewater Entities will be deemed to forever release, waive and discharge any and all Obligations (including any remedies to challenge transfers which may fall within the scope of any bulk sales, fraudulent conveyance or similar statute) against the Released Parties, whether reduced to judgement, liquidated or unliquidated, fixed or contingent, matured or unmatured, known

or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise, that the Bridgewater Entities may be entitled to assert (including any and all Claims in respect of potential statutory liabilities of the Released Parties for which the Initial Order authorized the granting of a CCAA Charge or Claims for which Released Parties who are directors are by law liable in their capacity as directors for the payment of such Claims, but other than the rights of the Bridgewater Entities to enforce this CCAA Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder or pursuant hereto) based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Applicants, the business and affairs of the U.S. Debtors, the subject matter of, or the transactions or events giving rise to, any Claims, the CCAA Charges, this CCAA Plan, the U.S. Plan, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases, provided that nothing herein will release or discharge such Released Party if the Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct or to have been grossly negligent or, in the case of directors or officers, in respect of any claim referred to in Subsection 5.1(2) of the CCAA.]

(e) [Releases by the 15.5% Senior Unsecured Notes Indenture Trustee]

[As at the Final Restructuring Transactions Time, [the 15.5% Senior Unsecured Notes Indenture Trustee on behalf of each of the 15.5% Senior Unsecured Notes Creditors] will be deemed to forever release, waive and discharge any and all Obligations (including any remedies to challenge transfers which may fall within the scope of any bulk sales, fraudulent conveyance or similar statute) against the Bridgewater Entities, whether reduced to judgement, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise, that the 15.5% Senior Unsecured Notes Creditors may be entitled to assert (other than the rights of the 15.5% Senior Unsecured Notes Indenture Trustee and the 15.5% Senior Unsecured Notes Creditors to enforce this CCAA Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder or pursuant hereto) based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Bridgewater Entities, the subject matter of, or the transactions or events giving rise to, any Claims of any nature whatever with the 15.5% Senior Unsecured Notes Creditors that could be asserted by on behalf of the 15.5% Senior Unsecured Notes Creditors against the Bridgewater Entities, provided that nothing herein will release or discharge such Bridgewater Entities if the Bridgewater Entities is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct or to have been grossly negligent.]

6.7 Injunction Related to Releases

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to this CCAA Plan.

6.8 Waiver of Defaults

From and after the Final Restructuring Transactions Time, except in cases where this CCAA Plan requires that the Holders of the applicable Claims (including Proven Secured Claims) be paid in full on the Implementation Date, on condition that such Claims are paid in full on the Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Applicants (except for defaults under the securities, contracts, instruments, releases and other documents delivered under this CCAA Plan or entered into in connection herewith or pursuant hereto) then existing or previously committed by the Applicants or caused by the Applicants, directly or indirectly, or non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Applicants arising from the filing by the Applicants under the CCAA or the transactions contemplated by this CCAA Plan, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

6.9 Cancellation, Assignment, Transfer or Other Alienation of Canadian Unsecured Notes, Canadian Secured Notes, ACCC Term Loan Documents, BCFPI Secured Bank Documents and Agreements

As at the Final Restructuring Transactions Time, except as otherwise specifically provided for in this CCAA Plan or the U.S. Plan, or as contemplated to be effected as part of the Restructuring Transactions and, in cases where this CCAA Plan requires that the Holders of the applicable Claims (including Proven Secured Claims) be paid in full on the Implementation Date on the condition that such Claims are paid in full on the Implementation Date: (a) the Canadian Unsecured Notes, the Canadian Secured Notes, the ACCC Term Loan Documents, the BCFPI Secured Bank Documents and any other note, bond, debenture, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of the Applicants, shall be cancelled, assigned, transferred or otherwise alienated, as the case may be, in accordance with the Restructuring Transactions, (b) the obligations of, and Affected Claims and Secured Claims against, the Applicants under, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the Canadian Unsecured Notes, the Canadian Secured Notes, the ACCC Term Loan Documents, the BCFPI Secured Bank Documents and any other note, bond, debenture, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of the Applicants, as the case may be, shall be released and discharged as between a Holder of an Affected Claim and Secured Claims and the Applicants, (c) any agreement (including the Canadian Unsecured Notes Indentures) that governs the rights of a Holder of a Claim and that is administered by a Servicer shall continue in effect solely for purposes of (i) allowing such Servicer to make the distributions on account of such Affected

Claims under this CCAA Plan and (ii) permitting such Servicer to maintain any rights or liens it may have for fees, costs, expenses, indemnities or other amounts under such indenture or other agreement, (d) the immediately preceding provision shall not affect the discharge of Claims against the Applicants under this CCAA Plan or the U.S. Plan, or result in any expense or liability to the Applicants, (e) the Applicants shall not have any obligations to any Servicer (or to any Disbursing Agent replacing such Servicer, other than the Monitor) for any fees, costs, or expenses incurred on and after the Final Restructuring Transactions Time except as expressly provided in Section 7.13, and (f) nothing herein shall preclude any Servicer (or any Disbursing Agent replacing such Servicer) from being paid or reimbursed for fees, costs, and expenses from the distributions being made by such Servicer (or any Disbursing Agent replacing such Servicer) pursuant to such agreement in accordance with the provisions set forth therein, all without application to or approval by the Court.

6.10 Cancellation of Liens

Except as otherwise provided in the CCAA Plan and except in cases where this CCAA Plan requires that Holders of the applicable Proven Secured Claims be paid in full on the Implementation Date, on condition that such Proven Secured Claims are paid in full on the Implementation Date, as at the Final Restructuring Transactions Time, in consideration for the distributions to be made on the Implementation Date pursuant to this CCAA Plan, all Liens, and rights related to any Claim, including those existing under the Canadian Secured Notes, the ACCC Term Loan Documents, the BCFPI Secured Bank Documents, the Securitization Facility, the BI DIP Facility Documents and the ULC DIP Facility Documents, shall be terminated, null and void and of no effect.

6.11 Corporate Governance

As of the Implementation Date, the directors and officers of each Applicant that is not a Reorganized Debtor will be terminated. A search committee (the "**Search Committee**"), consisting of three (3) members of the Unsecured Creditors' Committee, three (3) members of the Ad Hoc Unsecured Noteholders Committee, and one (1) representative of the Company shall be formed to select the board of directors for Reorganized ABH (the "**Board**"). Among other things, the Search Committee shall be responsible for selecting the Board, determining the number of directors (including the number of independent directors, if any) comprising the Board, and defining the terms and other qualifications for such directors.

ARTICLE 7 PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Distributions for Claims Allowed as at the Initial Distribution Date

Except as otherwise provided herein or as ordered by the Court, distributions to be made on account of Affected Claims that are Proven Claims as at the Initial Distribution Record Date shall be made on the Initial Distribution Date. Thereafter, distributions on account of Affected Claims that are determined to be Proven Claims after the Initial Distribution Record Date shall be made on the Interim Distribution Date or the Final Distribution Date and in accordance with Article 5 and Article 7.

7.2 Assignment of Claims

For purposes of determining entitlement to receive any distribution pursuant to this CCAA Plan, the Applicants, the Disbursing Agent and the Servicers, and each of their respective agents, successors and assigns, shall have no obligation to recognize any transfer or assignment of any Affected Claim unless and until notice of the transfer or assignment from either the transferor, assignor, transferee or assignee, together with evidence showing ownership, in whole or in part, of such Affected Claim and that such transfer or assignment was valid at Law, has been received by the affected Applicants, the Disbursing Agent or the Servicer, as the case may be, at least ten (10) Business Days prior to the Initial Distribution Record Date, any Interim Distribution Record Date or the Final Distribution Date.

7.3 Interest on Affected Unsecured Claims

- (a) The amount of each Affected Unsecured Claim shall, for all purposes other than for voting and distribution purposes, include the interest accrued thereon, if any, as of the Implementation Date calculated in accordance with the contract or other arrangement giving rise to such Affected Unsecured Claim. The Face Amount of each Affected Unsecured Claim shall, for voting and distribution purposes, be valued as of the Date of Filing without regard to any interest accruing thereon thereafter and such interest accrual shall not in any way diminish or otherwise affect the operation and scope of the settlement or compromise of the Affected Claims nor the full and complete releases provided for in this CCAA Plan or the U.S. Plan in respect of capital, interest or otherwise.
- (b) To the extent that any Proven Claim to which a distribution under this Plan relates is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable Law, be allocated to the principal amount of the Proven Claim first and then, to the extent that the consideration exceeds the principal amount of the Proven Claim, to the portion of such Proven Claim representing accrued but unpaid interest (including interest in respect of any secured portion of such Proven Claim).

7.4 Distributions by Disbursing Agent

The Disbursing Agent shall make all distributions required under this CCAA Plan subject to the provisions of Article 5 and Article 7. If the Disbursing Agent is an independent third party, then such Disbursing Agent shall receive, without further Court approval, reasonable compensation for distribution services rendered pursuant to the CCAA Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Applicants on terms acceptable to the Applicants. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Court.

7.5 Disbursing Agent Shall Not Distribute Cash Below Cdn\$ 10

The Disbursing Agent shall not be required to, but may in its sole and absolute discretion, make Cash distributions to Holders of Proven Claims in an amount less than

Cdn\$10. In addition, the Disbursing Agent shall not be required to, but may in its sole and absolute discretion, make any distribution on account of any Proven Claim in the event that the costs of making such payment exceeds the amount of such distribution.

7.6 Disbursing Agent Shall Not Distribute Fractional Shares

Notwithstanding any other provision of this CCAA Plan, only whole numbers of shares of New ABH Common Stock shall be distributed to Holders of Proven Claims. When any distribution on account of any Proven Claim would otherwise result in the distribution of a number of shares of New ABH Common Stock that is not a whole number, the actual distribution of such shares shall be rounded to the next higher or lower whole number of shares as follows: (i) fractions equal to or greater than $\frac{1}{2}$ shall be rounded to the next higher whole number; and (ii) fractions less than $\frac{1}{2}$ shall be rounded to the next lower number. No consideration shall be provided in lieu of fractional shares of New ABH Common Stock that are rounded down.

7.7 Disbursing Agent Shall Not Distribute Fractional Cents

Notwithstanding any other provision of this CCAA Plan, no payment of fractional cents will be made. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

7.8 Delivery of Distributions

(a) Proven Claims.

Subject to Section 7.2, distributions to Holders of Proven Claims shall be made by the Disbursing Agent or the appropriate Servicer (i) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim is filed or if the Applicants or the Monitor has been notified in writing of a change of address), (ii) at the addresses set forth in any written notice of address change delivered to the Disbursing Agent after the date of any related Proof of Claim, (iii) in the case of a Holder of an Affected Claim whose Affected Claim is governed by an agreement and administered by a Servicer, at the addresses contained in the official records of such Servicer.

(b) Undeliverable Distributions.

If any distribution to a Holder of a Proven Claim is returned as undeliverable, no further distributions to such Holder of such Claim shall be made unless and until the Disbursing Agent or the appropriate Servicer is notified of then-current address of such Holder, at which time all missed distributions shall be made to such Holder without interest. Undeliverable distributions shall be returned to the Reorganized Debtors until such distributions are claimed. The Applicants shall make reasonable efforts to locate Holders of Proven Claims for which distributions were undeliverable. All claims for undeliverable distributions must be made on or before the date that is 90 days after the Initial Distribution Date, the applicable Interim Distribution Date or the Final Distribution Date as the case

may be, after which date all unclaimed property shall revert to the Reorganized Debtors free of any restrictions or claims thereon and the Claim of any Holder or successor to such Holder with respect to such property shall be discharged and forever barred.

7.9 Withholding Taxes

In connection with this CCAA Plan, all distributions made hereunder by the Disbursing Agent shall be made net of all applicable Taxes. Notwithstanding any other provision of this CCAA Plan, each Affected Unsecured Creditor with a Proven Claim that is to receive a distribution pursuant to this CCAA Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Governmental Entity (including income, withholding and other Tax obligations on account of such distribution), and no distribution shall be made to or on behalf of such Affected Unsecured Creditor pursuant to this CCAA Plan unless and until such Affected Unsecured Creditor has made arrangements satisfactory to the Disbursing Agent and the Applicants for the payment and satisfaction of such Tax obligations. The Disbursing Agent shall be authorized to take any and all actions as may be necessary or appropriate to comply with such withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Unsecured Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Entity.

7.10 Multiple Affected Claims

Subject to Section 4.4, for voting and distribution purposes, in respect of all Affected Creditors and their rights in respect of Affected Claims: (i) all guarantees of an Applicant of the payment or performance by another Applicant with respect to any Affected Claim will be recognized; (ii) each Affected Claim and all guarantees by an Applicant of such Affected Claim will be treated as multiple Affected Claims against the Applicants; and (iii) any joint obligation of any Applicant with another Applicant will be treated as two separate Affected Claims against the Applicants, provided that the aggregate recovery on account of any Proven Claim or Allowed Claim (as defined under the U.S. Plan) from all sources, including distributions under this CCAA Plan, the U.S. Plan or a combination of both, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, surety indemnity, joint and several obligations or otherwise, shall not exceed 100% of the underlying indebtedness, liability or obligation giving rise to such Claim.

7.11 No Double Recovery on Allowed Cross-border Claims

To the extent that any Claim is both a Proven Claim against a Cross-border Debtor under this CCAA Plan and an Allowed Claim (as defined in the U.S. Plan) against the same Cross-border Debtor under the U.S. Plan (each an "**Allowed Cross-border Claim**"), (i) there shall only be a single recovery on account of such Allowed Cross-border Claim under this CCAA Plan and the U.S. Plan, and (ii) the aggregate distribution which such Allowed Cross-border Claim shall receive, whether under this CCAA Plan or the U.S. Plan or a combination of both, shall not exceed the greatest distribution which such Allowed Cross-border Claim would be entitled to receive under this CCAA Plan or the U.S. Plan.

7.12 Guarantees and Similar Covenants

No Person who has a Claim under any guarantee, surety, indemnity solidary or joint and several obligations or otherwise in respect of any Claim which is settled, compromised, released or otherwise dealt with under this CCAA Plan or who has any right in respect of, or to be subrogated to, the rights of any Person in respect of a Claim which is compromised under this CCAA Plan shall be entitled to any greater rights than the Affected Unsecured Creditor whose Claim is settled, compromised, released, or otherwise dealt with under this CCAA Plan.

7.13 Payment of Indenture Trustees Fees

The Applicants shall reimburse any Indenture Trustees for reasonable and necessary services performed by it (including reasonable attorneys' fees and document out-of-pocket expenses) in connection with the making of distributions under this CCAA Plan to Holders of Proven Claims, without the need for approval by the Court. To the extent that there are any disputes that the Applicants are unable to resolve with the Indenture Trustees, the Applicants shall report to the Court as to whether there are any unresolved disputes regarding the reasonableness of the Indenture Trustees' (and their attorneys') fees and expenses. Any such unresolved disputes may be submitted to the Court for resolution.

7.14 Special Provisions Regarding Allowed Insured Claims

In the event an Insured Claim Creditor does not agree to relinquish and waive any right to any Claim, other than the Allowed Insured Claim, arising from an incident or occurrence alleged to have occurred prior to the Implementation Date and having given rise to such Allowed Insured Claim, the whole in accordance with Section 3.6, distributions under this CCAA Plan to such Insured Claim Creditor will be in accordance with the treatment provided under this CCAA Plan for the Affected Unsecured Creditor Class in which such Allowed Insured Claim is classified, but solely to the extent that such Allowed Insured Claim is not satisfied from proceeds payable to such Insured Claim Creditor thereof under any Insurance Contracts and applicable Law; provided, however, that (i) no distributions shall be made on account of any Allowed Insured Claim that is payable pursuant to an Insurance Contract until the Insured Claim Creditor has exhausted all remedies with respect to such Insurance Contract; and (ii) distributions to Insured Claim Creditor by any Insurer shall be in accordance with the provisions of the applicable Insurance Contract. To the extent that one or more of the Insurers agrees to satisfy an Allowed Insured Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, such Allowed Insured Claim will be expunged to the extent of any agreed upon amount.

ARTICLE 8 MISCELLANEOUS

8.1 Contracts and Leases

Except as otherwise provided in this CCAA Plan, as of the Final Restructuring Transactions Time, each Applicant shall be deemed to have ratified each executory contract and unexpired lease to which it is a party (other than in respect of Claims arising from such contract or lease which will be Affected Claims and, therefore, settled, compromised, released or

otherwise dealt with pursuant to this CCAA Plan, unless such contract or lease: (i) was previously repudiated or terminated by the Applicants; (ii) previously expired or terminated pursuant to its own terms; or (iii) was amended as evidenced by a written agreement with the Applicants, and in such case the amended contract or lease shall be deemed ratified.

8.2 Confirmation of CCAA Plan

Provided that this CCAA Plan is approved by the Required Majorities:

- (a) the Applicants shall seek the Sanction Order for the approval of this CCAA Plan; and
- (b) subject to the Sanction Order being made in form and substance acceptable to the Applicants and the satisfaction of the conditions to the implementation of this CCAA Plan set forth in Section 8.5, this CCAA Plan shall be implemented by the Applicants and shall be binding upon each of the Applicants and all Persons referred to in Section 2.1.

8.3 Paramountcy

From and after the Implementation Date, any conflict between this CCAA Plan and/or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, and/or indenture, trust indenture, loan agreement, commitment letter, agreement for sale, the by-laws of the Applicants, lease or other agreement or undertaking, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Unsecured Creditors and the Applicants as at the Implementation Date will be deemed to be governed by the terms, conditions and provisions of this CCAA Plan and the Sanction Order, which shall take precedence and priority. All Affected Unsecured Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by this CCAA Plan.

8.4 Modification of CCAA Plan

The Applicants, in consultation with the Monitor, reserve the right to file any modification of, or amendment or supplement to, this CCAA Plan by way of a supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) prior to the Creditors' Meeting Date or at or before the Creditors' Meeting, in which case any such supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof), shall, for all purposes, be and be deemed to form part of and be incorporated into this CCAA Plan. The Applicants shall file any supplementary plans with the Court as soon as practicable. The Applicants shall give notice to Affected Unsecured Creditors of the details of any such modification, amendment or supplement at the Creditors' Meeting prior to the vote being taken to approve this CCAA Plan. The Applicants may give notice of a proposed modification, amendment or supplement to this CCAA Plan at or before the Creditors' Meeting by notice which shall be sufficient if given to those Creditors present at such meeting in person or by proxy. After the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Applicants, in consultation with the Monitor, may at any time and from time to time vary, amend, modify or supplement this CCAA Plan without the need for

obtaining an Order or providing notice to the Affected Unsecured Creditors if the Monitor determines that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the Affected Unsecured Creditors under this CCAA Plan or the Sanction Order and is necessary in order to give effect to the substance of this CCAA Plan or the Sanction Order.

8.5 Conditions Precedent to Implementation of CCAA Plan

The implementation of this CCAA Plan by the Applicants is subject to the following conditions precedent which, except for Subsections 8.5(a), 8.5(b) and 8.5(m) below and as otherwise would be in violation of applicable Laws, may be waived in writing as provided in Section 8.6:

- (a) the approval of this CCAA Plan by the Required Majorities shall have been obtained;
- (b) the Sanction Order sanctioning this CCAA Plan, in form and substance satisfactory to the Applicants and the Monitor, shall have been made and entered and the operation and effect of the Sanction Order shall not have been stayed, reversed or amended, and shall among other things: *[NTD: Contents of Sanction Order to be confirmed.]*
 - (i) declare that: (i) this CCAA Plan has been approved by the Required Majorities of Affected Unsecured Creditors in conformity with the CCAA; (ii) the Applicants have complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the Court is satisfied that each Applicant has neither done nor purported to do anything that is not authorized by the CCAA; and (iv) this CCAA Plan and the transactions contemplated hereby are fair and reasonable, and in the best interests of the Applicants, the Affected Unsecured Creditors and the other stakeholders of the Applicants (having considered, among other things, the composition of the vote, what creditors would receive in liquidation or sale as compared to this CCAA Plan, alternatives to this CCAA Plan or liquidation or sale, whether any oppression exists or has occurred, the treatment of shareholders and the public interest);
 - (ii) order that this CCAA Plan (including the settlements, compromises, arrangements, reorganizations, corporate transactions and releases set out herein and the transactions, including the Restructuring Transactions and reorganization contemplated hereby) is sanctioned and approved pursuant to Section 6 of the CCAA and, as at the Implementation Date, will be effective and will enure to the benefit of and be binding upon the Applicants, the Affected Unsecured Creditors and all other Persons stipulated in this CCAA Plan or in the Sanction Order, if any;

- (iii) declare that the Restructuring Transactions shall be effected, subject to Section 6.2, in the manner and the sequence as set forth in the Restructuring Transactions Notice;
- (iv) declare that all Proven Claims determined in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol and the Creditors' Meeting Order are final and binding on the Applicants and all Affected Unsecured Creditors;
- (v) declare that, subject to the performance by the Applicants of its obligations under this CCAA Plan and in accordance with Section 8.1 of the CCAA Plan, all contracts, leases, agreements and other arrangements to which the Applicants are a party and that have not been terminated or repudiated pursuant to the Initial Order will be and remain in full force and effect, unamended, as at the Implementation Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:
 - (A) any event that occurred on or prior to the Implementation Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Applicants);
 - (B) the insolvency of the Applicants or any affiliate thereof or the fact that the Applicants or any affiliate thereof sought or obtained relief under the CCAA, the CBCA or the Bankruptcy Code;
 - (C) any of the terms of this CCAA Plan, the U.S. Plan or any action contemplated therein, including the Restructuring Transactions Notice;
 - (D) any settlements, compromises or arrangements effected pursuant to this CCAA Plan or the U.S. Plan or any action taken or transaction effected pursuant to this CCAA Plan or the U.S. Plan; or
 - (E) any change in the control of the Applicants or any affiliate thereof arising from the implementation of this CCAA Plan (including the Restructuring Notice) or the U.S. Plan and declare that any consent required under any such contracts, leases, agreements or other arrangements in respect of any such change of control be deemed satisfied;

- (vi) declare that the stay of proceedings under the Initial Order continues until the Implementation Date;
 - (vii) approve all conduct of the Chief Restructuring Officer and the Monitor in relation to the Applicants and the U.S. Debtors and bar all Claims against them arising from or relating to the services provided to the Applicants and the U.S. Debtors prior to the date of the Sanction Order, save and except any liability or obligation arising from a breach of its duties to act honestly, in good faith and with due diligence;
 - (viii) confirm the releases contemplated by Subsections 6.6(a), 6.6(b) and 6.6(c);
 - (ix) enjoin the commencement or prosecution, whether directly, derivatively or otherwise, or any demands, claims, actions, causes of action, counterclaims, suits, or any indebtedness, liability, obligation or cause of action released and discharged pursuant to this CCAA Plan;
 - (x) order that the BI DIP Lenders Charge will be released and discharged as of the Implementation Date upon receipt of acknowledgements from each of the BI DIP Lenders and the BI DIP Agent of payment in full of all BI DIP Claims; and
 - (xi) order that all CCAA Charges, other than the BI DIP Lenders Charge, will be released and discharged as of the Implementation Date or earlier upon receipt of acknowledgements of payment in respect of the Claims secured thereby or adequate alternate arrangements satisfactory to the parties in whose favour such charges operate;
- (c) any other Order deemed necessary or desirable by ABH from the Bankruptcy Court, including an Order approving this CCAA Plan in the Chapter 15 Proceedings, or any other jurisdiction shall have been obtained;
 - (d) all applicable appeal periods in respect of the Sanction Order and any other Order made by the Bankruptcy Court pursuant to Subsection 8.5(c) shall have expired and any appeals therefrom shall have been finally disposed of by the applicable appellate tribunal;
 - (e) the Exit Loan Facilities and all related agreements and other documents shall have become effective subject only to the implementation of this CCAA Plan;
 - (f) the Backstop Agreement in connection with the Rights Offering shall not have been terminated;
 - (g) the following agreements, or any subsequent amendments, shall have been executed and ratified by all Unions, in a form and substance satisfactory to the Applicants:

- (i) Memorandum of Agreement between ABH and the Communications, Energy and Paperworkers Union of Canada dated March 7, 2010; and
 - (ii) Memorandum of Agreement between ABH and the *Syndicats affiliés à la FTPE/CSN des usines de Clermont, Alma, Kénogami et Laurentide* dated March 13, 2010;
- (h) the following regulations shall have been adopted into in a form and substance satisfactory to the Applicants:
 - (i) a special funding relief regulation pursuant to the *Supplemental Pension Plans Act* (Québec) for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans; and
 - (ii) a special funding relief regulation pursuant to the *Pension Benefits Act* (Ontario) for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans;
- (i) all relevant Persons shall have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicants, acting reasonably, are necessary to implement the provisions of this CCAA Plan and/or the Sanction Order;
- (j) subject to Subsections 8.5(k) and 8.5(l), all applicable approvals, certificates, rulings, permits, consents, notices and orders of, and all applicable submissions and filings with any or all Governmental Entities and stock exchanges having jurisdiction for the completion of the transactions contemplated by this CCAA Plan (including the transactions contemplated in this Section 8.5 as conditions to the implementation of the CCAA Plan) shall have been obtained or made, as the case may be, by the Applicants, in each case to the extent deemed necessary or advisable by the Applicants in form and substance satisfactory to the Applicants;
- (k) the shares of New ABH Common Stock shall be generally freely tradable in Canada under applicable Canadian securities Laws, except for restrictions on resale or transfer imposed by the Canadian securities authorities or the TSX on "control distributions" (as such term is defined in National Instrument 45-102 – Resale of Securities) and provided that in respect of the first trade of such securities, such trade is effected with no unusual effort being made to prepare the market or to create a demand for the securities that are subject to the trade, no extraordinary commission or consideration paid to a person or company in respect of the trade and if the selling securityholder is an insider or officer of Reorganized ABH or any Reorganized Debtors, the selling securityholder has no reasonable grounds to believe that any of Reorganized ABH or the Reorganized Debtors is in default of Canadian securities Laws;
- (l) all applicable approvals or consents from Governmental Entities in relation to the issuance or the assignment of Timber Supply and Forest Management

Agreements (TSFMAs) or tenure agreements, as the case may be, shall have been obtained by the Applicants or waived by such Governmental Entity on terms satisfactory to the Applicants; and

- (m) all conditions precedent to the implementation of the U.S. Plan but for the implementation of this CCAA Plan shall have been satisfied or waived.

8.6 Waiver of Conditions

Each of the conditions set forth in Section 8.5 above except for the conditions set forth in Subsections 8.5(a), 8.5(b) and 8.5(m), may be waived in whole or in part by the Applicants, or the other relevant parties to the documents and transactions referred to therein without any other notice to parties in interest or the Court and without a hearing. The failure to satisfy or waive any condition prior to the Implementation Date may be asserted by the Applicants regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Applicants). The failure of the Applicants to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

8.7 Notices

Any notices or communication to be made or given hereunder to the Applicants or the Monitor shall be in writing and shall refer to this CCAA Plan and may, subject as hereinafter provided, be made or given by telecopier or e-mail addressed to the respective parties as follows:

- (a) if to the Applicants:

Attention: Chief Financial Officer & Chief Legal Officer
Telecopier: (864) 282-9219 and (514) 394-3644

with a copy to Stikeman Elliott LLP

Attention: Marc Barbeau and Sean Dunphy
Telecopier: (514) 397-3222
E-mail: mbarbeau@stikeman.com and sdunphy@stikeman.com

- (b) if to the Monitor:

Attention: Alex F. Morrison
Telecopier: (416) 943-3300
E-mail: alex.f.morrison@ca.ey.com

with a copy to Thornton Grout Finnigan LLP

Attention: Robert Thornton and Rachelle F. Moncur
Telecopier: (416) 304-1313
E-mail: rthornton@tgf.ca and rmoncur@tgf.ca

or to such other telecopier or e-mail as any party may from time to time notify the others in accordance with this Section 8.7. All such notices and communications shall be deemed to have been received, in the case of notice by telecopier or e-mail prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid. The unintentional failure by the Applicants to give any notice contemplated hereunder to any particular Affected Unsecured Creditor shall not invalidate this CCAA Plan or any action taken by any Person pursuant to this CCAA Plan.

Any notices or communications to be made or given hereunder by the Monitor or the Applicants to an Affected Unsecured Creditor may be sent by telecopier, e-mail, ordinary mail, registered mail, courier or telecopier transmission. An Affected Unsecured Creditor shall be deemed to have received any document sent pursuant to this CCAA Plan four (4) Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, e-mail or telecopier transmission. Documents shall not be sent by ordinary or registered mail during a postal strike or work stoppage of general application.

Notices or communications may be mailed to an Affected Unsecured Creditor (i) to the address for such Affected Unsecured Creditor specified in the Notice of Dispute filed by an Affected Unsecured Creditor, or (ii) to the address listed in the Proof of Claim, or (iii) at the address set forth in any written notice of address changes delivered to the Disbursing Agent and the Monitor.

8.8 Severability of CCAA Plan Provisions

If, prior to the Implementation Date, any term or provision of this CCAA Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants, which request shall be made in consultation with the Monitor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this CCAA Plan shall remain in full force and effect and shall in no way be Affected, impaired or invalidated by such holding, alteration or interpretation.

8.9 Revocation, Withdrawal or Non-consummation

The Applicants reserve the right to revoke or withdraw this CCAA Plan at any time prior to the Implementation Date and to file subsequent plans of reorganization or arrangement. If the Applicants revoke or withdraw this CCAA Plan, or if the Sanction Order is not issued, (a) this CCAA Plan shall be null and void in all respects, (b) any Claim, any settlement, compromise or release embodied in this CCAA Plan (including the fixing or limiting of any Claim to a certain amount), assumption or termination, repudiation of executory contracts or leases affected by this CCAA Plan, and any document or agreement executed pursuant to this CCAA Plan shall be deemed null and void, and (c) nothing contained in this CCAA Plan, and no act taken in preparation for consummation of this CCAA Plan, shall:

- (a) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicants or any other Person;
- (b) prejudice in any manner the rights of the Applicants or any Person in any further proceedings involving the Applicants; or
- (c) constitute an admission of any sort by the Applicants or any other Person.

8.10 Governing Law

This CCAA Plan shall be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this CCAA Plan and all proceedings taken in connection with this CCAA Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

8.11 Independence of Jurisdiction

Nothing contained herein shall be construed to increase, decrease or otherwise modify the independence, sovereignty or jurisdiction of the Court, the Bankruptcy Court or any other court or tribunal in Canada or the United States, including the ability of any such court or tribunal to provide appropriate relief under applicable law on an ex parte or "limited notice" basis.

8.12 Successors and Assigns

This CCAA Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors (including by merger, amalgamation, consolidation, conversion or reorganization or following any liquidation or dissolution) and permitted assigns of any Person named or referred to in Section 2.1.

SCHEDULE A

Applicants

Abitibi-Consolidated Inc.
Abitibi-Consolidated Company of Canada
3224112 Nova Scotia Limited
Marketing Donohue Inc.
Abitibi-Consolidated Canadian Office Products Holdings Inc.
3834328 Canada Inc.
6169678 Canada Incorporated.
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.
Abitibi-Consolidated (U.K.) Inc.
Bowater Canadian Holdings Incorporated.
Bowater Canada Finance Corporation
Bowater Canadian Limited
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 Drive Company Limited
Bowater Treated Wood Inc.
Canexel Hardboard Inc.
9068-9050 Québec Inc.
Alliance Forest Products (2001) Inc.
Bowater Belledune Sawmill Inc.
Bowater Maritimes Inc.
Bowater Mitis Inc.
Bowater Guérette Inc.
Bowater Couturier Inc.

SCHEDULE B
New ABH Common Stock Allocation among Affected Unsecured Creditor Class

Affected Unsecured Creditor Class	Shares of New ABH Common Stock⁽¹⁾⁽²⁾⁽³⁾	Percentage of New ABH Equity⁽¹⁾⁽⁴⁾
1. ACI Affected Unsecured Creditor Class	4,292,279	4.4%
2. ACCC Affected Unsecured Creditor Class	20,498,391	21.1%
3. Saguenay Forest Products Affected Unsecured Creditor Class	5,947	0.0%
4. BCFPI Affected Unsecured Creditor Class	6,845,106	7.0%
5. BCFC Affected Unsecured Creditor Class	233,714	0.2%
6. Bowater Canadian Limited Affected Unsecured Creditor Class	8,508	0.0%
7. AbitibiBowater Canada Affected Unsecured Creditor Class	2	0.0%
8. Bowater Maritimes Affected Unsecured Creditor Class	44,806	0.0%
9. ACNSI Affected Unsecured Creditor Class	46,882	0.1%

⁽¹⁾ Claims estimates are subject to change due to ongoing claims resolution.

⁽²⁾ Subject to dilution from management incentive plan and Rights Offering.

⁽³⁾ Only includes shares of New ABH Common Stock allocated to Affected Unsecured Claims, other than the 15.5% Senior Unsecured Notes Claims.

⁽⁴⁾ Assumes no holder of Affected Unsecured Claims have elected to receive shares of New ABH Common Stock.

SCHEDULE C
15.5% Senior Unsecured Notes Claims Share Allocation

Name of Applicants	Shares of New ABH Common Stock⁽¹⁾⁽²⁾⁽³⁾	Percentage of New ABH Equity⁽¹⁾⁽⁴⁾
1. Abitibi-Consolidated Inc.	409,436	0.4%
2. Abitibi-Consolidated Company of Canada	2,076,508	2.1%
3. Saguenay Forest Products	326,435	0.3%
4. 3224112 Nova Scotia Limited	0	0.0%
5. Marketing Donohue Inc.	0	0.0%
6. Abitibi-Consolidated Canadian Office Products Holdings Inc.	0	0.0%
7. 3834328 Canada Inc.	0	0.0%
8. 6169678 Canada Inc.	443	0.0%
9. Donohue Recycling Inc.	277	0.0%
10. 1508756 Ontario Inc.	0	0.0%
11. The Jonquière Pulp Company	6,203	0.0%
12. The International Bridge and Terminal Company	7,315	0.0%
13. Scramble Mining Ltd.	0	0.0%
14. Terra Nova Explorations Ltd.	1,933	0.0%
15. Abitibi-Consolidated (U.K.) Inc.	1,672,107	1.7%

(1) Claims estimates are subject to change due to ongoing claims resolution.

(2) Subject to dilution from management incentive plan and Rights Offering.

(3) Only includes shares of New ABH Common Stock allocated to the 15.5% Senior Unsecured Notes Claims.

(4) Assumes no holder of Affected Unsecured Claims have elected to receive shares of New ABH Common Stock.

APPENDIX “G”
DRAFT DISCLOSURE STATEMENT

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

In re:	)	
	)	Chapter 11
	)	
ABITIBIBOWATER INC., <i>et al.</i> ,	)	Case No. 09-11296 (KJC)
	)	Jointly Administered
Debtors.	)	
	)	

**DISCLOSURE STATEMENT FOR DEBTORS' FIRST AMENDED JOINT PLAN
OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: May 24, 2010

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EXHIBITS

- | | |
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| Exhibit B | Projected Financial Information |
| Exhibit C | Liquidation Analysis |
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IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

This Disclosure Statement provides information regarding the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated May 24, 2010 (as may be amended and supplemented from time to time according to its terms, the "Plan"). A copy of the Plan is attached as Exhibit A.

Certain Debtors and affiliates of the Debtors have also filed their first amended proposed plan of reorganization and compromise dated May 24, 2010 (as may be amended and supplement from time to time according to its terms, the "CCAA Plan") with the Canadian Court overseeing those entities' restructuring in Canada. A copy of the CCAA Plan and related materials may be found at the Monitor's website.

References to the "Plan" and the "Plan of Reorganization" are to the Plan attached as Exhibit A hereto. All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Plan.

Unless the context requires otherwise, reference to the "Company", "we", "our", and "us" are to AbitibiBowater Inc. and its subsidiaries.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein, and the delivery of this Disclosure Statement shall not create an implication that there has been no change in information stated since the date hereof.

The Debtors believe that the Plan will enable them to successfully reorganize and accomplish the objections of Chapter 11 and the CCAA. The Debtors believe that acceptance of the Plan is in the best interests of the Debtors, their Chapter 11 estates, and their creditors.

The Debtors urge creditors to vote to accept the Plan.

The Confirmation of the Plan and effectiveness of the Plan are subject to certain material conditions precedent, including entry of an order sanctioning the CCAA Plan, described in Article VII of the Plan. No assurance exists that the Plan will be confirmed or the CCAA Plan sanctioned, or if confirmed, that the conditions required to be satisfied will be satisfied or waived.

ALL CREDITORS AND SHAREHOLDERS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT, INCLUDING THE FOLLOWING SUMMARY, ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, EXHIBITS ANNEXED TO THE PLAN, THE PLAN SUPPLEMENT, THIS DISCLOSURE STATEMENT AND ALL EXHIBITS TO THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE

ONLY AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. **THOSE THAT ARE ENTITLED TO VOTE ON THE PLAN SHOULD READ CAREFULLY THE “RISK FACTORS” SECTION HEREOF BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. SEE ARTICLE VIII BELOW, “CERTAIN RISK FACTORS TO BE CONSIDERED.”**

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE LAW. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS OR INTERESTS IN THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN THE LIGHT OF THE PURPOSES FOR WHICH THEY WERE PREPARED.

THIS DISCLOSURE STATEMENT IS NOT AN OFFER OF SALE FOR ANY SECURITIES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PLAN SUMMARY CONTAINED HEREIN AND THE PLAN, THE TERMS OF THE PLAN SHALL GOVERN. ALL EXHIBITS TO THIS DISCLOSURE STATEMENT ARE INCORPORATED INTO AND ARE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

NONE OF THE OFFER OR SALE OF NEW ABH COMMON STOCK OR THE RIGHTS OFFERING TO HOLDERS OF CERTAIN CLASSES OF CLAIMS OR THE SECURITIES TO BE ISSUED PURSUANT TO THE RIGHTS OFFERING HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE “SECURITIES ACT”) OR SIMILAR STATE SECURITIES OR “BLUE SKY” LAWS. THE OFFERS AND ISSUANCES ARE BEING MADE IN RELIANCE ON THE EXEMPTION FROM REGISTRATION SPECIFIED IN SECTION 1145 OF THE BANKRUPTCY CODE OR OTHER EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT. NONE OF THE SECURITIES TO BE ISSUED ON THE EFFECTIVE DATE OR PURSUANT TO THE RIGHTS OFFERING HAS BEEN APPROVED OR DISAPPROVED BY THE SEC OR BY ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL, OR REGULATORY AUTHORITY, AND NEITHER THE SEC NOR ANY SUCH STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: ALL FORWARD-LOOKING STATEMENTS CONTAINED HEREIN OR OTHERWISE MADE BY THE DEBTORS INVOLVE MATERIAL RISKS AND UNCERTAINTIES AND ARE SUBJECT TO CHANGE BASED ON NUMEROUS FACTORS, INCLUDING FACTORS THAT ARE BEYOND THE DEBTORS' CONTROL. ACCORDINGLY, THE DEBTORS' FUTURE PERFORMANCE AND FINANCIAL RESULTS MAY DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN ANY SUCH FORWARD-LOOKING STATEMENTS. SUCH FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DESCRIBED IN THIS DISCLOSURE STATEMENT. THE DEBTORS DO NOT UNDERTAKE TO PUBLICLY UPDATE OR REVISE FORWARD-LOOKING STATEMENTS EVEN IF EXPERIENCE OR FUTURE CHANGES MAKE IT CLEAR THAT ANY PROJECTED RESULTS EXPRESSED OR IMPLIED HEREIN OR THEREIN WILL NOT BE REALIZED.

EXCEPT AS OTHERWISE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT NECESSARILY BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

AS TO CONTESTED MATTERS, EXISTING LITIGATION INVOLVING, OR POSSIBLE ADDITIONAL LITIGATION TO BE BROUGHT BY, OR AGAINST, THE DEBTORS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION, OR A WAIVER, BUT RATHER AS A STATEMENT MADE WITHOUT PREJUDICE SOLELY FOR SETTLEMENT PURPOSES, WITH FULL RESERVATION OF RIGHTS, AND IS NOT TO BE USED FOR ANY LITIGATION PURPOSE WHATSOEVER BY ANY PERSON, PARTY OR ENTITY. AS SUCH, THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NONBANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY IN INTEREST, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, FINANCIAL OR OTHER EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTORS.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED ("RSA 421-B") , WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW

HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

I.

INTRODUCTION

A. The Debtors

On April 16, 2009 and December 21, 2009, AbitibiBowater Inc. ("ABH" and together with its subsidiaries, the "Company") and its affiliated debtors and debtors-in-possession (each a "Debtor" and collectively, the "Debtors")¹ in the above captioned jointly administered Chapter 11 Cases filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code with the United States Bankruptcy Court for the District of Delaware.

On April 17, 2009, certain of the Debtors (the "Cross-Border Debtors")² and certain non-Debtor subsidiaries of ABH (such non-Debtors, the "CCAA Debtors")³

¹ The Debtors in these cases are: AbitibiBowater Inc., AbitibiBowater US Holding 1 Corp., AbitibiBowater US Holding LLC, AbitibiBowater Canada Inc., Abitibi-Consolidated Alabama Corporation, Abitibi-Consolidated Corporation, Abitibi-Consolidated Finance LP, Abitibi Consolidated Sales Corporation, Alabama River Newsprint Company, Augusta Woodlands, LLC, Bowater Alabama LLC, Bowater America Inc., Bowater Canada Finance Corporation, Bowater Canadian Forest Products Inc., Bowater Canadian Holdings Incorporated, Bowater Canadian Limited, Bowater Finance Company Inc., Bowater Finance II LLC, Bowater Incorporated, Bowater LaHave Corporation, Bowater Maritimes Inc., Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, Bowater Nuway Inc., Bowater Nuway Mid-States Inc., Bowater South American Holdings Incorporated, Bowater Ventures Inc., Catawba Property Holdings, LLC, Coosa Pines Golf Club Holdings LLC, Donohue Corp., Lake Superior Forest Products Inc., Tenex Data Inc, ABH LLC 1 and ABH Holding Company LLC.

² The Cross-Border Debtors are: Bowater Canada Finance Corporation, Bowater Canadian Holdings Incorporated, AbitibiBowater Canada Inc., Bowater Canadian Forest Products Inc., Bowater Maritimes Inc., Bowater LaHave Corporation and Bowater Canadian Limited.

and together with the Cross-Border Debtors, the “Canadian Debtors”) applied for protection from their creditors under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”), in the Superior Court, Commercial Division, for the Judicial District of Montréal, Canada (the “Canadian Court” and the proceedings before the Canadian Court, the “CCAA Proceedings”). Two of the CCAA Debtors – Abitibi-Consolidated Inc. (“ACI”) and Abitibi-Consolidated Company of Canada (“ACCC”, and together with ACI, collectively the “Chapter 15 Debtors”) – thereafter filed petitions for recognition under chapter 15 of the Bankruptcy Code (the “Chapter 15 Cases”). ABH and certain of the Debtors also filed for ancillary relief in Canada seeking provisional relief in support of the Chapter 11 Cases in Canada under section 18.6 of the CCAA.⁴

Exhibit A to the Plan lists the Debtors, the Cross-Border Debtors, the CCAA Debtors and the Canadian Debtors. AbitibiBowater’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009, as amended, is available for inspection online at the SEC’s website at <http://www.sec.gov>.

B. The Plan

³ The CCAA Debtors are: Bowater Mitis Inc., Bowater Guerette Inc., Bowater Couturier Inc., Alliance Forest Products (2001) Inc., Bowater Belledune Sawmill Inc., St. Maurice River Drive Company, Bowater Treated Wood Inc., Canoxel Hardboard Inc., 9068-9050 Quebec Inc., Bowater Canada Treasury Corporation, Bowater Canada Finance Limited Partnership, Bowater Shelburne Corporation, 3231078 Nova Scotia Company, Bowater Pulp and Paper Canada Holdings Limited Partnership, Abitibi-Consolidated Inc., Abitibi-Consolidated Company of Canada, Abitibi-Consolidated (U.K.) Inc., Abitibi-Consolidated Nova Scotia Incorporated, Abitibi-Consolidated Finance LP, 3217925 Nova Scotia Company, Terra-Nova Explorations Ltd., The Jonquiere Pulp Company, The International Bridge and Terminal Company, Scramble Mining Ltd., 9150-3383 Quebec Inc., Star Lake Hydro Partnership, Saguenay Forest Products Inc., 3224112 Nova Scotia Limited, La Tuque Forest Products Inc., Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., 3834328 Canada Inc., 6169678 Canada Incorporated, 4042410 Canada Inc., Donohue Recycling, and 1508756 Ontario Inc.

⁴ The Debtors who obtained section 18.6 relief are: AbitibiBowater Inc., AbitibiBowater US Holding 1 Corp., Bowater Ventures Inc., Bowater Incorporated, Bowater Nuway Inc., Bowater Nuway-Midstates, Inc., Catawba Property Holdings LLC, Bowater Finance Company Inc., Bowater South American Holdings Incorporated, Bowater America Inc., Lake Superior Forest Products Inc., Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, Bowater Finance II, LLC, Bowater Alabama LLC and Coosa Pines Golf Club Holdings LLC.

The Plan⁵ contemplates a comprehensive reorganization of the Company in Canada and the United States through plans approved under the CCAA and Chapter 11 of the Bankruptcy Code, respectively. The Plan shares common features with the CCAA Plan, including financial projections and liquidation analyses.

The Plan's underlying financial model assumes an integrated enterprise value for the Company and allocates such value to separate entity groupings within the Company's corporate structure based on its historic operations (such groupings, the "Abitibi/D-Corp Companies" and the "Bowater Companies," respectively).⁶ The estimated Plan recoveries against individual Debtors are based upon these underlying shared assumptions, including the value allocation between the Abitibi/D-Corp Companies and the Bowater Companies. The Plan and CCAA Plan coordinate distributions to creditors in the Chapter 11 Cases and CCAA Proceedings using parallel assumptions and complementary distribution mechanics. Based on these value allocations, approximately 60% of the New ABH Common Stock – 58,364,008 shares – will be distributed to the Bowater Companies, and approximately 40% of the New ABH Common Stock – or 38,735,963 shares – will be distributed to the Abitibi/D-Corp Companies. Shares will be further allocated to individual Debtors within their respective corporate group based on such Debtor's individual valuation. Creditors holding general unsecured claims against the Debtors, other than Convenience Class Claims, will receive their Pro Rata share of New ABH Common Stock allocated to the Debtor against which such Claims lie, and if eligible, may participate in a rights offering. As a result, the Plan does not provide creditors with a fixed percentage recovery on their Claims. Creditors electing Convenience Class treatment will be paid in Cash.

The Plan does not provide for the substantive consolidation of any of the Debtors' estates. The Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of the Bankruptcy Court. Accordingly, the Plan constitutes a separate plan of reorganization for each Debtor in the Chapter 11 Cases, including the Cross-Border Debtors, and the CCAA Plan constitutes a separate plan of reorganization and compromise for each entity subject to the CCAA Proceedings, including the Cross-Border Debtors. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

⁵ On May 4, 2010, the Debtors filed their initial proposed Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code. [Docket No. 2070]. This Plan amends and supersedes the initial plan in its entirety. Also on May 4, 2010, the Canadian Debtors filed their initial proposed plan of reorganization and compromise. The CCAA Plan amends and supersedes the initial Canadian plan in its entirety.

⁶ The terms "Bowater Companies" and "Abitibi/D-Corp Companies" are used for descriptive and efficiency purposes only. The Plan does not substantively consolidate any Debtors.

C. The Disclosure Statement

This Disclosure Statement is submitted pursuant to section 1125 of the Bankruptcy Code to holders of Claims that are entitled to vote on the Plan in connection with (i) the solicitation of acceptances of the Debtors' Plan and (ii) the hearing to consider confirmation of the Plan (the "Confirmation Hearing") scheduled for [], 2010, at []:00 [].m., prevailing Eastern Time.

The Debtors intend to file additional pleadings with the Bankruptcy Court seeking approval of (a) the terms of the Rights Offering and procedures for its approval, (b) the procedures for participating in the Rights Offering (the pleadings described in (a) and (b) collectively, the "Rights Offering Materials", and (c) the materials for soliciting votes to accept or reject the Plan, including a protocol for soliciting votes from creditors with Claims against the Cross-Border Debtors (the pleadings described in (c), the "Solicitation Materials"). All Creditors and shareholders are advised and encouraged to read the Rights Offering Materials and Solicitation Materials in their entirety.

The Solicitation Materials will include copies of, among other things:

- The Plan;
- An Order of the Bankruptcy Court (excluding the exhibits thereto) dated [], 2010 (the "Disclosure Statement Approval Order"), among other things, approving the Disclosure Statement and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan;
- The Cross-Border Claims Voting Protocol;
- One or more Ballots and a postage-paid return envelope, which will be used by holders of Claims who are entitled to vote on the Plan; and
- Rights Offering materials.

The Disclosure Statement Approval Order will determine that the Disclosure Statement contains "adequate information" as that term is defined in section 1125 of the Bankruptcy Code. Section 1125(a)(1) of the Bankruptcy Code defines, in relevant part, "adequate information" as "information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and the history of the debtor and the condition of the debtor's books and records...that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan."

**NO STATEMENTS OR INFORMATION CONCERNING THE PLAN
AND THE TRANSACTIONS CONTEMPLATED THEREBY HAVE BEEN**

AUTHORIZED OTHER THAN THE STATEMENTS AND INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE INFORMATION ACCOMPANYING THIS DISCLOSURE STATEMENT, AND THE INFORMATION CONTAINED IN THE CANADIAN INFORMATION CIRCULAR AND CCAA PLAN. ALL OTHER STATEMENTS REGARDING THE PLAN AND THE CCAA PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY, WHETHER WRITTEN OR ORAL, ARE UNAUTHORIZED.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION IT CONTAINS OR AN ENDORSEMENT OF THE MERITS AND FAIRNESS OF THE PLAN OR THE CCAA PLAN BY THE BANKRUPTCY COURT OR BY THE CANADIAN COURT.

The Disclosure Statement Approval Order will establish the deadlines, procedures and instructions for voting to accept or reject the Plan, for filing objections to confirmation of the Plan, for making any elections as provided thereon, the record date for voting purposes, and the applicable standards for tabulating Ballots. In addition, detailed voting instructions will accompany each Ballot. Each holder of a Claim that is entitled to vote on the Plan should read this Disclosure Statement, the Plan, the Disclosure Statement Approval Order and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain, among other things, important information concerning the classification of Claims and Interests for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Bankruptcy Code.

D. Overview of Chapter 11 and CCAA Proceedings

1. Chapter 11 Proceedings

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and equity holders. In addition to permitting rehabilitation of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and equity interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth, among other things, the treatment of, and means for satisfying, claims against and equity interests in the

debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity interest holder of a debtor. Subject to certain limited exceptions, the confirmation order discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

After a plan of reorganization has been filed, the holders of claims against or equity interests in a debtor that are impaired and entitled to receive distributions under the plan are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, however, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. The Debtors are submitting this Disclosure Statement to satisfy the requirements of section 1125 of the Bankruptcy Code.

2. CCAA Proceedings

Over the last twenty-five years, the CCAA has emerged as the principal Canadian statute for carrying out major insolvency restructurings. Similar to chapter 11, the CCAA is “debtor-in-possession” legislation. The CCAA creates a Court-supervised process that allows the debtor to carry on business and maintain control over its assets while it negotiates, and seeks approval for, a plan of compromise and arrangement acceptable to its creditors. The consummation of a plan of compromise and arrangement is the CCAA’s principal objective.

Where a plan is proposed between a debtor company and its secured or unsecured creditors, or any class thereof, the Canadian Court may (but is not obligated to) order a meeting of creditors or class of creditors. The Canadian Court order calling the meeting will approve the process for creditors to vote on the proposed plan and will also, among other things, establish classes of creditors for plan voting purposes. While the debtor has the ability to define the classes of creditors subject to the proposed plan, those class definitions remain subject to the Canadian Court’s approval. In evaluating proposed classes, courts will consider (a) the commonality of interest of creditors who share a class, and (b) the purposes of the CCAA.

For a plan to be approved, a majority in number representing two-thirds of the value of the creditors, or the class of creditors, as the case may be, voting at the meeting held for that purpose in person or by proxy must vote in favor of the plan. The Canadian Court may, but is not obligated to, sanction a plan that has received the requisite creditor vote.

Following sanction by the Canadian Court, the plan becomes binding on the debtor and on all classes of creditors that (i) are affected by the plan and (ii) voted in favor of the plan. The plan will ordinarily provide that all claims against the debtor (except for certain unaffected claims) shall be settled in accordance with the terms of the

plan if the class of such claims accepts the plan, and the ability of the holder of any such claim to proceed against the debtor is forever discharged and any proceedings relating to such claims are stayed.

While this Disclosure Statement makes reference to the CCAA Plan and the CCAA Proceedings, this Disclosure Statement is solely intended to provide adequate information for purposes of section 1125(a) of the Bankruptcy Code with respect to the Plan. It is not intended to provide detailed information regarding the CCAA Plan or the CCAA Proceedings, and creditors and shareholders of the Canadian Debtors, including the Cross-Border Debtors, are advised and encouraged to read the reports filed with the Canadian Court by the court-appointed Monitor in those proceedings, available on its website: <http://documentcentre.eycan.com/> (the “Monitor’s Reports”), the CCAA Plan and CCAA Circular, in addition to reviewing this Disclosure Statement.

E. Voting and Solicitation Procedures

Prior to the hearing on this Disclosure Statement, the Debtors will file the Solicitation Materials with the Bankruptcy Court. The Solicitation Materials will contain detailed information for holders of Allowed Claims or equity Interests in Classes of Claims or equity Interests that are entitled to vote to accept or reject the Plan. The Solicitation Materials will also seek approval of a protocol for soliciting votes from creditors of the Cross-Border Debtors (the “Cross-Border Claims Voting Protocol”). The voting procedures will provide substantially as follows:

1. Creditors of Chapter 11 Debtors Entitled to Vote Generally

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. If you hold a Claim or Interest in more than one Class, you will receive separate Ballots that must be used for each separate Class. After carefully reviewing the materials included herein and the instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan.

2. Creditors of Cross-Border Debtors Entitled to Vote

If you are a creditor of a Cross-Border Debtor entitled to vote to accept or reject the Plan and the CCAA Plan (a “Cross-Border Voting Creditor”), combined solicitation materials are enclosed with a Cross-Border Ballot. A Cross-Border Ballot can be used to vote for both the Plan and the CCAA Plan. Please note that a vote in favor of the Plan will be deemed a vote in favor of the CCAA Plan. Conversely, a vote in favor of the CCAA Plan will be deemed a vote in favor of the Plan. Some creditors of the Cross-Border Debtors are not entitled to vote to accept or reject the CCAA Plan but are entitled to vote to accept or reject the Chapter 11 Plan. In such case, you have received solicitation materials from the Debtors’ U.S. claims and voting solicitation agent, Epiq

Bankruptcy Solutions, LLC (“Epiq” or the “Solicitation Agent” or the “Subscription Agent”, as applicable), and are entitled to vote to accept or reject the Plan.

3. Voting Generally

In order for your vote to be counted, you must complete and sign your original Ballot and return it in the envelope provided (only original signatures will be accepted) (a) for all creditors other than a Cross-Border Voting Creditor, to Epiq; or (b) for all Cross-Border Voting Creditors, to the Monitor. If you received a Ballot(s) from a broker, bank or other institution, return the completed Ballot(s) to such broker, bank or other institution promptly so that it can be forwarded to Epiq or the Monitor as appropriate.

If you received a Ballot(s) from the Debtors or Epiq, please return your Ballot(s) directly to Epiq at the following address:

Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017
Tel.: 1-888-266-9280 (for U.S. / Canada calls)
(503) 597-7694 (for non-U.S. / Canada calls)
Attn: AbitibiBowater Ballot Processing Center

If you received a Cross-Border Ballot(s) from the Monitor, please return your Ballot(s) directly to the Monitor at following address:

Ernst & Young Inc.
800 René-Lévesque Blvd. West
Suite 1900
Montréal, QC
H3B 1X9
Canada
Fax: +1 514 879 2600

More detailed instructions regarding how to vote on the Plan are contained on the Ballots, the Cross-Border Ballots, and the other Solicitation Materials distributed to holders of Claims that are entitled to vote on the Plan.

DO NOT RETURN YOUR DEBT INSTRUMENTS, NOTES, CERTIFICATES OR ANY EQUITY SECURITIES THAT YOU MAY HAVE WITH YOUR BALLOT(S).

TO BE COUNTED OR TO EXERCISE ANY ELECTIONS PROVIDED ON SUCH BALLOT AND CROSS-BORDER BALLOT, YOUR BALLOT(S) AND CROSS-BORDER BALLOTS INDICATING ACCEPTANCE OR REJECTION OF THE PLAN THE EXERCISE OF ANY ELECTIONS MUST BE ACTUALLY

RECEIVED BY EPIQ OR THE MONITOR (AS THE CASE MAY BE) NO LATER THAN []:00 P.M., PREVAILING EASTERN TIME, ON [], 2010.

ANY EXECUTED BALLOT OR CROSS-BORDER BALLOT THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR INDICATES BOTH AN ACCEPTANCE AND REJECTION OF THE PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE PLAN.

Pursuant to the Disclosure Statement Approval Order, the Bankruptcy Court set [], 2010, as the record date (the "Voting Record Date") for voting on the Plan. Accordingly, only holders of record as of [], 2010 that are otherwise entitled to vote under the Plan will receive a Ballot or a Cross-Border Ballot and may vote on the Plan.

If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot(s), received a damaged Ballot(s) or lost your Ballot(s), or if you have any questions concerning the Disclosure Statement, the Plan or the procedures for voting on the Plan, please call Epiq Bankruptcy Solutions, LLC at 1-888-266-9280 (for U.S. / Canada calls) or (503) 597-7694 (for non-U.S. / Canada calls).

Votes cannot be transmitted orally, by facsimile or by electronic mail. Accordingly, you are urged to return your signed and completed Ballot promptly.

4. Withdrawal or Change of Votes on the Plan

After the Voting Deadline, no vote may be withdrawn without the prior consent of the Debtors, which consent shall be given in the Debtors' sole discretion.

Any holder who has submitted to Epiq prior to the Voting Deadline a properly completed Ballot may change its vote by submitting to Epiq prior to the Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan. If more than one timely, properly completed Ballot is received with respect to the same Claim, the Ballot that will be counted for purposes of determining whether sufficient acceptances required to confirm the Plan have been received will be the Ballot that Epiq determines was the last to be received.

5. Voting Requirements

A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds ($\frac{2}{3}$) in amount and more than one-half ($\frac{1}{2}$) in number of the Allowed Claims in such Class that have voted on the Plan in accordance with the Disclosure Statement Approval Order.

In addition, each holder of a Claim entitled to vote on the Plan may elect, by checking the appropriate box on the Ballot, not to grant the releases contained in Section 8.5 of the Plan and the related injunction. All holders of Claims who submit a

Ballot without such box checked will be deemed to consent to the releases set forth in Section 8.5 of the Plan and the related injunction to the fullest extent permitted by applicable law.

If you are a beneficial holder of an Unsecured Note Claim who receives a Ballot from a Voting Nominee, in order for your vote to be counted, your Ballot must be completed in accordance with the voting instructions on the Ballot and received by the Voting Nominee in enough time for the Voting Nominee to transmit a Master Ballot to the Solicitation Agent so that it is actually received no later than the Voting Deadline. If you are the holder of any other type of Claim, in order for your vote to be counted, your Ballot must be properly completed in accordance with the voting instructions on the Ballot and returned to the Solicitation Agent so that it is received no later than the Voting Deadline. Any Ballot received after the Voting Deadline shall be counted at the sole discretion of the Debtors.

THE DEBTORS INTEND TO SEEK TO SATISFY THE REQUIREMENTS FOR CONFIRMATION OF THE PLAN IN THE CHAPTER 11 CASES UNDER THE CRAMDOWN PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO ANY CLASS DEEMED TO REJECT, OR AS TO ANY CLASS THAT VOTES TO REJECT, THE PLAN, AND, IF REQUIRED, MAY AMEND THE PLAN TO CONFORM TO THE STANDARDS OF SUCH SECTION.

6. Holders of Claims and Interests Entitled to Vote

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and entitled to receive distributions under the plan are entitled to vote to accept or reject a proposed chapter 11 plan. Classes of claims or equity interests in which the holders of claims or equity interests are unimpaired under a chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. Classes of claims or equity interests in which the holders of claims or equity interests are impaired but are not entitled to receive or retain any property on account of such claims or equity interests are deemed to have rejected the plan and similarly are not entitled to vote to accept or reject the plan.

The following summarizes which classes are entitled to vote on the Plan and which are not:

- The Debtors are seeking votes from the holders of Claims in Classes 6A-6HH and 7A-7HH.
- The Debtors, as the holders of Intercompany Claims in Classes 8A-8HH, shall be deemed to have accepted the Plan and votes to accept or reject the Plan shall not be solicited from the Debtors in their capacities as the holders of Intercompany Claims.

- The Debtors are not seeking votes from holders of Common Stock Claims and Interests in Classes 9A-9HH because those Common Stock Claims and Interests are Impaired under the Plan and the holders are receiving no distribution on account of such Claims and Interests. These holders will be deemed to have voted to reject the Plan.
- The Debtors are not seeking votes from holders of Claims in Classes 1A-1HH, 2A-2G, 3A-3G, 4A-4G and 5A-5HH because those Claims are Unimpaired under the Plan, and the holders of Claims in each of these Classes are conclusively presumed to have accepted the Plan and are not entitled to vote on the Plan.

For a detailed description of the Classes of Claims and Interests and their treatment under the Plan, *see* Article VI below.

Holders of Claims and Interests against the Cross-Border Debtors should refer to the materials distributed in the CCAA Proceedings and Canadian Information Circular for additional information regarding the voting of Cross-Border Ballots against the Cross-Border Debtors.

The Bankruptcy Code defines “acceptance” of a plan by (i) a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and represent more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan and (ii) a class of interests as acceptance by holders of such interests in that class that hold at least two-thirds in amount that cast ballots for acceptance or rejection of the plan. For a more detailed description of the requirements for confirmation of the Plan, *see* Article VII below.

In the event that any of Classes 6A-6HH and 7A-7HH vote to reject the Plan, section 1129(b) permits the Bankruptcy Court to confirm a plan of reorganization notwithstanding the nonacceptance of a plan by one or more impaired classes of claims or interests. Under that section, a plan may be confirmed if it does not “discriminate unfairly” and is “fair and equitable” with respect to each nonaccepting class. For a more detailed description of the requirements for confirmation of a nonconsensual plan, *see* Article VII below.

F. Rights Offering

Section 6.12 of the Plan provides that the Debtors may conduct a Rights Offering in an amount of not more than \$500 million, the proceeds of which will be used to fund distributions under the Plan and ongoing business operations after emergence. As presently contemplated, pursuant to the Rights Offering, eligible unsecured creditors will receive a non-transferable right (a “Subscription Right”), in proportion to the estimated amount of all ABH Common Stock to be issued under the Plan and the CCAA Plan on account of unsecured claims, entitling such creditor to purchase its pro rata share of up to \$500 million of convertible unsecured subordinated notes (the “Rights Offering Notes”)

issued by Reorganized ABH, at a purchase price of \$1 per Rights Offering Note. Additional terms of the Rights Offering Notes are set forth in a term sheet annexed to the Backstop Agreement. The number of Rights Offering Notes for which a creditor can subscribe depends on that creditor's proportionate ownership of unsecured Claims.

The key terms of the Rights Offering, including the terms of the Rights Offering Notes and the procedures through which an eligible unsecured creditor (a "Rights Offering Participant") participates in the Rights Offering, are set forth in the Backstop Agreement that the Debtors have entered into with a group of their unsecured noteholders (the "Backstop Investors"), as summarized below. These terms, however, are subject to further modification and revision. The Backstop Agreement has not yet been approved by the Court and, as explained below, the terms of the Backstop Agreement and the Rights Offering Notes are subject to a public marketing and auction process.

1. Withdrawal or Reduction of Rights Offering

The Debtors may choose, in their sole discretion, to reduce the total amount of the Rights Offering, or cancel it entirely, at any time until the Effective Date.

The number of Rights Offering Notes for which any Rights Offering Participant may subscribe in the Rights Offering is subject to adjustment under certain circumstances, depending on, among other things, the Debtors claims resolution process and requirements that must be satisfied for the Rights Offering to be exempt from the Securities Act pursuant to Section 1145 of the Bankruptcy Code.

2. Subscription Period

The Subscription Rights may be exercised by Rights Offering Participants during the period concurrently with the Debtors' voting solicitation period. The Subscription Period shall begin when the Solicitation Agent distributes subscription forms ("Subscription Forms") by mail to each Rights Offering Participant, together with appropriate instructions for the proper completion, due execution, and timely delivery of the Subscription Form and the payment of the purchase price. The Subscription Period shall expire at 4:00 p.m. New York City time on the Voting Deadline, or such later date as the Company may specify (the "Subscription Deadline").

3. Subscription Procedures

To exercise Subscription Rights, each Rights Offering Participant must (1) return a duly completed Subscription Form to the Subscription Agent so that such form is received by the Subscription Agent on or prior to the Subscription Deadline; and (2) pay in Cash, by wire transfer in immediately available funds in valid U.S. currency, an amount equal to the full purchase price for the number of Rights Offering Notes elected to be purchased by such Rights Offering Participant, or, in the case of securities held through a bank or brokerage firm, send the Subscription Form to the bank or brokerage firm (or follow such firm's directions with respect to submitting subscription

instructions to the firm) with sufficient time for the bank or brokerage firm to effect the subscription through DTCC on or prior to 5:00 p.m. (prevailing Eastern time) on the Subscription Deadline.

If either (1) the duly completed Subscription Form or (2) the wire transfer for the full amount of the purchase price for the Subscription Rights that a Rights Offering Participant chooses to exercise is not received by the Solicitation Agent on or prior to the Subscription Deadline, then the Rights Offering Participant is deemed to have forever and irrevocably relinquished and waived its right to participate in the Rights Offering.

The Debtors shall hold the payments they receive for the exercise of Subscription Right in a separate escrow account pending the issuance of the Rights Offering Notes on the Effective Date. In the event that payments must, for any reason, be returned to the Rights Offering Participant, such payments shall be returned, without accrual or payment of any interest thereon, to the applicable Rights Offering Participant, without reduction, offset or counter-claim.

4. No Transfer; Detachment Restrictions; No Revocation

The Subscription Rights are not transferable or detachable from the underlying Claim on account of which the Rights Offering Participant is receiving the Subscription Right. Any such transfer, assignment, sale, or conveyance, hypothecation, license, lease, partition, pledge or grant of a security interest in the Subscription Rights or detachment, or attempted transfer or detachment, will be null and void and the Debtors will not treat any purported transferee of the Subscription Rights separate from the associated Claims as the holder of any Subscription Rights. Once a Rights Offering Participant has exercised any of its Subscription Rights by properly executing and delivering a Subscription Form to the Debtors or other Person specified in the Subscription Form, such exercise may only be revoked, rescinded or annulled in the sole discretion of the Debtors or Reorganized Debtors.

5. Undersubscription; Backstop Agreement

To guarantee that the Rights Offering raises the funds the Debtors require, the Debtors have entered into the Backstop Agreement, pursuant to which the Backstop Investors have agreed to purchase, on the Effective Date, any Rights Offering Notes that remain unsubscribed for, i.e., that Rights Offering Participants do not elect to purchase through the Rights Offering. In exchange for this commitment, the Debtors have agreed to pay the Backstop Investors an amount equal to the greater of \$15 million and six percent (6%) (payable 50% in cash and 50% in the form of New ABH Common Stock) of the total amount of the Rights Offering on the Effective Date of the Plan (the "Backstop Commitment Payment"). The Backstop Investors may elect to receive the full amount of the Backstop Commitment Payment in New ABH Common Stock. The Debtors also have agreed to reimburse certain expenses of the Backstop Investors incurred in connection with the transaction.

A copy of the Backstop Agreement is attached as Exhibit C to the Debtors' Motion For Entry of Orders: (I) (a) Approving Bid Procedures and Bid Protections with Respect to an Auction in Connection with the Debtors' Rights Offering; (b) Scheduling an Auction and Hearing; (c) Approving the Form and Manner of Notice Thereof; and (d) Approving the Release of Certain Claims; and (II) Authorizing the Debtors to (a) Enter into a Backstop Commitment Agreement and (b) Make Certain Payments Thereunder, filed on May 24, 2010 [Docket No. ___] (the "Backstop Motion").

Under the terms of the Backstop Agreement, the consent of the Backstop Investors is required with respect to certain events, including, without limitation, certain changes to the Plan. The obligations of the Backstop Investors are subject to the satisfaction or waiver of specified closing conditions, including, without limitation, entry of the Confirmation Order in form and substance reasonably satisfactory to the Backstop Investors, the satisfaction or waiver of the conditions to effectiveness of the Plan and the consummation of the Exit Financing Facilities.

The Backstop Agreement is terminable if the Rights Offering is not consummated by an outside date of October 15, 2010 (or such later date as set forth in the Backstop Agreement) and upon certain other events. If the Backstop Agreement terminates, then, upon certain termination events, the Backstop Investors will be entitled to receive a termination payment, the amount of which depends on the timing of the termination, but which is, in any event, no more than the Backstop Commitment Payment.

The Debtors' entry into the Backstop Agreement is subject to approval by the Bankruptcy Court. A hearing to consider the Backstop Agreement has been scheduled for June 22, 2010. There can be no assurance at this time that the Backstop Agreement will be approved by the Bankruptcy Court.

6. Ancillary Agreements

The Backstop Agreement provides for the execution of certain additional agreements, including a registration rights agreement between ABH and the Backstop Investors. The Backstop Agreement also provides for the execution of a plan support agreement between the Debtors and the Backstop Investors within two business days of entry of the Disclosure Statement Order.

7. Auction Process

Under the terms of the Backstop Agreement, the Debtors have the right to market test the terms of the Backstop Agreement and the Rights Offering Notes through a public auction process. A hearing to consider the bid procedures that the Debtors propose to have govern this process and certain bid protections, including the termination payment, if and when such payment becomes due, that the Debtors propose to provide to the Backstop Investors has been scheduled for June 11, 2010.

Subject to approval by the Bankruptcy Court, the Debtors will solicit competing bids regarding the terms of the Backstop Agreement and the Rights Offering Notes. If the Debtors receive one or more qualified bids, as such term is defined in the bid procedures, then the Debtors will conduct an auction and present the winning bidder to the Bankruptcy Court on June 22, 2010. This auction may result in modifications to the terms of the Backstop Agreement, including the terms of the Rights Offering Notes and the procedures that will govern a Rights Offering Participant's exercise of its Subscription Rights.

8. Distribution of Notes

On, or as soon as reasonably practicable after, the Effective Date, the Reorganized Debtors or other applicable Disbursing Agent shall distribute the Rights Offering Notes purchased by each Rights Offering Participant.

G. Confirmation Hearing

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan for [], 2010 at []:00 []m. prevailing Eastern Time before the Honorable Kevin J. Carey, United States Bankruptcy Court, 824 North Market Street, 5th Floor, Wilmington, Delaware 19801 (the "Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

Any objection to Confirmation of the Plan must be made in accordance with the requirements of section 1128(b) of the Bankruptcy Code and Bankruptcy Rule 9014 and be filed with the Bankruptcy Court, together with proof of service, and served so that they are received **on or before [] at 4:00 p.m., prevailing Eastern Time**, by the following parties:

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Attn: Pauline K. Morgan, Esq.
Sean T. Greecher, Esq.

The U.S. Trustee:

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Office of the United States Trustee
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Counsel to the Official Committee of Unsecured Creditors:

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II.

OVERVIEW OF THE PLAN

A. Summary

The Plan contemplates the payment in full in Cash of all Administrative Claims, inclusive of Claims against any of the Debtors arising under section 503(b)(9) of the Bankruptcy Code, and priority claims against the Debtors (subject to permitted installment payments for certain Priority Tax Claims). The Plan also contemplates the repayment in full in Cash of outstanding amounts (if any) and full satisfaction of the Debtors' post-petition financing facilities. In addition, the Plan provides for the treatment of Allowed Claims against, and Interests in, the Debtors as follows:

- With respect to the Debtors' pre-petition secured lenders, payment in full in Cash, or such other treatment to which the parties may agree;
- With respect to certain allowed unsecured convenience class claims in an amount less than, or reduced to, \$5,000, payment in Cash in an amount equal to the lesser of 50% of (i) \$5,000 or (ii) the allowed amount of such claim;
- With respect to each holder of an allowed unsecured claim, distribution of its pro rata share of the newly issued common stock of Reorganized ABH allocated to the Debtor against which such claim lies and ability to participate in the Rights Offering; and
- No distributions on account of stock issued by ABH, including claims arising out of or with respect to such stock interests.

B. Summary of Classification and Treatment of Claims and Interests under the Plan

The following chart summarize the projected distributions to holders of Allowed Claims against and Interests in each of the Debtors under the Plan. Although every reasonable effort was made to be accurate, the projections of estimated recoveries are only an estimate. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts Allowed by the Bankruptcy Court and in the CCAA Proceedings, as applicable. As a result of the foregoing and other uncertainties which are inherent in the estimates, the estimated recoveries in this Disclosure Statement may vary from the actual recoveries received. In addition, the ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation of the Plan and meet the conditions to Confirmation and effectiveness of the Plan, as discussed in this Disclosure Statement. The recoveries set forth below are projected recoveries only and may change based upon changes in the amount of Allowed Claims and Interests as well as other factors related to the Debtors' business operations and general economic conditions. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Allowed Claims against and Interests in each of the Debtors.

The chart below provides a cumulative summary of the value allocations underlying the Company's financial model for the purpose of illustrating the estimated percentage recoveries under the Plan on account of the New ABH Common Stock allocated to the Debtor entities.

THE DISTRIBUTION MODEL IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR THE REORGANIZED DEBTORS. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE DISTRIBUTIONS OR ESTIMATED RECOVERIES WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.]

SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS⁷

Class	Description	Estimated Allowed Claims	Treatment	Estimated Recovery
N/A	DIP Facility Claims	\$206.00 million	Unimpaired	100%
N/A	Securitization Claims	\$136.10 million	Unimpaired	100%
N/A	Administrative Claims	\$38.74 million	Unimpaired	100%
N/A	Priority Tax Claims	\$0.00 million	Unimpaired	100%
1A – 1HH	Priority Non-Tax Claims	\$4.82 million	Unimpaired	100%
2A – 2G	Bowater Secured Bank Claims	\$280.05 million	Unimpaired	100%
3A – 3G	BCFPI Secured Bank Claims	\$143.77 million	Unimpaired	100%
4A – 4G	ACCC Term Loan Secured Guaranty Claims	\$357.17 million	Unimpaired	100%
5A – 5HH	Other Secured Claims	\$11.05 million	Unimpaired	100%
6A	Unsecured Claims – AbitibiBowater Inc.	\$466.22 million	Impaired	0.6%
6B	Unsecured Claims – AbitibiBowater US Holding 1 Corp.	\$0 million	Impaired	0%
6C	Unsecured Claims – AbitibiBowater US Holding LLC	\$0.02 million	Impaired	0%
6D	Unsecured Claims – AbitibiBowater Canada Inc.	\$6.28 million	Impaired	0%
6E	Unsecured Claims – Abitibi-Consolidated Alabama Corporation	\$304.57 million	Impaired	0%
6F	Unsecured Claims – Abitibi-Consolidated Corporation	\$312.09 million	Impaired	12.0%
6G	Unsecured Claims – Abitibi-Consolidated Finance LP	\$7.98 million	Impaired	100%
6H	Unsecured Claims – Abitibi Consolidated Sales Corporation	\$447.16 million	Impaired	23.4%
6I	Unsecured Claims – Alabama River Newsprint Company	\$309.63 million	Impaired	0.4%
6J	Unsecured Claims – Augusta Woodlands, LLC	\$304.57 million	Impaired	100%
6K	Unsecured Claims – Bowater Alabama LLC	\$17.43 million	Impaired	37.4%

⁷ The estimated recovery is presented for illustrative purposes only. Under the Plan, holders of Claims in Classes 6A through 6HH will receive their Pro Rata share of New ABH Common Stock attributable to the Debtor against which their Claims lie, in addition to a right to participate in a Rights Offering, if eligible. The Plan does not provide for a fixed percentage recovery. The number and value of shares of New ABH Common Stock distributed to holders of Claims may vary significantly depending on a number of factors, including the number of disputed Claims and other factors related to the Debtors' business operations and general economic conditions.

Class	Description	Estimated Allowed Claims	Treatment	Estimated Recovery
6L	Unsecured Claims – Bowater America Inc.	\$21.74 million	Impaired	34.2%
6M	Unsecured Claims – Bowater Canada Finance Corporation	\$620.14 million	Impaired	0.9%
6N	Unsecured Claims – Bowater Canadian Forest Products Inc.	\$468.22 million	Impaired	36.5%
6O	Unsecured Claims – Bowater Canadian Holdings Incorporated	\$0.05 million	Impaired	33.9%
6P	Unsecured Claims – Bowater Canadian Limited	\$0.21 million	Impaired	100%
6Q	Unsecured Claims – Bowater Finance Company Inc.	\$0.00 million	Impaired	0%
6R	Unsecured Claims – Bowater Finance II LLC	\$0.00 million	Impaired	0%
6S	Unsecured Claims – Bowater Incorporated	\$2,605.43 million	Impaired	48.4%
6T	Unsecured Claims – Bowater LaHave Corporation	\$0.00 million	Impaired	0%
6U	Unsecured Claims – Bowater Maritimes Inc.	\$5.40 million	Impaired	20.8%
6V	Unsecured Claims – Bowater Newsprint South LLC	\$0.33 million	Impaired	1.1%
6W	Unsecured Claims – Bowater Newsprint South Operations LLC	\$8.28 million	Impaired	16.7%
6X	Unsecured Claims – Bowater Nuway Inc.	\$0.05 million	Impaired	100%
6Y	Unsecured Claims – Bowater Nuway Mid-States Inc.	\$0.54 million	Impaired	18.5%
6Z	Unsecured Claims – Bowater South American Holdings Incorporated	\$0.00 million	Impaired	0.0%
6AA	Unsecured Claims – Bowater Ventures Inc.	\$0.00 million	Impaired	0.0%
6BB	Unsecured Claims – Catawba Property Holdings, LLC	\$0.00 million	Impaired	0.0%
6CC	Unsecured Claims – Coosa Pines Golf Club Holdings LLC	\$0.04 million	Impaired	100%
6DD	Unsecured Claims – Donohue Corp.	\$305.41 million	Impaired	28.4%
6EE	Unsecured Claims – Lake Superior Forest Products Inc.	\$0.003 million	Impaired	53.1%
6FF	Unsecured Claims – Tenex Data Inc.	\$0.00 million	Impaired	0.0%
6GG	Unsecured Claims – ABH LLC 1	\$0.00 million	Impaired	0.0%
6HH	Unsecured Claims – ABH Holding Company LLC	\$0.00 million	Impaired	0.0%

Class	Description	Estimated Allowed Claims	Treatment	Estimated Recovery
7A – 7HH	Convenience Claims	\$TBD	Impaired	the lesser of 50% of (i) \$5,000 or (ii) the Allowed amount of such Claim
8A – 8HH	Intercompany Claims and Intercompany Interests	N/A	Impaired	N/A
9A – 9HH	Common Stock Claims and Interests	N/A	Impaired	0.0%

III.

COMPANY BACKGROUND

A. General

ABH is incorporated in Delaware and headquartered in Montreal, Quebec. The Company is the world's largest producer of newsprint by capacity and one of the largest publicly traded forest products company in the world. Employing approximately 11,900 people, the Company realized sales of approximately \$4.4 billion in 2009. Its total assets and liabilities were approximately \$7.0 billion and \$9.5 billion, respectively, as of March 31, 2010. Through its subsidiaries, ABH manufactures newsprint, coated and specialty papers, market pulp and wood products. The Company operates pulp and paper manufacturing facilities in Canada, the United States and South Korea and wood products facilities in Canada.

The Company manufactures approximately six million metric tons annually of a broad range of mechanical-based printing papers – newsprint, coated mechanical and mechanical specialty papers. These products are sold to leading publishers, commercial printers and advertisers. The Company also sells pulp that is not used in the production of its newsprint, coated and specialty printing papers to paper, tissue and toweling manufacturers who do not have a sufficient supply of pulp for their own needs. It is involved in the recovery of old paper, which fulfills part of the Company's recycled fiber needs. The Company also operates sawmills that can produce approximately three billion board feet of lumber annually and provide a source of residual wood chips that it uses to manufacture pulp and paper. The Company also operates remanufacturing and engineered wood facilities. Its wood products are sold to a diversified group of customers, including large retailers, buying groups, distributors, wholesalers and industrial accounts.

To produce the Company's pulp and paper products, the Company owned or operated, as of March 31, 2009 and excluding facilities it had permanently closed as of such date, 22 pulp and paper mills, 20 of which are located in eastern North America. Mills outside of eastern North America included a newsprint mill in the state of Washington for which the Company is the managing partner and a newsprint mill in South Korea that provides access to the growing Asian markets.

The Company's North American manufacturing facilities are located near key domestic markets and many have access to export markets. They are supported by approximately 44 million acres of timberland. The Company owns or leases 54,000 acres of timberlands in the southeastern United States and approximately 425,000 acres in Canada and the balance of approximately 43.1 million acres is under long-term cutting rights on government owned land in Canada.

B. Corporate Structure

1. History

ABH was created by the combination of two North American leaders in the forest and wood products industry, Bowater Incorporated and Abitibi-Consolidated Inc. Specifically, on October 29, 2007, pursuant to that certain Combination Agreement and Plan of Merger dated as of January 29, 2007, ACI and Bowater combined (the "Merger") in an all-stock merger of equals to create ABH. The Merger was effected under both Delaware law and pursuant to section 192 of the *Canada Business Corporations Act*.

Since the Merger, as a general matter, Bowater Inc. and its former subsidiaries (the "Bowater Companies") and Abitibi-Consolidated Inc. and its former subsidiaries (the "Abitibi/D-Corp Companies") have retained distinct identities within the corporate enterprise for cash flow and finance purposes. Both groups maintain separate accounting systems capable of tracking cash flows within the Abitibi/D-Corp Companies and Bowater Companies, respectively.

Operationally, however, the Abitibi/D-Corp Companies' and Bowater Companies' interests are united in an integrated and co-dependent business relationship. The Company has realized meaningful efficiencies from the Merger and continues to rationalize its operations. Thus, for example, a centralized sales team sells products manufactured at any of the Company's North American facilities on behalf of the entire Company. Similarly, a centralized procurement and logistics team supports the Company's manufacturing and shipping and warehousing needs.

ABH itself functions as a holding company with no independent operations. It principally conducts its business through four direct subsidiaries: Bowater, Bowater Newsprint South LLC ("Newsprint South"), ACI, and AbitibiBowater U.S. Holding LLC ("U.S. Holding"). Bowater and its former subsidiary, Newsprint South, and their direct and indirect subsidiaries, including BCFPI, make up the Bowater Companies, the historic Bowater operations. U.S. Holding functions as the holding company for Donohue Corporation ("Donohue") and Donohue's direct and indirect subsidiaries (collectively, the "Donohue Group"), together with ACI and its direct and indirect subsidiaries, make up the Abitibi/D-Corp Companies.

2. Abitibi/D-Corp Companies

Prior to the Merger, ACI was the 8th largest publicly traded pulp and paper manufacturer in the world with roots tracing back to 1914. It resulted from the 1997 amalgamation of Abitibi-Price Inc. (incorporated in 1914) and Stone-Consolidated Corporation (itself the result of a merger with Rainy River Forest Products Inc., incorporated in 1941) under the *Canada Business Corporations Act*. ACI principally produced and marketed newsprint and commercial printing papers. It also manufactured and marketed wood products and in 2007, prior to the Merger, had ownership interests in 20 sawmills, four remanufacturing facilities, and two engineered wood facilities in Canada having a total annual production capacity of over 2.1 billion board feet.

In 2000, ACI acquired Donohue, a major Canadian integrated forest products company engaged in forest management and in the manufacturing and sale of newsprint, specialty papers, market pulp and wood products with mills located in Quebec, Ontario, British Columbia and Texas. Donohue became a direct subsidiary of AbitibiBowater U.S. Holding LLC (itself a direct subsidiary of ABH) in 2008 as part of the Company's restructuring efforts. The Donohue Group owns paper production and manufacturing facilities in the United States, operates the Company's recycling operations, and is involved with the Company's securitization facility. The Donohue Group principally operates in the U.S. and does not have any Canadian subsidiaries or significant Canadian assets. It owns Abitibi-Consolidated Corporation through which the Company conducts its North American recycling operations.

3. Bowater Companies

Prior to the Merger, Bowater was one of the largest publicly traded pulp and paper manufacturers in the world. Incorporated in Delaware in 1964 and in operation since 1938, Bowater was a leading producer of newsprint and coated mechanical papers as well as uncoated mechanical papers, bleached kraft pulp, and lumber products. In 1998, Bowater acquired Avenor Inc., an important Canadian integrated forest products company headquartered in Montreal, Quebec. The acquisition added the Dalhousie, New Brunswick; Gatineau, Quebec; Maniwaki, Quebec; Thunder Bay, Ontario; and Usk, Washington mills to Bowater's operations. In 2001, Bowater acquired Alliance Forest Products Inc., also headquartered in Montreal, Quebec, adding 10 Canadian sawmills, the Coosa Pines, Alabama, and the Donnacona and Dolbeau, Quebec paper mills to Bowater's operations.

4. Joint Ventures

Several of the Company's subsidiaries, including some of the Debtors, operate production facilities that are jointly owned with third parties (the "Joint Ventures"). The Debtors participate in the following Joint Ventures in the United States and Canada (the "Joint Ventures"): (a) Augusta Newsprint Company; (b) Calhoun Newsprint Company; (c) Ponderay Newsprint Company; and (d) Bowater Mersey Paper Company Limited. None of the Joint Ventures filed for relief under the Bankruptcy Code or the CCAA.

(a) Augusta Newsprint Company

Augusta Newsprint Company ("Augusta Newsprint") operates a newsprint mill in Augusta, Georgia. ABH's indirect subsidiary, Abitibi Consolidated Sales Corporation ("ACSC"), and an unrelated third party, Augusta Newsprint Inc., an indirect subsidiary of The Woodbridge Company Limited (together with its affiliates and related entities "Woodbridge"), own 52.5% and 47.5% of its partnership interests, respectively. ACSC manages the facility. Pursuant to the governing agreements, Augusta Newsprint sells 100% of its product to ACSC at arm's length market-determined rates, but otherwise operates as an independent company with its own employees and accounting systems.

(b) Calhoun Newsprint Company

Calhoun Newsprint Company ("Calhoun Newsprint") functions as an ownership vehicle for The Herald Company's 49% interest in certain assets located at the Company's Calhoun, Tennessee operations. Bowater, through its direct subsidiary Bowater Nuway Inc., owns Calhoun Newsprint's remaining equity. Bowater manages the facility and owns all of the other assets at the Calhoun site. Pulp, other raw materials, labor and other manufacturing services are transferred between the Company and Calhoun Newsprint pursuant to agreed-upon pricing arrangements.

(c) Ponderay Newsprint Company

Ponderay Newsprint Company ("Ponderay") owns and operates a paper mill in Usk, Washington. An unconsolidated partnership, Bowater's indirect subsidiary, Lake Superior Forest Products Inc., holds a 40% partnership interest in Ponderay and also acts as its managing partner. Several unaffiliated third parties own portions of Ponderay's remaining 60% partnership interest (collectively, the "Ponderay Non-Bowater Partners"). Pursuant to a management agreement between Bowater and Ponderay, Bowater manages the day-to-day operations of the Ponderay mill, and uses its sales force to sell the mill's product that is not otherwise committed under existing agreements. Ponderay otherwise operates as an independent self-sufficient venture and sells an important portion of its product to the Ponderay Non-Bowater Partners.

(d) Bowater Mersey Paper Company Limited

Bowater Mersey Paper Company Limited ("Mersey") is located in Liverpool, Nova Scotia and is owned 51% by Bowater Canadian Limited and 49% by the Daily Herald Company, a wholly-owned subsidiary of the Washington Post Company. Mersey owns a newsprint mill that the Debtors manage.

5. Foreign Operations

The Company has operations in the United States, Canada and Asia. It previously conducted its European business through Bridgewater Paper Company Limited (UK) (“BPCL”), a company constituted under the laws of England and Wales. On February 2, 2010, BPCL filed for administration in the United Kingdom pursuant to the United Kingdom Insolvency Act 1986, as amended (the “BPCL Administration”). BPCL’s board of directors appointed Ernst & Young Inc. as joint administrators for the BPCL Administration, whose responsibilities are to manage the affairs, business and assets of BPCL. As a result of the filing for administration, the Company no longer has control over or the ability to influence BPCL’s operations. The joint administrators recently announced the sale of the paper plant and all related machinery and equipment and operations ceased shortly after filing for administration. The Company now conducts its European sales operations through ACI.

The Company also owns and operates, through its indirect subsidiary Bowater Korea Ltd., the Mokpo newsprint mill in Mokpo, Korea. The Mokpo mill sells product primarily to customers in Asia.

6. QSPEs

In connection with certain timberland sales transactions in 2002 and prior years, Bowater received a portion of the sale proceeds in notes receivable from institutional investors. To increase their liquidity, Bowater monetized those notes receivable using qualified special-purpose entities (“QSPEs”). The QSPEs are not consolidated in the Company’s financial statements and their business purpose relates strictly to the monetization of the timberland notes. None of the QSPEs has filed for bankruptcy protection in the United States or Canada, and indeed, are restricted by their formation documents from doing so.⁸

C. Operations

1. Facilities and Products

The Company manages its business along product lines. Its reportable segments are newsprint, commercial printing papers (*i.e.*, coated and specialty papers), market pulp and wood products. In general, the Company’s products are globally-traded commodities and are marketed in more than 90 countries. Pricing and the level of shipments of these products is and will continue to be influenced by the balance between supply and demand as affected by global economic conditions, changes in consumption,

⁸ The commencement of the Chapter 11 Cases, however, constituted an event of default under the note purchase agreements for certain of the QSPEs.

the level of customer and producer inventories and fluctuations in currency exchange rate.

(a) Newsprint

As of March 31, 2009, the Company owned or operated 14 newsprint facilities in North America and South Korea. The Company is the largest producer of newsprint in the world by capacity, with worldwide capacity of approximately 4.9 million metric tons, or approximately 12% of worldwide capacity. The Company's North American capacity of approximately 4.4 million metric tons represents approximately 42% of North American capacity. It produces newsprint for leading papers, including *The New York Times*, *The Washington Post*, *The Daily Telegraph* and *The Globe & Mail*. The Company supplies leading publishers in more than 90 countries.

The Company supplies leading publishers with top-quality newsprint, including products made of up to 100% recycled fiber and distributes its newsprint by rail, truck and ship. The Company's North American newsprint is sold directly by its regional sales offices. Export markets are serviced primarily through its international offices located in or near the markets the Company supplies or through international agents. As of December 31, 2009, approximately 43% of the Company's total newsprint shipments were to markets outside of North America.

(b) Coated Papers

The Company produces coated paper at one facility in North America and is one of the largest producers of coated mechanical paper in North America, with capacity as of December 31, 2009 of approximately 658,000 metric tons, or 15% of North American capacity. The Company's coated papers are used in magazines, catalogs, books, retail advertising, direct mail and coupons. The Company sells coated papers to major commercial printers, publishers, catalogers and retailers. The Company distributes coated papers by truck and rail, and services export markets primarily through international agents.

(c) Specialty Papers

The Company produces specialty papers at 11 facilities in North America. It is one of the largest producers of specialty papers, including supercalendered, superbright, high bright, bulky book and directory papers in North America, with a capacity of approximately 2.4 million metric tons in 2009, or approximately 36% of North American capacity. The Company's specialty papers are used in books, retail advertising, direct mail, coupons and other commercial printing applications. The Company distributes specialty papers by truck and rail, and services export markets primarily through international agents.

(d) Market Pulp

Wood pulp is the most common material used to make paper. Pulp shipped and sold as pulp - as opposed to being processed into paper in the same facility - is commonly referred to as market pulp. As of December 31, 2009, the Company produced approximately 1.1 million metric tons of market pulp at five facilities in North America, which represented about 7% of North American capacity. Market pulp is used to make a range of consumer products including tissue, packaging, specialty paper products, diapers and other absorbent products. North American market pulp sales are made through regional sales offices, while export sales are made through international sales agents local to their markets. Market pulp is distributed by truck, rail and ship.

(e) Wood Products

The Company operates 20 sawmills in Canada that produce construction-grade lumber sold in North America. The Company also operates six facilities in Canada that remanufacture or engineer wood for greater strength for specialized applications such as bedding components, roofing and flooring material, and other products. The Company also sells pulpwood, sawtimber and woodchips to customers located in Canada and the United States.

2. Energy Assets

Steam and electrical power are the primary forms of energy used in pulp and paper production. Process steam is produced in boilers using a variety of fuel sources. All of the Company's mills produce 100% of their own steam requirements, except the Company's Alabama River, Iroquois Falls and Dolbeau mills, which purchase their steam from third party suppliers. In 2009, the Company's Alma, Calhoun, Catawba, Coosa Pines, Fort Frances, Gatineau, Iroquois Falls, Kenogami, Mersey and Thunder Bay operations collectively consumed approximately 26% of their electrical requirements from internal sources, notably on-site cogeneration and hydroelectric stations. The balance was purchased from third parties. As of December 31, 2009, the Company operated seven cogeneration power plants in North America, and six of these sites generate "green energy" from carbon-neutral biomass. In addition, the Company uses alternative fuels such as methane from landfills, used oil, tire-derived fuel and black liquor to reduce consumption of virgin fossil fuel.

The Company's hydroelectric facilities include: Hydro Saguenay (7), Fort Frances (3), Kenora (2) and Iroquois Falls (3), and represent an aggregate capacity of approximately 300 Megawatts. The Hydro Saguenay facilities, located in the province of Quebec, are 100% owned by the Company and the others, located in the province of Ontario, are partly owned through the Company's 75% interest in ACH LP. The water rights agreements in respect of these facilities typically vary from 10 to 50 years and are generally renewable, under certain conditions, for additional terms. In certain circumstances, water rights are granted without expiration dates. In some cases, the

agreements are contingent on the continued operation of the related paper mill and a minimum level of capital spending in the region.

3. Recycling

The Company is among the largest recyclers of newspapers and magazines in the world. It has a number of recycling plants that utilize advanced mechanical and chemical processes to manufacture high quality pulp from a mixture of old newspapers and old magazines ("Recovered Paper"). The resulting products, which include recycled fiber newsprint and uncoated specialty paper, are comparable in quality to paper produced with 100% virgin fiber pulp. In 2009, the Company used 1.7 million metric tons of recovered paper worldwide, the average de-inking yield in its recycling facilities was approximately 78% and its recycled fiber content in newsprint averaged 39%. In 2009, the Company's North American recycling division collected or purchased 1.3 million metric tons of recovered paper. The Company's trademarked Paper Retriever® program collects recovered fiber through a combination of community drop-off containers and recycling programs with businesses and commercial offices.

The Company conducts its North American recycling operations primarily through Abitibi-Consolidated Corp. ("ACC"). ACC operates its recycling programs in Arlington, Houston and San Antonio, Texas, as well as in twenty other major metropolitan areas across North America.

4. Recent Operational Restructuring Initiatives

Since the fourth quarter of 2007, the Company has experienced significant recurring losses and negative operating cash flows, and has taken numerous actions to mitigate these losses and negative cash flows, including, among other things: (i) the permanent closures and indefinite idling of certain non-profitable facilities, as well as market-related downtime at other facilities, to reduce production, (ii) the idling of more than 50% of the Company's lumber production and the consolidation of certain of the Company's wood products operations in Eastern Canada, which materially improved the Company's cost competitiveness and reduced its loss on the business as the business segment continues to be challenged by severe economic conditions and (iii) the successful implementation in 2008 of price increases in newsprint, coated papers, specialty papers and market pulp.

However, there was a precipitous decline in demand for all of the Company's products and a corresponding decline in selling prices starting in the fourth quarter of 2008, which continued in 2009 as a result of the global economy and weakness in the North American market. In response to these conditions, the Company announced several actions in the fourth quarter of 2008, including: the permanent closure of the Company's Grand Falls newsprint mill, representing 205,000 metric tons annually; the indefinite idling of the Company's Alabama River newsprint mill, representing 265,000 metric tons annually; the immediate idling of two paper machines at the Company's Calhoun facility, representing 230,000 metric tons of capacity, including 120,000 metric

tons of newsprint and 110,000 metric tons of specialty grades; and rotating monthly downtime at the Company's other facilities across the organization until market conditions improved.

Market and pricing conditions continued to worsen subsequent to the Petition Date for most of the Company's paper grades. Therefore, in response to these continued declining conditions and in developing the Company's cross-border comprehensive restructuring plan, it has taken the following actions: the Company's Dolbeau facility has been effectively idled since July 7, 2009, representing 244,000 short tons of specialty papers annually; the Company announced the indefinite idling of two newsprint machines at its Thunder Bay facility effective August 21, 2009, representing 392,000 metric tons annually, one of which was restarted in February 2010; and in August 2009, the Company announced that it would continue to work on selling, general and administrative ("SG&A") austerity measures with a target reduction of approximately \$100 million on an annualized basis, as compared to 2008. The SG&A reduction efforts included, among other items, a 25% corporate headcount reduction and the suspension of 2009 incentive compensation plans, including special equity awards.

In September 2009, the Company announced its intent to implement further production curtailments by indefinitely idling (either immediately or by October 31, 2009) certain additional non-profitable facilities and machines, including: the Company's Beaupre paper mill, representing 241,000 metric tons of specialty papers annually; a specialty paper machine at the Company's Fort Frances facility, representing 70,000 metric tons annually; a newsprint machine at the Company's Clermont facility, representing 130,000 metric tons annually; and a newsprint machine at the Company's Coosa Pines paper mill, representing 170,000 metric tons annually. In March 2010, the Company announced the indefinite idling of one of its newsprint machines at the Company's Thorold facility, effective April 12, 2010, representing approximately 207,000 metric tons of newsprint annually. On May 17, 2010, the Company announced the indefinite idling of its Gatineau, Quebec facility effective immediately, representing 358,000 metric tons annually.

D. The Debtors' Prepetition Capital Structure

1. ABH Indebtedness

ABH issued the 8.0% Convertible Notes in the principal amount of \$350 million, which are guaranteed by Bowater. As of the Petition Date, the total outstanding amount, including capitalized and accrued and unpaid interest, under the 8.0% Convertible Notes was approximately \$387.3 million.

2. Bowater Companies' Indebtedness

(a) Secured Bank Facilities

(i) Bowater Secured Credit Agreement

Bowater is party to that certain Credit Agreement dated as of May 31, 2006 among Bowater, Newsprint South, Bowater Alabama LLC, and Bowater Newsprint South Operations LLC, as borrowers (the "Bowater U.S. Borrowers"), the lenders from time to time party thereto (the "Bowater Prepetition Secured Lenders"), and the Bowater Secured Bank Agent (as amended from time to time and together with all collateral, security and other ancillary documents, the "Bowater Secured Credit Agreement"). The Bowater Secured Credit Agreement is guaranteed by ABH and certain wholly owned U.S. subsidiaries of Bowater. The total outstanding amount under the Bowater Secured Credit Agreement, including accrued and unpaid interest and the Bowater Secured Bank Letters of Credit, is approximately \$280.1 million.

The Bowater Secured Credit Agreement is secured by: (a) the inventory, accounts receivable, deposit accounts, and certain other current assets of certain of the Bowater U.S. Borrowers and certain other subsidiaries of Bowater that are guarantors, (b) pledges of 65% of the stock of certain of Bowater's foreign subsidiaries, (c) pledges of the stock of Bowater's U.S. subsidiaries that do not own mills or converting facilities, (d) pledges of the equity interests in Newsprint South's subsidiaries, and (e) the real property, fixtures and equipment relating to the Coosa Pines, Alabama and Grenada, Mississippi mills.

(ii) BCFPI Secured Credit Agreement

Bowater Canadian Forest Products Inc. ("BCFPI") is party to that certain Credit Agreement dated May 31, 2006 among BCFPI, as borrower, the Bowater U.S. Borrowers and certain subsidiaries of Bowater, as guarantors, the lenders from time to time party thereto (the "BCFPI Prepetition Secured Lenders" and together with the Bowater Prepetition Secured Lenders, the "Bowater Companies' Prepetition Secured Lenders"), and the BCFPI Secured Bank Agent (as amended from time to time and together with all collateral, security and other ancillary documents, the "BCFPI Secured Credit Agreement"). The total outstanding amount under the BCFPI Secured Credit Agreement, including accrued and unpaid interest, is approximately \$143.8 million.

Collateral securing the BCFPI Credit Agreement includes, but is not limited to: (a) the inventory, accounts receivable, deposit accounts, and certain other current assets of BCFPI and certain guarantors, (b) the real property, equipment and fixtures relating to the Coosa Pines, Alabama and Grenada, Mississippi paper mills, (c) the real property, equipment and fixtures of BCFPI located in Gatineau, Quebec, Dolbeau, Quebec and Thunder Bay, Ontario, and (d) the equity interest of Bowater's South Korean subsidiary (which owns Bowater's Mokpo mill).

(b) Unsecured Debt

Bowater is the borrower under the following five separate series of unsecured notes:

- (i) 9.0% Debentures with a total outstanding amount as of the Petition Date of approximately \$252.7 million;
- (ii) Floating Rate Notes (2010) with a total outstanding amount as of the Petition Date of approximately \$235.3 million;
- (iii) 9.50% Debentures with a total outstanding amount as of the Petition Date of approximately \$130.9 million;
- (iv) 6.5% Notes with a total outstanding amount as of the Petition Date of approximately \$408.1 million; and
- (v) 9.375% Debentures with a total outstanding amount as of the Petition Date of approximately \$205.7 million.

Furthermore, Bowater is an obligor under the following loan agreements relating to various industrial revenue bonds:

- (i) 7.40% Revenue Bonds (2010) Loan Agreement with a total outstanding amount as of the Petition Date of approximately \$3.3 million;
- (ii) 7.40% Revenue Bonds (2022) Loan Agreement with a total outstanding amount as of the Petition Date of approximately \$40.6 million;
- (iii) 7.625% Revenue Bonds Loan Agreement with a total outstanding amount as of the Petition Date of approximately \$30.2 million;
- (iv) 7.75% Revenue Bonds Loan Agreement with a total outstanding amount as of the Petition Date of approximately \$62.2 million; and
- (v) Floating Rate Revenue Bonds (2029) Loan Agreement with a total outstanding amount as of the Petition Date of approximately \$33.5 million.⁹

⁹ The Floating Rate Revenue Bonds (2029) are secured to the extent of a letter of credit issued under the Bowater Secured Credit Agreement.

In addition, Newsprint South is a borrower under the UDAG Loan with the City of Grenada, Mississippi, in the original principal amount of \$8.5 million, of which approximately \$4.7 million was outstanding as of the Petition Date.

BCFPI is the borrower under the following five separate series of unsecured notes:

- (i) 10.26% Senior Notes (Series D) with a total outstanding amount as of the Petition Date of approximately \$4.5 million;
- (ii) 10.50% Senior Notes (Series B) with a total outstanding amount as of the Petition Date of approximately \$21.1 million;
- (iii) 10.60% Senior Notes (Series C) with a total outstanding amount as of the Petition Date of approximately \$71.9 million;
- (iv) 10.625% Senior Notes (Series A) with a total outstanding amount as of the Petition Date of approximately \$2.8 million; and
- (v) 10.85% Debentures with a total outstanding amount as of the Petition Date of approximately \$107.8 million.

Bowater Canada Finance Corporation (“BCFC”) is issuer of the 7.95% Notes and Bowater is a guarantor thereof. The total outstanding amount of the 7.95% Notes as of the Petition Date was approximately \$620 million. BCFC is an unlimited liability company organized under the laws of Nova Scotia. An argument exists that, in the event that BCFC is wound up, Bowater, as BCFC’s sole shareholder, may also be liable pursuant to Nova Scotia law for BCFC’s liabilities, including any amounts owing on account of the 7.95% Notes.

(c) Certain Guarantees

As noted above, Bowater guaranteed all the obligations related to the 8.0% Convertible Notes issued by ABH and the 7.95% Notes issued by BCFC.

3. Abitibi/D-Corp Company Indebtedness

(a) ACCC Term Loan

ACCC is a borrower under that certain Credit Agreement dated April 1, 2008 among ACCC, as borrower, ACI and certain other members of the Abitibi/D-Corp Companies, as guarantors, the lenders from time to time party thereto (the “ACCC Term Loan Lenders”) and the ACCC Term Loan Agent (as amended from time to time and together with all collateral, security and other ancillary documents, the “ACCC Term Loan”). The total outstanding amount under the ACCC Term Loan, including accrued and unpaid interest, is approximately \$357.2 million.

Collateral securing the ACCC Term Loan includes, among other things: (a) certain inventory, accounts, and other current assets of ACCC, ACI and the other guarantors; (b) substantially all of the personal property of Donohue and certain other Donohue Group subsidiaries; (c) the pledge of stock or other equity interests of certain of Donohue's subsidiaries; and (d) real estate and fixtures relating to the Alabama River, Alabama newsprint mill.

(b) Canadian Secured and Unsecured Notes

ACCC issued the 13.75% Senior Secured Notes pursuant to the 13.75% Senior Secured Notes Indenture and such indebtedness is guaranteed by certain members of the Abitibi/D-Corp Companies.¹⁰ The total amount outstanding under the 13.75% Senior Secured Notes is approximately \$338.9 million. The Debtors did not pledge any collateral to secure the 13.75% Secured Note Guaranty Claims though the 13.75% Senior Secured Notes are secured by collateral pledged by certain of the CCAA Debtors, among others. ACI and ACCC are borrowers or obligors on eleven issuances of unsecured notes (the "ACI and ACCC Notes"). The Debtors are not obligors on any of the ACI and ACCC Notes except the 15.50% Senior Notes, which were guaranteed by, among others, certain entities in the Donohue Group. The total amount outstanding as of the Petition Date under the 15.50% Senior Notes was approximately \$304.6 million.

(c) U.S. Unsecured Notes

In 1999, Abitibi-Consolidated Finance LP issued the 7.875% Notes. The total amount outstanding as of the Petition Date under the 7.875% Notes was approximately \$7.9 million. The 7.875% Notes are guaranteed by ACI and ACCC is a co-obligor.

(d) Securitization Facility

The Company has historically monetized substantially all of its accounts receivable generated by the Abitibi/D-Corp Companies pursuant to the Securitization Facility. The Securitization Facility enabled the Company to immediately convert the receivables generated by ACI and its United States affiliate, Abitibi Consolidated Sales Corporation ("ACSC"), to cash. Doing so provided up-front liquidity to the Company and funded the Abitibi/D-Corp Companies' day-to-day operations.

¹⁰ The collateral securing the 13.75% Senior Secured Notes includes, but is not limited to: (a) real property and fixtures associated with eleven pulp and paper mills located in Canada and the United Kingdom (including the Grand Falls, Newfoundland mill, which has been expropriated by the government of Newfoundland and Labrador); (b) ACCC's 75% equity interests in each of ACH Limited Partnership and its general partner, Abitibi-Consolidated Hydro Inc.; and (C) equipment and intellectual property of ACCC and the non-U.S. guarantors.

The Securitization Facility (which, as discussed below, was amended and restated after the Petition Date) operated prepetition substantially as follows: ACI and ACSC originated accounts receivable. As “originators”, ACI and ACSC sold and/or contributed those receivables to a special purpose vehicle, a non-debtor, Abitibi-Consolidated U.S. Funding Corp. (“ACI Funding”) at a discount based upon the outstanding balance on the accounts receivable. ACI Funding paid ACI and ACSC for the receivables using money from (a) collections on the accounts receivable it already owned, and (b) pooling acquired receivables and selling an undivided percentage ownership interest in the pool to Citibank, N.A., the agent under the Securitization Facility (the “Securitization Agent”). Financing available under the Securitization Facility at any time was limited by the outstanding balance of the eligible receivables, the size of the total reserves under the programs, and other factors.

As explained in greater detail below, the Securitization Facility matured within 45 days after the Petition Date (with subsequent short term extensions agreed by the Securitization Agent). On July 1, 2009, the Bankruptcy Court entered a final order approving the amended and restated Securitization Facility, and the grant of adequate protection related thereto.

E. Intercompany Debt

In the normal operations of the Company’s businesses, the Debtors and certain of their non-debtor affiliates engage in various intercompany transactions. Certain receivables and payables among the Debtors and/or the Debtors and non-debtor subsidiaries of ABH are evidenced by intercompany notes. In addition, the Debtors and/or the Debtors and non-debtor subsidiaries of ABH engaged in the ordinary course of business in intercompany trading transactions which give rise to Claims between Debtors and/or Debtors and non-Debtor subsidiaries (together with any obligations arising under any intercompany notes, the “Intercompany Claims”). As a result, on any given date, there are numerous Intercompany Claims that reflect intercompany receivables and payables made and/or accrued in the ordinary course between and among the Debtors and between and among the Debtors and certain of their non-debtor affiliates.

F. Management of the Debtors

1. Board of Directors

The Board of Directors of ABH currently consists of twelve members. Ten of the twelve members are independent directors, as defined in the corporate governance standards of the New York Stock Exchange. Set forth below are the directors of ABH as of the date of this Disclosure Statement.

Name

Richard B. Evans	Mr. Evans served on Bowater's board from 2003 through the Merger. He has been the Company's chairman since February 2009. He was president and chief executive officer of Alcan Inc. from 2006 until its merger with Rio Tinto Aluminum in October 2007. He then served as executive director of Rio Tinto PLC and Rio Tinto Ltd. from 2007 through 2009. From October 2005 to March 2006, he was chief operating officer of Alcan Inc. and from 1997 to October 2005, he held several executive positions with that company, including executive vice president for aluminum fabrication, Europe; executive vice president for fabricated products, North America; and president of Alcan Aluminum Corporation. Mr. Evans is chairman of the International Aluminum Institute. He also serves on the board of CGI Inc.
John Q. Anderson	Mr. Anderson served on ACI's board from 2006 through the Merger. He has been a managing director with Fenway Partners Resources, Inc. and its predecessors since 1999 and is chairman and chief executive officer of BigWheel Partners, Inc. Mr. Anderson is chairman of the North American Electric Reliability Corporation.
Jacques Bougie	Mr. Bougie served on ACI's board from 2004 through the Merger. He was president and chief executive officer of Alcan Inc. from 1993 to 2001. Mr. Bougie serves on the board of Rona Inc.
William E. Davis	Mr. Davis served on ACI's board of directors from 2003 through the Merger. He was chairman and chief executive officer of Niagara Mohawk Power Corporation from 1993 to 2002 and chairman of National Grid USA and executive director of National Grid (UK) from 2002 to 2003. He serves on the board of CONSOL Energy Inc.

Anthony F. Griffiths	Mr. Griffiths was appointed to the board as of April 15, 2008. He is an independent business consultant and corporate director, and the lead director on the board of Fairfax Financial Holdings Limited. Mr. Griffiths was chairman of Mitel Corporation from 1987 to 1993 and president and chief executive officer from 1991 to 1993. Mr. Griffiths also serves on the boards of Bronco Energy Ltd., Northbridge Financial Corporation (no longer a public corporation), Crum & Forster Holding Corp., Jaguar Mining Inc., OdysseyRe Holding Corp. (no longer a public corporation), Vitran Corporation Inc. and The Brick Group Income Fund. He is the chairman of Russel Metals Inc. and Novadaq Technologies Inc.
Ruth R. Harkin	Ms. Harkin served on Bowater's board from 2005 through the Merger. She was senior vice president for international affairs and government relations of United Technologies Corporation from 1997 to 2005. From 1993 to 1997, she was president and chief executive officer of the Overseas Private Investment Corporation. She serves on the board of ConocoPhillips and is a member of the Iowa Board of Regents.
Lise Lachapelle	Mrs. Lachapelle served on ACI's board from 2002 through the Merger. After a 20-year career in the Canadian public service, she served as president of Strategico Inc. from 1993 to 1994 and as president and chief executive officer of the Canadian Pulp and Paper Association from 1994 to 2002. She serves on the boards of Industrial Alliance, Insurance and Financial Services Inc., Russel Metals Inc. and Innergex Power Trust.
Gary J. Lukassen	Mr. Lukassen served on ACI's board from 2003 through the Merger. He was executive vice president, chief financial officer and a director of Hudson's Bay Company from 1989 to 2001.

David J. Paterson	Mr. Paterson served on Bowater's board from 2006, and as chairman from January 2007, through the Merger. He has been the Company's president and chief executive officer since the Merger and had been president and chief executive officer of Bowater since 2006. He was executive vice president of Georgia-Pacific Corporation in charge of its building products division from 2003 to 2006. At various times from 2000 to 2006, he had been responsible for Georgia-Pacific's pulp and paperboard division, paper and bleached board division and communication papers division.
Paul C. Rivett	Mr. Rivett was appointed to the board as of April 15, 2008. He has been vice president and chief legal officer of Fairfax Financial Holdings Limited since 2004 and also serves as vice president and chief operating officer of Hamblin Watsa Investment Counsel Ltd. Mr. Rivett was an attorney at Shearman & Sterling LLP in Toronto, Canada, before joining Fairfax in 2004. Mr. Rivett serves on the boards of Mega Brands Inc. and The Brick Group Income Fund.
John A. Rolls	Mr. Rolls served on Bowater's board from 1990 through the Merger. Mr. Rolls was president and chief executive officer of Thermion Systems International from 1996 to 2007. He was president and chief executive officer of Deutsche Bank North America from 1992 to 1996. Mr. Rolls serves on the board of FuelCell Energy, Inc.
Hon. Togo D. West, Jr.	Secretary West served on Bowater's board from 2002 through the Merger. He was president and chief executive officer of the Joint Center for Political and Economic Studies from 2004 to 2006 and Of Counsel to Covington & Burling LLP, a law firm, from 2000 to 2004. Secretary West served as U.S. secretary of veterans affairs from 1998 to 2000 and as secretary of the army from 1993 to 1998, during which time he also served as chairman of the Panama Canal Commission. Secretary West is chairman of TLI Leadership Group and serves on the boards of Bristol-Myers Squibb Company, Krispy Kreme Doughnuts, Inc. and FuelCell Energy, Inc.

2. Executive Officers

Set forth below are the senior executive officers of ABH as of the date of this Disclosure Statement and each officer's position within ABH.

<u>Name</u>	<u>Position</u>
David J. Paterson	President and Chief Executive Officer
Alain Grandmont	Executive Vice President, Human Resources and Supply Chain
William G. Harvey	Executive Vice President and Chief Financial Officer
Yves Laflamme	Senior Vice President, Wood Products
Pierre Rougeau	Executive Vice President, Operations and Sales
Jacques P. Vachon	Senior Vice President, Corporate Affairs and Chief Legal Officer

3. Executive Compensation

Compensation for ABH's current named executive officers (the "NEOs"), as defined in Item 402(a) of Regulation S-K promulgated under the Securities Act, for the fiscal year 2009 is reflected in the summary compensation table set forth below.

Name and Principal Position	Salary	Bonus	Stock Awards ¹¹	Option Awards ¹²	Non-Equity Incentive Plan Compensation ¹³	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
David J. Paterson, President & CEO	\$900,000	\$—	\$—	\$—	\$—	\$—	\$195,455	\$1,095,455
William G. Harvey, Executive Vice President and CFO	425,000	—	—	—	—	67,172	101,393	593,565

¹¹ Amounts in this column reflect the aggregate grant date fair value of RSUs granted in 2007 and 2008. No RSUs were granted in 2009.

¹² Amounts in this column reflect the aggregate grant date fair value of nonqualified stock option awards. No stock options were awarded in 2009.

¹³ No annual bonus was paid in 2009 for 2008 performance and an annual bonus program was not established for 2009 performance due to the Company's restructuring.

Pierre Rougeau, Executive Vice President, Operations and Sales	450,000	—	—	—	—	356,548	118,858	925,406
Alain Grandmont, Executive Vice President, Human Resources and Supply Chain	425,000	—	—	—	—	727,343	18,610	1,170,953
Jacques P. Vachon, Senior Vice President Corporate Affairs & Chief Legal Officer	340,000	—	—	—	—	477,799	13,779	831,578

G. Compensation and Benefits Programs

1. Historical Incentive Programs Prior to the Chapter 11 Cases

(a) Annual Incentive Plans

The Debtors historically have provided market-based, annual incentive bonus opportunities to their management employees pursuant to annual management incentive bonus plans. The annual bonus programs were designed to provide an incentive to management to meet pre-established short-term financial and operational performance objectives. Under the 2008 annual incentive plan, bonus amounts were based on performance metrics, which included operational excellence, cash return on capital employed, operating profit, individual performance, synergy attainment and a financial reduction factor over a 14-month period (from November 1, 2007 to December 31, 2008). In early 2009, on management's recommendation and in light of the Company's financial situation and in order to preserve cash usage while the Company attempted to refinance its significant indebtedness, the Board of Directors' Human Resources and Compensation Committee (the "HRCC") exercised its discretion under the plan to apply an additional condition on payment of the bonus amounts to executives of the Company and also on payment of bonus amounts to all participants that related to synergy attainment -- the achievement of two consecutive quarters of net positive operating cash flow in 2009 (defined as cash from operations minus capital expenditures). The Company did not make these payments because the additional payment condition was not achieved. In addition, no annual bonus program was adopted in 2009 for cash preservation reasons. Despite HRCC's decisions in 2008 and 2009, the annual bonus component of management compensation remains an important element of the Debtors' continued efforts to further align management interests with the Debtors' stakeholders, provide its management-level employees with market-based, competitive incentive bonus compensation opportunities and, ultimately, to reward superior performance.

(b) Long-Term Incentive Plans

The Company also in 2008 granted long-term incentive awards in the form of stock options and restricted stock units, which were designed to align the long-term interests of executive officers with those of the stockholders of the Company to increase long-term Company value. The long-term incentives typically included multi-year service and/or performance vesting requirements to encourage executive officers to remain employed with the Company.

2. Management Incentive Compensation Leading Up To and During the Chapter 11 Cases

Since commencement of the Chapter 11 cases, the Debtors' priority has been to evaluate, restructure and reposition their businesses for emergence. Cash preservation has been chief among the Debtors' goals during the period leading up to and during the Chapter 11 Cases. As set forth in greater detail below, this has caused the Debtors to take several measures impacting compensation of employees, including salary freezes and reductions and suspension of the annual bonus and equity grant components of their compensation program. All of these factors have led to a significant decrease in total compensation for 2008, 2009 and 2010 and, as a result, will likely lead to significant costs savings to the Reorganized Debtors.

(a) Salary Freezes and Reductions

The salaries of senior executives have been frozen since 2008. During the Chapter 11 Cases, the Company implemented a salary reduction of 15% for senior executives.

(b) Annual Incentives

As described above, in order to preserve cash, 2008 bonuses were not paid to the Company's executives and the portion of the 2008 bonus program that related to synergy goals was not paid to plan participants. In addition, no bonus program was adopted for 2009. Moreover, even though management incentive plans rewarding performance during the pendency of chapter 11 cases are often adopted by companies restructuring pursuant to chapter 11 of the Bankruptcy Code, the Debtors did not seek to implement any such plan.

(c) Long-Term Incentives

As a consequence of the Debtors' financial situation, and later the commencement of the Chapter 11 Cases, the Debtors have not made any equity-based awards that provide long-term incentives to its senior managers since 2008.

3. Executive Employment Agreements

ABH's Board of Directors has approved customary employment agreements or offer letters for certain senior executives of the Company, whose retention has been critical to the success of the Company. These employment agreements generally set forth the terms and conditions of the executive's employment with the Company, which might include base salary, bonus targets, perquisites and/or severance. If the Company terminated the executive's employment "without cause" or if the executive terminated his employment with "good reason", the Company would generally provide severance benefits to the senior executives either pursuant to their employment agreement or under an executive severance plan. Under their respective employment

agreements, if the Company terminated the executive's employment "without cause" or if the executive terminated his employment with "good reason," Messrs. Paterson and Harvey would be entitled to a lump sum payment upon termination equal to 24 months of his then current base salary, plus two times his most recently paid bonus, plus a prorated portion of his most recently paid bonus for the calendar year. Under the executive severance policy, if the Company terminated the executive's employment "without cause," Messrs. Rougeau, Grandmont and Vachon would receive (i) 6 weeks of eligible pay (base salary, plus the lesser of (x) the average of the last annual bonuses paid or (y) 125% of the current target bonus) per year of service, with a minimum of 52 weeks and a maximum of 104 weeks; (ii) if such executive elects to receive his severance pay in installments, continued group life insurance, medical dental and pension coverage, subject to the usual cost sharing arrangements, for the period over which the severance pay is paid; and (iii) outplacement counseling. Severance benefits to all the senior executives are conditioned on the executive's compliance with certain restrictive covenants that may include non-disclosure, non-solicitation and/or non-competition restrictions. The Company also has legacy employment agreements that were assumed by ABH prior to the commencement of the Chapter 11 Cases, which, among other things, provided payments under certain circumstances following a "change of control" of the Company. These agreements were beneficial to the Company by providing for the continuity of service by these executive officers in the critical period surrounding a change of control transaction.

4. Retirement Plans

Retirement benefits are provided to employees through savings and pension plans, which are generally described below.

(a) Employee Savings Plans

In the ordinary course of business the Company maintains a number of 401(k) savings plans (the "Employee Savings Plans") for the benefit of substantially all of its United States employees. These Employee Savings Plans generally provide for pre-tax salary deductions of eligible compensation, which amounts are generally deducted automatically from each participating employee's paycheck and the Company makes matching contributions. However, effective April 1, 2009, the matching contribution was indefinitely suspended for non-union employees. In addition, under the Employee Savings Plans, most non-union employees also receive an automatic company contribution, regardless of the employee's contribution. The amount of the automatic Company contribution is a percentage of the employee's pay, determined based on age and years of service. Additionally, the Company maintains savings plans for the benefit of a significant portion of its Canadian employees.

(b) U.S. and Canadian Defined Benefit Pension Plans

The U.S. Plan Sponsors maintain the 4 U.S. Pension Plans for United States employees and former employees. The Reorganized U.S. Plan Sponsors will be

required to make cash contributions to these plans under applicable U.S. laws over the next several years following emergence in order to amortize existing underfunding and satisfy current service obligations under the plans. The required amounts and timing of future cash contributions will be highly sensitive to changes in the applicable discount rates and returns on plan assets, and could also be impacted by future changes in the laws and regulations applicable to plan funding.

In Canada, the Company maintains 22 registered pension plans. In connection with the CCAA Proceedings, in May of 2009, the Canadian Court approved a suspension of the cash contributions for past service costs associated with the Company's Canadian pension plans. As a result, the cash contributions the Company is making to its Canadian pension plans are currently sufficient to meet the funding requirements for current service costs, but not for prior service costs. The Company currently estimates that its cash contributions for current service under the Canadian registered pension plans will be approximately CDN\$25 million in 2010. Multi-party pension deficit discussions are ongoing as of the date of this Disclosure Statement between the Canadian Debtors and various governments and unions in Canada.

Cash contributions required under U.S. and Canadian law to the Company's U.S. and Canadian pension plans will impact future cash flows that might otherwise be available for repayment of debt, capital expenditures, and other corporate purposes.

(c) U.S. and Canadian Benefit Plans (Non-Qualified/Non-Registered)

Historically, the Company has maintained non-qualified/non-registered defined benefit pension plans and defined contribution retirement plans for its United States and Canadian employees and former employees

5. Other Post-Retirement Benefit Program

(a) Health Care and Life Insurance Continuation

The Company sponsors a number of U.S. and Canadian health care and life insurance plans for retirees at certain locations. The amounts and timing of future cash benefit payments under these plans will be highly sensitive to changes in the applicable discount rates and variations in the health care cost trend rate, and could also be impacted by future changes in the laws and regulations.

(b) Severance Benefits

Prior to the Petition Date and in the ordinary course of business, the Company maintained severance plans in the United States and Canada (the "Severance Programs") for all active, full-time non-union salaried employees and certain active, full-time hourly employees. Pursuant to the Severance Programs, employees become eligible

for severance payments and benefits ("Severance") if their employment was terminated without cause. In the U.S., employees entitled to Severance generally receive two weeks of pay and are eligible to receive supplemental Severance if they sign a waiver and release of claims in favor of the Company equal to one week for each year of service for years 1-15 and two weeks pay for each year of service for years of service greater than 15 (with a minimum of one week and a maximum of 52 weeks). In Canada, Severance varies depending on the employee's location, years of service and job grade.

IV.

EVENTS LEADING TO COMMENCEMENT OF THE CHAPTER 11 CASES AND CCAA PROCEEDINGS

The Company's inability to repay or refinance significant indebtedness with impending maturities was a critical factor that necessitated the commencement of the Chapter 11 Cases and CCAA Proceedings. Notably, certain November 2008 amendments to the Bowater Secured Bank Documents restricted the Company's liquidity by significantly reducing available funds. Coupled with the lack of liquidity in the markets generally, the Company's indebtedness rendered it vulnerable to adverse economic and industry conditions, impaired its ability to obtain additional financing, required it to dedicate a substantial portion of cash flow from operations to service debt, and otherwise limited its flexibility in planning and responding to business drivers.

As a result of the above factors, by the beginning of 2009, the Company's liquidity positions were severely constrained. To address the Company's tightening liquidity, on February 9, 2009, the Company announced the commencement of private offers to exchange certain outstanding series of unsecured notes issued by Bowater and one of its wholly-owned subsidiaries for new secured notes to be issued by an indirect subsidiary of ABH, as well as a concurrent debt offering (the "Bowater Exchange Offer"). Shortly thereafter, on March 13, 2009, the Company commenced a debt recapitalization plan for the Abitibi/D-Corp Company's Canadian companies pursuant to the *Canada Business Corporations Act*. At the same time, the Company announced that ACCC and an unaffiliated third party signed a letter of intent in connection with the sale of ACCC's 60% interest in the Manicouagan Power Company ("MPCo") for gross proceeds of Cdn\$615 million.

The Company was unable to successfully complete the Bowater Exchange Offer. As a result, the Abitibi/D-Corp Companies' recapitalization, which was contingent on a successful Bowater Exchange Offer, could not be consummated, and the Company had no other option but to seek protection under the Bankruptcy Code and the CCAA.

V.

THE CHAPTER 11 CASES

A. Significant “First Day” Motions

On the Petition Date, the Debtors filed various “first day” motions seeking authority to, among other things: (i) pay prepetition compensation, benefits and reimbursable employee expenses; (ii) continue certain workers’ compensation programs and insurance policies; (iii) continue certain customer practices and programs; (iv) substantially maintain their existing bank accounts and continue the Company’s integrated cash management system; (v) pay certain prepetition claims of shippers and warehousemen; (vi) pay prepetition claims of certain critical vendors; (vii) prohibit utility companies from discontinuing, altering or refusing service; (viii) retain Epiq to serve as the Debtors’ claims, noticing, soliciting and balloting agent; (ix) continue selling certain accounts receivables as part of the Securitization Facility; and (x) enter into the DIP Facility Documents and provide adequate protection to the Debtors’ prepetition secured lenders. All of the Debtors’ first day motions and retention applications were approved by the Bankruptcy Court in substantially the manner requested by the Debtors.

B. Retention Applications

Throughout the case, the Debtors have sought to retain various professionals in connection with the prosecution and administration of their Chapter 11 Cases, as well as the operation of their day-to-day businesses. The Bankruptcy Court has approved the Debtors’ retention and/or employment of, among others, (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP and Young Conaway Stargatt & Taylor, LLP, as bankruptcy co-counsel, (ii) Troutman Sanders LLP, as special corporate counsel and conflicts counsel, (iii) Blackstone Group, L.P. (“Blackstone”), as financial advisor, (iv) Ernst & Young, LLP, as audit and risk advisory and tax services provider, (v) Deloitte Tax LLP, as tax consultants and tax-related reorganization services provider, (vi) Huron Consulting LLC, as accounting and restructuring consultant, (vii) PricewaterhouseCoopers LLP, U.S. and PricewaterhouseCoopers LLP (Canada), as tax and tax-related services providers and sales tax harmonization services providers, (viii) Bruce Robertson, as Chief Restructuring Officer, (ix) Deloitte Financial Advisory Services LLP, as fresh start accountants, and (x) certain ordinary course professionals.

C. Debtor-in-Possession Credit Facilities

1. Bowater DIP Facility

To provide the Debtors with the cash and liquidity necessary to continue their operations and to maintain normal postpetition vendor and customer relations, on the Petition Date the Debtors sought Bankruptcy Court approval of a \$206 million Senior Secured Superpriority Debtor in Possession Credit Agreement dated as of April 21, 2009 (as amended to date, the “Bowater DIP Facility Credit Agreement”) among ABH,

Bowater and BCFPI as Debtors and Debtors in Possession and Borrowers, Fairfax Financial Holdings Ltd. as Initial Lender, Initial Administrative Agent and Initial Collateral Agent, and the Lenders from time to time party thereto.

The Bowater DIP Facility Credit Agreement includes a \$166 million term loan for borrowings by ABH and Bowater (the "Bowater U.S. DIP") and a \$40 million term loan for borrowings by BCFPI (the "Bowater Canada DIP"). The Bowater U.S. DIP is guaranteed by substantially all of the U.S. entities among the Bowater Companies (together with Bowater and ABH, the "Bowater U.S. DIP Parties"), and is secured by (i) first priority liens on all of the Bowater U.S. DIP Parties' unencumbered assets as of the Petition Date, (ii) first priority liens on postpetition intercompany debt payable to the Bowater U.S. DIP Parties, and (iii) junior liens on the encumbered assets of the Bowater U.S. DIP Parties as of the Petition Date (collectively, the "Bowater U.S. DIP Collateral"). The Bowater Canada DIP is guaranteed by substantially all of the Canadian entities in the Bowater Group (together with BCFPI, the "Bowater Canada DIP Parties"), and is secured by (i) first priority liens on all of the Bowater Canada DIP Parties' unencumbered assets as of the Petition Date, (ii) first priority liens on postpetition intercompany debt payable to the Bowater Canada DIP Parties, (iii) junior liens on the encumbered assets of the Bowater Canada DIP Parties as of the Petition Date, and (iv) liens (shared *pari passu*) on all assets securing the Bowater U.S. DIP (collectively, the "Bowater Canada DIP Collateral").

On April 17, 2009, the Bankruptcy Court authorized the Debtors to enter into the Bowater DIP Facility Credit Agreement on an interim basis and on June 16, 2009, the Bankruptcy Court entered a final order (as amended, the "DIP Facility Order") approving the Bowater DIP Facility Credit Agreement.

Pursuant to a DIP Agent Engagement Letter dated May 8, 2009, Law Debenture Trust Company of New York replaced Fairfax Financial Holdings Ltd. as successor Administrative Agent and Collateral Agent under the Bowater DIP Facility Credit Agreement.

The DIP Facility Order grants the Bowater Companies' Prepetition Secured Lenders certain additional liens as adequate protection to the extent of any diminution in value of their collateral during the pendency of the Chapter 11 Cases. Specifically, the Bowater Prepetition Secured Lenders were granted, as adequate protection: (i) valid, binding and enforceable replacement security interests in and liens on the Bowater U.S. DIP Collateral, (ii) a super-priority claim pursuant to section 507(b) of the Bankruptcy Code against the Bowater U.S. DIP Parties, and (iii) the current payment of non-default rate interest and certain fees and expenses for the Bowater Secured Bank Agent. The BCFPI Prepetition Secured Lenders were granted, as adequate protection: (i) valid, binding and enforceable replacement security interests in and liens upon the Bowater Canada DIP Collateral and the Bowater U.S. DIP Collateral; (ii) a super-priority claim pursuant to section 507(b) of the Bankruptcy Code against the

Bowater Canada DIP Parties, and (iii) the current payment of non-default rate interest and certain fees and expenses for the BCFPI Secured Bank Agent.

The Bowater DIP Facility Credit Agreement contains customary covenants for debtor in possession financings of this type, including, among other things: (i) requirements to deliver financial statements, other reports and notices; (ii) restrictions on the incurrence and repayment of indebtedness; (iii) restrictions on the incurrence of liens; (iv) restrictions on making certain payments; (v) restrictions on investments; (vi) restrictions on asset dispositions and (vii) restrictions on modifications to material indebtedness. Additionally, the Bowater DIP Facility Credit Agreement contains certain financial covenants, including, among other things: (i) a minimum consolidated EBITDA; (ii) a minimum fixed charge coverage ratio and (iii) a maximum amount of capital expenditures.

The Bowater DIP Facility Credit Agreement matures on the earlier of (i) the effective date of the Debtors' plan of reorganization and (ii) July 21, 2010, with a possible three-month extensions beyond this latter date if certain conditions are met. Should either the Chapter 11 Cases or the CCAA Proceedings be dismissed, or any order entered granting relief from the stays provided thereunder, an event of default under the Bowater DIP Facility Credit Agreement would occur and the outstanding debt would become due and payable immediately.

2. Canadian Debtors' Postpetition Secured Credit Facilities

(a) Abitibi DIP Facility

In the CCAA Proceeding, the Canadian Debtors sought and obtained approval by the Canadian Court to enter into a debtor-in-possession financing facility for the benefit of ACI and Donohue. On May 6, 2009, the Canadian Debtors entered into a letter loan agreement (the "Abitibi DIP Agreement"), among ACI and Donohue, as borrowers (the "Abitibi DIP Facility Borrowers"), certain subsidiaries of ACI, as guarantors, and Bank of Montreal, as lender, which was acknowledged by Investissement Québec, as sponsor (the "Sponsor"). Although Donohue was a signatory thereto, the Abitibi DIP Agreement was not enforceable against Donohue, and Donohue could not borrow thereunder, until such time as the Canadian Court had entered an order authorizing and approving the Abitibi DIP Facility (as defined below) and the charge in connection therewith with respect to Donohue (the "U.S. DIP Order"). Donohue had no obligation to seek, nor did it seek, a U.S. DIP Order.

The Abitibi DIP Agreement provided for borrowings in an aggregate principal amount of up to \$100 million for ACI and, following any U.S. DIP Order, Donohue (the "Abitibi DIP Facility"), provided that Donohue would not borrow more than \$10 million in the aggregate and that a minimum availability of \$12.5 million would be maintained at all times.

ACI repaid in full and terminated the Abitibi DIP Facility on December 9, 2009 with a portion of the closing proceeds from the sale of its 60% interest in MPCo to a wholly-owned subsidiary of Hydro-Québec for gross proceeds of Cdn\$615 million.

(b) ULC DIP Facility

On November 16, 2009, ACI obtained the Canadian Court's approval to enter into a loan agreement among ACI, as borrower, and 3239432 Nova Scotia Company, a wholly-owned unlimited liability company and a subsidiary of ABH (the "ULC"), as lender (the "ULC DIP Agreement"), for an aggregate principal amount outstanding at any time not exceeding Cdn\$230 million. The credit facility pursuant to the ULC DIP Agreement (the "ULC DIP Facility") is subject to the following draw conditions: (i) a first draw of Cdn\$130 million which was advanced at closing of the ULC DIP Facility, (ii) subsequent draws for a maximum total amount of Cdn\$50 million in increments of up to Cdn\$25 million to be advanced upon a five business day notice, and (iii) the balance of Cdn\$50 million is to become available upon further Order of the Canadian Court. The security granted pursuant to the ULC DIP Facility is similar to the one granted pursuant to the Abitibi DIP Facility. No interest and no fees are payable under the ULC DIP Facility.

The ULC DIP Facility can be used for general corporate purposes in material compliance with the 13 week cash flow forecasts to be provided no less frequently than on a monthly basis (the "ULC Budget"). Events of default pursuant to the ULC DIP Facility are as follows: (i) substantial non-compliance with the ULC Budget; (ii) termination of the stay of proceedings in the CCAA Proceedings; (iii) failure to file a plan or restructuring and compromise with the Canadian Court by September 30, 2010; and (iv) withdrawal of the existing Securitization Facility unless replaced with a reasonably similar facility.

3. Securitization Facility

As discussed above, the Securitization Facility matured within 45 days after the Petition Date (with subsequent short term extensions agreed by the Securitization Agent). Following the commencement of the Chapter 11 Cases, the Company negotiated terms of an amended and restated securitization program, with Citibank, N.A. as the administrative agent and Barclays Capital as the syndication agent. On May 18, the Debtors moved for entry of an order authorizing certain of the Debtors to enter into the amended and restated securitization program and on July 1, 2009 the Bankruptcy Court entered a final order approving the amended Securitization Facility, and the grant of adequate protection related thereto (as amended or supplemented, the "Securitization Order"). The Securitization Order authorized, *inter alia*, the Debtors to obtain up to \$270 million of financing (the "Purchase Limit") and to use the ACCC Term Lenders' collateral, subject to the grant of adequate protection.

Pursuant to the Securitization Facility, ACI and Abitibi Consolidated Sales Corporation ("ACSC", and together with ACI, the "Participants") sell most of their

receivables to ACI Funding, which is a bankruptcy-remote, special-purpose, indirect consolidated subsidiary of Donohue. On a revolving basis, ACI Funding transfers to the agent (the "Agent") for the financial institutions party to the Securitization Facility (the "Banks") undivided percentage ownership interests ("Receivable Interests") in the pool of receivables that ACI Funding acquired from the Participants. The outstanding balance of Receivable Interests increases as new Receivable Interests are transferred to the Agent and decreases as collections reduce previously transferred Receivable Interests. The amount of Receivable Interests that can be transferred to the Agent depends on the amount and nature of the receivables available to be transferred and cannot result in the outstanding balance of Receivable Interests exceeding the Purchase Limit. The pool of receivables is collateral for the Receivable Interests transferred to the Agent. The Banks can pledge or sell their Receivable Interests, but cannot pledge or sell any receivable within the pool of receivables.

Unless terminated earlier due to the occurrence of certain events of termination, or the substantial consummation of a plan or plans of reorganization or a plan of compromise or arrangement confirmed by order of the Bankruptcy Court and CCAA Court, the Securitization Facility will terminate on June 16, 2010. The termination date of the Securitization Facility may be extended: (i) from June 16, 2010 to September 16, 2010 if the Company has filed a plan or plans of reorganization with the Bankruptcy Court and CCAA Court that provide for the full repayment thereof in cash upon consummation and it has met certain other conditions, including providing a notice of the Company's intention to extend, which it provided on May 13, 2010, and (ii) from September 16, 2010 to December 16, 2010, if the Company has not withdrawn the plan or plans of reorganization, and those plans have not been denied by either the Bankruptcy Court and CCAA Court before September 16, 2010 and the Company has met certain other conditions.

Certain of the Debtors among the Abitibi/D-Corp Companies have guaranteed the obligations arising under the Securitization Facility. The Securitization Order grants lenders under the ACCC Term Loan Documents certain additional liens as adequate protection to the extent of any diminution in value of their collateral during the pendency of the Chapter 11 Cases. Specifically, the lenders under the ACCC Term Loan Documents were granted, as adequate protection: (i) valid, binding and enforceable replacement security interests in and liens upon certain of the assets of the Donohue Group; (ii) a super-priority claim pursuant to section 507(b) of the Bankruptcy Code against the Donohue Group, and (iii) certain fees and expenses for the ACCC Term Loan Agent.

On May 21, 2010, the Debtors moved for entry of an order authorizing certain amendments to the Securitization Facility (the "Securitization Amendment Motion"). The amendments provide for, among other things, (i) a 364-day extension of the maturity date under the Securitization Facility, (ii) a reduction of the Purchase Limit from \$270 million to \$180 million, and (iii) a reduction in the Securitization Facility's Applicable Margin, LIBOR floor and unused commitment fee rate (as defined therein).

As explained in the Securitization Amendment Motion, the Debtors believe that the amendments will result in approximately \$4 million in net savings for the Debtors' estates. A hearing to consider approval of the Securitization Amendment Motion is currently scheduled for June 11, 2010.

D. Appointment of the Official Committee of Unsecured Creditors

On April 28, 2009, the United States Trustee for the District of Delaware appointed, pursuant to section 1102 of the Bankruptcy Code, an official committee of unsecured creditors in these Chapter 11 Cases (the "Creditors Committee"). The Creditors Committee is currently comprised of HSBC Bank USA, N.A., Wilmington Trust Company, Computershare Trust Company of Canada, Pension Benefit Guaranty Corporation, United Steelworkers, Imerys and Andritz Inc.

The Creditors Committee has, with Bankruptcy Court approval, employed and retained (i) Paul, Hastings, Janofsky & Walker, LLP, Bayard, P.A., and Bennett Jones LLP as co-counsel, (ii) FTI Consulting, Inc. and Lazard Frères & Co. LLC, as financial advisors, and (iii) the Garden City Group, Inc., as communications agent.

E. Ad Hoc Unsecured Noteholders Committee

The Ad Hoc Unsecured Noteholders Committee, comprised of certain large holders of unsecured notes issued by ACI and ACCC, formed and has acted in connection with the Chapter 11 Cases and CCAA Proceedings. The Ad Hoc Unsecured Noteholders Committee has employed and retained (i) Simpson Thatcher & Bartlett LLP, as U.S. counsel, (ii) Goodmans LLP, as Canadian counsel, and (ii) Genuity Capital Markets and Gleacher and Company, as financial advisors.

F. Cross-Border Protocol

To facilitate cross-border coordination between the Chapter 11 Cases and CCAA Proceedings, the Debtors filed a motion seeking approval of a Cross-Border Insolvency Protocol (the "Cross-Border Protocol"). The Bankruptcy Court entered an order approving the Cross-Border Protocol on July 27, 2009. The Canadian Debtors also submitted the Cross-Border Protocol for approval to the Canadian Court, and the Canadian Court entered an order approving the Cross-Border Protocol on July 28, 2009. The Cross-Border Protocol provides that its purpose is to effectuate an orderly and efficient administration of the Chapter 11 Cases and CCAA Proceedings, and to maintain the respective independent jurisdiction of the Canadian Court and the Bankruptcy Court. The Canadian Court shall have sole and exclusive jurisdiction over the CCAA Proceedings, and the Bankruptcy Court shall have sole and exclusive jurisdiction over the Chapter 11 Cases. The Bankruptcy Court and the Canadian Court may coordinate activities, communicate with one another and conduct joint hearings.

G. Proofs of Claim

1. General Bar Date Order

On September 3, 2009, the Bankruptcy Court entered an order (the "Bar Date Order") requiring any person or entity holding or asserting a Claim (with certain exceptions, as more fully set forth in the Bar Date Order) against the Debtors to file a written proof of claim with the Solicitation Agent on or before November 13, 2009 (the "Claims Bar Date"). The Bar Date Order further provides that, pursuant to Bankruptcy Rule 3003(c)(2), any entity that is required to file a proof of claim in these Chapter 11 Cases pursuant to the Bankruptcy Code, the Bankruptcy Rules or the Bar Date Order with respect to a particular claim against the Debtors, but that fails to do so by the applicable Bar Date, shall not be treated as a creditor with respect to such Claim for the purposes of voting upon, or receiving distributions under, any plan or plans of reorganization filed in these Chapter 11 Cases unless otherwise permitted by the Bankruptcy Court or agreed by the Debtors. Proofs of claim filed against Cross-Border Debtors were accepted and considered timely in the Chapter 11 Cases if received by the Monitor on or before the Claims Bar Date and pursuant to the claims procedures established in the CCAA Proceedings.

On August 26, 2009, the Canadian Court issued an order approving certain notice procedures and procedures for filing proofs of claim against the Canadian Debtors (the "Canadian Bar Date Order"). The Canadian Bar Date Order similarly requires any person or entity holding or asserting a claim (with certain exceptions, as more fully set forth in the Canadian Bar Date Order) to file a written proof of claim on or before the Claims Bar Date. Holders of claims against the Canadian Debtors must have filed their proofs of claim with the Monitor so that they are actually received by the Monitor by the Canadian Bar Date. Proofs of claim filed against the Cross-Border Debtors were accepted and deemed timely filed in the CCAA Proceedings if received by the Solicitation Agent on or before the Claims Bar Date and pursuant to the claims procedures established in the Chapter 11 Cases.

As of the date hereof, there have been approximately 7,300 and 7,500 claims filed against the Debtors and the Canadian Debtors, respectively, that total, together with the Debtors' scheduled liabilities, approximately \$85 billion (which, for the claims filed against the Canadian Debtors in Canadian dollars, reflects the exchange rate to U.S. dollars on the date of the commencement of the CCAA Proceedings). However, the Debtors believe that many of the Claims filed in the Chapter 11 Cases and CCAA Proceedings are invalid, untimely, duplicative or overstated.

Since the Claims Bar Date, the Debtors have engaged in an ongoing process of assessing the proofs of claim filed against them and where appropriate, objecting to Claims that the Debtors believe should not be Allowed at all or, at most, not in the amount(s) or classification as filed. As of the date hereof, the Debtors have filed 3 omnibus objection to proofs of claim, and anticipate that they will file several more over the coming months.

The Debtors have substantially completed their Claims reconciliation process and believe, based on the results of such process, that the Claims amount will be further reduced significantly.

2. Employee Bar Date Order

On February 18, 2010 the Bankruptcy Court entered an order (the “Employee Bar Date Order”) requiring any person (with certain exceptions) who was an employee of any Debtor as of the Petition Date or thereafter to file a proof or proofs of claim or expenses (an “Employee Proof of Claim”) against the Debtors on account of: (a) any claim against the Debtors owing as of the Petition Date, and (b) any claim or expenses asserted against the Debtors for the period from April 16, 2009 through and including February 28, 2010 (but excluding amounts owed for ordinary course payroll obligations that are scheduled to be paid on the next pay date occurring after February 28, 2010 or for reimbursement of employee expenses scheduled to be paid in the ordinary course of business). The Employee Proofs of Claim had to be filed with the Solicitation Agent on or before April 7, 2010 (the “Employee Claims Bar Date”). The Employee Bar Date Order further provides that, pursuant to Bankruptcy Rules 3002 and 3003, any employee that is required to file an Employee Proof of Claim in these Chapter 11 Cases pursuant to the Bankruptcy Code, the Bankruptcy Rules or the Employee Bar Date Order with respect to a particular claim against the Debtors, but that fails to do so by the Employee Claims Bar Date, shall not be treated as a creditor with respect to such claim for the purposes of voting on and distributions under any chapter 11 plan proposed and/or confirmed in these Chapter 11 Cases. Employee Proofs of Claim filed against the Cross-Border Debtors were accepted and considered timely in the Chapter 11 Cases if received by the Monitor on or before the Employees Claims Bar Date, and pursuant to the claims procedures established in the CCAA Proceedings.

On February 23, 2010, the Canadian Court issued an order approving certain notice procedures and procedures for filing employee proofs of claim against the Canadian Debtors (the “Canadian Employees Bar Date Order”). The Canadian Employees Bar Date Order similarly requires any former or current employee holding or asserting certain claims to file a written proof of claim on or before the Employee Claims Bar Date. Holders of claims against the Canadian Debtors must have filed their proofs of claim with the Monitor so that they are actually received by the Monitor by the Employee Claims Bar Date. Employee Proofs of claim filed against the Cross-Border Debtors in the Chapter 11 Cases were deemed timely filed in the CCAA Proceedings if received by the Solicitation Agent on or before the Employees Claims Bar Date, and pursuant to the claims procedures established in the Chapter 11 Cases.

3. Cross-Border Claims Reconciliation Protocol

On January 4, 2010, the Debtors moved for entry of an order authorizing the implementation of certain supplementary procedures governing the review and reconciliation of proofs of claim filed against the Cross-Border Debtors in the Chapter 11 and CCAA Proceedings. The Cross-Border Claims Reconciliation Protocol provides

that, in the absence of any objection and subject to the Creditors Committee's right to review, the Monitor and the Canadian Debtors shall review all proofs of claim filed against the Cross-Border Debtors (the "Cross-Border Claims") and amend, allow or object to such claims in accordance with the Canadian Bar Date Order. If a creditor objects to the determination of its claim under the Canadian Bar Date Order, and if the creditor, the Debtors and the Monitor cannot agree on which court should hear the objection, then the Canadian Court shall determine which court shall determine the objection. Prior to such determination, the creditor, the Debtors or the Monitor may request a joint hearing, in accordance with the Cross-Border Protocol, to consider the matter. The Cross Border Claims Reconciliation Protocol also reserves certain review rights for the Creditors Committee and the Ad Hoc Unsecured Noteholders Committee with respect to Cross-Border Claims above certain value thresholds. On January 19, 2010, the Bankruptcy Court entered an order approving the Cross-Border Claims Reconciliation Protocol. The Canadian Debtors also submitted the Cross-Border Claims Reconciliation Protocol for approval to the Canadian Court, and the Canadian Court entered an order approving the Cross-Border Claims Reconciliation Protocol on January 18, 2010.

H. Schedules and Statements of Financial Affairs

On July 15, 2009, each of the Debtors filed their respective Schedules of Assets and Liabilities and Statements of Financial Affairs (as amended, the "Schedules and Statements") with the Bankruptcy Court. Among other things, the Schedules and Statements set forth the Claims of known creditors against the Debtors as of the Petition Date based upon the Debtors' books and records. Certain of the Debtors filed amended Schedules and Statements on August 5, 2009, March 17, 2010, May 6, 2010 and May 13, 2010. A copy of the Schedules and Statements can be obtained at no cost from the Solicitation Agent's website at <http://dm.epiq11.com/abitibi> or for a fee from the Bankruptcy Court's website at <http://ecf.deb.uscourts.gov>.

I. Exclusivity

On July 15, 2009, the Debtors filed a motion (the "First Exclusivity Motion") requesting an extension of the Debtors' exclusive period within which to file a chapter 11 plan and solicit acceptances thereto. In the First Exclusivity Motion, the Debtors requested an extension of the exclusive period to file a plan of reorganization through and including December 14, 2009, and the extension of the exclusive right to solicit acceptance of such plan through and including February 10, 2010. By order entered August 3, 2009, the Bankruptcy Court granted the relief requested in the First Exclusivity Motion.

On December 11, 2009, the Debtors filed a motion requesting a further extension of the Debtors' exclusive period within which to file a chapter 11 plan and solicit acceptances thereto (the "Second Exclusivity Motion"). By order dated January 15, 2010, the Bankruptcy Court approved an extension of the exclusive period to

file a plan of reorganization through and including April 15, 2010, and the exclusive right to solicit acceptances of such plan through and including June 11, 2010.

On April 14, 2010, the Debtors filed a motion requesting a further extension of the Debtors' (including ABH LLC 1 and ABH Holding Company LLC) exclusive period within which to file a chapter 11 plan and solicit acceptances thereto (the "Third Exclusivity Motion"). By the third Exclusivity Motion, the Debtors sought an extension of the exclusive period to file a plan(s) of reorganization through and including July 21, 2010, and the exclusive right to solicit acceptances of such plan(s) through and including September 9, 2010. By order dated May 12, 2010, the Bankruptcy Court granted the relief requested in the Third Exclusivity Motion.

J. Assumption and Rejection of Executory Contracts and Unexpired Leases of Nonresidential Real Property

The Debtors have hundreds, if not thousands, of executory contracts and unexpired leases. The Debtors' nonresidential real property leases include a variety of plant, office, warehouse, industrial and timberland leases. Many of these leases are of critical importance to the Debtors' ongoing business. Accordingly, on July 15, 2009, the Debtors filed a motion requesting an additional 90-day extension of the Debtors' deadline to assume or reject their remaining leases. On August 3, 2009, the Bankruptcy Court entered an order extending the Debtors' time to assume or reject their nonresidential real property leases through November 12, 2009.

During the pendency of the Chapter 11 Cases, the Debtors identified those leases that either constitute valuable assets of the Debtors' estates, or contain economically unfavorable terms and/or are no longer necessary for the Debtors' operations. As part of this analysis, the Debtors identified approximately nineteen (19) leases which, in the Debtors' business judgment, should be assumed. Accordingly, on October 12, 2009, the Debtors requested authority to assume certain unexpired leases of nonresidential real property and sought an order setting cure amounts with respect thereto. The Bankruptcy Court granted the requested relief on October 28, 2009.

In addition to their nonresidential real property leases, the Debtors are parties to hundreds of other contracts of various sorts. Since the Petition Date, the Debtors, in coordination with the Monitor, have been conducting a comprehensive review of all the Company's contracts. The rejection and repudiation of unnecessary and burdensome contracts using the provisions of the Bankruptcy Code and CCAA, as applicable, constitutes a key component of the rationalization of the Company's business operations. To maximize the efficiency of the chapter 11 process, the Debtors implemented expedited rejection and assumption procedures which the Bankruptcy Court approved by order dated June 29, 2009. Pursuant to subsequent Bankruptcy Court orders, the Debtors have rejected many burdensome and disadvantageous contracts and unexpired leases. The Debtors continue to analyze their remaining contracts and leases to determine which should be rejected or assumed pursuant to the Plan.

K. Asset Sales

1. De Minimis Asset Sales

In order to establish a framework to effect sales and other dispositions of relatively modest value, the Debtors filed a motion on May 29, 2009 to set procedures for the sale of assets of de minimis value (the “De Minimis Sales Motion”). The Bankruptcy Court entered an order on June 15, 2009 approving the De Minimis Sales Motion (the “De Minimis Sales Order”). The De Minimis Sales Order provides that, for transactions with a selling price equal to or less than \$75,000, the Debtors are authorized to consummate the sale without notice to any party other than filing a report with the Bankruptcy Court upon completion of the sale. If the sale consideration is greater than \$75,000 but less than \$1 million, the Debtors are authorized to consummate the sale without further authorization after the Debtors provide at least ten business days written notice of such sale to certain notice parties. If there are no written objections filed within the ten-business-day notice period, the Debtors are authorized to immediately consummate such sale after entry of an order approving the same under certification of counsel. If written objections are filed, the sale will only proceed upon either a consensual resolution of the objection or further order of the Bankruptcy Court after notice and a hearing.

2. Lufkin, Texas

On September 23, 2009, the Debtors sought approval for the sale of certain assets associated with a permanently closed paper mill in Lufkin, Texas (the “Lufkin Assets Transaction”). The Lufkin Assets Transaction involved the sale of land and infrastructure that were acquired as part of the acquisition of Donohue in 2000, but which were temporarily and then permanently closed for strategic business reasons. On October 28, 2009, the Bankruptcy Court entered an order authorizing the Lufkin Assets Transaction. In addition to the realization of sale proceeds of approximately \$20.5 million, the sale will save the Debtors approximately \$250,000 in monthly operating expenses and relieves the Debtors from any potential environmental liability that may arise with respect to that property. The Lufkin Assets Transaction has not closed as of the date hereof.

3. Recycling Processing Facilities

As discussed above, prior to their bankruptcy filings, the Debtors were one of the largest fiber recyclers in North America. After commencement of the Chapter 11 Cases, and in connection with the Debtors’ rationalization and streamlining of their business operations, the Debtors decided to exit the recycling processing business and focus on the collection and sale of recyclables and recycled fiber. As a result, and after an extensive marketing period, the Debtors entered into an asset purchase agreement and related processing agreement with WM Recycle America, L.L.C. (“Waste Management”) for the sale of the Debtors’ three Texas recycling processing facilities in San Antonio, Arlington and Houston (the “RPF Transaction”). The Bankruptcy Court approved the

proposed bid procedures on November 24, 2009, and on December 16, 2009 the Bankruptcy Court entered an order approving the RPF Transaction.

In addition to generating approximately \$12 million in proceeds, the RPF Transaction permits the Debtors to divest facilities that no longer serve their long term business objectives for their recycling division. Moreover, a critical component of the RPF Transaction is the execution of a processing agreement by and between Waste Management and ACC, pursuant to which Waste Management will process the Debtors' recyclable materials in the existing geographic region on competitive terms. The Debtors believe this component of the RPF Transaction has significant value, and that the divestiture will position the Debtors' recycling division to be a more streamlined, efficient, and productive branch of the Debtors' business. The RPF Transaction closed on January 5, 2010.

4. West Tacoma Mill

As part of their ongoing operational restructuring, the Debtors sought authorization to enter into a contract for the sale of certain real and personal property assets associated with the Debtors' West Tacoma paper mill ("West Tacoma Mill Transaction"). In addition to generating sale proceeds of approximately \$4.5 million, the sale saves the Debtors approximately \$30,000 per month in security, payroll, power and similar costs of maintenance. The Debtors permanently closed the West Tacoma mill approximately ten years ago; the assets subject to the West Tacoma Mill Transaction include approximately eighty acres of real property, as well as certain improvements and personal property located thereon. The Bankruptcy Court authorized the Debtors to consummate the West Tacoma Mill Transaction on January 19, 2010. The West Tacoma Mill Transaction closed on February 11, 2010.

5. Closed Mill Sale

On April 6, 2010, the Debtors moved for entry of an order authorizing, *inter alia*, the sale of four closed Canadian mills (the "Closed Mill Sale"). Constituting part of the Debtors' continuing efforts to divest non-core assets, the Closed Mill Sale represents the culmination of an extensive marketing process designed to maximize the cash value of the mills to the Debtors, while simultaneously eliminating potentially significant environmental and remediation costs associated with these industrial sites. Each of the mills, two of which are owned by Cross-Border Debtors and the remaining two of which are owned by CCAA Debtors, are permanently closed and are not part of the Company's on-going operations. Under the sale, the Company will realize at least CAD\$13.8 million, with potential additional proceeds from the sale of paper machines located on the mill sites upon their future sale by the purchaser. The Bankruptcy Court and Canadian Court entered orders authorizing the Closed Mill Sale on May 17, 2010 and May 3, 2010, respectively. The Closed Mill Sale has not closed as of the date hereof.

L. Augusta Newsprint Company Litigation

On June 15, 2009, the Debtors moved to reject a certain call agreement (the “Call Agreement”) impacting Augusta Newsprint Company, a joint venture with Augusta Newsprint Inc., an affiliate of Woodbridge, in which ACSC holds a 52.5% ownership interest. The Call Agreement obligated ACSC to either buy-out its joint venture partner at a price well above market, or risk losing all of its equity in the joint venture pursuant to forced sale provisions in the Call Agreement.

The Bankruptcy Court conducted a hearing on the motion on September 11, 2009, and on October 27, 2009, the Bankruptcy Court issued a decision authorizing the Debtors’ rejection of the Call Agreement. On November 3, 2009, Woodbridge filed its notice of appeal of the Bankruptcy Court’s order. The appeal is currently pending in the District Court for Delaware.

On March 9, 2010, Woodbridge filed a motion in the Bankruptcy Court to force ACSC to reject the partnership agreement governing Augusta Newsprint Company (the “Augusta Partnership Motion”). The Debtors filed an objection to the Augusta Partnership Motion on April 9, 2010. The Augusta Partnership Motion is now pending before the Bankruptcy Court and a hearing is scheduled for May 26, 2010.

M. AbitibiBowater U.S. Holding LLC Note Repayment Transactions

On November 4, 2009, the Debtors filed a motion seeking authority to undertake certain transactions (the “Repayment Steps”) to repay an intercompany note outstanding between AbitibiBowater U.S. Holding LLC and Abitibi-Consolidated Company of Canada (“ACCC”, and the note, the “ABH LLC Note”). The Repayment Steps addressed a potential \$55.25 million Canadian withholding tax liability that may have arisen if the ABH LLC Note was not repaid prior to December 31, 2009. As part of the Repayment Steps, a new intercompany note, identical in all material respects to the ABH LLC Note, was issued by AbitibiBowater US Holding LLC to ABH LLC 1, a newly-formed indirect subsidiary of ABH, thereby preserving the Debtors’ prepetition capital structure and the rights and remedies of all of the Debtors’ creditor constituents. The Bankruptcy Court and Canadian Court entered Orders approving the Repayment Steps on November 24, 2009 and December 1, 2009, respectively. As part of the Repayment Steps, three newly-formed limited liability companies filed petitions for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court on December 21, 2009. The Bankruptcy Court entered an order authorizing the joint administration of the cases of ABH Holding Company LLC and ABH LLC 1 with the Debtors’ pending Chapter 11 Cases on January 15, 2010, and an order authorizing the dismissal of ABH LLC 2’s bankruptcy case on February 18, 2010.

N. Amended Collective Bargaining Agreements

As of March 31, 2010, the Company employed approximately 11,900 people, of whom approximately 8,800 were represented by bargaining units. The

Company's unionized employees are represented predominantly by the Communications, Energy and Paperworkers Union (the "CEP") in Canada and predominantly by the United Steelworkers International in the U.S.

A significant number of the Company's collective bargaining agreements with respect to its paper operations in Eastern Canada expired at the end of April 2009, as have those for the Calhoun, Tennessee and the Catawba, South Carolina facilities. The Company recently reached an agreement in principle with representatives of both the CEP and the Confederation des syndicats nationaux (the "CSN"), subject to the resolution of multi-party pension deficit discussions that are continuing between the Canadian Debtors and various governments and unions in Canada. The members of the CEP and the CSN have ratified that agreement (except for one local that has yet to hold its vote). On April 29, 2010, a coalition of U.S. labor unions led by the United Steelworkers International ratified a new master bargaining agreement covering mills in Calhoun, Catawba, Coosa Pines and Augusta. The individual mill collective bargaining agreements adopted in connection therewith will extend through April 27, 2014 in the case of Calhoun and Catawba and April 27, 2015 in the case of Coosa Pines and Augusta.

It is a condition to the consummation of the CCAA Plan that the following regulations be adopted in a form and substance satisfactory to the Canadian Debtors: (1) a special funding relief regulation pursuant to the *Supplemental Pension Plans Act (Québec)* for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans; and (2) a special funding relief regulation pursuant to the *Pension Benefits Act (Ontario)* for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans.

VI.

SUMMARY OF THE PLAN

THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT ELEMENTS OF THE PLAN. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED INFORMATION SET FORTH IN THE PLAN.

A. Classification and Treatment of Administrative Claims, Claims and Interests Under the Plan

1. General

Only administrative expenses, claims and equity interests that are "allowed" may receive distributions under a chapter 11 plan. An "allowed" administrative expense, claim or equity interest simply means that the debtors agree, or in the event of a dispute, that the Bankruptcy Court determines, that the administrative expense, claim or equity interest, including the amount thereof, is in fact a valid obligation of, or equity interest in, the Debtors. Section 502(a) of the Bankruptcy Code

provides that a timely filed administrative expense, claim or equity interest is automatically “allowed” unless the debtor or another party in interest objects. However, section 502(b) of the Bankruptcy Code specifies certain claims that may not be “allowed” in a bankruptcy case even if a proof of claim is filed. These include, without limitation, claims that are unenforceable under the governing agreement or applicable non-bankruptcy law, claims for unmatured interest on unsecured and/or undersecured obligations, property tax claims in excess of the debtor’s equity in the property, claims for certain services that exceed their reasonable value, nonresidential real property lease and employment contract rejection damage claims in excess of specified amounts, and late-filed claims. In addition, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor’s schedules or is listed as disputed, contingent, or unliquidated if the holder has not filed a proof of claim or equity interest before the deadline to file proofs of claim and equity interests.

The Bankruptcy Code also requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in, the Debtors into separate classes based upon their legal nature. Claims of a substantially similar legal nature are usually classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the holders of such claims and/or equity interests may find themselves as members of multiple classes of claims and/or equity interests.

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as “impaired” (altered by the plan in any way) or “unimpaired” (unaltered by the plan). If a class of claims or interests is “impaired,” the Bankruptcy Code affords certain rights to the holders of such claims or interests, such as the right to vote on the plan (unless the plan provides for no distribution to the holder, in which case, the holder is deemed to reject the plan), and the right to receive an amount under the chapter 11 plan that is not less than the value that the holder would receive if the debtor were liquidated under chapter 7. Under section 1124 of the Bankruptcy Code, a class of claims or interests is “impaired” unless, with respect to each claim or interest of such class, the plan (i) does not alter the legal, equitable or contractual rights of the holders of such claims or interests or (ii) irrespective of the holders’ right to receive accelerated payment of such claims or interests after the occurrence of a default, cures all defaults (other than those arising from, among other things, the debtor’s insolvency or the commencement of a bankruptcy case), reinstates the maturity of the claims or interests in the class, compensates the holders of such claims or interests for any damages incurred as a result of their reasonable reliance upon any acceleration rights and does not otherwise alter their legal, equitable or contractual rights. Typically, this means that the holder of an unimpaired claim will receive on the later of the effective date of the plan of reorganization or the date on which amounts owing are due and payable, payment in full, in cash, with post-petition interest to the extent permitted and provided under the governing agreement between the parties (or, if there is no agreement, under applicable non-bankruptcy law), and the remainder of the debtor’s obligations, if any, will be

performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the same position it would have been in had the debtor's case not been commenced.

Pursuant to sections 1122 and 1123 of the Bankruptcy Code, the following designates the Classes of Claims and Interests under the Plan. A Claim or Interest is in a particular Class for purposes of voting on, and of receiving distributions pursuant to, the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified, although the treatment for such Claims is set forth below.

The Plan does not provide for substantive consolidation of the Estates. Subject to Section 9.1 of the Plan, Claims that are asserted against multiple Debtors shall be treated as separate Claims against each applicable Debtor. The Plan also provides for rights of subrogation and contribution among each Debtor, as applicable, with respect to recoveries on Secured Funded Debt Claims. The aggregate recovery on an Allowed Claim from all sources, including distributions under the Plan, the CCAA Plan or a combination of both, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, indemnity agreement, joint and several obligations or otherwise, shall not exceed 100% of the face amount of the underlying Allowed Claim

2. Unclassified Claims

Pursuant to section 1123(a)(1) of the Code, the Plan does not classify certain priority Claims. These unclassified Claims will be treated as follows:

(a) Administrative Claims.

Subject to the provisions of Article IV of the Plan and unless otherwise agreed by the holder of an Allowed Administrative Claim (in which event such other agreement shall govern), each holder of an Allowed Administrative Claim shall be paid in full in Cash (i) at the sole option of the Debtors (before the Effective Date) or the Reorganized Debtors (on or after the Effective Date), (a) in the ordinary course of business as the Claim becomes due and owing or (b) on the Initial Distribution Date, or (ii) on such other date as the Bankruptcy Court may order; provided, however, any payment proposed to be made pursuant to subsection (i) above in the aggregate amount of \$500,000 or greater, that does not relate to an Allowed Administrative Claim incurred in the ordinary course of business, shall not be paid without the prior consent of the Creditors Committee, such consent not to be unreasonably withheld.

To the extent that an Administrative Claim is Allowed against the Estate of more than one Debtor, there shall be only a single recovery on account of such Allowed Administrative Claim. In addition, to the extent that any obligation that would otherwise constitute an Administrative Claim is paid as a CCAA Charge in the CCAA Proceedings, the payment of such CCAA Charge in the CCAA Proceedings shall be the only payment to be made on account of such Administrative Claim in the Chapter 11 Cases and the CCAA Proceedings.

(b) Priority Tax Claims.

Unless otherwise agreed to by the holder of an Allowed Priority Tax Claim (in which event such other agreement shall govern), each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Reorganized Debtors, (a) Cash in an amount equal to such Allowed Priority Tax Claim on the later of the Effective Date and the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable, but no later than thirty (30) days after the Effective Date, or (b) through equal annual installment payments in Cash (i) of a total value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim; (ii) over a period ending not later than 5 years after the Petition Date; and (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the Plan. All Allowed Priority Tax Claims against any of the Debtors that are not due and payable on the Effective Date shall be paid in the ordinary course of business by the Reorganized Debtors in accordance with the applicable non-bankruptcy law governing such Claims.

(c) DIP Facility Claims.

On the Effective Date, if not previously repaid in full, all DIP Facility Claims shall be paid in full in Cash, or otherwise satisfied in a manner acceptable to the DIP Agent and each DIP Lender.

(d) Securitization Claims

On the Effective Date, all outstanding receivables interests purchased under the Securitization Facility will be repurchased in Cash for a price equal to the par amount thereof plus accrued yield and fees and servicing fees payable under the Securitization Facility, and any unpaid fees and expenses or other amounts payable under the Securitization Facility, whether by a Debtor or an affiliate of the Debtors, if any, and any Securitization Claims shall be paid in full in Cash. On the Effective Date, after all such receivables interests are repurchased and all such payments are made, the Securitization Facility shall be terminated, and all Securitization Claims and any claims against, or obligations of, ACI Funding arising under the Securitization Facility or under the Securitization Order shall be deemed fully satisfied and released.

(e) Adequate Protection Claims

On the Effective Date, Adequate Protection Claims shall be deemed satisfied in full by all interest payments and professional fee payments made by the applicable Debtors pursuant to, and in accordance with, the DIP Facility Order and the Securitization Order (as applicable).

3. Classified Claims and Interests

(a) Class 1 – Priority Non-Tax Claims

Classes 1A through 1HH (collectively, the “Class 1 Claims”), as set forth on Exhibit B1 to the Plan, consist of all Priority Non-Tax Claims. Class 1 Claims shall be allowed or disallowed in accordance with Article IV of the Plan and applicable provisions of the Bankruptcy Code and Bankruptcy Rules. Unless otherwise agreed to by the holder of an Allowed Priority Non-Tax Claim (in which event such agreement shall govern), each holder of an Allowed Class 1 Claim, in full satisfaction of such Claim, shall be paid in full in Cash on the later of the Initial Distribution Date and a date that is as soon as practicable after the date upon which such Claim becomes an Allowed Priority Non-Tax Claim. Class 1 Claims are unimpaired and the holders thereof are not entitled to vote on the Plan.

(b) Class 2 – Bowater Secured Bank Claims

Class 2A through 2G (collectively, the “Class 2 Claims”), as set forth on Exhibit B2 to the Plan, consist of all Bowater Secured Bank Claims. Class 2 Claims shall be Allowed Claims pursuant to the Plan in the amount set forth on Exhibit B2 to the Plan and shall be entitled to the distributions set forth in the Plan. For the avoidance of doubt, any prepayment penalty or premium or any extra-contractual amount provided for in the Bowater Secured Bank Claims shall not be Allowed. Holders of Class 2 Claims, in full satisfaction of such Claims (other than Claims in respect of Bowater Secured Bank Letters of Credit), shall (i) be paid in full in Cash on, or as soon as practicable after but in any event, not later than five (5) business days after, the Effective Date, or (ii) receive such treatment as otherwise agreed to by the Debtors and the holders of such Claims. In addition, in full satisfaction of Claims in respect of Bowater Secured Bank Letters of Credit, holders of Class 2 Claims shall receive on, or as soon as practicable after, the Effective Date, replacement letters of credit, “back up” letters of credit or cash collateral, in each case in the aggregate face amount of the Bowater Secured Bank Letters of Credit, or treatment on such other terms as the Debtors and holders of such Claims may agree; provided, however, that any “back up” letters of credit provided hereunder must be issued by financial institutions that are reasonably satisfactory to the Debtor or Reorganized Debtors, and the Secured Funded Debt Lenders. Class 2 Claims are unimpaired and the holders thereof are not entitled to vote on the Plan. In no event shall holders of Class 2 Claims receive aggregate distributions on account of Class 2 Claims under the Plan or the CCAA Plan in excess of the Allowed amount of the Bowater Secured Bank Claims.

(c) Class 3 – BCFPI Secured Bank Claims

Class 3A through 3G (collectively, the “Class 3 Claims”), as set forth on Exhibit B3 to the Plan, consist of all BCFPI Secured Bank Claims. Class 3 Claims shall be Allowed Claims pursuant to the Plan in the amount set forth on Exhibit B3 to the Plan and shall be entitled to the distributions set forth in the Plan. For the avoidance of doubt, any prepayment penalty or premium or any extra-contractual amount provided for in the BCFPI Secured Bank Claims shall not be allowed. Holders of Class 3 Claims, in full satisfaction of such Claims (other than Claims in respect of BCFPI Secured Bank Letters of Credit), shall (i) be paid in full in Cash on, or as soon as practicable after, the Effective Date and in the currency as set forth in paragraph L(viii) of the Final DIP Order, or (ii) receive such treatment as otherwise agreed to by the Debtors and the holders of such Claims. In addition, in full satisfaction of Claims in respect of BCFPI Secured Bank Letters of Credit, holders of Class 3 Claims shall receive on, or as soon as practicable after, the Effective Date, replacement letters of credit or cash collateral, in the case of replacement letters of credit, in the aggregate face amount of the BCFPI Secured Bank Letters of Credit and in the case of cash collateral, in an amount sufficient to cover all fees for the term of each BCFPI Secured Bank Loan Claim and in the currency of such BCFPI Secured Bank Loan Claim, or treatment on such other terms as to which the Debtors and holders of such Claims may agree. In no event shall holders of Class 3 Claims receive aggregate distributions on account of such Class 3 Claims under the Plan or the CCAA Plan in excess of the Allowed amount of the BCFPI Secured Bank Claims. Class 3 Claims are unimpaired and the holders thereof are not entitled to vote on the Plan.

(d) Class 4 – ACCC Term Loan Secured Guaranty Claims

Classes 4A through 4G (collectively, the “Class 4 Claims”), as set forth on Exhibit B4 to the Plan, consist of all ACCC Term Loan Secured Guaranty Claims. Class 4 Claims shall be Allowed Claims pursuant to the Plan in the amount set forth on Exhibit B4 to the Plan and shall be entitled to the distributions set forth in the Plan. For the avoidance of doubt, any prepayment penalty or premium or any extra-contractual amount provided for in the ACCC Term Loan Secured Guaranty Claims shall not be allowed. Holders of Class 4 Claims, in full satisfaction of such Claims, shall (i) be paid in full in Cash, pursuant to the Plan and the CCAA Plan, on, or as soon as practicable after, the Effective Date, or (ii) receive such treatment as otherwise agreed by the Debtors and the holders of such Claims; provided, however, that holders of Class 4 Claims shall not receive aggregate distributions on account of such Class 4 Claims under the Plan or the CCAA Plan in excess of the Allowed amount of the ACCC Term Loan Claims. Class 4 Claims are unimpaired and the holders thereof are not entitled to vote on the Plan.

(e) Class 5 – Other Secured Claims

Classes 5A through 5HH (collectively, the “Class 5 Claims”), as set forth on Exhibit B5 to the Plan, consist of all Other Secured Claims. Class 5 Claims shall be allowed or disallowed to the extent permitted by section 506 of the Bankruptcy Code and other applicable provisions of the Bankruptcy Code and Bankruptcy Rules in accordance with Article IV of the Plan. For the avoidance of doubt, any prepayment penalty or

premium or any extra-contractual amount provided for in the Other Secured Claims shall not be allowed. Each holder of an Allowed Class 5 Claim shall, in full satisfaction of such Claim, at the sole option of the Debtors, be (i) paid in full in Cash on the Initial Distribution Date, (ii) reinstated according to the terms of the relevant instrument, (iii) paid on such other terms as the Debtors and the holder of such Claim may agree, or (iv) satisfied through the surrender by the applicable Debtors of the collateral securing the Claim to the holder thereof. Class 5 Claims are unimpaired and the holders thereof are not entitled to vote on the Plan.

(f) Class 6 – Unsecured Claims

Classes 6A through 6HH (collectively, the “Class 6 Claims”), as set forth on Exhibit B6 to the Plan, consist of all Unsecured Claims. Subject to Section 9.1 of the Plan, Class 6 Claims shall be allowed or disallowed in accordance with Article IV of the Plan and applicable provisions of the Bankruptcy Code and Bankruptcy Rules; provided, however, that the Unsecured Note Claims set forth on Exhibit B6 to the Plan shall be Allowed Class 6 Claims in the amount set forth, and against the applicable Debtor(s) identified, in Exhibit B6 to the Plan. Each holder of an Allowed Class 6 Claim shall, in full satisfaction of such Claim, (i) receive its Pro Rata share of the number of shares of New ABH Common Stock allocated to the Debtor against which such Claim is Allowed, as set forth in Exhibit B6 to the Plan, subject to Dilution; and (ii) to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to the Debtor against which such Claim is Allowed based on the allocations of New ABH Common Stock allocated to such Debtor as set forth in Exhibit B6 to the Plan.. In no event shall holders of Class 6 Claims for which more than one Debtor or CCAA Debtor is liable (including the 13.75% Senior Secured Note Guaranty Claims and the 15.5% Senior Note Guaranty Claims) receive aggregate distributions on account of such Class 6 Claims under the Plan or the CCAA Plan in excess of the Allowed amount of such Class 6 Claims. Class 6 Claims are impaired and the holders thereof are entitled to vote on the Plan.

(g) Class 7 – Convenience Claims

Classes 7A through 7HH (collectively, the “Class 7 Claims”), as set forth on Exhibit B7 to the Plan, consist of all Convenience Claims. Class 7 Claims shall be allowed or disallowed in accordance with Article IV of the Plan and applicable provisions of the Bankruptcy Code and Bankruptcy Rules. Each holder of an Allowed Class 7 Claim shall, in full satisfaction of such Claim, be paid in Cash in an amount equal to the lesser of 50% of (i) \$5,000 or (ii) the amount of its Allowed Class 7 Claim; provided, however, that if the holders of Class 7 Claims against any Debtor do not accept the Plan by the requisite majorities set forth in section 1126(c) of the Bankruptcy Code, then the holders of Allowed Convenience Claims for such Debtor shall be treated as holders of Class 6 Claims against such Debtor, and shall be treated in accordance with Section 2.13 of the Plan. Class 7 Claims are impaired and the holders thereof are entitled to vote on the Plan.

(h) Class 8 – Intercompany Claims and Intercompany Interests

Classes 8A through 8HH (collectively, the “Class 8 Claims”), consist of all Intercompany Claims and Intercompany Interests. Subject to Sections 6.2, 6.3 and 6.17 of the Plan, and except as otherwise ordered by the Bankruptcy Court with respect to a particular Intercompany Claim or Intercompany Interest, on the Effective Date, at the option of the Debtors or the Reorganized Debtors, the Intercompany Claims shall either be (a) Reinstated, in full or in part, and treated in the ordinary course of business, or (b) cancelled and discharged, in full or in part; provided, however, that any election by the Debtors or the Reorganized Debtors thereunder shall not impact any recoveries under the Plan. Unless otherwise ordered by the Bankruptcy Court with respect to a particular Intercompany Claim or Intercompany Interest, and subject to Sections 6.2, 6.3 and 6.17 of the Plan, holders of Intercompany Claims and Intercompany Interests shall not receive or retain any property on account of such Intercompany Claims and Interests to the extent such claim is cancelled and discharged as provided in Section 2.15(b) of the Plan. Class 8 Claims and Interests are impaired, shall be deemed to accept the Plan and shall not vote on the Plan.

(i) **Class 9 – Common Stock Claims and Interests**

Classes 9A through 9HH (collectively, the “Class 9 Claims and Interests”), consist of all Common Stock Claims and Interests. Common Stock Claims and Interests shall be cancelled, and the holders of Common Stock Claims and Interests shall not be entitled to receive or retain any property on account of such Claims and Interests. Class 9 Claims and Interests are impaired and deemed to reject the Plan, and the holders thereof are not entitled to vote to accept or reject the Plan.

4. Limits on Certain Distributions

Section 2.17 of the Plan provides that no agreements for the treatment of Claims permitted in Section 2.3 through and including Section 2.12 of the Plan (if any) shall provide for distributions of New ABH Common Stock to holders of Claims in such sections. For the avoidance of doubt, no distributions of New ABH Common Stock shall be made on account of Administrative Claims, Priority Tax Claims, DIP Facility Claims, Securitization Claims, Adequate Protection Claims and Claims in Class 1, Class 2, Class 3, Class 4 and Class 5.

5. Preservation of Indemnification Rights

[Section 2.18 of the Plan provides that the treatment and classification of Claims by present or former officers or directors of the Debtors for indemnification or contribution arising out of actions or conduct which occurred prior to the Petition Date, as well as any exclusions from the Plan releases relating thereto, remains unresolved and to be negotiated with the Creditors Committee.]

6. Preservation of Subordination Rights

Section 2.19(a) of the Plan provides that nothing contained in the Plan shall be deemed to modify, impair, terminate or otherwise affect in any way the rights of any entity (as that term is defined in section 101(15) of the Bankruptcy Code) under section 510(a) of the Bankruptcy Code, and all such rights are expressly preserved under the Plan. The treatment set forth in Article II of the Plan and the distributions to the various Classes of Claims thereunder shall not affect the right of any Person to levy, garnish, attach, or employ any other legal process with respect to such distributions by reason of any claimed subordination rights or otherwise. All such rights and any agreements relating thereto shall remain in full force and effect, except as otherwise expressly compromised and settled pursuant to the Plan.

Section 2.19(b) of the Plan provides that distributions shall be subject to and modified by any Final Order directing distributions other than as provided in the Plan. The right of the Debtors or any other entity to seek subordination of any Claim pursuant to section 510 of the Bankruptcy Code is fully reserved except as set forth in Article VIII of the Plan, and the treatment afforded any Claim that becomes a subordinated Claim at any time shall be modified to reflect such subordination. Unless the Confirmation Order provides otherwise, no distribution shall be made to the holder of a subordinated Claim on account of such claim until the rights or the holders of Claims senior to such Claim have been satisfied.

B. Voting and Distributions

1. Voting of Claims

Section 3.1 of the Plan provides that each holder of an Allowed Claim in an impaired Class of Claims that is entitled to vote on the Plan pursuant to Article II of the Plan shall be entitled to vote separately to accept or reject the Plan as provided in such order as is entered by the Bankruptcy Court establishing procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order or orders of the Bankruptcy Court.

Pursuant to section 3.1(a) of the Plan, if at least one (1) Class of Claims or Interests that is Impaired under the Plan votes to reject the Plan or is deemed to reject the Plan, the Debtors may seek to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code.

Pursuant to section 3.1(b) of the Plan, if no holders of Claims or Interests eligible to vote in a particular Class vote to accept or reject the Plan, the Plan shall be deemed accepted by the holders of such Claims or Interests in such Class.

Section 3.1(c) of the Plan provides that any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or

reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

Section 3.1(d) of the Plan provides that the Cross-Border Claims Voting Protocol shall govern the voting of claims regarding the Cross-Border Debtors.

2. Distributions to Secured Funded Debt Claims

Section 3.2 of the Plan provides that distributions under the Plan to holders of Secured Funded Debt Claims in Classes 2 through 4 shall be made to the applicable Secured Funded Debt Administrative Agent and shall be distributed by the Secured Funded Debt Administrative Agents to the applicable Secured Funded Debt Lenders, in accordance with the terms of the applicable Secured Funded Debt Agreements, in satisfaction of all amounts owing by the Debtors and the CCAA Debtors under the Secured Funded Debt Agreements as of the Effective Date. Distributions of Cash to holders of Claims in Classes 2 through 4 shall be made based on the amount of such Claims held by such holders as set forth in the books and records of the Secured Funded Debt Administrative Agents as of the close of business on the Confirmation Date, and in accordance with the Secured Funded Debt Agreements, after giving effect to payments made prior to the Effective Date in satisfaction of Adequate Protection Claims arising under the DIP Facility Order and the Securitization Order, as applicable.

3. Distributions to Holders of Allowed Convenience Class Claims

Section 3.3 of the Plan provides that subject to Section 4.4 of the Plan, on the Effective Date, or as soon as practicable thereafter, Reorganized ABH shall deliver to the Disbursing Agent for distribution on behalf of the Debtors to holders of Allowed Convenience Claims, Cash in an amount sufficient to make distributions in accordance with Article II of the Plan. Thereafter, the Disbursing Agent shall distribute to the holder of a Disputed Claim that becomes an Allowed Convenience Claim the Cash to which such holder is then entitled under the Plan (i) as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim, in whole or in part, becomes a Final Order, (ii) at the next applicable Interim Distribution Date, or (iii) at such other time as is reasonably practicable under the circumstances, but in any event, no later than the Final Distribution Date.

4. Distributions to Holders of Unsecured Note Claims

Section 3.4 of the Plan provides that the Indenture Trustees for each series of Unsecured Notes shall be deemed to be the holders of all Unsecured Note Claims, as applicable, for purposes of distributions to be made thereunder, and all distributions on account of such Unsecured Note Claims, shall be made to or on behalf of the applicable Indenture Trustees. The Debtors or Reorganized Debtors, or other agent selected by the Debtors or Reorganized Debtors, shall fulfill the role of the indenture trustee for holders of 10.26% Senior Notes (Series D), 10.50% Senior Notes (Series B), 10.60% Senior Notes (Series C), and 10.625% Senior Notes (Series A) (the "Series A-D Notes"). Each

Indenture Trustee shall hold or direct such distributions for the benefit of the holders of Allowed Unsecured Note Claims, as applicable, in accordance with the terms of the applicable indenture. As soon as practicable following compliance with the requirements set forth in Section 6.16 of the Plan, the Indenture Trustee shall (a) arrange to deliver such distributions to or on behalf of such holders of Allowed Unsecured Note Claims, (b) retain, and if necessary, exercise their charging liens against any such distributions, and (c) seek compensation and reimbursement for any fees and expenses incurred in making such distributions.

5. Distributions to Holders of Allowed Unsecured Claims Other than Unsecured Note Claims

Section 3.5(a) of the Plan provides that the Disbursing Agent shall make distributions of New ABH Common Stock to holders of Allowed Claims in Class 6, other than holders of Unsecured Note Claims, as follows:

- (a) On the Initial Distribution Date, the Disbursing Agent shall distribute the New ABH Common Stock allocable to such Allowed Unsecured Claims as of the Distribution Record Date to the Indenture Trustees and holders of Allowed Unsecured Claims, as applicable.
- (b) On any Interim Distribution Date, the Disbursing Agent shall make interim distributions of New ABH Common Stock to Indenture Trustees and holders of Allowed Claims in Class 6, as applicable, pursuant to and consistent with Section 4.4 of the Plan.
- (c) On the Final Distribution Date, the Disbursing Agent shall make the balance of all distributions to Indenture Trustees and holders of Allowed Claims in Class 6 as applicable and as required under the Plan.

Section 3.5(b) of the Plan provides that notwithstanding any other provision of the Plan, all distributions to holders of Unsecured Note Claims shall be made in accordance with the terms of the Plan and the applicable Indenture.

6. Distribution Record Date

Section 3.6(a) of the Plan provides that all Distributions on account of Allowed Claims shall be made to the Record Holders of such Claims. As of the close of business of the Distribution Record Date, the Claims register maintained by the Claims and Noticing Agent shall be closed, and there shall be no further changes regarding the Record Holder of any Claim. The Reorganized Debtors, the Indenture Trustees, the Secured Funded Debt Administrative Agents and any Disbursing Agents shall have no obligation to recognize any transfer of any Claim occurring after the Distribution Record

Date. The Reorganized Debtors shall instead be entitled to recognize and deal for all purposes under the Plan with the Record Holders as of the Distribution Record Date. As of the close of business on the Distribution Record Date, the transfer ledgers for the Indenture Trustees and the Secured Funded Debt Administrative Agents shall be deemed closed, the Indenture Trustees and the Secured Funded Debt Administrative Agents may take whatever action is necessary to close the transfer ledgers and there shall be no further transfers or changes in the Record Holders of such securities in such transfer ledgers; provided, however, that with respect to Allowed Unsecured Note Claims, further distributions on account of such Claims by the Indenture Trustees to the record holders of the Unsecured Note Claims shall be accomplished in accordance with the respective Indentures and the policies and procedures of DTCC or such other securities depository or custodian thereof. PLEASE NOTE THAT IF YOU ACQUIRE A CLAIM FOLLOWING THE DISTRIBUTION RECORD DATE, YOU WILL NOT RECEIVE A DISTRIBUTION FROM THE DEBTORS OR THE REORGANIZED DEBTORS ON ACCOUNT OF SUCH CLAIM. IN ADDITION, IF YOU SELL OR TRANSFER YOUR CLAIM BEFORE THE DISTRIBUTION RECORD DATE, YOU WILL NOT RECEIVE A DISTRIBUTION ON ACCOUNT OF SUCH CLAIM.

7. No Interest

Pursuant to Section 3.6(b) of the Plan, except as specifically provided for in the Plan, no Claims (including Administrative Claims), Allowed or otherwise, shall be entitled, under any circumstances, to receive any interest on such Claim.

8. Foreign Currency Exchange Rate

Section 3.6(c) of the Plan provides that except as specifically provided for in the Plan or an order of the Bankruptcy Court, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the Bank of Canada's noon spot rate as of the Petition Date (CDN\$1 – US\$0.8290) for all purposes under the Plan, including voting, allowance and distribution.

9. Fractional Plan Securities and De Minimis Distributions

Section 3.6(d) of the Plan provides that, notwithstanding any other provision of the Plan, only whole numbers of shares of New ABH Common Stock shall be issued pursuant to the Plan. When any distribution on account of an Allowed Claim would otherwise result in the issuance of a number of shares of New ABH Common Stock that is not a whole number, the actual distribution of such shares shall be rounded to the next higher or lower whole number of shares as follows: (i) fractions equal to or greater than $\frac{1}{2}$ shall be rounded to the next higher whole number; and (ii) fractions less than $\frac{1}{2}$ shall be rounded to the next lower number. No consideration shall be provided in lieu of fractional shares that are rounded down.

The Debtors or the Reorganized Debtors, as the case may be, shall not be required to, but may in their sole and absolute discretion, make Cash distributions to any holder of a Claim in an amount less than \$10. In addition, the Debtors and the Reorganized Debtors shall not be required to, but may in their sole and absolute discretion, make any payment on account of any Claim in the event that the costs of making such payment exceeds the amount of such payment.

10. Fractional Cents

Pursuant to Section 3.6(e) of the Plan, no payment of fractional cents will be made pursuant to the Plan. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

11. Distributions on Non-Business Days.

Section 3.6(f) of the Plan provides that any payment or distribution due on a day other than a Business Day shall be made, without interest, on the next Business Day.

12. No Distribution in Excess of Allowed Amount of Claim.

Section 3.6(g) provides that notwithstanding anything in the Plan to the contrary, if any portion of a Claim is a Disputed Claim, no payment or distribution provided thereunder shall be made on account of the portion of such Claim that is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim, but the payment or distribution provided thereunder shall be made on account of the portion of such Claim that is an Allowed Claim.

13. Disputed Payments

Pursuant to Section 3.6(h) of the Plan, if any dispute arises as to the identity of the holder of an Allowed Claim entitled to receive any distribution under the Plan, the Reorganized Debtors may retain such distribution until its disposition is determined by a Final Order or written agreement among the interested parties to such dispute.

14. Unclaimed Property

Pursuant to Section 3.6(i) of the Plan, holders of Allowed Claims to Unclaimed Property shall cease to be entitled thereto, and such Unclaimed Property shall revert to the Reorganized Debtors.

15. Voting of New ABH Common Stock

Pursuant to Section 3.6(j) of the Plan, New ABH Common Stock that is Unclaimed Property or reserved for Disputed Claims shall be voted by the Disbursing

Agent at any meeting of the stockholders of Reorganized ABH in an equal proportion to the votes of other stockholders.

16. Post-Consummation Effect of Evidence of Claims or Interests

Section 3.6(k) of the Plan provides that Notes, stock certificates and other evidence of Claims against or Interests in the Debtors shall, effective on the Effective Date, represent only the right to participate in the distributions contemplated by the Plan and shall not be valid or effective for any other purpose.

17. Setoffs and Recoupment.

Pursuant to Section 3.6(l) of the Plan, the Reorganized Debtors may, but shall not be required to, setoff or recoup against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim, claims of any nature that the Debtors or Reorganized Debtors may have against the holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff or recoupment nor the allowance of any Claim against the Debtors or the Reorganized Debtors shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any setoff or recoupment claim that the Debtors or the Reorganized Debtors may possess against such holder.

18. Compliance with Tax Requirements

Section 3.6(m) of the Plan provides that in connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit, and all distributions pursuant to the Plan that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, each Person that has received any distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligation imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution.

C. Procedures for Determination of Claims and Interests

1. Bar Date for Certain Administrative Claims

Section 4.1 of the Plan provides that all applications for final allowance of Fee Claims, and all other requests for the payment of Administrative Claims (other than Ordinary Course Administrative Claims), must be filed with the Bankruptcy Court and served on the Reorganized Debtors and their counsel at the addresses set forth in Section 10.14 of the Plan not later than thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Any request for the payment of an Administrative Claim that is not timely filed and served shall be discharged and forever barred and the holder of such Administrative Claim shall be enjoined from commencing or continuing any action, process, or act to collect, offset or recover such Claim. The

Debtors and the Reorganized Debtors shall have sole responsibility for filing objections to and resolving all requests for the allowance of Administrative Claims; provided, however, the Creditors Committee (or the Post-Effective Date Claims Agent, as applicable) shall have the right to file an objection to any Fee Claims asserted by Professionals retained on behalf of the Debtors.

2. Objections To Claims

Section 4.2 of the Plan provides that objections to any Claim filed by any party other than the Debtors (other than Administrative Claims governed by Section 4.1 of the Plan) or the Post-Effective Date Claims Agent must be filed no later than twenty (20) days before the Effective Date. To the extent any property is distributed to a Person on account of a Claim that is not an Allowed Claim, such property shall be held in trust for and shall promptly be returned to the Reorganized Debtors.

3. Post-Effective Date Claims Agent and Authority to Prosecute Objections

[Section 4.3 of the Plan remains subject to resolution of the issues identified in Section 2.18 of the Plan. Notwithstanding anything to the contrary contained therein, the Debtors and the Creditors Committee continue to negotiate the Causes of Action included or excluded from the Post-Effective Date Claims Agent Avoidance Actions and Section 510 Actions described below.]

Section 4.3(a) of the Plan provides that [____], as selected by the Creditors Committee and subject to the Debtors' reasonable consent, shall act as the agent for the Estates (the "Post-Effective Date Claims Agent") in evaluating and prosecuting (i) objections to Disputed Claims in Classes 1, 5 and 6 that (A) are Filed in an amount of \$75,000 or more and are not listed on the Schedules or (B) as to which the variance between (1) the amount of such Claim as Filed and (2) the liquidated, non-contingent and undisputed amount for which such Claim is listed on the Schedules is \$75,000 or more (subparts (1) and (2) together, the "Disputed Claims Pool") and (ii) Avoidance Actions to recover any alleged transfers made to any entity that received payments or transfers during the applicable "look back" period (the "Post-Effective Date Claims Agent Avoidance Actions") and (iii) actions brought pursuant to section 510(b) or (c) of the Bankruptcy Code (the "Section 510 Actions").

Section 4.3(b) of the Plan provides that the Post-Effective Date Claims Agent's compensation shall be approved by the Debtors and the Creditors Committee prior to the Effective Date. Any adjustment in the Post-Effective Date Claims Agent's compensation shall be subject to the approval of the Reorganized Debtors but may not be adjusted downward prior to the second anniversary of the Effective Date; provided, however, that the Post-Effective Date Claims Agent shall be entitled to such compensation only up to and through the earlier to occur of (x) the date on which all Disputed Claims in the Disputed Claims Pool and all Post-Effective Date Claims Agent Avoidance Actions have been resolved or adjudicated pursuant to a Final Order and (y)

the date on which such Post-Effective Date Claims Agent resigns, terminates his or her engagement as Post-Effective Date Claims Agent or is removed pursuant to Section 4.3(e) of the Plan.

Section 4.3(c) of the Plan provides that subject to the terms and provisions of Section 4.3 of the Plan and except as otherwise set forth in Sections 4.3(c) or 4.3(d) of the Plan, the Post-Effective Date Claims Agent shall be authorized and empowered to evaluate, make, file, prosecute, settle and abandon objections to (i) any Disputed Claims in the Disputed Claims Pool, (ii) any Post-Effective Date Claims Agent Avoidance Actions and (iii) any Section 510 Actions; provided, however, that the resolution of all Claims against the Cross-Border Debtors remain subject to the Cross-Border Claims Reconciliation Protocol and the Post-Effective Date Claims Agent shall have the rights and duties of the Creditors Committee under the Cross-Border Claims Reconciliation Protocol. The Post-Effective Date Claims Agent shall be entitled to retain counsel and other advisors to exercise the foregoing rights and duties (the “Claims Agent Professionals”). The Claims Agent Professionals, as well as the terms of their employment, shall be reasonably satisfactory to the Post-Effective Date Claims Agent and the Reorganized Debtors. The Reorganized Debtors shall pay all reasonable and documented fees and expenses of the Claims Agent Professionals (the “Claims Agent Professionals’ Fee and Expense Claims”) on a monthly basis, provided, however, that the Reorganized Debtors may dispute any portion of a Claims Agent Professionals’ Fee and Expense Claim (a “Disputed Claims Agent Professionals’ Fee and Expense Claim”), in which case (x) the Reorganized Debtors shall pay the portion of the Claims Agent Professionals’ Fee and Expense Claim that is not specifically disputed, and (y) in the absence of a consensual resolution of the Disputed Claims Agent Professionals’ Fee and Expense Claim, the Reorganized Debtors or the applicable Claims Agent Professionals shall submit the Disputed Claims Agent Professionals’ Fee and Expense Claim to the Bankruptcy Court for adjudication.

Section 4.3(d) of the Plan provides that on or before the Effective Date, the Debtors shall deposit \$750,000, or such other amount as reasonably agreed to by the Debtors and the Creditors Committee, into an account designated by and held in the name of the Post-Effective Date Claims Agent (the “Post-Effective Date Claims Agent Fund”), which amounts shall be used by the Post-Effective Date Claims Agent from and after (but not for services rendered or costs or expenses incurred before) the Effective Date to perform its duties and responsibilities set forth above (other than for the payment of the Claims Agent Professionals, who shall be paid by the Reorganized Debtors as provided in Section 4.3(c) of the Plan). If, subsequent to the initial funding of the Post-Effective Date Claims Agent Fund, the Post-Effective Date Claims Agent determines that the amount then held in the Post-Effective Date Claims Agent Fund is insufficient for it to conclude the performance of its duties under Section 4.3 of the Plan, it shall notify the Reorganized Debtors, and they shall meet together in good faith to determine what, if any, additional amounts should be deposited by the Reorganized Debtors into the Post-Effective Date Claims Agent Fund. The Reorganized Debtors shall determine the amount of subsequent funding of the Post-Effective Date Claims Agent Fund.

Section 4.3(e) of the Plan provides that in the event that the Post-Effective Date Claims Agent resigns or otherwise terminates its service in such capacity prior to the resolution or adjudication of all Disputed Claims in the Disputed Claims Pool, the Reorganized Debtors shall designate a successor Post-Effective Date Claims Agent (which shall be vested with all of the rights and powers set forth in Section 4.3 of the Plan). The Reorganized Debtors shall provide the Post-Effective Date Claims Agent (or any successor Post-Effective Date Claims Agent) with reasonable access to the Debtors' books and records and personnel during normal business hours upon reasonable prior notice, and the Reorganized Debtors shall take commercially reasonable steps to cooperate with the Post-Effective Date Claims Agent in the performance of its duties under Section 4.3 of the Plan. In the event of any dispute regarding the conduct of, or exercise of the duties of, the Post-Effective Date Claims Agent or the Claims Agent Professionals, the Reorganized Debtors may submit such dispute to the Bankruptcy Court, provided, however, that the Post-Effective Date Claims Agent may only be removed for gross negligence, willful misconduct or fraud.

Section 4.3(f) of the Plan provides that after the Effective Date, except as provided in Sections 4.3(a) and 4.3(c) or otherwise in the Plan, only the Post-Effective Date Claims Agent shall have the authority to file, prosecute, settle, compromise, withdraw or litigate to judgment objections to Disputed Claims in the Disputed Claims Pool, Post-Effective Date Claims Agent Avoidance Actions and Section 510 Actions. Before bringing any (i) objections to Disputed Claims in the Disputed Claims Pool; (ii) Post-Effective Date Claims Agent Avoidance Actions other than Post-Effective Date Claims Agent Avoidance Actions brought solely for purposes of section 502(d) of the Bankruptcy Code; or (iii) Section 510 Actions, in each case with respect to a party with a current contractual or supplier relationship with the Debtors, a then current employee of the Reorganized Debtors, or then current officer or director of the Company, the Post-Effective Date Claims Agent shall consult with the Reorganized Debtors (or the Reorganized Debtors' designee). Subject to Section 4.3(g) of the Plan, the Debtors' authority to file, prosecute, settle, compromise, withdraw or litigate to judgment objections to Disputed Class in the Disputed Claims Pool, Post-Effective Date Claims Agent Avoidance Actions or Section 510 Actions shall terminate on the Effective Date as provided therein; provided, however, that notwithstanding any other provision of Section 4.3 of the Plan to the contrary, the Debtors and Reorganized Debtors shall retain the authority to prosecute, settle, compromise and otherwise resolve all labor grievances arising under Collective Bargaining Agreements pursuant to the terms and conditions of the governing Collective Bargaining Agreement. The Post-Effective Date Claims Agent shall provide periodic updates on Claims resolutions to the Reorganized Debtors (or the Reorganized Debtors' designee). Notwithstanding the foregoing, and subject to section 4.3(j) of the Plan, the Post-Effective Date Claims Agent shall have full authority to bring and settle (x) any Claims in the Disputed Claims Pool, (y) any Post-Effective Date Claims Agent Avoidance Action that would result in a recovery of less than \$500,000, and (z) any Section 510 Action. Any settlements of a Post-Effective Date Claims Agent Avoidance Action that results in a recovery in excess of \$500,000 shall require approval by the Reorganized Debtors.

Section 4.3(g) of the Plan provides that any previously prosecuted objections to any Disputed Claims in the Disputed Claims Pool, any Post-Effective Date Claims Agent Avoidance Actions and any Section 510 Actions that are pending as of the Effective Date shall be deemed to have been assigned to the Post-Effective Date Claims Agent, and the Post-Effective Date Claims Agent shall have the sole and exclusive right, subject to the limitations set forth above, to continue the prosecution of such Disputed Claims in the Disputed Claims Pool, Post-Effective Date Claims Agent Avoidance Action or Section 510(c) Action, abandon such Claim objections or action, or settle or compromise such Disputed Claims or action, subject to the terms of Section 4.3 of the Plan; provided, however, that notwithstanding the foregoing, the Debtors and Reorganized Debtors shall retain the Causes of Action, and right to resolve, evaluate and prosecute the objections to Disputed Claims, which the Debtors shall identify on a schedule to be provided to the Creditors Committee prior to the Effective Date, and which shall be reasonably acceptable to the Creditors Committee.

Section 4.3(h) of the Plan provides that within thirty (30) days following the end of each February, May, August and November until all Disputed Claims in the Disputed Claims Pool have been Allowed or Disallowed and all Post-Effective Date Claims Agent Avoidance Actions and Section 510 Actions have been settled, abandoned or prosecuted to judgment and recoveries of judgments received, the Post-Effective Date Claims Agent shall provide to the Reorganized Debtors a report with such information and detail as the Reorganized Debtors shall reasonably request in order for them to make the distributions described in Article III of the Plan.

Section 4.3(i) of the Plan provides that all amounts recovered by the Post-Effective Date Claims Agent as a result of its prosecution or settlement of any Post-Effective Date Claims Agent Avoidance Action or Section 510 Action shall be promptly paid to the Reorganized Debtors.

Section 4.3(j) of the Plan provides that except as set forth in the Plan, notwithstanding that the Post-Effective Date Claims Agent shall have the right to file objections to Disputed Claims in the Disputed Claims Pool, litigate and/or settle objections to Disputed Claims in the Disputed Claims Pool on behalf of the Debtors and their Estates, and commence, prosecute, litigate and settle any Post-Effective Date Claims Agent Avoidance Actions or Section 510 Actions, nothing contained in Section 4.3(j) shall be deemed to obligate the Post-Effective Date Claims Agent to take any such actions, all of which shall be determined by the Post-Effective Date Claims Agent in its sole and absolute discretion.

Section 4.3(k) of the Plan provides that the Debtors or Reorganized Debtors, as applicable, shall have the sole and exclusive right to evaluate, make, file, prosecute, settle or abandon objections to Disputed Claims in Class 6 that are not within the Disputed Claims Pool and to Disputed Claims in Classes 7 and 8. The Reorganized Debtors shall quarterly provide a report to the Post-Effective Date Claims Agent summarizing the status of such disputed claims resolution in reasonable detail.

4. Disputed Claims Reserve

Pursuant to Section 4.4(a) of the Plan, from and after the Effective Date, and until such time as all Disputed Claims have been compromised and settled or determined by Final Order, the Disbursing Agent shall reserve and hold in escrow (the “Disputed Claims Reserve”) for the benefit of each holder of a Disputed Claim, New ABH Common Stock (and any dividends thereon) in an amount equal to the Pro Rata Share of distributions which would have been made to the holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the Disputed Claim amount, (ii) the amount in which the Disputed Claim shall be estimated by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code for purposes of allowance, which amount, unless otherwise ordered by the Bankruptcy Court, shall constitute and represent the maximum amount in which such Claim may ultimately become an Allowed Claim, or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Debtors or the Reorganized Debtors. The Disputed Claims Reserve is intended to be treated for U.S. income tax purposes as a grantor trust of the Debtors.

5. Distributions on Disputed Claims Upon Allowance

Pursuant to Section 4.4(b) of the Plan, the Disbursing Agent shall distribute to the holder of a Disputed Claim that becomes an Allowed Claim (other than a Disputed Claim that becomes an Allowed Convenience Claim, the distribution for which is provided for in Section 3.3 of the Plan), in whole or in part, the distribution to which such holder is then entitled under the Plan for such Allowed Claim, in the Disbursing Agent’s sole discretion, (a) as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim becomes a Final Order, (b) at the next applicable Interim Distribution Date, or (c) at such other time the Disbursing Agent reasonably determines is appropriate under the circumstances, but in any event, no later than the Final Distribution Date. The balance, if any, of New ABH Common Stock previously reserved pursuant to Section 4.4(a) of the Plan shall be included in future calculations of New ABH Common Stock reserved pursuant to Section 4.4(a) of the Plan as Disputed Claims become Allowed as provided in Section 4.4(b) of the Plan. The existence of a Disputed Claim in Class 6 shall not impair or impede the making of a distribution to Allowed Claims in such Class or any other Class. If the Allowed amount of any particular Disputed Claim is reconsidered under section 502(j) of the Bankruptcy Code and Bankruptcy Rule 3008 and/or is Allowed in an amount that is greater than the estimated amount of such Claim, or the ultimately Allowed amount of all Disputed Claims in Class 6 is greater than the estimated aggregate amount of such Claims, no claimant shall have recourse against the Reorganized Debtors (or any property thereof), any distributions made to a creditor in any other Class herein, or any distribution previously made on account of any Allowed Claim (however, nothing herein shall modify any right of a holder of a reconsidered Claim under the penultimate sentence of section 502(j) of the Bankruptcy Code).

6. Claims Against Cross-Border Debtors

Section 4.5 of the Plan provides that subject to Sections 4.3 and 6.14 of the Plan, the procedures set forth in the Cross-Border Claims Reconciliation Protocol shall govern the allowance of Claims against the Cross-Border Debtors.

7. Indenture Trustees as Claim Holders

Section 4.6 of the Plan provides that consistent with Bankruptcy Rule 3003(c), the Debtors and the Reorganized Debtors shall recognize the Proofs of Claim filed by an Indenture Trustee with respect to the Claims of the holders represented by such Indenture Trustee in the amount Allowed pursuant to the Plan. Any Proof of Claim filed by a registered or beneficial holder of Claims for which the applicable Indenture Trustee has filed a Proof of Claim shall be Disallowed by the Confirmation Order as duplicative of the Proof of Claim filed by the Indenture Trustee without need for any further action or Bankruptcy Court Order, except to the extent that any Claim, or a portion of a Proof of Claim, filed by a holder is not included within the Proof(s) of Claim filed by the applicable Indenture Trustee.

D. Treatment Of Executory Contracts and Unexpired Leases

1. Assumed Executory Contracts and Unexpired Leases

(a) Assumption and Assignment Generally

Pursuant to Section 5.1(a) of the Plan, on the Effective Date, except as otherwise provided in the Plan, in any contract, instrument, release or other agreement or document entered into in connection with the Plan, in a Final Order of the Bankruptcy Court, or as requested in any motion filed on or prior to the Effective Date, pursuant to section 365 of the Bankruptcy Code the applicable Debtor or Debtors will assume, or assume and assign, each executory contract or unexpired lease listed on Plan Supplement 11A. Each contract and lease listed on Plan Supplement 11A will be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Listing a contract or lease on Plan Supplement 11A will not constitute an admission by a Debtor or a Reorganized Debtor that such contract or lease (including any modifications, amendments, supplements, restatements, or other related agreements) is an executory contract or unexpired lease or that a Debtor or Reorganized Debtor has any liability thereunder. To the extent applicable, all executory contracts or unexpired leases of the Reorganized Debtors assumed during the Chapter 11 Cases, including those assumed pursuant to Section 5.1 of the Plan, shall be deemed modified such that the transactions contemplated by the Plan and the CCAA Plan shall not constitute a “change of control” (or terms with similar effect) under the applicable executory contract or unexpired lease, regardless of how such term may be defined therein, and any consent or advance notice required under such executory contract or unexpired lease shall be deemed satisfied by Confirmation of the Plan.

(b) Modifications, Amendments, Supplements, Restatements, or Other Agreements

Section 5.1(b) of the Plan provides that unless otherwise provided in the Plan, each executory contract or unexpired lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such executory contract or unexpired lease, and all executory contracts and unexpired leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan. Modifications, amendments, supplements, and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the executory contract or unexpired lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

(c) Customer Agreements

Section 5.1(c) of the Plan provides that to the extent that (i) the Debtors are party to any contract, purchase order or similar agreement providing for the sale of the Debtors' products or services, (ii) such agreement constitutes an executory contract, and (iii) such agreement (A) has not been previously rejected or assumed by order of the Bankruptcy Court, (B) is not subject to a motion to reject such executory contract or unexpired lease filed on or prior to the Effective Date, (C) is not listed on Plan Supplement 11A or Plan Supplement 11B, (D) has not been designated for rejection in accordance with Section 5.2(a) of the Plan, such contract (including any modifications, amendments, supplements, restatements or other related agreements), purchase order or similar agreement will be deemed assumed by the applicable Debtor(s) in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. The Cure amount to be paid in connection with the assumption of a customer contract that is not specifically identified in Plan Supplement 11A shall be \$0.00.

(d) Paper Retriever® and EcoRewards® Program Contracts

Section 5.1(d) of the Plan provides that any contract (including any modifications, amendments, supplements, restatements or other related agreements) of the Debtors under the Company's Paper Retriever® and EcoRewards® programs for the collection, pick-up, payment for, or other services relating to, the collection of recyclables under the Paper Retriever® and EcoRewards® programs, including the leasing or provision of bins, will be deemed assumed by the applicable Debtor(s) in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date unless such contract (i) has been previously rejected or assumed by order of the Bankruptcy Court, (ii) is subject to a motion to reject filed on or prior to the Effective Date, (iii) is listed on Plan Supplement 11B, or (iv) has been designated for rejection in accordance with Section 5.2(a) of the Plan. The Cure

amount to be paid in connection with the assumption of any and all such Paper Retriever® and EcoRewards® contracts that are not specifically identified in Plan Supplement 11A shall be \$0.00.

(e) Utility Agreements

Section 5.1(e) of the Plan provides that to the extent that (i) the Debtors are party to any utility service contract or similar agreement with a utility, (ii) such agreement constitutes an executory contract, and (iii) such agreement (A) has not been previously rejected or assumed by order of the Bankruptcy Court, (B) is not subject to a motion to reject such executory contract or unexpired lease filed on or prior to the Effective Date, (C) is not listed on Plan Supplement 11A or Plan Supplement 11B, (D) has not been designated for rejection in accordance with Section 5.2(a) of the Plan, such utility service contract or similar agreement with a utility (including any modifications, amendments, supplements, restatements or other related agreements) will be deemed assumed by the applicable Debtor(s) in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. The Cure amount to be paid in connection with the assumption of a utility service contract or similar agreement with a utility that is not specifically identified in Plan Supplement 11A shall be \$0.00.

(f) Collective Bargaining Agreements

Section 5.1(f) of the Plan provides that unless otherwise requested in any motion filed on or prior to the Effective Date, all Collective Bargaining Agreements set forth on Plan Supplement 1 shall be deemed to have been assumed by the Debtors party thereto upon the occurrence of the Effective Date, as such Collective Bargaining Agreements may have been amended from time to time. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the pertinent Debtor's assumption of each Collective Bargaining Agreement to which it is a party for the remaining term of agreement of each such Collective Bargaining Agreement as in effect on the Effective Date. The Cure amount to be paid in connection with the assumption of such Collective Bargaining Agreements shall be \$0.00.

(g) Payments Related to Assumption of Executory Contracts and Unexpired Leases.

Section 5.1(g) of the Plan provides that except as otherwise provided in the Plan, any monetary amounts by which each executory contract and unexpired lease to be assumed under the Plan may be in default shall be satisfied by Cure in the amount, if any, set forth in Plan Supplement 11A, or, in the event of an objection to such Cure amount or if no such Cure amount is listed, in the amount agreed between the parties or as ordered by the Bankruptcy Court or another court of competent jurisdiction. If the non-Debtor party to the unexpired lease or executory contract does not object to the amount of Cures set forth in Plan Supplement 11A on or before the Voting Deadline, such non-Debtor party shall be deemed to accept such Cure amount. In the event of a

dispute regarding (a) the nature or amount of any Cure, (b) the ability of the applicable Reorganized Debtor or any assignee to provide “adequate assurance of future performance” within the meaning of section 365 of the Bankruptcy Code under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, such dispute shall be determined by the Bankruptcy Court, or as the parties may otherwise agree. To the extent that the Debtor who is a party to the unexpired lease or executory contract is to be merged pursuant to Sections 6.2 and 6.3 of the Plan, upon assumption as contemplated in the Plan, the Reorganized Debtor that is the surviving entity after such merger shall be the party to the unexpired lease or executory contract.

2. Rejected Executory Contracts and Unexpired Leases.

(a) Rejection Generally

Section 5.2(a) of the Plan provides that on the Effective Date, except for an executory contract or unexpired lease that was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court or that is assumed pursuant to Section 5.1 of the Plan, each executory contract or unexpired lease entered into by a Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms shall be deemed rejected pursuant to section 365 of the Bankruptcy Code. The executory contracts or unexpired leases to be rejected pursuant to the Plan will include the executory contracts or unexpired leases listed on Plan Supplement 11B. Each executory contract and unexpired lease listed on Plan Supplement 11B shall be rejected only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. Listing a contract on Plan Supplement 11B will not constitute an admission by a Debtor or Reorganized Debtor that such contract or lease is an executory contract or unexpired lease or that a Debtor or Reorganized Debtor has any liability thereunder. Regardless of whether an executory contract or unexpired lease is listed on Plan Supplement 11B, it will be deemed rejected unless such contract (a) is listed on Plan Supplement 11A, (b) was previously assumed, assumed and assigned, or rejected by order of the Bankruptcy Court, or (c) is deemed assumed pursuant to Section 5.1(c) and 5.1(d).

(b) Rejection Damages Bar Date

Section 5.3(b) of the Plan provides that unless an earlier Claims Bar Date applies, if the rejection by a Debtor of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against any Debtor unless a Proof of Claim with respect to such Claim is filed with the Claims and Noticing Agent and served upon counsel to the Debtors or the Reorganized Debtors (as the case may be) within thirty (30) days after (a) filing of a notice of the occurrence of the Effective Date or (b) entry of an order authorizing the rejection of such executory contract or unexpired lease.

3. Limited Extension of Time to Assume or Reject

Pursuant to Section 5.3 of the Plan, in the event of a dispute as to whether a contract or lease is executory or unexpired, the right of the Debtors or Reorganized Debtors to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after the entry of a Final Order by the Bankruptcy Court determining that the contract or lease is executory or unexpired. The deemed assumptions and rejections provided for in Article V of the Plan shall not apply to such contract or lease.

4. Insurance Policies and Agreements

Section 5.4 of the Plan provides that the insurance policies issued to, or insurance agreements entered into by, the Debtors prior to the Petition Date set forth on Plan Supplement 2 shall continue in effect after the Effective Date. To the extent that such insurance policies or agreements are considered to be executory contracts, then, notwithstanding anything to the contrary in the Plan, the Plan shall constitute a motion to assume or ratify such insurance policies and agreements, and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of each Debtor and its Estate. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments shall be required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy or agreement. If the Bankruptcy Court determines otherwise as to any such insurance policy or agreement, the Debtors reserve the right to seek the rejection of such insurance policy or agreement or other available relief.

5. Reservation of Rights

Section 5.5(a) of the Plan provides that the Debtors reserve the right to file a motion on or before the Confirmation Date to assume or reject any executory contract or unexpired lease.

Section 5.5(b) of the Plan provides that subject to Section 5.5(d) of the Plan, but notwithstanding any other provision of the Plan, each of the Debtors shall retain the right to, at any time prior to the Confirmation Hearing, modify, amend or supplement Plan Supplement 11A and Plan Supplement 11B, including the right to (i) delete any executory contract or unexpired lease listed therein, (ii) add any executory contract or unexpired lease thereto, thus providing for its assumption or assumption and assignment pursuant to Section 5.1 of the Plan, or its rejection pursuant to Section 5.2 of the Plan, as the case may be, or (iii) modify the Cure Amount.

Section 5.5(c) of the Plan provides that the Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumption, assumption and assignment, or rejection of the executory contracts and unexpired leases as contemplated in the Article V of the Plan pursuant to section 365 of the Bankruptcy Code, as of the later of: (a) the Effective Date; or (b) the resolution of any objection to the proposed

assumption, assumption and assignment, or rejection of an such executory contract or unexpired lease.

Section 5.5(d) of the Plan provides that the Debtors or Reorganized Debtors shall not assume any executory contract or unexpired lease that would result in Cure costs greater than \$1 million without the consent of the Creditors Committee, such consent not to be unreasonably withheld.

E. Implementation of the Plan

1. Pre-Effective Date Injunction or Stays

Pursuant to Section 6.1 of the Plan, all injunctions or stays, whether by operation of law or by order of the Bankruptcy Court, provided for in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise that are in effect on the Confirmation Date shall remain in full force and effect until the Effective Date.

2. Restructuring Transactions

Section 6.2 of the Plan provides that effective as of the Effective Date, the applicable Debtors and Reorganized ABH shall enter into one or more corporate reorganization and related transactions and take any actions as may be necessary or appropriate to simplify their corporate structure and to effect a tax efficient corporate restructuring of their respective businesses, in each case upon consultation with the Creditors Committee. The restructuring transactions may include one or more intercompany mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, liquidations or other transactions as may be determined by the Debtors or Reorganized ABH to be necessary or appropriate. The Debtors shall file Plan Supplement 12 setting forth the restructuring transactions that will occur.

3. Dissolution of Certain Debtors

Section 6.3 of the Plan provides that on or as of the Effective Date, within the sole and exclusive discretion of the Debtors, the Debtors may, subject to Section 6.2 of the Plan but notwithstanding any other transactions described in Article VI of the Plan, (a) cause any or all of the Debtors to be merged into one or more of the Debtors, dissolved, or otherwise consolidated, (b) cause the transfer of assets between or among the Debtors, or (c) engage in any other transaction in furtherance of the Plan. Any such transaction shall be effective as of the Effective Date pursuant to the Confirmation Order without any further action by the stockholders or directors of any of the Debtors or the Reorganized Debtors. The Debtors shall file Plan Supplement 3 with the Bankruptcy Court setting forth the Debtors that will be merged or dissolved.

4. Amended Certificates of Incorporation and By-laws

Section 6.4 of the Plan provides that as of the Effective Date, the current certificates of incorporation and bylaws of the Debtors and other similar formation documents as applicable, shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code, including, without limitation, the prohibition against the issuance of non-voting equity securities set forth in section 1123(a)(6) of the Bankruptcy Code (collectively, the “Amended Certificates of Incorporation and Bylaws”). The forms of Amended Certificates of Incorporation and Bylaws in Plan Supplements 4A and 4B shall become effective on the Effective Date. After the Effective Date, the Amended Certificates of Incorporation and Bylaws shall be subject to such further amendments or modifications as may be made by law, or pursuant to such Amended Certificates of Incorporation and Bylaws.

5. No Further Approvals

Section 6.5 of the Plan provides that the mergers, transfers of assets, dissolutions, consolidations and other transactions contemplated in the Plan shall be approved and effective as of the Effective Date without the need for any further state or local regulatory approvals or approvals by any non-Debtor parties, and without any requirement for further action by the Debtors, Reorganized Debtors, or any entity created to effectuate the provisions of the Plan.

6. Pre-Effective Date Management

Section 6.6 of the Plan provides that after the Confirmation Date and until the Effective Date, the current directors and officers of each Debtor shall continue to serve in such capacities, subject to such changes as may be determined by the Board of Directors of a Debtor in accordance with the current bylaws and certificates of incorporation or other formation document of such Debtor.

7. Post-Effective Date Management of Reorganized Debtors

Section 6.7(a) of the Plan provides that as of the Effective Date, the directors and officers of each Debtor that is not a Reorganized Debtor will be terminated. A search committee (the “Search Committee”), consisting of three (3) members of the Creditors Committee, three (3) members of the Ad Hoc Unsecured Noteholders Committee, and one (1) representative of the Company shall be formed to select the Board. Among other things, the Search Committee shall be responsible for selecting the board of directors for Reorganized ABH (the “Board”), determining the number of directors (including the number of independent directors) comprising the Board, and defining the terms and other qualifications for such directors.

Section 6.7(b) of the Plan provides that as of the Effective Date, the initial officers of Reorganized ABH shall be the persons identified in Plan Supplement 5A. The term of any current officer of AbitibiBowater not identified as an officer of Reorganized ABH shall expire on the Effective Date.

Section 6.7(c) of the Plan provides that unless otherwise provided in Plan Supplement 5B, the directors and officers of each of the Debtors other than AbitibiBowater shall continue to serve in such capacities with respect to the Reorganized Debtors after the Effective Date.

Section 6.7(d) of the Plan provides that the Debtors shall file Plan Supplement 5B with the Bankruptcy Court on or before the Supplement Filing Date setting forth the names, affiliations and offices of, and the compensation proposed to be paid to, the individuals intended to serve as directors and officers of each Reorganized Debtor on and after the Effective Date. On and after the Effective Date, each Reorganized Debtor shall be governed in accordance with the Amended Certificates of Incorporation and Bylaws or similar formation document.

8. Management and Director Compensation and Incentive Plans and Programs

Section 6.8 of the Plan provides that on or as soon as practicable after the Effective Date, the Reorganized Debtors will adopt and implement a management stock incentive program, and such other management and director compensation and incentive programs as reasonably determined by the Debtors and Reorganized Debtors, as set forth in Plan Supplement 6 to be filed on or before the Supplement Filing Date; provided, however, that the Debtors and Reorganized Debtors shall reserve 8.5% on a fully diluted basis of the New ABH Common Stock for issuance pursuant to such management and director compensation and incentive programs. As of the Effective Date, all existing director and management compensation plans and programs set forth in Plan Supplement 6A shall remain in effect and the plans and programs set forth in Plan Supplement 6B shall be terminated. The form and substance of the management and director compensation and incentive plans and programs assumed or adopted by the Debtors and set forth in Plan Supplement 6A and 6B shall be reasonably acceptable to the Creditors Committee.

9. Employee Compensation, Pension and Benefit Programs

Section 6.9 of the Plan provides that as of the Effective Date, all of the Debtors' existing retirement income plans, welfare benefit plans, severance policies and other employee-related plans and programs set forth in Plan Supplement 7A, including all the Debtors' existing U.S. and Canadian Pension Plans, shall remain in effect, as amended, and the plans and programs set forth in Plan Supplement 7B shall be terminated; after the Effective Date, the Reorganized Debtors shall have the sole authority to terminate, amend or implement retirement income plans, welfare benefit plans and other plans and programs for employees in accordance with the terms of such plans and applicable law. The form and substance of the employee compensation and benefit programs assumed by the Debtors set forth in Plan Supplement 7A shall be reasonably acceptable to the Creditors Committee.

(a) U.S. Pension Plans

Bowater Inc. and Abitibi Consolidated Sales Corporation (collectively, the “U.S. Plan Sponsors” and as reorganized under the Plan, the “Reorganized U.S. Plan Sponsors”) sponsor and maintain four defined benefit pension plans known as the AbitibiBowater Inc. Pension Plan (the “AbitibiBowater Pension Plan”), the AbitibiBowater Inc. Retirement Plan (the “AbitibiBowater Retirement Plan”), the Abitibi Consolidated US Pension Plan for Certain Hourly-Paid Employees (the “Abitibi Pension Plan”), and the Abitibi Consolidated U.S. Retirement Plan (the “Abitibi Retirement Plan,” and collectively the “U.S. Pension Plans”). The U.S. Pension Plans are covered by Title IV of the Employment Retirement Income Security Act of 1974, as amended (“ERISA”) (29 U.S.C. § 1310 *et seq.*). The Pension Benefit Guaranty Corporation (“PBGC”), a wholly-owned United States government corporation, guarantees the payment of certain pension benefits upon termination of a pension plan covered by Title IV of ERISA.

The U.S. Pension Plans will not be modified or affected by the Plan and will be continued after the Effective Date in accordance with their terms. Subject to any and all applicable rights and defenses of the Debtors and the Reorganized Debtors, the U.S. Plan Sponsors and the Reorganized U.S. Plan Sponsors will: (a) satisfy the minimum funding standards under 26 U.S.C. §§ 412, 430 and 29 U.S.C. § 1082; (b) be liable for the payment of PBGC premiums in accordance with 29 U.S.C. §§ 1306 and 1307; and (c) administer the U.S. Pension Plans in accordance with the provisions of ERISA. After the Effective Date, the Reorganized U.S. Plan Sponsors will have the authority to terminate, amend or freeze the U.S. Pension Plans in accordance with the terms of the U.S. Pension Plans, ERISA and the Internal Revenue Code. In general, subject to any and all applicable rights and defenses of the Debtors and the Reorganized Debtors, if the U.S. Pension Plans terminate after the Effective Date, the Reorganized U.S. Plan Sponsors, and all members of its controlled group, will be jointly and severally liable for any unpaid minimum funding contributions, statutory premiums, and unfunded benefit liabilities of the U.S. Pension Plans. Nothing in the Plan will be deemed to discharge, release, or relieve the Debtors, the Reorganized Debtors, any member of the Debtors’ controlled groups (as defined in 29 U.S.C. §§ 1301(a)(14)), or any other party, in any capacity, from any current or future liability with respect to the U.S. Pension Plans, and PBGC and the U.S. Pension Plans will not be enjoined or precluded from enforcing such liability as a result of the Plan’s provisions or confirmation

PBGC has filed contingent claims in the Chapter 11 Cases against each Debtor (collectively, the “PBGC Claims”), including estimated claims for unfunded benefit liabilities on a termination basis owed to the AbitibiBowater Pension Plan in the amount of \$165,000,000, the AbitibiBowater Retirement Plan in the amount of \$189,300,000, the Abitibi Pension Plan in the amount of \$11,700,000, and the Abitibi Retirement Plan in the amount of \$15,800,000. Upon the Effective Date, PBGC will be deemed to have withdrawn the PBGC Claims with prejudice.

10. Exit Financing Facilities

Section 6.11 of the Plan provides that on the Effective Date, the Reorganized Debtors will enter into definitive documentation, in a form and in substance satisfactory to the Debtors and reasonably acceptable to the Creditors Committee, with respect to the Exit Financing Facilities in an aggregate amount up to \$2.3 billion, less cash on hand and proceeds from the Rights Offering. On or about the Effective Date, the Debtors shall borrow funds under the Exit Financing Facilities in amounts which, together with such other cash as is then available to the Debtors, will be sufficient to make all Cash distributions to be made under the Plan and the CCAA Plan.

The Company, together with its financial advisors, have commenced a process to solicit indications of interest from potential financing sources to fund the Exit Financing Facilities.

11. Issuance of New ABH Common Stock and Exercise of Subscription Rights

Pursuant to Section 6.13 of the Plan, on the Effective Date, Reorganized ABH shall authorize and issue New ABH Common Stock for distribution in accordance with the Plan and the CCAA Plan, subject to Dilution; provided, however, that as set forth in Section 6.8 of the Plan, Reorganized ABH shall reserve shares representing 8.5% on a fully diluted basis of the New ABH Common Stock for issuance pursuant to management and director incentive programs.

The issuance of the New ABH Common Stock and the distribution, transfer or exchange thereof in accordance with the Plan and the exercise of Subscription Rights by Rights Offering Participants as provided in the Plan shall be exempt from registration under applicable securities laws to the fullest extent permitted by section 1145(a) of the Bankruptcy Code, section 4(2) of the Securities Act and any other applicable exemption.

The issuance of New ABH Common Stock and the distribution, transfer or exchange thereof in accordance with the CCAA Plan and the exercise of Subscription Rights by the Rights Offering Participants in accordance with the CCAA Plan shall be exempt from registration under the Securities Act pursuant to section 3(a)(10) of the Securities Act and such securities will be freely transferable under the U.S. federal securities laws except to the extent such securities or the Rights Offering Notes are received by persons who are deemed to be “underwriters” (as defined in section 1145(b) of the Bankruptcy Code), in which case such securities and the Rights Offering Notes may be resold only in transactions permitted by the resale provisions of Rule 144 or Regulation S under the Securities Act or as otherwise permitted under the Securities Act.

The Reorganized Debtors shall use their reasonable best efforts to cause the New ABH Common Stock to be listed on the New York Stock Exchange, the NASDAQ Global Market or NASDAQ Global Select Market and/or the Toronto Stock Exchange.

12. Dissolution of Committee

Section 6.14 of the Plan provides that subject to Section 4.3 of the Plan, on and as of the Effective Date, the Creditors Committee shall be dissolved, and its members shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases.

13. Effectuating Documents; Further Transactions

Section 6.15 of the Plan provides that the Chief Executive Officer, President, Chief Financial Officer or Chief Legal Officer of Reorganized ABH or any Debtor shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan, without any further order of the Bankruptcy Court and without the requirement of any further action by any stockholder or director of any of the Debtors or Reorganized Debtors. The Secretary or any Assistant Secretary of each Debtor or Reorganized Debtor shall be authorized to certify or attest to any of the foregoing actions.

14. Surrender of Existing Securities

Section 6.16 of the Plan provides that as soon as practicable after the Effective Date, each holder of an Unsecured Note Claim shall surrender its note(s) to the relevant Indenture Trustee (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes), or in the event such note(s) are held in the name of, or by a nominee of, The Depository Trust Company, the Reorganized Debtors shall seek the cooperation of The Depository Trust Company to provide appropriate instructions to the Indenture Trustees (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes). No distributions under the Plan shall be made for or on behalf of such holder unless and until such note(s) is received by the Indenture Trustees (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes) or the loss, theft or destruction of such note(s) is established to the reasonable satisfaction of the applicable Indenture Trustee (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes), which satisfaction may require such holder to submit (a) a lost instrument affidavit and (b) an indemnity bond holding the Debtors, the Reorganized Debtors, and the Indenture Trustees, harmless in respect of such note and distributions made thereof. Upon compliance with Section 6.16 of the Plan by a holder of any Unsecured Note Claim, such holder shall, for all purposes under the Plan, be deemed to have surrendered such Unsecured Note Claim. Any holder that fails to surrender such Unsecured Note or satisfactorily explain its non-availability to the applicable Indenture Trustee (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes) within one (1) year of the Effective Date shall be deemed to have no further Claim against the Debtors, the Reorganized Debtors (or their property), or the Indenture Trustees in respect of such Claim and shall not participate in any distribution under the Plan. All property in respect of such forfeited distributions, including interest thereon, shall be promptly returned to the Reorganized Debtors by the

applicable Indenture Trustee (or the applicable Debtors, Reorganized Debtors or agent with respect to the Series A-D Notes), and any such security shall be cancelled. Notwithstanding the foregoing, if the record holder of an Unsecured Note Claims is DTCC or its nominee or such other securities depository or custodian thereof, or if a Unsecured Note Claim is held in book-entry or electronic form pursuant to a global security held by DTCC or such other securities depository or custodian thereof, then the beneficial holder of such an Allowed Unsecured Note Claim shall be deemed to have surrendered such holder's security, note, debenture or other evidence of indebtedness upon surrender of such global security by DTCC or such other securities depository or custodian thereof.

15. Allowed Intercompany Claims and Intercompany Interests

Pursuant to Section 6.17 of the Plan, each Debtor that holds an Allowed Intercompany Claim shall be entitled to account for such Allowed Intercompany Claim in its books and records as an asset of such Debtor and shall be deemed to have received distributions on account of such Allowed Intercompany Claim. Prior to effectiveness of the discharge of Allowed Intercompany Claims and Allowed Intercompany Interests pursuant to Section 2.15 of the Plan, the Debtors and Reorganized ABH, as the case may be, shall have the right to retain for the benefit of Reorganized ABH such Allowed Intercompany Claims and Allowed Intercompany Interests, or effect such transfers and setoffs with respect to, Allowed Intercompany Claims and Allowed Intercompany Interests as they may deem appropriate for accounting, tax and commercial business purposes, to the fullest extent permitted by applicable law.

F. Rights Offering

As described in Section 6.12 of the Plan, subject to the auction process and bidding procedures referred to in the Backstop Agreement, the Debtors may implement a rights offering (the "Rights Offering") for the issuance of securities, on terms and in substance reasonably satisfactory to the Debtors, in an amount not to exceed \$500 million and consistent with the terms of the Backstop Agreement. Among other things, the Rights Offering will be made available to creditors in the Chapter 11 Cases and the CCAA Proceedings and will be subject to approval by the Canadian Court and the Bankruptcy Court. The form and substance of the Rights Offering approved by the Bankruptcy Court shall be reasonably acceptable to the Creditors Committee.

G. Confirmation and Consummation of the Plan

1. Conditions to Confirmation

The following are conditions precedent to Confirmation of the Plan that may be satisfied or waived in accordance with Section 7.3 of the Plan:

- (a) The Bankruptcy Court shall have approved by Final Order a Disclosure Statement with respect to the Plan in form and

substance reasonably acceptable to the Debtors, the Creditors Committee, and the Monitor; and

- (b) The Debtors shall have entered into a backstop agreement and Rights Offering, if necessary, and commitment agreements for the Exit Financing Facilities, in form and substance reasonably acceptable to the Debtors, the Creditors Committee and the Monitor, and all fees and expenses related thereto shall have been approved by the Bankruptcy Court.

2. Conditions to the Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Section 7.3 of the Plan.

- (a) The Confirmation Order in form and substance reasonably acceptable to the Debtors, the Creditors Committee and the Monitor shall have been entered by the Bankruptcy Court;
- (b) The Confirmation Order shall be a Final Order, the Confirmation Date shall have occurred, and no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code shall have been made, or, if made, shall remain pending;
- (c) The Sanction Order in form and substance reasonably acceptable to the Debtors and the Creditors Committee shall have been entered by the Canadian Court;
- (d) The operation and effect of the Sanction Order shall not have been stayed, reversed or amended;
- (e) The Reorganized Debtors shall have entered into the Exit Financing Facilities, all conditions precedent to the consummation thereof shall have been waived or satisfied in accordance with the terms thereof and, simultaneous with the Effective Date, the Exit Financing Facilities shall be in full force and effect;
- (f) The Reorganized Debtors shall have entered into a backstop agreement and the Rights Offering documents, if necessary, and all conditions precedent to the consummation thereof shall have been waived or satisfied in accordance with the terms thereof and, simultaneous

with the Effective Date, the backstop agreement and the Rights Offering documents shall be in full force and effect;

- (g) The Exhibits, Supplements, schedules, documents, or agreements to be executed in connection with the Plan shall be in form and substance reasonably acceptable to the Debtors, and such documents (other than ministerial documents executed in connection with the Plan) are reasonably acceptable to the Creditors Committee and the Monitor;
- (h) All statutory fees then due and payable to the United States Trustee shall have been paid in full; and
- (i) all conditions precedent to the implementation of the CCAA Plan but for the implementation of the Plan shall have been satisfied or waived.

3. Waiver of Conditions

Section 7.3 of the Plan provides that the Debtors may waive any or all of the conditions set forth in Sections 7.1 and 7.2 of the Plan (except for the conditions set forth in Section 7.1(a), 7.2(a) or 7.2(c)) at any time; provided, however, that other than for the waiver of technical or immaterial conditions, the Debtors may not waive any condition without the prior consent of the Creditors Committee, such consent not to be unreasonably withheld. Any such waiver may be effected at any time by filing a notice thereof with the Bankruptcy Court. No waiver or non-waiver of any conditions to Confirmation or to the occurrence of the Effective Date shall diminish the application of the mootness doctrine with respect to the Confirmation of the Plan or any order entered in connection therewith, which doctrine shall apply to the fullest extent of applicable law.

4. Notice of Effective Date

Section 7.4 of the Plan provides that the Debtors shall file with the Bankruptcy Court a notice of the occurrence of the Effective Date within a reasonable period of time after the conditions in Section 7.2 of the Plan have been satisfied or waived pursuant to Section 7.3 of the Plan.

5. Order Denying Confirmation

Section 7.5 of the Plan provides that if an Order denying confirmation of the Plan is entered by the Bankruptcy Court and such Plan is not consummated, then nothing contained in the Plan shall (a) constitute a waiver or release of any Claims against or Interests in the Debtors, (b) prejudice in any manner the rights of the Holder of any Claim against, or Interest in, the Debtors, (c) prejudice in any manner any right,

remedy or Claim of the Debtors, (d) be deemed an admission against interest by the Debtors, or (e) constitute a settlement, implicit or otherwise, of any kind whatsoever.

H. Effect of the Plan on Assets, Claims and Interests

1. Revesting of Assets

Except as provided in the Plan, on the Effective Date, all property of the Estates, to the fullest extent provided by section 541 of the Bankruptcy Code, and any and all other rights and assets of the Debtors of every kind and nature shall revest in the Reorganized Debtors free and clear of all Liens, Claims and Interests other than (a) those Liens, Claims and Interests retained or created pursuant to the Plan or any document entered into in connection with the transactions described in the Plan and (b) Liens that have arisen subsequent to the Petition Date on account of taxes that arose subsequent to the Petition Date.

2. Discharge of Claims and Termination of Interests

Section 8.2 of the Plan provides that as of the Effective Date, except as otherwise provided in the Plan or the Confirmation Order, and with respect to the Secured Funded Debt Claims, only upon payment of the Secured Funded Debt Claims in full as provided in the Plan, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims and satisfaction or termination of all Interests, including any Claims arising under the Secured Funded Debt Agreements, the DIP Facility Documents, the DIP Facility Order, the Securitization Facility and the Securitization Order (whether or not such Claims are indemnification claims that purport to survive consummation of the Plan). Except as otherwise provided in the Plan or the Confirmation Order, Confirmation shall, as of the Effective Date: (i) discharge the Debtors from all Claims or other debts that arose before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (w) a Proof of Claim is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (x) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code, (y) the holder of a Claim based on such debt has accepted the Plan or (z) such Claim is listed in the Schedules; and (ii) satisfy, terminate or cancel all Interests and other rights of equity security holders in the Debtors.

As of the Effective Date, except as otherwise provided in the Plan or the Confirmation Order and with respect to the Secured Funded Debt Claims, only upon payment of the Secured Funded Debt Claims in full as provided in the Plan, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, or their respective successors or property, any other or further Claims, demands, debts, rights, causes of action, liabilities or equity interests based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order will be a judicial determination, as of the Effective Date, of

discharge of all such Claims and other debts and liabilities against the Debtors and satisfaction, termination or cancellation of all Interests and other rights of equity security holders in the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge will void any judgment obtained against the Debtors or the Reorganized Debtors at any time, to the extent that such judgment relates to a discharged Claim.

3. Cancellation of Liens

Section 8.3 of the Plan provides that except as otherwise provided in the Plan, on the Effective Date, and with respect to the Secured Funded Debt Claims, only upon payment of the Secured Funded Debt Claims in full as provided in the Plan, (a) all Liens, Administrative Claims and rights related to any Claim or Interest, including, without limitation, those existing under the Secured Funded Debt Agreements, the DIP Facility Documents, the DIP Facility Order, the Securitization Facility and the Securitization Order shall be deemed released, terminated, null and void and of no effect, and (b) any Lien securing any Other Secured Claim (other than a Lien securing an Other Secured Claim that is Reinstated pursuant to the Plan) shall be deemed released, terminated, null and void and of no effect. The holder of Claims (other than a holder of any Other Secured Claim that is Reinstated pursuant to the Plan) shall be authorized and directed to release any collateral or other property of any Debtor (including any cash collateral) held by such holder and to take such actions as may be requested by the Debtors (or the Reorganized Debtors, as the case may be) to evidence the release of such Lien, including the execution, delivery, and filing or recording of such release documents as may be reasonably requested by the Debtors (or the Reorganized Debtors, as the case may be) and the Debtors (or the Reorganized Debtors, as the case may be) are hereby authorized to take any actions on or after the Effective Date as required to effectuate the release of collateral or other property of any Debtor or any subsidiary of a Debtor (including, without limitation, filing of appropriate termination statements and directing third parties holding collateral or other property of any Debtor to promptly remit such collateral or property without further consent of any other party).

4. Injunctions

Section 8.4 of the Plan provides that except as otherwise provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Interests or rights: (i) commencing or continuing in any manner any action or other proceeding against the Debtors or the Reorganized Debtors or their respective property; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors or the Reorganized Debtors or their respective property; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors or the Reorganized Debtors or their respective property; (iv) asserting a setoff, right of subrogation or recoupment of

any kind against any debt, liability or obligation due to the Debtors or the Reorganized Debtors or their respective property; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

Except as otherwise provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold or may hold a Claim, demand, debt, right, cause of action or liability that is released pursuant to the Plan are permanently enjoined from taking any of the following actions on account of such released Claims, demands, debts, rights, causes of action or liabilities: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released Person; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

In exchange for the distributions pursuant to the Plan, each holder of an Allowed Claim receiving such distribution pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth in Section 8.4 of the Plan.

I. Releases

1. Mutual Releases

Section 8.5(a) of the Plan provides that on the Effective Date, (a) the Debtors and the Reorganized Debtors, on behalf of themselves and their Estates, any Person seeking to exercise any rights of the Debtors, the Reorganized Debtors or their Estates, including any successor to the Debtors or the Reorganized Debtors or any estate representative appointed or selected pursuant to section 1123 of the Bankruptcy Code, (b) all of their respective officers, directors, employees, partners, advisors, attorneys, financial advisors, accountants and other professionals, (c) the members of, and counsel and financial advisors to, the Creditors Committee, (d) the members of, and counsel and financial advisors to, the Ad Hoc Unsecured Noteholders Committee, (e) the DIP Agent and the DIP Lenders, each in their capacities as such, and their respective legal counsel and financial advisors, (f) Citibank, N.A., Barclays Bank PLC and Barclays Capital Inc., in their respective capacities under the Securitization Facility, (g) the Indenture Trustees, each in their capacity as such, (h) the Monitor in its capacity as such, its current officers and directors, and its legal counsel and financial advisors, and (i) the Secured Funded Debt Administrative Agents and Secured Funded Debt Lenders, each in their capacity as such, and their counsel and financial advisors, (collectively clauses (a) through (i) being the “Released Parties,” and each a “Released Party”) shall be deemed to and shall unconditionally and irrevocably release each other from any and all claims, obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon actions taken in their respective capacities

described above or any omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 15 Debtors, the CCAA Debtors, the Chapter 11 Cases, the Chapter 15 Cases, the CCAA Proceedings, the Rights Offering, the Plan, and the CCAA Plan, except that (i) no individual shall be released from any act or omission that constitutes gross negligence or willful misconduct, (ii) the Reorganized Debtors shall not relinquish or waive the right to assert any of the foregoing as a legal or equitable defense or right of setoff or recoupment against any Claims of any such Persons asserted against the Debtors or the Reorganized Debtors, and (iii) the foregoing release shall not apply to any express contractual or financial obligations owed to the Debtors or Reorganized Debtors or any obligation arising under the Plan or an agreement entered into pursuant to, or contemplated by, the Plan.

2. Releases By Non-Debtors

Section 8.5(b) of the Plan provides that on and as of the Effective Date, all Persons who (a) directly or indirectly have held, hold, or may hold Claims or Interests, (b) vote to accept the Plan as set forth on the relevant Ballot, and (c) do not mark their Ballot to indicate their refusal to grant the releases described in the Plan, shall be deemed, by virtue of their receipt of distributions and/or other treatment contemplated under the Plan, to have absolutely, unconditionally, irrevocably, and forever released and covenanted with the Reorganized Debtors and the other Released Parties not to (y) sue or otherwise seek recovery from any of the Reorganized Debtors or any other Released Party on account of any Claim or Interest, including but not limited to any Claim based upon tort, breach of contract, violations of federal or state securities laws or otherwise, based upon any act, occurrence, or failure to act from the beginning of time through the Effective Date in any way relating to the Debtors or their business and affairs or (z) assert against any of the Reorganized Debtors or any other Released Party any claim, obligation, right, Cause of Action or liability that any holder of a Claim or Equity Interest may be entitled to assert, whether known or unknown, foreseen or unforeseen, existing or thereafter arising, based in whole or in part on any act or omission, transaction, or occurrence from the beginning of time through the Effective Date in any way relating to the Debtors, the Chapter 15 Debtors, the Chapter 11 Cases, the Chapter 15 Cases, the CCAA Proceedings, the Rights Offering, the Plan or the CCAA Plan; provided, however, that (i) none of the Released Parties shall be released from any claim based on any act or omission that constitutes gross negligence or willful misconduct, (ii) such release shall not apply to Ordinary Course Administrative Claims and Fee Claims or obligations arising under the Plan, and (iii) such release shall not be construed to prohibit a party in interest from seeking to enforce the terms of the Plan.

J. Exculpation and Limitation of Liability

Pursuant to Section 8.6 of the Plan, the Debtors, the Reorganized Debtors and the other Released Parties (a) shall have no liability whatsoever to one another or any holder or purported holder of a Claim or Equity Interest, or any other party-in-interest, or any of their respective agents, employees, representatives, financial advisors, attorneys,

or Affiliates, or any of their successors or assigns, for any act or omission in connection with, or arising out of, the Plan, the Disclosure Statement, the settlement of Claims or renegotiation of executory contracts and leases, the negotiation of the Plan, the negotiation of the Plan Supplement Documents, the Exit Facility Documents, the Rights Offering, the Rights Offering Documents, the pursuit of approval of the Disclosure Statement or the Plan or the solicitation of votes for confirmation of the Plan, the Chapter 11 Cases, the Chapter 15 Cases, the consummation of the Plan or the CCAA Plan, the administration of the Plan or the property to be distributed under the Plan, or any transaction contemplated by the Plan or Disclosure Statement, or in furtherance thereof, or any obligations that they have under or in connection with the Plan or the transactions contemplated by the Plan (collectively, the “Exculpated Claims”), except for any act or omission that constitutes willful misconduct or gross negligence as determined by a Final Order, and (b) in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. No holder of any Claim or Interest, or other party-in-interest, none of their respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, and no successors or assigns of the foregoing, shall have any right of action against the Released Parties with respect to the Exculpated Claims. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations and any other applicable law or rules protecting such Released Parties from liability.

K. Retention and Enforcement and Release of Causes of Action

Section 8.7 of the Plan provides that subject to Section 4.3 of the Plan, except as otherwise provided in the Plan, the Confirmation Order, or in any document, instrument, release or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Debtors and their Estates shall retain the Causes of Action including, without limitation, the Causes of Action identified on Plan Supplement 10 (the “Retained Causes of Action”). Subject to Section 4.3 of the Plan, the Reorganized Debtors, as the successors in interest to the Debtors and their Estates, may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the Litigation Claims. The Debtors or the Reorganized Debtors expressly reserve all rights to prosecute any and all Litigation Claims against any Person, except as otherwise expressly provided in the Plan, and no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Litigation Claims upon, after, or as a consequence of Confirmation or the occurrence of the Effective Date.

L. Certain Cross-Border Insolvency Provisions of the Plan

1. No Double Recovery on Allowed Cross-Border Claims

Section 9.1 of the Plan provides that to the extent that the same Claim is an Allowed Claim against a Cross-Border Debtor under the Plan and a Proven Claim against the same Cross-Border Debtor under the CCAA Plan (such claim, an “Allowed Cross-Border Claim”), (a) there shall only be a single recovery on account of such

Allowed Cross-Border Claim, and (b) the aggregate distribution which such Allowed Cross-Border Claim shall receive, whether under the Plan, the CCAA Plan or a combination of both, shall not exceed the greatest distribution which such Allowed Cross-Border Claim would be entitled to receive as an Allowed Claim under the Plan or a Proven Claim under the CCAA Plan. The aggregate recovery on an Allowed Claim from all sources, including distributions under the Plan, the CCAA Plan or a combination of both, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, indemnity agreement, joint and several obligations or otherwise, shall not exceed 100% of the face amount of the underlying Allowed Claim.

M. Miscellaneous

1. Retention of Jurisdiction

Section 10.1 of the Plan provides that following the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising from or relating to the Chapter 11 Cases to the fullest extent of applicable law, including, without limitation:

- (a) To determine the validity under any applicable law, allowability, classification and priority of Claims and Interests upon objection, or to estimate, pursuant to section 502(c) of the Bankruptcy Code, the amount of any Claim that is or is anticipated to be contingent or unliquidated as of the Effective Date;
- (b) To construe and to take any action authorized by the Bankruptcy Code and requested by the Reorganized Debtors or any other party in interest to enforce the Plan and the documents and agreements filed in connection with the Plan, issue such orders as may be necessary for the implementation, execution and consummation of the Plan, without limiting the generality of the foregoing, orders to expedite regulatory decisions for the implementation of the Plan and to ensure conformity with the terms and conditions of the Plan, such documents and agreements and other orders of the Bankruptcy Court, notwithstanding any otherwise applicable non-bankruptcy law;
- (c) To determine any and all applications for allowance of compensation and expense reimbursement of Professionals retained by the Debtors, the Reorganized Debtors or the Creditors Committee, and for members of the Creditors Committee, for periods on or before the Effective Date, and to determine any other request for payment of administrative expenses;

- (d) To determine all matters that may be pending before the Bankruptcy Court on or before the Effective Date;
- (e) To resolve any dispute regarding the implementation or interpretation of the Plan, or any related agreement or document that arises at any time before the Chapter 11 Cases are closed, including the determination, to the extent a dispute arises, of the entities entitled to a distribution within any particular Class of Claims and of the scope and nature of the Reorganized Debtors' obligations to cure defaults under assumed contracts, leases, franchises and permits;
- (f) To determine any and all matters relating to the rejection, assumption or assignment of executory contracts or unexpired leases entered into prior to the Petition Date, the nature and amount of any Cure required for the assumption of any executory contract or unexpired lease, and the allowance of any Claim resulting therefrom, including the amount, validity and treatment under any applicable law of any Claim for damages arising from or related to the rejection of any such contract (including that certain Call Agreement between Woodbridge International Holdings, Ltd., Woodbridge International Holdings SA, Woodbridge Co. Ltd., Abitibi Consolidated Sales Corp., and ACI, dated September 6, 2001, as amended);
- (g) To determine all applications, adversary proceedings, contested matters and other litigated matters that were brought or that could have been brought in the Bankruptcy Court on or before the Effective Date;
- (h) To determine matters concerning local, state and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, and to determine any tax claims that may arise against the Debtors or the Reorganized Debtors as a result of the transactions contemplated by the Plan; and
- (i) To modify the Plan pursuant to section 1127 of the Bankruptcy Code or to remedy any apparent nonmaterial defect or omission in the Plan, or to reconcile any nonmaterial inconsistency in the Plan so as to carry out its intent and purposes.

From the Confirmation Date through the Effective Date, the Bankruptcy Court shall retain jurisdiction with respect to each of the foregoing items and all other

matters that were subject to its jurisdiction prior to the Confirmation Date. Nothing contained in the Plan shall be construed to increase, decrease or otherwise modify the independence, sovereignty or jurisdiction of the Bankruptcy Court, the Canadian Court, or any other court or tribunal in the United States or Canada, including the ability of any such court or tribunal to provide appropriate relief under applicable law on an ex parte or "limited notice" basis.

2. Terms Binding

Section 10.2 of the Plan provides that upon the occurrence of the Effective Date, all provisions of the Plan, including all agreements, instruments and other documents filed in connection with the Plan and executed by the Debtors or the Reorganized Debtors in connection with the Plan, shall be binding upon the Debtors, the Reorganized Debtors, all Claim and Interest holders and all other Persons that are affected in any manner by the Plan. All agreements, instruments and other documents filed in connection with the Plan shall have full force and effect, and shall bind all parties thereto as of the entry of the Confirmation Order, whether or not such exhibits actually shall be executed by parties other than the Debtors or the Reorganized Debtors, or shall be issued, delivered or recorded on the Effective Date or thereafter. The rights, benefits and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

3. Governing Law

Section 10.3 of the Plan provides that except to the extent that the Bankruptcy Code or any other federal law is applicable or to the extent the law of a different jurisdiction is validly elected by the Debtors, the rights, duties and obligations arising under the Plan shall be governed in accordance with the substantive laws of the United States of America and, to the extent federal law is not applicable, the laws of the State of Delaware.

4. Severability

Pursuant to Section 10.4 of the Plan, if the Bankruptcy Court determines at the Confirmation Hearing that any material provision of the Plan is invalid or unenforceable, such provision, subject to section 1127 of the Bankruptcy Code, shall be severable from the Plan and shall be null and void, and, in such event, such determination shall in no way limit or affect the enforceability or operative effect of any or all other portions of the Plan.

5. Confirmation Order and Plan Control

Pursuant to Section 10.5 of the Plan, except as otherwise provided in the Plan, in the event of any inconsistency between the Plan and this Disclosure Statement, any exhibit to the Plan or any other instrument or document created or executed pursuant

to the Plan, the Plan shall control. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall control.

6. Plan Supplements

Section 10.7 of the Plan provides that each of the Plan Supplements shall be in form and substance reasonably satisfactory to the Creditors Committee.

7. Modifications to the Plan

Pursuant to Section 10.8 of the Plan, the Debtors may amend or modify the Plan, and any Exhibit, schedule or Supplement to the Plan, at any time prior to the Confirmation Date in accordance with the Bankruptcy Code and Bankruptcy Rules; provided, however, that other than for technical or immaterial amendments and modifications, the Debtors may not amend or modify the Plan without the prior consent of the Creditors Committee, such consent not to be unreasonably withheld. A holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or supplemented, if the proposed alteration, amendment, modification or supplement does not materially and adversely change the treatment of the Claim or Interest of such holder.

8. Revocation, Withdrawal or Non-Consummation

Section 10.9 of the Plan provides that the Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Effective Date. If the Debtors revoke or withdraw the Plan prior to the Effective Date, or if the Confirmation Date or the Effective Date does not occur, then the Plan, any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), the assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be null and void; provided, however, that all orders of the Bankruptcy Court and all documents executed pursuant thereto, except the Confirmation Order, shall remain in full force and effect. In such event, nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall be deemed to constitute a waiver or release of any Claims by or against any of the Debtors or any other Person, to prejudice in any manner the rights of any of the Debtors or any Person in any further proceedings or to constitute an admission of any sort by any of the Debtors or any other Person.

9. Post-Confirmation Date Retention of Professionals

Section 10.10 of the Plan provides that upon the Effective Date, any requirement that professionals employed by the Reorganized Debtors comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Reorganized Debtors will be authorized to employ and compensate professionals in the ordinary course of business and without the need for Bankruptcy Court approval.

10. Exemption from Transfer Taxes

Section 10.11 of the Plan provides that pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer or exchange of any securities, instruments or documents under the Plan, (b) the creation of any mortgage, deed of trust, Lien, pledge or other security interest under the Plan, (c) the making or assignment of any lease or sublease pursuant to the Plan, or (d) the making or delivery of any deed or other instrument of transfer under, pursuant to, or in connection with the Plan, including, without limitation, any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, assignments, and transfers of tangible property executed in connection with the Plan, the Confirmation Order or the Sanction Order, shall not be subject to any stamp tax or similar tax or government assessment to the fullest extent provided for under the Bankruptcy Code.

11. Payment of Statutory Fees

Section 10.12 of the Plan provides that all fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date.

12. Payment of Fees and Expenses of Indenture Trustees

Section 10.13 of the Plan provides that on the Effective Date (and thereafter with respect to fees and expenses relating to post-Effective Date service under the Plan or the CCAA Plan) or as soon as reasonably practicable thereafter, the Disbursing Agent shall pay in Cash all reasonable and documented fees and expenses of the Indenture Trustees (the “Indenture Trustee Fee Claims”); provided, however, that the Indenture Trustees and their advisors must provide reasonably detailed fee invoices to the Debtors or the Reorganized Debtors as a condition of payment hereunder (subject to redaction to preserve attorney-client privilege), and provided, further that the Indenture Trustees shall retain and may exercise their respective charging liens or priority payment rights (if any) until paid in full hereunder. Notwithstanding the foregoing, the Debtors or Reorganized Debtors may dispute any portion of the Indenture Trustee Fee Claims (a “Disputed Indenture Trustee Fee Claim”), in which case (a) the Debtors or Reorganized Debtors shall pay the portion of the Indenture Trustee Fee Claim that is not specifically disputed, and (b) in the absence of a consensual resolution of the Disputed Indenture Trustee Fee Claim, the Debtors, Reorganized Debtors or the applicable Indenture Trustee shall submit the Disputed Indenture Trustee Fee Claim to the Bankruptcy Court for adjudication.

13. Notice

All notices, requests and demands to or upon the Debtors or the Reorganized Debtors to be effective shall be in writing and, unless otherwise expressly provided in the Plan or herein, shall be deemed to have been duly given or made when

actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

ABITIBIBOWATER INC.
1155 Metcalfe Street, Suite 800
Montréal (Québec), Canada H3B 5H2
Attention: Jacques P. Vachon
Telephone: (514) 875-2160

with a copy to:

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP Kelley A. Cornish Alice Belisle Eaton Claudia R. Tobler Lauren Shumejda Jacob A. Adlerstein 1285 Avenue of the Americas New York, New York 10019-6064 Telephone: (212) 373-3000 Facsimile: (212) 757-3990	YOUNG CONAWAY STARGATT & TAYLOR, LLP Pauline K. Morgan Sean T. Greecher The Brandywine Building 1000 West Street, 17th Floor Wilmington, Delaware 19801 Telephone: (302) 571-6600 Facsimile: (302) 571-1253
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14. Reservation of Rights

Section 10.14 of the Plan provides that the filing of the Plan, the Disclosure Statement, any statement or provision contained in the Plan, or the taking of any action by the Debtors with respect to the Plan, shall not be and shall not be deemed to be an admission or waiver of any rights of the Debtors with respect to any holders of Claims against or Interests in the Debtors.

15. No Waiver

Section 10.15 of the Plan provides that neither the failure of a Debtor to list a Claim or Interest in the Debtor's Schedules, the failure of a Debtor to object to any Claim, Administrative Expense Claim or Interest for purposes of voting, the failure of a Debtor to object to a Claim, Administrative Expense Claim or Interest prior to the Confirmation Date or the Effective Date, nor the failure of a Debtor to assert a Retained Cause of Action prior to the Confirmation Date or the Effective Date shall, in the absence of a legally-effective express waiver or release executed by the Debtor with the approval of the Bankruptcy Court, if required, and with any other consents or approvals required under the Plan, be deemed a waiver or release of the right of a Debtor, a Reorganized Debtor, the Post-Effective Date Claims Agent or their respective successors, either before or after solicitation of votes on the Plan, the Confirmation Date or the Effective Date, to (a) object to or examine such Claim, Administrative Expense Claim or Interest, in whole

or in part, or (b) retain or either assign or exclusively assert, pursue, prosecute, utilize, or otherwise act or enforce any Retained Cause of Action against the holder of such Claim, Administrative Expense Claim or Interest.

VII.

CONFIRMATION OF THE PLAN

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. The Confirmation Hearing pursuant to section 1128 of the Bankruptcy Code will be held on [_____, __] 2010 at [_____.m.], prevailing Eastern Time, before the Honorable Kevin J. Carey, Chief United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Fifth Floor, Courtroom 5, Wilmington, Delaware 19801. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of adjournment at the Confirmation Hearing, or at any subsequent adjourned Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to Confirmation of the Plan must: (i) be made in writing; (ii) state the name and address of the objecting party and the nature of the claim or interest of such party; (iii) state with particularity the legal and factual basis and nature of any objection to the Plan; and (iv) be filed with the Bankruptcy Court, together with proof of service, and served so that they are received **on or before [_____] at 4:00 p.m., prevailing Eastern Time** by the following parties:

Counsel to the Debtors:

Paul, Weiss, Rifkind, Wharton
& Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Facsimile: (212) 757-3990
Attn: Kelley A. Cornish, Esq.
Alice Belisle Eaton, Esq.
Claudia R. Tobler, Esq.
Lauren Shumejda, Esq.
Jacob A. Adlerstein, Esq.

Young Conaway Stargatt & Taylor, LLP
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, Delaware 19801-1037
Facsimile: (302) 571-1253
Attn: Pauline K. Morgan, Esq.
Sean T. Greecher, Esq.

The U.S. Trustee:

U.S. Trustee
Office of the United States Trustee
J. Caleb Boggs Federal Building
844 King Street, Suite 2207
Lock Box 35
Wilmington, Delaware 19801
Facsimile: (302) 573-6497
Attn: David M. Klauder, Esq.

Counsel to the Official Committee of Unsecured Creditors:

Paul, Hastings, Janofsky & Walker LLP
Park Avenue Tower
75 E. 55th Street
New York, New York 10022
Facsimile: (212) 319-4090
Attn: Luc A. Despina, Esq.

Bayard, P.A.
222 Delaware Avenue, Suite 900
Wilmington, Delaware, 19801
Facsimile: (302) 658-6395
Attn: Neil B. Glassman, Esq.

Counsel to Wachovia Bank, N.A., as the Bowater Secured Bank Agent

Morgan Lewis & Bockius LLP
101 Park Avenue
New York, New York 10178-0600
Facsimile: (212) 309-6001
Attn: Richard S. Toder, Esq.

Connolly Bove Lodge & Hutz LLP
1007 North Orange Street
8th Floor
Wilmington, DE 19899
Facsimile: (302) 658-5614
Attn: Jeffrey C. Wisler, Esq.

Counsel to Bank of Nova Scotia, as the BCFPI Secured Bank Agent

Orrick, Herrington & Sutcliffe LLP
666 Fifth Avenue
New York, New York 10103-0001
Facsimile: (212) 506-5151
Attn: Raniero D'Aversa, Jr.

Klehr, Harrison, Harvey,
Bransburg & Ellers, LLP
919 Market Street, Suite 1000
Wilmington, Delaware 19801
Facsimile: (302) 426-9193
Attn: Joanne B. Willis, Esq.

Counsel to the Monitor

Allen & Overy LLP
1221 Ave of the Americas
New York, NY 10020
Facsimile: (212) 610-6399
Attn: Ken Coleman, Esq.

Buchanan Ingersoll & Rooney
The Brandywine Building
1000 West Street, Suite 1410
Wilmington, Delaware 19801
Facsimile (302) 552-4295
Attn: Mary F. Caloway, Esq.

Objections to confirmation of the Plan are governed by Rule 9014 of the Bankruptcy Rules. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY AND PROPERLY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. Statutory Requirements for Confirmation of the Plan in Chapter 11 Cases

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan (i) is accepted by all Classes of Claims and Interests or, if rejected by an impaired Class, the Plan “does not discriminate unfairly” and is “fair and equitable” as to such Class, (ii) is feasible and (ii) is in the “best interests” of holders of Claims and Interests impaired under the Plan.

AS EXPLAINED ABOVE, THE BANKRUPTCY CODE CONTAINS PROVISIONS FOR CONFIRMATION OF A PLAN EVEN IF IT IS NOT ACCEPTED BY ALL CLASSES. THESE SO-CALLED “CRAMDOWN” PROVISIONS ARE SET FORTH IN SECTION 1129(b) OF THE BANKRUPTCY CODE, WHICH PROVIDES THAT A PLAN OF REORGANIZATION CAN BE CONFIRMED EVEN IF IT HAS NOT BEEN ACCEPTED BY ALL IMPAIRED CLASSES OF CLAIMS AND INTERESTS AS LONG AS AT LEAST ONE IMPAIRED CLASS OF NON-INSIDER CLAIMS HAS VOTED TO ACCEPT THE PLAN.

1. Acceptance

Claims in Classes 6A-6HH and 7A-7HH are impaired under the Plan, and, therefore, must accept the Plan in order for it to be confirmed without application of the “fair and equitable test,” described below, to such Classes. As stated above, impaired Classes of Claims will have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and a majority in number of the Claims of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

Classes 1A-1HH, 2A-2G, 3A-3G, 4A-4G and 5A-5HH are unimpaired under the Plan, and the holders of Allowed Claims in each of these Classes are conclusively presumed to have accepted the Plan.

The Debtors, as the holders of Intercompany Claims in Classes 8A-8HH, shall be deemed to have accepted the Plan and votes to accept or reject the Plan shall not be solicited from the Debtors in their capacities as the holders of Intercompany Claims.

Classes 9A-9HH are impaired and the holders of such Common Stock Claims and Interests will not receive or retain any property under the Plan. Accordingly, these classes are deemed not to have accepted the Plan and confirmation of the Plan will require application of the “fair and equitable test,” described below.

2. Fair and Equitable Test

The Debtors will seek to confirm the Plan notwithstanding the non-acceptance or deemed non-acceptance of the Plan by any impaired Class of Claims or Interests. To obtain such confirmation, it must be demonstrated that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to such dissenting impaired Class. A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class receives more than it is entitled to on account of its claims or interests. The Debtors believe that the Plan satisfies these requirements.

The Bankruptcy Code establishes different “fair and equitable” tests for secured claims, unsecured claims and equity interests, as follows:

- (i) Secured Creditors. Either (i) each holder of an impaired secured claim retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim, or (iii) the property securing the claim is sold free and clear of liens, with such liens attaching to the proceeds of the sale and the treatment of such liens on proceeds is as provided in clauses (i) or (ii) above.
- (ii) Unsecured Creditors. Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and equity interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan.
- (iii) Interest Holders. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greater of the fixed liquidation preference to which such holder is entitled, or the fixed redemption price to which such holder is entitled or the value of the equity interest, or (ii) the holders of equity interests that are junior to the nonaccepting class will not receive or retain any property under the plan.

THE DEBTORS BELIEVE THAT THE PLAN MAY BE CONFIRMED ON A NONCONSENSUAL BASIS (PROVIDED AT LEAST ONE IMPAIRED CLASS OF CLAIMS VOTES TO ACCEPT THE PLAN). ACCORDINGLY, THE DEBTORS WILL DEMONSTRATE AT THE CONFIRMATION HEARING THAT THE PLAN SATISFIES THE REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO ANY NON-ACCEPTING CLASS.

3. Feasibility

Pursuant to section 1129(a)(11) of the Bankruptcy Code, among other things, the Bankruptcy Court must determine that confirmation of the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtors or any successors to the Debtors under the Plan. This condition is often referred to as the “feasibility” of the Plan. The Debtors believe that the Plan satisfies this requirement.

For purposes of determining whether the Plan meets this requirement, the financial advisors of the Debtors have analyzed the Debtors’ ability to meet their obligations under the Plan. As part of that analysis, the Debtors have prepared consolidated projected financial results for each of the years ending December 31, 2010 through and including 2014. These financial projections, and the assumptions on which they are based, are annexed hereto as Exhibit B (the “Financial Projections”). Based upon the Financial Projections, the Debtors believe that the Reorganized Debtors will be able to make all payments required pursuant to the Plan, and therefore, that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization. The Debtors also believe that they will be able to repay or refinance on commercially reasonable terms any and all of the indebtedness under the Plan at or prior to the maturity of such indebtedness.

The Financial Projections should be read in conjunction with the assumptions, qualifications, and explanations set forth in this Disclosure Statement and in the Plan in their entirety, and the historical consolidated financial statements (including the notes and schedules thereto) and other financial information set forth in ABH’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009, as amended, and other reports filed by ABH with the SEC filed prior to the Bankruptcy Court’s approval of this Disclosure Statement. These filings are available by visiting the SEC’s website at <http://www.sec.gov>.

The Debtors prepared the Financial Projections based upon, among other things, the anticipated future financial condition and results of operations of Reorganized Debtors. The Debtors do not, as a matter of course, publish their business plans, strategies, projections, or their anticipated results of operations or financial condition. Accordingly, the Debtors and the Reorganized Debtors do not intend to update or otherwise revise the Financial Projections, or to include such information in documents required to be filed with the SEC or otherwise make such information public to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error.

THE FINANCIAL PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE FINANCIAL ACCOUNTING STANDARDS BOARD. THE DEBTORS’ INDEPENDENT ACCOUNTANTS HAVE NEITHER

EXAMINED NOR COMPILED THE ACCOMPANYING FINANCIAL PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE DEBTORS DO NOT PUBLISH FINANCIAL PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. EXCEPT AS MAY OTHERWISE BE PROVIDED IN THE PLAN OR THIS DISCLOSURE STATEMENT, THE DEBTORS DO NOT INTEND TO UPDATE OR OTHERWISE REVISE THESE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE OF THIS DISCLOSURE STATEMENT OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH WILL BE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE OR ARE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. *SEE* ARTICLE VIII, "CERTAIN RISK FACTORS TO BE CONSIDERED."

IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

4. Best Interests Test

(a) Generally

The “best interests” test under section 1129 of the Bankruptcy Code requires as a condition to confirmation of a plan of reorganization that each holder of impaired claims or impaired interests receive property with a value not less than the amount such holder would receive in a chapter 7 liquidation. As indicated above, the Debtors believe that under the Plan, holders of Impaired Claims and Impaired Interests will receive property with a value equal to or in excess of the value such holders would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The chapter 7 liquidation analysis set forth below demonstrates that the Plan satisfies the requirements of the “best interests” test.

To estimate potential returns to holders of Claims and Interests in a chapter 7 liquidation, the Debtors determined, as might a Bankruptcy Court conducting such an analysis, the amount of liquidation proceeds that might be available for distribution (net of liquidation related costs) and the allocation of such proceeds among the Classes of Claims and Interests based on their relative priority as set forth in the Bankruptcy Code. The Debtors considered many factors and data and have assumed that the liquidation of all assets would be conducted in an orderly manner. The liquidation proceeds available for distribution to holders of Claims against and Interests in the Debtors would consist of the net proceeds from the disposition of the Debtors’ assets, augmented by any other cash that the Debtors held and generated during the assumed holding period stated in the Plan and after deducting the incremental expenses of operating the business pending disposition.

In general, as to each entity, liquidation proceeds would be allocated in the following priority:

- first, to the Claims of secured creditors to the extent of the value of their collateral;
- second, to the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtors’ chapter 7 cases, including tax liabilities;
- third, to the unpaid Administrative Claims;
- fourth, to Priority Tax Claims and other Claims entitled to priority in payment under the Bankruptcy Code;
- fifth, to Unsecured Claims; and
- sixth, to Interests.

The Debtors' liquidation costs in a chapter 7 case would include the compensation of a bankruptcy trustee, as well as compensation of counsel and other professionals retained by such trustee, asset disposition expenses, applicable taxes, litigation costs, Claims arising from the Debtors' operation during the pendency of the chapter 7 cases and all unpaid Administrative Claims that are allowed in the chapter 7 cases. The liquidation itself might trigger certain Priority Non-Tax Claims, and would likely accelerate Claims or, in the case of taxes, make it likely that the Internal Revenue Service would assert all of its claims as Priority Tax Claims rather than asserting them in due course as is expected to occur under the Chapter 11 Cases. These Priority Tax and Non-Tax Claims would be paid in full out of the net liquidation proceeds, after payment of secured Claims, chapter 7 costs of administration and other Administrative Claims, and before the balance would be made available to pay Unsecured Claims or to make any distribution in respect of Interests.

The chapter 7 liquidation analysis provided herein is provided solely to discuss the effects of a hypothetical chapter 7 liquidation of the Debtors and is subject to the assumptions set forth below. The Debtors cannot assure you that these assumptions would be accepted by a Bankruptcy Court. The chapter 7 liquidation analysis has not been independently audited or verified.

(b) Liquidation Analysis

A liquidation analysis is attached to this Disclosure Statement as Exhibit C (the "Liquidation Analysis"). This analysis is based upon a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies, many of which would be beyond the Debtors' control. Accordingly, while the analyses contained in the Liquidation Analysis are necessarily presented with numerical specificity, the Debtors cannot assure you that the values assumed would be realized if the Debtors were in fact liquidated, nor can the Debtors assure you that the Bankruptcy Court would accept this analysis or concur with these assumptions in making its determination under section 1129(a) of the Bankruptcy Code.

ACTUAL LIQUIDATION PROCEEDS COULD BE MATERIALLY LOWER OR HIGHER THAN THE AMOUNTS SET FORTH IN EXHIBIT C. NO REPRESENTATION OR WARRANTY CAN OR IS BEING MADE WITH RESPECT TO THE ACTUAL PROCEEDS THAT COULD BE RECEIVED IN A CHAPTER 7 LIQUIDATION OF THE DEBTORS. THE LIQUIDATION VALUATIONS HAVE BEEN PREPARED SOLELY FOR PURPOSES OF ESTIMATING PROCEEDS AVAILABLE IN A CHAPTER 7 LIQUIDATION OF THE ESTATES AND DO NOT REPRESENT VALUES THAT MAY BE APPROPRIATE FOR ANY OTHER PURPOSE. NOTHING CONTAINED IN THESE VALUATIONS IS INTENDED TO OR MAY BE ASSERTED TO CONSTITUTE A CONCESSION OR ADMISSION OF THE DEBTORS FOR ANY OTHER PURPOSE.

The Liquidation Analysis is based upon the Debtors' balance sheets as of March 31, 2010, and assumes that the actual March 31, 2010 balance sheets are conservative proxies for the balance sheets that would exist at the time the chapter 7 liquidation would commence.

As set forth in detail on the Liquidation Analysis attached hereto as Exhibit C, the Debtors believe that the Plan will produce a greater recovery for the holders of Claims than would be achieved in a chapter 7 liquidation. Consequently, the Debtors believe that the Plan, which provides for the continuation of the Debtors' businesses, will provide a substantially greater ultimate return to the holders of Claims than would a chapter 7 liquidation.

C. Enterprise Valuation of the Reorganized Debtors

In conjunction with formulating the Plan and the CCAA Plan, the Company determined that it was necessary to estimate its consolidated value on a going-concern basis (the "Enterprise Value"). Accordingly, the Company, with the assistance of Blackstone, its financial advisors, has prepared the foregoing valuation.

1. Methodology

In estimating the hypothetical range of the Enterprise Value of the Company, Blackstone:

- reviewed certain of the Company's recent historical financial information;
- reviewed certain of the Company's internal financial and operating data, which was prepared and provided to Blackstone by the Company's management and which relates to the Company's business and its prospects;
- met with the Company's senior management team and discussed the Company's operations and future prospects;
- considered certain economic and industry information relevant to the Company's operating business;
- conducted such other studies, analyses, inquiries and investigations as it deemed appropriate;
- reviewed certain publicly available financial data for, and considered the market value of, public companies that Blackstone deemed generally comparable to the operating business of the Company; and

- considered recent precedent transactions in the paper and forest products industry.

Although Blackstone reviewed the Company's business, operating assets and liabilities and business plan, Blackstone assumed that the Financial Projections prepared by the Company's management were reasonably prepared in good faith and on a basis reflecting the Company's most accurate currently available estimates and judgments as to the future operating and financial performance of the Company. In addition, Blackstone did not independently verify the Financial Projections in connection with preparing estimates of Enterprise Value, and no independent valuations or appraisals of the Debtors were sought or obtained in connection herewith. Such estimates were developed solely for purposes of the formulation and negotiation of the Plan and the CCAA Plan and the analysis of implied relative recoveries to holders of Allowed Claims/Proven Claims (as defined in the CCAA Plan) thereunder.

Blackstone's estimated Enterprise Value of the Company does not constitute a recommendation to any holder of Allowed Claims / Proven Claims as to how such person should vote or otherwise act with respect to the Plan or the CCAA Plan. Blackstone has not been asked to and does not express any view as to what the trading value of the Company's securities would be when issued pursuant to the Plan or the CCAA Plan or the prices at which they may trade in the future.

Blackstone's estimate of Enterprise Value reflects the application of standard valuation techniques and does not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan and delivered under the CCAA Plan, which may be significantly different than the amounts set forth herein. The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimated Enterprise Value range of the Company set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Neither the Company, nor Blackstone, nor any other person assumes responsibility for any differences between the Enterprise Value range and such actual outcomes. Actual market prices of such securities at issuance will depend upon, among other things, the operating performance of the Company, prevailing interest rates, conditions in the financial markets, the anticipated holding period of securities received by prepetition creditors (some of whom may prefer to liquidate their investment rather than hold it on a long-term basis), developments in the Company's industry and economic conditions generally, and other factors which generally influence the prices of securities.

As noted above, the estimate of the hypothetical range of Enterprise Values was calculated on a going-concern basis. The Plan and CCAA Plan are premised upon a complete deconsolidation of the Company's legal entities subject to those proceedings. As such, the values of the individual Debtors and Applicants (as defined in

the CCAA Plan) and the Allowed Claims/Proven Claims against such Debtors and Applicants may affect what is available for distribution to the creditors of each such entity.

The following is a brief summary of certain financial analyses performed by Blackstone to arrive at its range of estimated Enterprise Values for the Company. Blackstone's valuation analysis must be considered as a whole. Reliance on only one of the methodologies used or portions of the analysis performed could create a misleading or incomplete conclusion as to Enterprise Value.

(a) Discounted Cash Flow Analysis

The discounted cash flow ("DCF") analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the business' weighted average cost of capital (the "Discount Rate"). The Discount Rate reflects the estimated blended rate of return that would be required by debt and equity investors to invest in the business based upon its capital structure. The Enterprise Value of the firm is determined by calculating the present value of the Company's unlevered after-tax free cash flows based on the Financial Projections (with certain adjustments noted in the Financial Projections section) plus an estimate for the value of the Company beyond the Projection Period (as defined in the Financial Projections), known as the terminal value. The terminal value is derived by applying a perpetuity growth rate to the average free cash flow generated over the Projection Period, discounted back to the assumed date of emergence by the Discount Rate.

(b) Comparable Company Analysis

The comparable company valuation analysis estimates the value of a company based on a relative comparison with other publicly traded companies with similar operating and financial characteristics. Under this methodology, the enterprise value for each selected public company was determined by examining the trading prices for the equity securities of such company in the public markets and adding the aggregate amount of outstanding net debt for such company (at book value) and minority interest. Those enterprise values are commonly expressed as multiples of various measures of operating statistics, most commonly EBITDA. Blackstone also examined enterprise values for each selected public company by including the pension underfunding of each company in enterprise value and then expressing those enterprise values as multiples of EBITDAP. In addition, each of the selected public company's operational performance, operating margins, profitability, leverage and business trends were examined. Based on these analyses, financial multiples and ratios are calculated to apply to the Company's actual and projected operational performance.

(c) Precedent Transactions Analysis

The precedent transactions analysis estimates value by examining public merger and acquisition transactions. The valuations paid in such acquisitions or implied in such mergers are analyzed as ratios of various financial results. These transaction multiples are calculated based on the purchase price (including any debt assumed) paid to acquire companies that are comparable to the Company. Since precedent transaction analysis reflects aspects of value other than the intrinsic value of a company, there are limitations as to its applicability in determining the Enterprise Value. Nonetheless, Blackstone reviewed recent merger and acquisition transactions involving paper and forest products companies. Many of the transactions analyzed occurred in fundamentally different industry and credit market conditions from those prevailing in the marketplace and therefore may not be the best indication of value.

* * * *

The valuation analysis assumes an Effective Date / Implementation Date of October 1, 2010 and is based on the Financial Projections provided by the Debtors' management for 2010 – 2014, which are attached to this Disclosure Statement as Exhibit B. Based on these Financial Projections and solely for purposes of the Plan, Blackstone estimates that the Enterprise Value of the Company falls within a range of approximately \$3,500 to \$3,850 million with a mid-point estimate of \$3,675 million. The Enterprise Valuation includes the proportionate share of value of investments in non-consolidated affiliates and the value of other assets.

Based on an assumed pro forma debt balance of approximately \$1,250 million at the Effective Date / Implementation Date, including the Rights Offering at face value, the funded portion of the Exit Financing Facilities and the proportionate share of debt and long-term liabilities at the Company's affiliates, Blackstone's mid-point estimate of Enterprise Value implies a mid-point value for the New ABH Common Stock (the "Equity Value") of approximately \$2,425 million. The mid-point Equity Value assumes that there are no material differences between the face value and the fair value of the Rights Offering or other pro forma debt.

VIII.

CERTAIN RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST ANY OF THE DEBTORS SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE HEREIN), INCLUDING THE DISCLAIMERS SET FORTH ABOVE, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN

CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION, OR
ALTERNATIVES TO THE PLAN.

A. Risks Relating to the Plan

1. Consummation of the Plan is subject to creditor acceptance and approval by the Bankruptcy Court

The Debtors have operated their business and managed their assets under the supervision of the Bankruptcy Court since the Petition Date. Before it can be consummated, the Plan must be accepted by at least two-thirds in dollar amount and a majority in number of the Claims of Classes (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) entitled to vote to accept or reject the Plan. The Effective Date is also subject to, among other things, the Canadian Court's sanction of the CCAA Plan, which that court will grant, after notice and a hearing, only if all the statutory requirements for sanction have been met, including the acceptance by the required vote of affected creditors. There can be no assurance that the Plan will be approved by the required majority of impaired creditors, and that even if approved, the Bankruptcy Court will confirm the Plan. Furthermore, the CCAA Plan is subject to a similar process in the CCAA Proceedings and there can no assurance that the affected creditors will approve the CCAA Plan and that, even if so approved, the Canadian Court will sanction the CCAA Plan. The failure of any of these conditions will delay the consummation of the Plan.

The Plan provides that the Debtors reserve the right to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code, to the extent applicable. In the event that any Class of Claims entitled to vote fails to accept the Plan in accordance with sections 1126(c) and 1129(a)(8) of the Bankruptcy Code, the Debtors reserve the right to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code and/or modify the Plan in accordance with Section 10.8 thereof. While the Debtors believe that the Plan satisfies the requirements for non-consensual confirmation under section 1129(b) of the Bankruptcy Code because it does not "discriminate unfairly" and is "fair and equitable" with respect to the Classes that reject or are deemed to reject the Plan, there can be no assurance that the Bankruptcy Court will reach the same conclusion. In addition, there can be no assurance that any challenge to the requirements for non-consensual confirmation will not delay the Debtors' emergence from chapter 11 or prevent confirmation of the Plan.

2. Occurrence of the Effective Date of the Plan is subject to a number of significant conditions

Although the Debtors believe that the Effective Date may occur soon after issuance of the Confirmation Order, there can be no assurance as to such timing. The occurrence of the Effective Date is subject to certain conditions precedent as described in the Plan, including, among others, those relating to the Exit Financing Facilities and

Backstop Agreement for the Rights Offering. Failure to meet any of these conditions could result in the Plan not being consummated or the Confirmation Order being vacated.

If the Plan is not consummated, any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), the assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be null and void.

3. If any of the conditions to consummation are not satisfied, or an alternative plan is not approved, the Debtors may be forced to liquidate

If any of the conditions above, including confirmation of the Plan by the Bankruptcy Court, sanction by the Canadian Court, and the satisfaction of conditions to the Effective Date are not satisfied and the Plan is not consummated, or an alternative plan is not approved, there can be no assurance that the Chapter 11 Cases and CCAA Proceedings will continue, or that an alternative plan of reorganization, if any, would be approved on comparable terms for holders of Claims. The most likely alternative to a continuation of the Chapter 11 Cases and the CCAA Proceedings is a liquidation. In the event of the Company's liquidation, there is a substantial risk that there would be little recovery for holders of Unsecured Claims.

4. The actual Allowed Claims may differ from the estimated Claims and adversely affect the percentage recovery of Claims

The estimated Claims set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Such differences may materially and adversely affect, among other things: the percentage recoveries to holders of Allowed Claims under the Plan; the Debtors' ability to consummate the Plan; the Company's ability to realize the Financial Projections; and the Company need to raise additional debt or equity financing.

5. Undue delay may significantly disrupt the Company's operations

Although the Plan and the CCAA Plan are designed to minimize the length of the Chapter 11 Cases and CCAA Proceedings, it is not possible to predict the amount of time the Company may spend in such proceedings or to provide any assurance as to whether or not the Plan and CCAA Plan will be confirmed or sanctioned, as further described above. The continuation of the Chapter 11 Cases or the CCAA Proceedings, particularly if the Plan or the CCAA Plan are not approved or confirmed in the time frame currently contemplated, could materially and adversely affect the Company's operations and relationships with its customers, vendors, service providers, employees,

regulators and partners. Also, transactions outside the ordinary course of business are subject to the prior approval of the Bankruptcy Court and/or the Canadian Court, which may limit the Company's ability to respond timely to certain events or take advantage of certain opportunities. In addition, if confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Cases could result in, among other things, increased costs, professional fees, and similar expenses, and may also make it more difficult to retain and attract management and other key personnel, and would require senior management to spend a significant amount of time and effort dealing with the Company's financial reorganization instead of focusing on the operation of the Company's businesses.

6. The Company may not achieve the financial performance projected under the Plan.

The Financial Projections attached hereto as Exhibit B are the projections of future performance of the Company's operations on a consolidated basis through fiscal year 2014, after giving effect to the Plan and do not purport to represent what the Company's actual financial position will be upon emergence from the Chapter 11 Cases and CCAA Proceedings or represent what the fair value of the Company's assets and liabilities will be at the Effective Date. These Financial Projections are based on numerous estimates of values and assumptions including the timing, confirmation and consummation of the Plan and CCAA Plan in accordance with their terms, the anticipated future performance of the Company, industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Company and some or all of which may not materialize. These estimates and assumptions are based on management's judgment based on facts available and determinations made at the time the Financial Projections were prepared, and may turn out to have been incorrect over time, which could have a material effect on the Company's ability to meet the Financial Projections. It is also not possible to predict with certainty that the actions taken in connection with the Chapter 11 Cases and CCAA Proceedings based on the estimates and assumptions will result in an improved financial and operating condition that ensures the long-term viability of the Company.

In addition, unanticipated events and circumstances occurring subsequent to the date hereto may affect the actual financial results of the Company's operations. Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not intend to update the Financial Projections; thus, the Financial Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

7. Certain liabilities will not be fully extinguished as a result of the Confirmation of the Plan by the Bankruptcy Court.

While a significant amount of the Debtors' current liabilities will be discharged upon emergence from the Chapter 11 Cases, a number of obligations may remain in effect following the Effective Date. Various agreements and liabilities will remain in place, such as certain employee benefit and pension obligations, and other contracts that, even if modified during the Chapter 11 Cases, will still subject the Debtors to substantial obligations and liabilities.

B. Risks Relating to the Company's Financial Results and Condition

1. The Company will require significant financing in order to emerge from the Chapter 11 Cases and CCAA Proceedings

The Company's entry into the Exit Financing Facilities is a condition to consummation of the Plan. There can be no assurance at this time that this financing will be available, or that it will be available but on terms that are not favorable to the Company, in which case the Company's emergence from the Chapter 11 Cases and CCAA Proceedings could be delayed indefinitely or the Company may be forced to accept unfavorable terms that could affect its ability to succeed in the future. As described above, such a delay could have important consequences for creditor recoveries and the Company's ability to meet the Financial Projections.

The Company cannot provide any assurance that it will be able to obtain financing in the future if and when required, or that it will be able to obtain financing on favorable terms. The Company's profitability and ability to generate cash flow will likely depend upon its ability to successfully implement its business strategy and meet or exceed the results forecasted in the Financial Projections, but the Company cannot ensure that it will be able to accomplish these results if it does not have the appropriate financing to do so.

The Company expects that its future sources of financing, including the Exit Financing Facilities, will include covenants and other provisions that will restrict the Company's ability to engage in certain financing transactions and operating activities.

2. The Company's degree of leverage may limit its financial and operating activities.

The Company's substantial indebtedness could adversely affect its financial health and limit its operations. Its historical capital requirements have been considerable and its future capital requirements could vary significantly and may be affected by general economic conditions, industry trends, performance, and many other factors that are not within its control. The Company's substantial level of indebtedness has, in the past, had important consequences, including: limiting its ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of its growth strategy, or other purposes; limiting its ability to use operating cash flow in other areas of its business because they must dedicate a substantial portion of these funds to service the debt; increasing its vulnerability to general adverse

economic and industry conditions; limiting its ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation; limiting its ability or increasing the costs to refinance indebtedness; and limiting its ability to enter into marketing, hedging, optimization, and trading transactions by reducing the number of counterparties with whom it can transact as well as the volume of those transactions. These consequences, and others, could similarly impact the Company's business and operations after the Effective Date.

3. The Company's financial results may be volatile and may not reflect historical trends.

Following the Debtors and Canadian Debtors emergence from the Chapter 11 Cases and CCAA Proceedings, the Company expects that its financial results may continue to be volatile as asset impairments, asset dispositions and restructuring activities (including mill and paper machines closures and idlings), as well as continuing global economic uncertainty, may significantly impact the Financial Projections. As a result, the Company's historical financial performance is likely not indicative of its financial performance post-emergence. In addition, upon emergence, the amounts reported in the Company's subsequent financial statements may materially change relative to its historical financial statements, including as a result of revisions to its operating plans pursuant to the Plan and the CCAA Plan.

4. The Company will be required to adopt fresh start accounting

As part of the Company's emergence from the Chapter 11 Cases and CCAA Proceedings, it will be required to adopt fresh start accounting. Accordingly, the Company's assets and liabilities will be recorded at fair value as of the fresh start reporting date. The fair value of the Company's assets and liabilities may differ materially from the recorded values of assets and liabilities in the Financial Projections. The Company's financial results after the application of fresh start accounting may also be different from historical trends.

C. Risks Relating to the Company's Business.

1. Developments in alternative media could continue to adversely affect the demand for the Company's products, especially in North America, and the Company's responses to these developments may not be successful

Trends in advertising, electronic data transmission and storage and the Internet could have further adverse effects on traditional print media, including the Company's products and those of its customers, but neither the timing nor the extent of those trends can be predicted with certainty. The Company's newspaper, magazine and catalog publishing customers may increasingly use, and compete with businesses that use, other forms of media and advertising and electronic data transmission and storage, including television and the Internet, instead of newsprint, coated papers, uncoated

specialty papers or other products made by the Company. The demand for certain of the Company's products weakened significantly over the last several years. For example, industry statistics indicate that North American newsprint demand has been in decline for several years and has experienced annual declines of 5.6% in 2005, 6.1% in 2006, 10.3% in 2007, 11.2% in 2008 and 25.3% in 2009. Third-party forecasters indicate that these declines in newsprint demand could continue in 2010 or beyond due to conservation measures taken by publishers, reduced North American newspaper circulation, less space devoted to advertising and substitution to other uncoated mechanical grades.

One of the Company's responses to the declining demand for its products has been to curtail its production capacity. It may become necessary to curtail even more production or permanently shut down even more machines or facilities. Such further curtailments and shutdowns would become increasingly likely as North American newsprint demand continues to decline or if market conditions otherwise worsen. Curtailments or shutdowns could result in goodwill or asset impairments and additional costs at the affected facilities, and could negatively impact the Company's cash flows and materially affect its results of operations and financial condition.

2. Bankruptcy of a significant customer could have a material adverse effect on the Company's liquidity, financial position and results of operations

Trends discussed in the immediately preceding risk factor continue to impact the operations of the Company's newsprint customers. If a customer is forced into bankruptcy as a result of these trends, any receivables related to that customer prior to the date of filing of such customer may not be realized. In addition, such a customer may choose to reject its contracts with the Company, which could result in a larger claim arising prior to the date of filing of such customer.

3. Currency fluctuations may adversely affect the Company's results of operations and financial condition, and changes in foreign currency exchange rates can affect the Company's competitive position, selling prices and manufacturing costs

The Company competes with North American, European and Asian producers in most of its product lines. The Company's products are sold and denominated in U.S. dollars, Canadian dollars and selected foreign currencies. A substantial portion of the Company's manufacturing costs are denominated in Canadian dollars. In addition to the impact of product supply and demand, changes in the relative strength or weakness of such currencies, particularly the U.S. dollar, may also affect international trade flows of these products. A stronger U.S. dollar may attract imports into North America from foreign producers, increase supply and have a downward effect on prices, while a weaker U.S. dollar may encourage U.S. exports and increase manufacturing costs that are in Canadian dollars or other foreign currencies. Variations in the exchange rates between the U.S. dollar and other currencies, particularly the Euro

and the currencies of Canada, Sweden and certain Asian countries, will significantly affect the Company's competitive position compared to many of its competitors.

The Company is particularly sensitive to changes in the value of the Canadian dollar versus the U.S. dollar. The impact of these changes depends primarily on the Company's production and sales volume, the proportion of its production and sales that occur in Canada, the proportion of its financial assets and liabilities denominated in Canadian dollars, its hedging levels and the magnitude, direction and duration of changes in the exchange rate. The Company expects exchange rate fluctuations to continue to impact costs and revenues; however, it cannot predict the magnitude or direction of this effect for any quarter, and there can be no assurance of any future effects. During the last two years, the relative value of the Canadian dollar ranged from US\$1.02 in March 2008 to US\$0.77 in October 2008 and back to US\$0.95 as of December 31, 2009. Based on exchange rates and operating conditions projected for 2010, and prior to the impact of the Company's plan or plans of reorganization, the Company projects that a one-cent increase in the Canadian-U.S. dollar exchange rate would decrease its pre-tax income (loss) for 2010 by approximately \$22 million.

If the Canadian dollar continues to remain strong versus the U.S. dollar, it could influence the foreign exchange rate assumptions that are used in the Company's evaluation of long-lived assets for impairment and, consequently, result in asset impairment charges.

4. The Company may not be successful in its strategy of increasing its share of coated and specialty papers and competing in growth markets with higher returns

One of the components of the Company's long-term strategy is to improve its portfolio of businesses by focusing on coated and specialty papers and competing more aggressively in growth markets with higher returns. There are risks associated with the implementation of this strategy, which is complicated and involves a substantial number of mills, machines and personnel. To the extent the Company is unsuccessful in achieving this strategy, its results of operations may be adversely affected.

5. The Company faces intense competition in the forest products industry and the failure to compete effectively would have a material adverse effect on its business, financial condition or results of operations

The Company competes with numerous forest products companies, many of which have greater financial resources than the Company does. There has been a continued trend toward consolidation in the forest products industry, leading to new global producers. These global producers are typically large, well-capitalized companies that may have greater flexibility in pricing and financial resources for marketing, investment and expansion than the Company does. The markets for its products are all highly competitive. Actions by competitors can affect the Company's ability to sell its

products and can affect the volatility of the prices at which its products are sold. While the principal basis for competition is price, the Company also competes on the basis of customer service, quality and product type. There has also been an increasing trend toward consolidation among its customers. With fewer customers in the market for its products, the Company's negotiation position with these customers could be weakened. In addition, the Chapter 11 Cases and CCAA Proceedings may be used by the Company's competitors in an attempt to divert its existing customers or may discourage future customers from purchasing the Company's products under long-term agreements.

In addition, the Company's industry is capital intensive, which leads to high fixed costs. Some of its competitors may be lower-cost producers in some of the businesses in which the Company operates. Global newsprint capacity, particularly Chinese and European newsprint capacity, has been increasing, which is expected to result in lower prices, volumes or both for its exported products. The Company believes that new hardwood pulp capacity at South American pulp mills has unit costs that are significantly below those of its hardwood kraft pulp mills. Other actions by competitors, such as reducing costs or adding low-cost capacity, may adversely affect the Company's competitive position in the products it manufactures and consequently, its sales, operating income and cash flows. The Company may not be able to compete effectively and achieve adequate levels of sales and product margins. Failure to compete effectively would have a material adverse effect on its business, financial condition or results of operations.

6. The forest products industry is highly cyclical. Fluctuations in the prices of, and the demand for, the Company's products could result in small or negative profit margins, lower sales volumes and curtailment or closure of operations

The forest products industry is highly cyclical. Historically, economic and market shifts, fluctuations in capacity and changes in foreign currency exchange rates have created cyclical changes in prices, sales volume and margins for the Company's products. Most of the Company's paper and wood products are commodities that are widely available from other producers and even its coated and specialty papers are susceptible to these fluctuations. Because the Company's commodity products have few distinguishing qualities from producer to producer, competition for these products is based primarily on price, which is determined by supply relative to demand. The overall levels of demand for the products the Company manufactures and distributes and consequently, its sales and profitability, reflect fluctuations in levels of end-user demand, which depend in part on general economic conditions in North America and worldwide. In 2008 and 2009, the Company experienced lower demand and decreased pricing for its wood products due to a weaker U.S. housing market. As a result, during 2008, the Company announced the curtailment of annualized capacity of approximately 1.3 billion board feet of lumber in the provinces of Quebec and British Columbia and during 2009, the Company continued its wood products' operating rate at extremely low levels. The Company is not expecting any significant improvements in the U.S. housing market in

2010, but transaction prices have shown some improvement in early 2010. As such, the Company is continuing to conduct an in-depth review of its wood products business with the objective of selling non-core assets, consolidating facilities and curtailing or closing non-contributing operations. Curtailments or shutdowns could result in asset impairments at the affected facilities and could materially affect the Company's results of operations or financial condition.

7. The Company's manufacturing businesses may have difficulty obtaining wood fiber at favorable prices, or at all

Wood fiber is the principal raw material the Company uses in its business. The Company uses both virgin fiber (wood chips and logs) and recycled fiber (old newspapers and magazines) as fiber sources for its paper mills. The primary source for wood fiber is timber. Environmental litigation and regulatory developments have caused, and may cause in the future, significant reductions in the amount of timber available for commercial harvest in Canada and the United States. In addition, future domestic or foreign legislation, litigation advanced by Aboriginal groups and litigation concerning the use of timberlands, the protection of endangered species, the promotion of forest biodiversity and the response to and prevention of catastrophic wildfires could also affect timber supplies. Availability of harvested timber may further be limited by factors such as fire and fire prevention, insect infestation, disease, ice storms, wind storms, drought, flooding and other natural and man-made causes, thereby reducing supply and increasing prices. As is typical in the industry, the Company does not maintain insurance for any loss to its outstanding timber from natural disasters or other causes.

Wood fiber is a commodity and prices historically have been cyclical, are subject to market influences and may increase in particular regions due to market shifts. Pricing of recycled fiber is also subject to market influences and has experienced significant fluctuations. During the last two years, the prices of old newspapers have ranged from a high of \$195 average per ton during the third quarter of 2008 to a low of \$76 average per ton during the first quarter of 2009 and averaged \$131 per ton during the fourth quarter of 2009. There can be no assurance that prices of recycled fiber will remain at their current level. Any sustained increase in fiber prices would increase its operating costs and the Company may be unable to increase prices for its products in response.

Although the Company believes that the balance of fiber supply between its internal sources and the open market is adequate to support its current wood products and paper and pulp production requirements, there can be no assurance that access to fiber will continue at the same levels achieved in the past. The cost of softwood fiber and the availability of wood chips may be affected. If its cutting rights pursuant to the forest licenses or forest management agreements are reduced or if any third-party supplier of wood fiber stops selling or is unable to sell wood fiber to the Company, its financial condition or operating results could suffer.

8. An increase in the cost of its purchased energy, chemicals and other raw materials would lead to higher manufacturing costs, thereby reducing the Company's margins

The Company's operations consume substantial amounts of energy, such as electricity, natural gas, fuel oil, coal and wood waste. The Company buys energy and raw materials, including chemicals, wood, recovered paper and other raw materials, primarily on the open market.

The prices for raw materials and energy are volatile and may change rapidly, directly affecting the Company's results of operations. The availability of raw materials and energy may also be disrupted by many factors outside its control, adversely affecting its operations. Energy prices, particularly for electricity, natural gas and fuel oil, have been volatile in recent years and prices every year since 2005 have exceeded long-term historical averages. As a result, fluctuations in energy prices will impact the Company's manufacturing costs and contribute to earnings volatility.

The Company is a major user of renewable natural resources such as water and wood. Accordingly, significant changes in climate and forest diseases or infestation could affect its financial condition or results of operations. The volume and value of timber that it can harvest or purchase may be limited by factors such as fire and fire prevention, insect infestation, disease, ice storms, wind storms, drought, flooding and other natural and man-made causes, thereby reducing supply and increasing prices. As is typical in the industry, the Company does not maintain insurance for any loss to its standing timber from natural disasters or other causes. Also, the Company can provide no assurance that it will be able to maintain its rights to utilize water or to renew them at conditions comparable to those currently in effect.

For its commodity products, the relationship between industry supply and demand for these products, rather than changes in the cost of raw materials, will determine its ability to increase prices. Consequently, the Company may be unable to pass along increases in its operating costs to its customers. Any sustained increase in energy, chemical or raw material prices without any corresponding increase in product pricing would reduce the Company's operating margins and potentially require the Company to limit or cease operations of one or more of its machines.

9. The Company could experience disruptions in operations or increased labor costs due to labor disputes

The Company believes it is the largest employer in the Canadian forest products sector and has the sector's largest representation by unions. A significant number of the Company's collective bargaining agreements with respect to its paper operations in Eastern Canada expired at the end of April 2009, as have those for the Calhoun, Tennessee and the Catawba, South Carolina facilities. The Company recently reached an agreement in principle with representatives of both the CEP and the CSN, subject to the resolution of multi-party pension deficit discussions that are continuing

between the Applicants and various governments and unions in Canada. The members of the CEP and the CSN have ratified that agreement (except for one local that has yet to hold its vote). The final resolution of the foregoing matters is a condition to the consummation of the CCAA Plan.

On April 29, 2010, a coalition of U.S. labor unions led by the United Steelworkers International ratified a new master bargaining agreement covering mills in Calhoun, Catawba, Coosa Pines and Augusta. The employees at the Mokpo facility have complied with all conditions necessary to strike, but the possibility of a strike or lockout of those employees is not clear; the Company served the six-month notice necessary to terminate the collective bargaining agreement related to the Mokpo facility on June 19, 2009.

While negotiations with unions have in the past resulted in collective bargaining agreements, as is the case with any negotiation, the Company may not be able to reach satisfactory agreements, which could result in strikes or work stoppages by affected employees. Renewals could also result in higher wage or benefit costs. The Company could therefore experience a disruption of its operations or higher ongoing labor costs, which could affect its business, financial condition or results of operations.

10. The Company's operations require substantial capital and the Company may not have adequate capital resources to provide for all of its capital requirements

The Company's businesses are capital intensive and require that it regularly incurs capital expenditures in order to maintain its equipment, increase its operating efficiency and comply with environmental laws. In addition, significant amounts of capital may be required to modify its equipment to produce alternative grades with better demand characteristics or to make significant improvements in the characteristics of its current products. If its available cash resources and cash generated from operations are not sufficient to fund its operating needs and capital expenditures, the Company would have to obtain additional funds from borrowings or other available sources or reduce or delay its capital expenditures. Current global credit conditions and the downturn in the global economy have resulted in a significant decline in the credit markets and the overall availability of credit. The Company may not be able to obtain additional funds on favorable terms or at all. If the Company cannot maintain or upgrade its equipment as the Company requires, the Company may become unable to manufacture products that compete effectively. At this time, the Company cannot predict the impact of the Chapter 11 Cases and CCAA Proceedings on its capital expenditure program.

11. Changes in laws and regulations could adversely affect the Company's results of operations

The Company is subject to a variety of foreign, federal, state, provincial and local laws and regulations dealing with trade, employees, transportation, taxes, timber and water rights and the environment. Changes in these laws or regulations or

their interpretations or enforcement have required in the past, and could require in the future, substantial expenditures by the Company and adversely affect its results of operations. For example, changes in environmental laws and regulations have in the past, and could in the future, require the Company to spend substantial amounts to comply with restrictions on air emissions, wastewater discharge, waste management and landfill sites, including remediation costs. Environmental laws are becoming increasingly stringent. Consequently, its compliance and remediation costs could increase materially.

12. Changes in the political or economic conditions in Canada, the United States or other countries in which its products are manufactured or sold could adversely affect the Company's results of operations

The Company manufactures products in Canada, the United States and South Korea and sells products throughout the world. Paper prices are tied to the health of the economies of North and South America, Asia and Europe, as well as to paper inventory levels in these regions. The economic and political climate of each region has a significant impact on its costs and the prices of, and demand for, the Company's products. Changes in regional economies or political instability, including acts of war or terrorist activities, can affect the cost of manufacturing and distributing its products, pricing and sales volume, directly affecting its results of operations. Such changes could also affect the availability or cost of insurance.

13. The Company may be required to record additional environmental liabilities

The Company is subject to a wide range of general and industry-specific laws and regulations relating to the protection of the environment, including those governing air emissions, wastewater discharges, timber harvesting, the storage, management and disposal of hazardous substances and waste, the clean-up of contaminated sites, landfill operation and closure, forestry operations, endangered species habitat, and health and safety. As an owner and operator of real estate and manufacturing and processing facilities, the Company may be liable under environmental laws for cleanup and other costs and damages, including tort liability and damages to natural resources, resulting from past or present spills or releases of hazardous or toxic substances on or from its current or former properties. The Company may incur liability under these laws without regard to whether the Company knew of, was responsible for, or owned the property at the time of, any spill or release of hazardous or toxic substances on or from its property, or at properties where the Company arranged for the disposal of regulated materials. Claims may arise out of currently unknown environmental conditions or aggressive enforcement efforts by governmental or private parties. As a result of the above, the Company may be required to record additional environmental liabilities.

14. The Company is subject to physical and financial risks associated with climate change

The Company's operations are subject to climate variations, which impact the productivity of forests, the distribution and abundance of species and the spread of disease or insect epidemics, which may adversely or positively affect timber production. Over the past several years, changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters such as hurricanes, earthquakes, hailstorms, wildfires, snow and ice storms, which could also affect the Company's woodlands or cause variations in the cost for raw materials such as fiber. Changes in precipitation resulting in droughts could adversely affect its hydroelectric facilities' production, increasing its energy costs, while increased precipitation may generally have positive effects.

To the extent climate change impacts raw material availability or the Company's electricity production, it may also impact its costs and revenues. Furthermore, should financial markets view climate change as a financial risk, its ability to access capital markets or to receive acceptable terms and conditions could be affected.

15. The Company may be required to record additional long-lived asset impairment charges

Losses related to impairment of long-lived assets are recognized when circumstances indicate the carrying values of the assets may not be recoverable, such as continuing losses in certain locations. When certain indicators that the carrying value of a long-lived asset may not be recoverable are triggered, the Company evaluates the carrying value of the asset group in relation to its expected undiscounted future cash flows. If the carrying value of the asset group is greater than the expected undiscounted future cash flows, an impairment charge is recorded based on the excess of the long-lived asset group's carrying value over its fair value.

It is possible that the Company could record additional non-cash long-lived asset impairment charges in future periods when there is a triggering event.

16. The Company has net liabilities with respect to its pension plans and the actual cost of its pension plan obligations could exceed current provisions

As of December 31, 2009, the Company's defined benefit pension plans were under-funded by an aggregate of approximately \$424 million on a financial accounting basis. The Company's future funding obligations for the defined benefit pension plans depend upon changes to the level of benefits provided by the plans, the future performance of assets set aside in trusts for these plans, the level of interest rates used to determine minimum funding levels, actuarial data and demographic experience (e.g., mortality and retirement rates) and any changes in government laws and regulations. Any adverse change to any of these factors may require the Company to increase its cash contributions to its pension plans and those additional contributions could have a material adverse effect on its cash flows and results of operations.

The Company obtained an order from the Canadian Court on May 8, 2009 specifying that the payment of special contributions for past service to Canadian pension plans maintained by ACI and Bowater could be suspended. ACI and Bowater continue to make their respective Canadian pension plan contributions for current service costs.

The determination of projected benefit obligations and the recognition of expenses related to the Company's pension plan obligations are dependent on assumptions used in calculating these amounts. These assumptions include, among other things, expected rates of return on plan assets, which are developed using the Company's historical experience applied to its target allocation of investments in conjunction with market-related data for each individual country in which such plans exist. All assumptions are reviewed periodically with third-party actuarial consultants and adjusted as necessary. Any deterioration in the global securities markets could impact the value of the assets included in its defined benefit pension plans, which could materially impact future minimum cash contributions. The Company continues to evaluate its pension and other post-retirement benefit obligations in the context of the Chapter 11 Cases and CCAA Proceedings and as a result, its current expectations regarding such obligations in 2010 and beyond are uncertain at this time and are subject to change. Multi-party pension deficit discussions are continuing between the Company and various governments and unions in Canada.

It is a condition to the consummation of the CCAA Plan that the following regulations be adopted in a form and substance satisfactory to the Canadian Debtors: (1) a special funding relief regulation pursuant to the *Supplemental Pension Plans Act (Québec)* for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans; and (2) a special funding relief regulation pursuant to the *Pension Benefits Act (Ontario)* for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans. The Company cannot predict if those conditions will be satisfied.

17. The Company may not be compensated for the expropriation of certain assets by the Government of Newfoundland and Labrador

On December 16, 2008, following the Company's December 4, 2008 announcement of the permanent closure of its Grand Falls newsprint mill, the province of Newfoundland and Labrador passed legislation under Bill 75 to expropriate, among other things, all of the Company's timber rights, water rights, leases and hydroelectric assets in the province of Newfoundland and Labrador, whether partially or wholly owned through its subsidiaries and affiliated entities. The province also announced that it does not plan to compensate the Company for the loss of the water and timber rights, but has indicated that it may compensate the Company for certain of its hydroelectric assets. However, it has made no commitment to ensure that such compensation would represent the fair market value of such assets.

On February 25, 2010, the Company filed a Notice of Arbitration under NAFTA, which asserts that the expropriation was arbitrary, discriminatory and illegal. The Company's claim seeks direct compensation for damages of approximately Cdn\$500 million, plus additional costs and relief. Although the Company believes that the Government of Canada will be required to compensate the Company for the fair market value of the expropriated assets, there can be no assurance that it will. The Company continues to reach out to the Canadian Government in an effort to come to a negotiated settlement and avoid protracted NAFTA proceedings.

18. The Company could be compelled to remediate certain sites the Company formerly owned and/or operated in the province of Newfoundland and Labrador

On March 31, 2010, the Canadian Court dismissed a motion for declaratory judgment brought by the province of Newfoundland and Labrador, awarding costs in favor of the Company, and thus confirmed its position that the five orders the province issued under section 99 of its Environmental Protection Act on November 12, 2009 are subject to the stay of proceedings pursuant to the CCAA Proceedings. The province of Newfoundland and Labrador's orders could have required the Company to proceed immediately with the environmental remediation of various sites it formerly owned or operated, some of which the province expropriated in December 2008 with Bill 75. If the province requests an extension to the applicable Canadian Court-imposed deadline by which its claim had to be filed in order to receive any distribution in the CCAA Proceedings, a request the Company can contest, and if the Canadian Court grants the request, the province's claim based on the environmental orders would be subject to the existing claims process and would be subject to compromise. The province sought leave to appeal the Canadian Court's judgment to the Quebec Court of Appeal, which was denied on May 18, 2010.

19. The continued decline in the global economy and the Chapter 11 Cases and CCAA Proceedings may significantly inhibit the Company's ability to sell assets

Non-core asset sales have been and may continue to be a source of additional liquidity, subject to the approval of the Bankruptcy Court, Canadian Court, and the Monitor, as applicable, until such time as the Company emerges from the Chapter 11 Cases and CCAA Proceedings. The Company periodically reviews timberlands and other assets and sell such assets as a source of additional liquidity. However, as a result of the current global economy and credit conditions, it may be difficult for potential purchasers to obtain the financing necessary to buy such assets. As a result, the Company may be forced to sell the assets for significantly lower amounts than planned or may not be able to sell them at all. No assurances can be provided that the Bankruptcy Court, Canadian Court, and the Monitor, as applicable, will approve such sales or as to the timing of any such approvals.

20. The Company could lose any or all of its equity interest in Augusta Newsprint Company

On June 15, 2009, the Debtors filed a motion with the Bankruptcy Court to reject the Call Agreement in respect of Augusta Newsprint Inc., an indirect subsidiary of Woodbridge. Augusta Newsprint Company is the partnership that owns and operates the Augusta newsprint mill. The Call Agreement obligated ACSC to either buy out Augusta Newsprint Company at a price well above market, or risk losing all of its equity in the joint venture pursuant to forced sale provisions. The Bankruptcy Court granted the Debtors' motion on October 27, 2009 and approved their rejection of the Call Agreement. The Debtors' counterparties to the Call Agreement filed a Notice of Appeal on November 3, 2009. If the Bankruptcy Court's judgment is not upheld and a forced sale is consummated, there can be no assurance that the Debtors would be able to recover any or all of their 52.5% equity interest in Augusta Newsprint Company, which as of December 31, 2009, was approximately \$42 million.

Also, on March 9, 2010, Woodbridge filed the Augusta Partnership Motion in the Bankruptcy Court to force ACSC to reject the partnership agreement governing Augusta Newsprint Company. If ACSC were forced to reject the partnership agreement, the future of the Augusta mill would be uncertain. The Debtors filed an objection to the Augusta Partnership Motion on April 9, 2010. The Augusta Partnership Motion is now pending before the Bankruptcy Court and a hearing is scheduled for May 26, 2010.

D. Risks Relating to the New ABH Common Stock

1. The Plan exchanges senior securities for equity

If the Plan is Confirmed, holders of certain Claims will receive New ABH Common Stock. Thus, in agreeing to the Plan, certain of such holders will be consenting to the exchange of their interests in senior debt, which has, among other things, a stated interest rate, a maturity date, and a liquidation preference over equity securities, for New ABH Common Stock, which will be subordinated to all future creditor and non-equity based Claims.

2. There is no existing trading market for the New ABH Common Stock

There is no existing trading market for the New ABH Common Stock nor is it known with certainty whether or when a trading market will develop. Although the Debtors anticipate that the New ABH Common Stock will be listed or quoted on the NYSE or NASDAQ and/or the Toronto Stock Exchange, there can be no assurance that such shares will be accepted for listing by the relevant governing body. The lack of liquidity for the New ABH Common Stock may make it more difficult for Reorganized ABH to raise additional capital, if necessary, and it may affect the price volatility of the New ABH Common Stock. There can also be no assurance that a holder will be able to

sell its New ABH Common Stock at a particular time or that the prices such holder receives when it sells will be favorable. Future trading prices of the New ABH Common Stock will depend on many factors, including the operating performance and financial condition of Reorganized ABH.

3. Reorganized ABH does not intend to pay dividends with respect to the New ABH Common Stock in the foreseeable future

For the foreseeable future, Reorganized ABH does not anticipate paying any dividends with respect to the New ABH Common Stock. Any future determination to pay dividends will be at the discretion of the board of directors of Reorganized ABH and will be dependent on then-existing conditions, including the financial condition, results of operations, capital requirements, contractual restrictions, business prospects and other factors that the board of directors of Reorganized ABH considers relevant.

4. Upon consummation of the Plan, there may be significant holders of the New ABH Common Stock

Upon consummation of the Plan, certain holders of Claims may receive distributions of the New ABH Common Stock representing a substantial percentage of the outstanding shares of the New ABH Common Stock. If certain holders of Claims obtain a sufficiently sizeable position of New ABH Common Stock, such holders could be in a position to influence the outcome of actions requiring shareholder approval, including, among other things, the election of Reorganized ABH board members. This concentration of ownership could also facilitate or hinder a negotiated change of control of Reorganized ABH and, consequently, impact the value of the New ABH Common Stock. Furthermore, the possibility that one or more holders of a significant number of shares of the New ABH Common Stock may sell all or a large portion of its shares of the New ABH Common Stock in a short period of time may adversely affect the trading prices of the New ABH Common Stock.

5. The trading price for the New ABH Common Stock may be depressed following the Implementation Date

Following the Effective Date, recipients of New ABH Common Stock under the Plan may seek to dispose of such securities to obtain liquidity, which could cause the initial trading prices for these securities to be depressed, particularly in light of the lack of established trading markets for these securities. Further, the possibility that recipients of New ABH Common Stock may determine to sell all or a large portion of their shares in a short period of time may adversely affect the market price of the New ABH Common Stock.

6. The Discussion of Enterprise Valuation and the estimated recoveries to holders of Claims are not intended to represent the trading value of the New ABH Common Stock

The discussion of the Company's Enterprise Valuation upon emergence is based on the Financial Projections developed by the Company with the assistance of its financial advisors and on certain generally accepted valuation principles. It is not intended to represent the trading values of the Company's securities in public or private markets. The discussion of the Company's Enterprise Valuation upon emergence is based on numerous assumptions (the realization of many of which are beyond the Company's control), including the Company's successful reorganization, an assumed Effective Date on or about October 1, 2010, the Company's ability to achieve the operating and financial results included in the Financial Projections and the Company's ability to maintain adequate liquidity to fund operations. Even if the Company realizes the Financial Projections, the trading market values for the New ABH Common Stock could be adversely impacted by the lack of trading liquidity for these securities, lack of institutional research coverage, and concentrated selling by recipients of these securities.

7. The New ABH Common Stock may be issued in odd lots

Holders of certain Allowed Claims may receive odd lot distributions (i.e., less than 100 shares or units) of New ABH Common Stock under the Plan. Holders may find it more difficult to dispose of odd lots in the marketplace and may face increased brokerage charges in connection with any such disposition.

8. Upon consummation of the Plan, there may be restrictions on the transfer of New ABH Common Stock

Holders of New ABH Common Stock issued pursuant to the Plan who are deemed to be "underwriters" as defined in Section 1145(b) of the Bankruptcy Code, and those holders who are deemed to be "affiliates" or "control persons" within the meaning of the Securities Act and the rules promulgated thereunder, will be unable freely to transfer or to sell their New ABH Common Stock except pursuant to (a) "ordinary trading transactions" by a holder that is not an "issuer" within the meaning of Section 1145(b), (b) an effective registration of such securities under the Securities Act and under equivalent state securities or "blue sky" laws, or (c) pursuant to the provisions of Rule 144 or Regulation S under the Securities Act or another available exemption from the registration requirements of the Securities Act. Similarly, under Canadian securities laws, New ABH Common Stock held by "control persons" will generally not be freely tradable in Canada and will be subject to resale restrictions.

E. Risks Relating to the Rights Offering

1. Risk Factors Relating to the Rights Offering

[To Come]

2. Risk Factors Relating to the Rights Offering Notes

[To Come]

IX.

CERTAIN TAX CONSEQUENCES OF THE PLAN

A. Certain U.S. Federal Income Tax Considerations

The following discussion summarizes certain significant United States federal income tax consequences of the Plan to the Debtors and certain holders of Claims (such holders, the “Holders”). This description is for informational purposes only and, due to a lack of certain facts and of definitive judicial or administrative authority or interpretation, uncertainties exist with respect to various tax consequences of the Plan, as discussed herein. Only the principal consequences of the Plan for the Company and Holders are described below.

This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the “Tax Code”), U.S. judicial decisions, administrative pronouncements and existing and proposed Treasury Regulations, all as in effect as of the date hereof. All of the preceding authorities are subject to change, possibly with retroactive effect, which may result in U.S. federal income tax consequences different from those discussed below. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan. No rulings or determinations of the U.S. Internal Revenue Service (the “IRS”) or any other tax authorities have been sought or obtained with respect to any tax consequences of the Plan and the discussion below is not binding on the IRS or such other authorities. In addition, a significant amount of time may elapse between the date of this Disclosure Statement and the consummation of the Plan. Events occurring after the date of the Disclosure Statement, including changes in law and changes in administrative positions, could affect the U.S. federal income tax consequences of the Plan. No representations are being made regarding the particular tax consequences of the confirmation and consummation of the Plan to the Company or any Holder. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein.

Except as otherwise specifically stated herein, this summary does not address any estate, gift, state, local, or foreign law tax consequences of the Plan. Furthermore, this discussion does not address all tax considerations that might be relevant to particular Holders in light of their personal circumstances or to persons that are subject to special tax rules. In addition, this description of the material U.S. federal income tax consequences does not address the tax treatment of special classes of Holders, such as financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, insurance companies, persons holding Claims as part of a hedging, integrated or conversion transaction, constructive sale or “straddle,” U.S. expatriates, persons subject to the alternative minimum tax, and dealers or traders in securities or currencies.

For purposes of this discussion, a “U.S. Holder” is a Holder that is: (1) an individual citizen or resident of the U.S. for U.S. federal income tax purposes; (2) a

corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the U.S. or any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (4) a trust (A) if a court within the U.S. is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

For purposes of this discussion, a "Non-U.S. Holder" is a Holder that is: (1) a nonresident alien individual; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is not created or organized under the laws of the United States or any state thereof or the District of Columbia; or (3) a trust or estate other than a trust or estate described in the immediately preceding paragraph.

If a partnership or other pass-through entity is a Holder, the tax treatment of a partner or other owner generally will depend upon the status of the partner (or other owner) and the activities of the entity. Partners (or other owners) of pass-through entities that are Holders should consult their own tax advisors regarding the tax consequences of the Plan.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOLLOWING DISCUSSION IS FOR GENERAL INFORMATION ONLY, DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION, AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY HOLDER. NO OPINION OR REPRESENTATION WITH RESPECT TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO ANY SUCH HOLDER IS MADE. EACH HOLDER IS URGED TO CONSULT THE HOLDER'S OWN TAX ADVISOR REGARDING THE PARTICULAR TAX CONSEQUENCES TO IT OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS, AS WELL AS ANY APPLICABLE FOREIGN TAX LAWS, TO A HOLDER'S PARTICULAR SITUATION, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

TREASURY DEPARTMENT CIRCULAR 230. TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF TAX ISSUES HEREIN IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDER UNDER APPLICABLE TAX LAW; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS DESCRIBED HEREIN; AND (C) EACH

HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISOR.

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1. U.S. Federal Income Tax Consequences to the Company

The U.S. federal income tax consequences of the Plan to the Company are complex and somewhat uncertain. The first part of this subsection describes certain U.S. federal income tax rules that govern the Company's analysis of the U.S. federal income tax consequences to the Company of the Plan and certain related matters. The second part of this subsection discusses the Company's analysis and current views on the tax consequences of the Plan.

- (a) General U.S. Federal Income Tax Rules Applicable to the Plan
 - (i) Cancellation of Indebtedness Income and Reduction of Tax Attributes
 - (A) Definition and Calculation of Cancellation of Indebtedness Income

In general, absent an exception, a U.S. taxpayer must include in gross income the amount of any discharge of indebtedness (cancellation of debt, or "COD") income realized during the taxable year. The amount of COD income generally equals the difference between (a) the "adjusted issue price" of the indebtedness discharged and (b) the sum of (i) the amount of cash and (ii) the fair market value of any other property transferred in satisfaction of such discharged indebtedness.

(B) Bankruptcy Exception

A debtor is not required to include any amount of COD income in gross income if such debtor is under the jurisdiction of a court in a title 11 bankruptcy proceeding and the discharge of debt occurs pursuant to that proceeding. Instead, as the price for the exclusion of COD income under the foregoing rule, the Tax Code requires the debtor to reduce its tax attributes – as discussed further below in "Attribute Reduction" – by the amount of COD income which is excluded from gross income.

(C) Attribute Reduction

Where a debtor relies on the bankruptcy exception to exclude its COD income from gross income, the debtor is required to reduce its tax attributes to the extent of the excluded COD income. The reduction in tax attributes occurs as of the first day of the taxable year following the taxable year in which the discharge of indebtedness occurs.

As a general rule, tax attributes will be reduced in the following order: (a) net operating losses (“NOLs”), (b) most tax credits, (c) capital loss carryovers, (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject), (e) passive activity losses and credit carryovers, and (f) foreign tax credits. For the purpose of attribute reduction, any limitations on the use of NOLs, as discussed below in “Limitations on NOLs and Other Tax Benefits”, are disregarded. In the context of a consolidated group of corporations, the Tax Code provides for a complex ordering mechanism to determine how the tax attributes of one member can be reduced in respect of the COD income of another member.

(D) Deferral Election

With respect to transactions giving rise to COD income occurring in 2010, a debtor may elect to waive the bankruptcy exception and defer the recognition of the COD income, and thus the requirement to pay tax currently, until 2014. If the debtor defers such COD income until 2014, the COD income is then included in income ratably over the 5 taxable year period beginning in 2014. If the Company were to make such an election, it would have full use of its tax attributes in 2014 as such attributes will not have been reduced under the bankruptcy exception described above. The Company’s NOLs would, however, be subject to a limitation, as described below.

(E) Limitation on NOLs and Other Tax Benefits

(1) General Limitation

If a corporation undergoes an “ownership change,” Section 382 of the Tax Code generally imposes an annual limitation (the “Section 382 Limitation”) on a corporation’s use of its NOL carryforwards, and may limit a corporation’s use of certain built-in losses if such built-in losses are recognized within a five-year period following an ownership change (such NOL carryforwards and built-in losses collectively, “Pre-Change Losses”).

The annual Section 382 Limitation on the use of Pre-Change Losses to offset income in any “post change year” is generally equal to the product of (a) the fair market value of the loss corporation’s outstanding stock immediately before the ownership change, and (b) the long-term tax-exempt rate in effect for the month in which the ownership change occurs. The long-term tax-exempt rate (4.03% for ownership changes in May 2010) is published monthly by the IRS and is intended to reflect current interest rates on long-term tax-exempt debt obligations. Section 383 of the Tax Code applies a similar limitation to capital loss carryforwards and tax credits.

If, in any year, the amount of Pre-Change Losses used by a corporation to offset income is less than the Section 382 Limitation, any unused limitation may be carried forward for use in future years until their expiration date, thereby increasing the Section 382 Limitation (the amount of Pre-Change Losses which may offset income) in the subsequent taxable year of the corporation. In addition, a corporation’s Section 382

Limitation may be increased to the extent that the corporation recognizes or is deemed to recognize certain built-in gains in its assets during the five-year period following the ownership change. As discussed below, however, special rules may apply in the case of a corporation which experiences an ownership change as the result of a bankruptcy proceeding. See “Special Rule Applicable in Bankruptcy” below.

In general, an ownership change occurs for Section 382 purposes when the percentage of the corporation’s stock owned by certain “5 percent shareholders” increases by more than 50 percentage points in the aggregate over the lowest percentage owned by those shareholders at any time during the applicable “testing period” (generally, the shorter of (a) the 36-month period preceding the testing date and (b) the period of time since the most recent ownership change of the corporation). A “5 percent shareholder” for this purpose includes, generally, an individual or entity that directly or indirectly owns 5% or more of a corporation’s stock at any time during the testing period and one or more groups of shareholders that individually own less than 5% of the corporation’s stock. Under applicable Treasury Regulations, an ownership change with respect to an affiliated group of corporations filing a consolidated return that has consolidated NOLs is generally measured by changes in stock ownership of the parent corporation of the group.

(2) Special Rule Applicable in Bankruptcy

In bankruptcy, the Section 382 Limitation may be calculated under a special rule (the “Section 382(l)(5) Rule”) if the corporation’s pre-bankruptcy shareholders and certain holders of debt receive, in respect of their claims, at least 50% of the stock of the reorganized corporation (or of a controlling corporation, if such corporation also is in bankruptcy) pursuant to a confirmed plan of reorganization. If a corporation qualifies for the Section 382(l)(5) Rule, the corporation will not be treated as having undergone an ownership change, and, therefore, the annual Section 382 Limitation will not apply to the corporation’s Pre-Change Losses. Instead, the corporation’s Pre-Change Losses are required to be reduced by the amount of any interest deductions claimed during the three taxable years preceding the effective date of any ownership change, and the portion of the current taxable year ending on the date of the ownership change, in respect of all debt converted into stock pursuant to the bankruptcy reorganization. Additionally, if the Section 382(l)(5) Rule applies and the reorganized corporation undergoes another ownership change within two years after consummation of the plan of reorganization, then the reorganized corporation’s use of any Pre-Change Losses after the subsequent ownership change would be eliminated. A corporation may elect not to apply the Section 382(l)(5) Rule.

If the Company does not qualify for, or elects not to apply, the Section 382(l)(5) Rule described above, the provisions of Section 382(l)(6) applicable to corporations under the jurisdiction of a bankruptcy court would apply in calculating the annual Section 382 limitation (the “Section 382(l)(6) Rule”). Under the Section 382(l)(6)

Rule, a corporation in bankruptcy that undergoes an ownership change pursuant to a plan of reorganization values its stock to be used in computing the Section 382 Limitation by taking into account any increase in value resulting from the discharge of creditors' claims in the reorganization (rather than the value without taking into account such increases, as is the case under the general rule for non-bankruptcy ownership changes).

(b) U.S. Federal Income Tax Consequences of the Plan to the Company

(i) COD Income of the Company

Pursuant to the Plan, each Holder of Unsecured Claims (and Allowed Convenience Claims if holders of such Claims are treated as holders of Class 6 Claims and accordingly treated in accordance with Section 2.13 of the Plan) will surrender its Unsecured Claims and will receive its pro rata share of New ABH Common Stock and Subscription Rights, as applicable.

As a result of consummation of the Plan, the Company's aggregate outstanding indebtedness will be substantially reduced. The Company expects to realize substantial COD income in connection with the Plan. The amount of such COD income realized by the Company will depend on the value of the New ABH Common Stock and Subscription Rights.

The Company expects to realize COD in an amount equal to the difference between (x) the aggregate adjusted issue price of the Unsecured Claims and (y) the fair market value of the New ABH Common Stock and Subscription Rights. Because the value of the New ABH Common Stock and Subscription Rights cannot be known with certainty until after the Effective Date of the Plan, the Company cannot determine the amount of COD income it will realize until that time. The amount of COD income the Company realizes may also depend on the basis of property contributed to ABH for which the Holders receive New ABH Common Stock and Subscription Rights, which would be measured by reference to each Holder's basis in its Unsecured Claims if the basis in the Unsecured Claims exchanged for New ABH Common Stock is less than the value received. This information cannot be known with certainty until after the Effective Date of the Plan.

Additionally, as described further below, it is expected that there will be a material reduction of the Company's tax attributes, but the exact amount of such reduction cannot be predicted with certainty because the amount of the reduction depends on the amount of the COD income realized and whether the Company elects to defer the recognition of any COD income realized. The Company, however, does not expect to make such a deferral election.

(ii) Exclusion of the Company's COD Income under the Bankruptcy Exception

The Company expects to rely on the bankruptcy exception to exclude any COD income realized as the discharge of indebtedness would occur pursuant to a title 11 bankruptcy proceeding. The Company's tax attributes would be reduced by the amount of COD income realized, as described further below.

(iii) Attribute Reduction under the Bankruptcy Exception

If the Company excludes COD income from gross income under the bankruptcy exception, the Company will be required to reduce its tax attributes by the amount of the excluded COD income. Any COD income of the Company excluded under either the bankruptcy exception which is in excess of the amount of the Company's tax attributes available for reduction would not be subject to U.S. federal income tax. While the annual Section 382 Limitation (discussed further below) affects the amount of NOLs that may be used to offset ordinary income in a taxable year, the attribute reduction rules provide that the Company's NOLs may be reduced without regard to the annual Section 382 Limitation. Although it is expected that the Company will be required to reduce its tax attributes, the exact amount of such reductions and which attributes will be affected will not be known until after the Effective Date of the Plan. In addition to NOLs, the Company may also be required to reduce other tax attributes and its basis in certain assets, which will have an impact on the Company's tax liability going forward. As described above, the ordering rules for attribute reduction within a consolidated group are complex. Attributes are generally reduced on a company by company basis within a consolidated group. In some circumstances, the Company expects that these ordering rules may produce a favorable result for the Company, by first reducing the capital losses of certain Debtors without NOLs while possibly enabling the Company to preserve the valuable NOLs of other members within the consolidated group.

(iv) Limitations on NOLs and Other Tax Benefits of the Company Post-Emergence

The issuance under the Plan of New ABH Common Stock, along with the cancellation of existing stock of the Company, is expected to cause an ownership change with respect to the Company. As a result, the Company's Pre-Change Losses will be subject to the Section 382 Limitation (as described above in "Limitations on NOLs and Other Tax Benefits"). As discussed above, the Company anticipates that the limitation resulting from the Plan will be calculated according to the Section 382(l)(6) Rule.

The Company's Section 382 Limitation may be increased to the extent that Reorganized ABH recognizes or is deemed to recognize certain built-in gains in its assets during the five-year period following the ownership change. The Company currently anticipates that it will have significant net unrealized built-in gains that would otherwise increase the Section 382 Limitation when recognized in later years. If, in any

year, the amount of Pre-Change Losses used by the reorganized Company to offset income is less than the Section 382 Limitation, any unused limitation may be carried forward, thereby increasing the Section 382 Limitation (the amount of Pre-Change Losses which may offset income) in the subsequent taxable year of Reorganized ABH. This limitation is independent of, and in addition to, the reduction of tax attributes described in the preceding section resulting from the exclusion of COD income. The ability of the Company to use any remaining capital loss carryforwards and tax credits will similarly be limited.

(v) Potential Impact of Backstop Agreement

Under the terms of the Backstop Agreement, the Rights Offering will be backstopped pursuant to an agreement with the Backstop Investors to the Backstop Notes. The Backstop Investors should be viewed for U.S. federal income tax purposes as holding options to acquire New ABH Common Stock on the date the Backstop Agreement is executed. Under special rules contained in the Treasury Regulations promulgated under Section 382 of the Tax Code, an option will be treated as exercised on the date it is issued if (x) treating such option as exercised would result in an ownership change and (y) if both (i) a principal purpose of the issuance, transfer, or structuring of the option (alone or in combination with other arrangements) is to avoid or ameliorate the impact of an ownership change of the loss corporation, and (ii) the holder of the option and any persons related to the option holder have a direct and indirect ownership interest in the loss corporation of more than 50%. According to recent studies on the ownership of the Company's stock, it is possible that the Company would undergo an ownership change if the options were both treated as exercised and viewed as options to acquire the existing stock of the Company rather than New ABH Common Stock. An ownership change prior to emergence would result in a serious limitation of the Company's NOLs, as described above. However, it is very unlikely that a principal purpose of the structuring of the option would be viewed as avoiding or ameliorating the impact of an ownership change on the Company because New ABH Common Stock will not have been created until the existing stock of the Company is cancelled. Whether the 50% control prong of the test described above would be satisfied in this case is unclear.

(vi) Alternative Taxable Asset Sale Transaction

The Company is currently considering whether it would be in its best interests to undergo a taxable sale and transfer, without recourse and subject to liabilities, substantially all of the assets owned by it and used in connection with the Company's business and operations, other than any retained assets (the "Business Assets") to a newly established company ("NewCo") as an alternative to the steps described above. NewCo would be formed as a wholly owned second-tier subsidiary of another newly established holding company ("NewCo Holdings"). The Unsecured Creditors of the Company would then receive stock of NewCo Holdings in partial satisfaction of their claims. As a result of the taxable sale, Newco would obtain an aggregate tax basis in its Business Assets (including any stock of subsidiaries) equal to their fair market value as of the Effective

Date and would not succeed to any tax attributes of the Company. The Company would recognize gain (or loss) upon the transfer to NewCo in an amount equal to the difference between the fair market value of its Business Assets and its tax basis in such assets. In addition, the Company (but not NewCo) would be subject to the attribute reduction rules described above. To the extent the Company recognizes any gain from this transaction, NOL carryforwards may be available to offset such gains. Because the Company's Business Assets will have been sold to NewCo, the Company does not anticipate holding any Business Assets that would be subject to tax basis reduction in the year following the COD income realization.

(vii) Applicable High-Yield Discount Obligations

The Rights Offering Notes issued pursuant to the terms to the Rights Offering will be issued with "significant" original issue discount ("OID"). If the yield to maturity of the Rights Offering Notes equals or exceeds the sum of (x) the "applicable federal rate" (as determined under Section 1274(d) of the Code) in effect for the calendar month in which the Rights Offering Notes are issued (the "AFR") and (y) 5 percentage points, the Rights Offering Notes will be considered "applicable high yield discount obligations" ("AHYDOs"). If the Rights Offering Notes are AHYDOs, the Company will not be allowed a deduction for interest (including OID) accrued on the Rights Offering Notes for U.S. federal income tax purposes until such time as the Company actually pays such interest (including OID) in cash or in other property (other than stock or debt issued by the Company or by a person deemed to be related to the Company under Section 453(f)(1) of the Code, which are considered paid only when the stock or debt is redeemed for cash or property other than such stock or debt). In addition, to the extent the yield to maturity on the Rights Offering Notes exceeds the sum of (x) the AFR in effect for the calendar month in which the Rights Offering Notes are issued, and (y) 6 percentage points (any such excess constituting the "disqualified yield"), the Company will not be entitled to deduct the portion of the OID corresponding to the disqualified yield at any time.

It is expected that the Rights Offering Notes will constitute AHYDOs subject to the foregoing rules. The deferral or disallowance of deductions for payments of interest or OID on the Rights Offering Notes described above may reduce the amount of cash available to the Company to meet its obligations under the Rights Offering Notes.

2. U.S. Federal Income Tax Considerations for U.S. Holders

The following discussion describes certain U.S. federal income tax consequences of the transactions contemplated by the Plan to U.S. Holders of New ABH Common Stock, Subscription Rights and Rights Offering Notes issued upon the Exercise of any Subscription Rights.

U.S. Holders should consult their own tax advisors for information that may be relevant to their particular situation and circumstances and the particular tax consequences of the transactions contemplated by the Plan.

The U.S. federal income tax consequences to a U.S. Holder (including the character, timing and amount of income, gain or loss recognized) will depend on, among other factors: (a) the manner in which the Holder acquired the Claim; (b) the length of time the Holder has held the Claim; (c) whether the Holder acquired the Claim at a discount; (d) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in current or prior years; (e) whether the Holder has previously included in taxable income accrued but unpaid interest with respect to the Claim; (f) the treatment of the Rights Offering; and (g) the Holder's method of accounting.

(a) Consequences with respect to Unsecured Claims Assigned to ABH

Under Section 351 of the Tax Code, no gain or loss shall be recognized if property is transferred to a corporation by a group of persons solely in exchange for stock in such corporation and immediately after the exchange such persons hold 80% of the stock of the transferee corporation. However, indebtedness of the transferee corporation which is not evidenced by a security shall not constitute acceptable property for purposes of these rules. Accordingly, the 80% test will be met only if less than 20% of the New ABH Common Stock is received in exchange for debt of ABH that is not evidenced by a security. In general, debt instruments with an initial term of less than five years are not treated as securities, whereas debt instruments with initial terms of greater than ten years are treated as securities. Debt instruments with terms between five years and ten years raise more complex issues. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security. The Company believes that the amount of New ABH Common Stock received in exchange for Unsecured Claims of ABH that do not constitute securities for U.S. federal income tax purposes will be below the 20% threshold above which nonrecognition treatment would be jeopardized.

Subject to the discussion above, Holders of the Unsecured Claims that assign all or a portion of such Unsecured Claims to ABH and receive New ABH Common Stock generally should not recognize gain and will not be permitted to recognize loss for U.S. federal income tax purposes as a result of the assignment of such portion of the Unsecured Claims to ABH.¹⁴ Holders may, however, recognize gain, but not loss, with respect to the Subscription Rights received, as applicable, in an amount equal to the lesser of (x) the excess of the fair market value of the New ABH Common Stock and Subscription Rights received by the Holder over the Holder's adjusted tax basis in its Unsecured Claims surrendered, and (y) the fair market value of the Subscription Rights received by the Holder. Holders generally will take a basis in New

¹⁴ NTD: There are possible alternative approaches to the 351 transaction that should be discussed by the Company and constituents. Under one possible alternative, ABH would contribute shares of New ABH Common Stock to each Debtor and each Debtor would then transfer such shares to the Creditors pursuant to the Plan.

ABH Common Stock and Subscription Rights equal to the sum of (i) the adjusted basis Holders had in the Unsecured Claims assigned to ABH, (ii) any gain recognized with respect to the receipt of Subscription Rights and (iii) any cash paid to exercise the Subscription Rights. The aggregate basis should initially be allocated among the New ABH Common Stock and Subscription Rights— first to the Subscription Rights to the extent of fair market value and the remaining balance to the New ABH Common Stock. The holding period of the New ABH Common Stock received should generally be the same as the holding period of the Unsecured Claims contributed to ABH.

NOTE THAT IN CONNECTION WITH THE ASSIGNMENT OF UNSECURED CLAIMS TO ABH, HOLDERS WILL BE REQUIRED TO PROVIDE ABH WITH INFORMATION REGARDING THE HOLDERS' TAX BASIS AND HOLDING PERIOD IN THE UNSECURED CLAIMS. ABH IS REQUIRED TO OBTAIN THIS INFORMATION SO THAT ABH CAN COMPLY WITH ITS OWN TAX REPORTING AND RETURN FILING OBLIGATIONS, WHICH, IN THE CASE OF A SECTION 351 TRANSACTION SUCH AS THE ONE DESCRIBED ABOVE, DEPEND ON CERTAIN INFORMATION RELATED TO THE HOLDERS' TAX BASIS AND HOLDING PERIOD.

(i) Accrued Interest

A portion of the consideration (whether stock or other consideration) received by Holders of the Claims may be attributable to accrued but unpaid interest with respect to such Claims. Such amount should be taxable to a Holder as ordinary interest income if the accrued interest has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, a Holder generally recognizes a deductible loss to the extent that any accrued interest was previously included in income and is not paid in full. If the fair value of the consideration received by Holders of the Claims is not sufficient to satisfy fully all principal and interest on the Claims, the extent to which such consideration will be attributable to accrued but untaxed interest is unclear.

The Company will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest, pursuant to the Plan. Certain legislative history indicates that an allocation of consideration between principal and interest provided for in a bankruptcy plan of reorganization is binding for U.S. federal income tax purposes. However, no assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is allocated entirely to the principal amount of such Claim, a Holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the Holder's gross income. Holders of Claims should consult their tax advisors regarding the proper allocation of the consideration received by them under the Plan, as well as the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(ii) Market Discount

The market discount provisions of the Tax Code may apply to certain Holders. In general, a debt obligation other than a debt obligation with a fixed maturity of one year or less that is acquired by a holder in the secondary market (or, in certain circumstances, upon original issuance) is a “market discount bond” as to that holder if its stated redemption price at maturity (or, in the case of a debt obligation having OID, its revised issue price) exceeds the holder’s adjusted tax basis in the debt obligation immediately after such holder’s acquisition of the debt obligation by more than a statutory de minimis amount. Gain recognized by a holder upon a disposition of a “market discount bond” generally will be treated as ordinary interest income to the extent of the market discount accrued on such bond during the holder’s period of ownership, unless the holder elected to include accrued market discount in taxable income currently. Absent such an election, a holder of a market discount bond is required under the market discount rules of the Tax Code to defer deduction of all or a portion of the interest on indebtedness incurred or maintained to acquire or carry the bond. In such circumstances, the holder will be allowed to deduct such interest, in whole or in part, on the disposition of such bond.

To the extent the debt instruments held by a Holder had been acquired with market discount and are exchanged for New ABH Common Stock in a Section 351 exchange, any market discount that accrued on such debt instruments but was not recognized by the Holder may cause any gain recognized on the subsequent sale, exchange, redemption or other disposition of the New ABH Common Stock to be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instruments.

(b) Ownership and Disposition of New ABH Common Stock

(i) Distributions of Cash or Property on New ABH Common Stock

Generally, the gross amount of any distribution of cash or property made with respect to New ABH Common Stock will be includible by a Holder in gross income as dividend income to the extent that such distributions are paid out of the current or accumulated “earnings and profits” of ABH as determined under U.S. federal income tax principles. A distribution that is treated as a dividend for U.S. federal income tax purposes may qualify for the seventy percent (70%) dividends-received deduction if such amount is distributed to a Holder that is a corporation and that satisfies certain holding period and taxable income requirements, and may qualify for an eighty percent (80%) dividend-received deduction if such corporate Holder holds twenty percent (20%) or more of the outstanding stock (by voting power and value) of the distributing corporation.

A distribution in excess of ABH’s current and accumulated earnings and profits will first be treated as a return of capital to the extent of a Holder’s adjusted tax basis in New ABH Common Stock and will be applied against and reduce such basis dollar-for-dollar (thereby increasing the amount of gain and decreasing the amount of loss recognized on a subsequent taxable disposition of the New ABH Common Stock).

To the extent that such distribution exceeds a Holder's adjusted tax basis in New ABH Common Stock the distribution generally will be treated as capital gain, subject to the "Market Discount" rules discussed above, and will be treated as long-term capital gain if the Holder's holding period in such stock exceeds one year as of the date of the distribution. Dividends received by non-corporate holders in taxable years beginning before January 1, 2011 may qualify for a reduced rate of taxation if certain holding period and other requirements are met.

(ii) Sale, Exchange or Other Taxable Disposition of New ABH Common Stock

Upon the sale, retirement or other taxable disposition of a share of New ABH Common Stock, a Holder generally will recognize gain or loss in an amount equal to the difference between the sum of cash plus the fair market value of any property received and the Holder's adjusted tax basis in such New ABH Common Stock, subject to the "Market Discount" rules discussed above. Such gain or loss generally will constitute capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, exchange, retirement or other taxable disposition, the Holder held the share of New ABH Common Stock, for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to certain limitations, as discussed below in "Limitations on Use of Capital Losses."

(c) Limitations on Use of Capital Losses

A Holder who recognizes capital losses as a result of consummation of the Plan or upon a subsequent disposition of New ABH Common Stock, will be subject to limitations on the use of such capital losses. For a non-corporate taxpayer, capital losses may be used to offset any capital gains (without regard to holding periods), and also to offset ordinary income to the extent of the lesser of (1) \$3,000 (\$1,500 for married individuals filing separate returns) or (2) the excess of the capital losses over the capital gains. A non-corporate taxpayer may carry over unused capital losses and apply them against future capital gains and, as set forth in the preceding sentence, a portion of such taxpayer's ordinary income for an unlimited number of years. For corporate holders, capital losses may only be used to offset capital gains. A corporate holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year, and may carry over unused capital losses for the five years following the capital loss year.

(d) Exercise or Expiration of the Subscription Rights

A U.S. Holder generally will not recognize gain or loss upon the exercise of a Subscription Right. Rights Offering Notes that a U.S. Holder acquires pursuant to the exercise of the Subscription Rights will have a tax basis equal to the Holder's adjusted basis in the Subscription Rights so exercised, increased by any amount paid to exercise the Subscription Rights. The holding period for the Rights Offering Notes that a

Holder acquires pursuant to the exercise of the Subscription Rights will commence on the date following the date of exercise (or possibly on the date of exercise). If the Subscription Rights are allowed to lapse unexercised, a U.S. Holder will have a capital loss equal to such holder's adjusted basis in the Subscription Rights, which will be treated as a long-term capital loss if the Holder's holding period in the Subscription Rights exceeds one year as of the date of the expiration. The deductibility of capital losses is subject to certain limitations, as discussed above in "Limitations on Use of Capital Losses."

(e) Treatment of Upfront Payment under the Backstop Agreement

At the time the Rights Offering Notes are issued, pursuant to the Backstop Agreement, the Company shall cause the a certain upfront payment to be paid back to Eligible Holders from the proceeds of the sale of such Rights Offering Notes (the "Upfront Payment"). The tax treatment of this Upfront Payment is not entirely clear, and the amount of the Upfront Payment received [may] be treated as fee income to an Eligible Holder.

(f) Ownership, Conversion and Disposition of Rights Offering Notes received upon Exercise of the Subscription Rights

(i) Payments of Interest on Rights Offering Notes

Each payment of qualified stated interest (as defined below) on a Rights Offering Note (including any amount withheld as backup withholding tax) will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

(ii) Original Issue Discount

(A) Generally

A note with a term that exceeds one year will be treated as issued with OID if it has a term of more than one year and the "stated redemption price at maturity" of the note exceeds its "issue price" by more than the *de minimis* amount of $\frac{1}{4}$ of 1 percent of the "stated redemption price at maturity" multiplied by the number of complete years from the issue date of the note to its maturity.

The "stated redemption price at maturity" of the Rights Offering Notes will exceed the "issue price" of the Rights Offering Notes by more than a *de minimis* amount, and the Rights Offering Notes will therefore constitute discount notes issued with OID. Following is a summary of the OID rules and their application to the Rights Offering Notes.

The “issue price” of a note generally is the first price at which a substantial amount of the issue of which the note is a part is sold to persons other than bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers.

The “stated redemption price at maturity” of a note generally is the total amount of payments provided by the note other than “qualified stated interest” payments. Generally, an interest payment on a note is “qualified stated interest” if it is paid in cash (or property of the issuer other than debt) and is one of a series of stated interest payments on a note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the note. Qualified stated interest payable on Rights Offering Notes will be taxable to a U.S. Holder when accrued or received in accordance with such holder’s normal method of accounting.

Interest is considered unconditionally payable only if reasonable legal remedies exist to compel timely payment or the note otherwise provides terms and conditions that make the likelihood of late payment (other than a late payment within a reasonable grace period) or non-payment a remote contingency. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between stated interest payments. Thus, if the interval between payments varies during the term of a note, the value of the fixed rate on which payment is based generally must be adjusted to reflect a compounding assumption consistent with the length of the interval between payments.

Because the Rights Offering Notes will be issued with OID, a U.S. Holder will be required to include OID in gross income for U.S. federal income tax purposes as it accrues (regardless of a holder’s method of accounting), which may be in advance of receipt of the cash attributable to that income. OID accrues under the constant-yield method, based on a compounded yield to maturity, as described below. Accordingly, a U.S. Holder generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

The annual amounts of OID includible in income by a U.S. Holder will equal the sum of the “daily portions” of the OID with respect to the Rights Offering Notes for each day on which a U.S. Holder owns the Rights Offering Notes during the taxable year. Generally, a U.S. Holder determines the daily portions of OID by allocating to each day in an “accrual period” a pro rata portion of the OID that is allocable to that accrual period. The term “accrual period” means an interval of time with respect to which the accrual of OID is measured and which may vary in length over the term of a note provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on either the first or last day of an accrual period.

The amount of OID allocable to an accrual period will be the excess of:

- the product of the “adjusted issue price” of the Rights Offering Notes at the beginning of the accrual period and its “yield to maturity” over
- the aggregate amount of any qualified stated interest payments allocable to the accrual period.

The adjusted issue price of a Rights Offering Note at the beginning of the first accrual period is its issue price, and, on any day thereafter, it is the sum of the issue price and the amount of OID previously included in gross income, reduced by the amount of any payment (other than a payment of qualified stated interest) previously made on the Notes. If an interval between payments of qualified stated interest on a Rights Offering Note contains more than one accrual period, then, when a U.S. Holder determines the amount of OID allocable to an accrual period, such U.S. Holder must allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, a U.S. Holder must increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. If all accrual periods are of equal length except for a shorter initial and/or final accrual period, a U.S. Holder can compute the amount of OID allocable to the initial period using any reasonable method; however, the OID allocable to the final accrual period will always be the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period.

OID will be calculated based on the assumption that interest on the Rights Offering Notes will be paid in cash. It is not entirely clear what adjustments would be required if the Company were to pay interest in kind instead of in cash.

(B) Election to Treat All Interest as Original
Issue Discount (Constant Yield Method)

A U.S. Holder may elect to include in gross income all interest that accrues on a Rights Offering Note using the constant-yield method described above, with the modifications described below. For purposes of this election, interest will include stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest.

If a U.S. Holder makes this election in respect of its Rights Offering Notes, when such holder applies the constant-yield method:

- the issue price of a Rights Offering Note will equal its cost,
- the issue date of a Rights Offering Note will be the date it is acquired;
- and

- no payments on a Rights Offering Note will be treated as payments of qualified stated interest.

Generally, this election will apply only to the Rights Offering Note for which it is made. A U.S. Holder may not revoke an election to apply the constant-yield method to all interest on a Rights Offering Note without the consent of the IRS.

(C) Applicable High Yield Discount Obligations

As indicated above, the Company expects that the Rights Offering Notes will constitute AHYDOs for U.S. federal income tax purposes. Consequently, to the extent the Company has current or accumulated earnings and profits, the disqualified portion of OID, as defined above, generally will be treated as a dividend to a U.S. Holder that may be subject to a dividends received deduction for corporate U.S. Holders. The dividends-received deduction is subject to a number of complex limitations. U.S. Holders are urged to consult their own tax advisor regarding the U.S. federal income tax consequences of holding Rights Offering Notes that are considered AHYDOs.

(iii) Treatment of New Rights Offering Notes issued in respect of Rights Offering Notes

A newly distributed Rights Offering Note issued in respect of a Rights Offering Note received in lieu of cash interest on a Rights Offering Note is aggregated with the original Rights Offering Note and will be treated as part of the Rights Offering Note with respect to which it was issued. Thus, the initial issue price of a newly distributed Rights Offering Note issued in respect of a Rights Offering Note likely will be determined by allocating the adjusted issue price, at the time of distribution, of the underlying Rights Offering Note between the newly distributed Rights Offering Note and the underlying Rights Offering Note in proportion to their respective principal amounts. A portion of the basis of such Rights Offering Note will be allocated to such newly issued Rights Offering Note and OID on such newly issued Rights Offering Note will accrue in the same manner as described above in the case of the original Rights Offering Note. A U.S. Holder's holding period for any Rights Offering Note issued with respect to an original Rights Offering Note will likely be identical to its holding period for the original Rights Offering Note.

(iv) Conversion of Notes

In general, a U.S. Holder will not recognize income, gain or loss upon conversion of Rights Offering Notes into shares of New ABH Common Stock, except that the receipt of cash in lieu of a fractional share of New ABH Common Stock will result in capital gain or loss (as described below).

A U.S. Holder's tax basis in New ABH Common Stock received upon conversion of Rights Offering Notes (other than in respect of accrued interest) will equal its adjusted basis in the Rights Offering Notes so converted, less any portion of such

holder's tax basis allocable to cash received in lieu of a fractional share. The holding period will include the period during which a U.S. Holder held the Rights Offering Notes prior to conversion. Cash received in lieu of a fractional share of New ABH Common Stock should be treated as a payment in exchange for the fractional share, and a U.S. Holder generally will recognize taxable gain or loss on the receipt of cash in lieu of a fractional share in an amount equal to the difference between the amount of cash received and such holder's tax basis in the fractional share.

(v) Constructive Dividends

An increase in the conversion rate of the Rights Offering Notes may, depending on the circumstances, be deemed to be a distribution to a U.S. Holder. Any deemed distribution will be taxed in the same manner as an actual distribution. A U.S. Holder may be deemed to receive a taxable dividend if the conversion rate of the Rights Offering Notes is adjusted as described under the terms of the Rights Offering. A U.S. Holder's tax basis in a Rights Offering Note would be increased by the amount of any such deemed dividend.

(vi) Sale, Exchange or Retirement of the Rights Offering Notes

Upon the sale, exchange, retirement or other disposition of a Rights Offering Note, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the sum of cash plus the fair market value of any property received (other than any amount received that is attributable to accrued but unpaid interest not previously included in income, which will be taxable as ordinary interest income) and its adjusted tax basis in the Rights Offering Note. A U.S. Holder's tax basis in a Rights Offering Note generally will be the amount that such holder paid for the Subscription Right, increased by the amount of the price paid to convert the Subscription Right and any OID previously included in income, decreased by the amount of any payments (other than payments of qualified stated interest) on the Rights Offering Note. Any capital gain or loss will be long-term capital gain or loss if at the time of the sale, exchange, retirement or other taxable disposition of the Rights Offering Note, a holder held the Rights Offering Note for more than one year. Long-term capital gains of an individual taxpayer for taxable dispositions prior to January 1, 2011 will be taxed at a maximum rate of 15%. For taxable dispositions on or after January 1, 2011, such long-term capital gains will be taxed at a maximum rate of 20%. The deductibility of capital losses is subject to certain limitations, as discussed above in "Limitations on Use of Capital Losses."

(g) Information Reporting and Backup Withholding

Certain payments ("Reportable Payments") generally are subject to information reporting by the payor to the IRS. Moreover, Reportable Payments are subject to backup withholding (currently at a rate of twenty eight percent (28%)) under certain circumstances. Under the backup withholding rules set forth in the Tax Code, a

Holder receiving a payment or distribution of cash or other property pursuant to the Plan, pursuant to distributions on New ABH Common Stock or certain payments of principal of, and interest on, a Rights Offering Note, and the proceeds of disposition of a Rights Offering Note before maturity may be subject to backup withholding with respect to such payment or distribution unless it: (i) is an exempt recipient, such as a corporation, and when required, demonstrates this exemption, or (ii) timely provides a correct U.S. taxpayer identification number and makes certain certifications under penalties of perjury.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against the Holder's U.S. federal income tax liability, and it may obtain a refund of excess amounts withheld under the backup withholding tax rules by timely filing an appropriate claim for refund with the IRS.

3. U.S. Federal Income Tax Considerations for Non-U.S. Holders

This subsection applies to a Holder who is a Non-U.S. Holder. The rules governing U.S. federal income taxation of Non-U.S. Holders are complex. Each non-U.S. Holder should consult with its own tax advisor to determine the effect of U.S. federal, state, local and foreign income tax laws, as well as treaties, with regard to its participation in the transactions contemplated by the Plan and its ownership of New ABH Common Stock, Subscription Rights and any Rights Offering Notes issued upon the Exercise of the Subscription Rights, including any reporting requirements.

(a) Tax Consequences for Non-U.S. Holders of Ownership of the New ABH Common Stock and Subscription Rights.

As discussed above, it is expected that the assignment of a portion of the Unsecured Claims to ABH and the receipt by Holders of New ABH Common Stock and Subscription Rights should constitute a Section 351 transaction under the Tax Code, and accordingly, no gain or loss for U.S. federal income tax purposes should be realized or recognized by Non-U.S. Holders transferring such Claims to ABH, except to the extent of the value of the Subscription Rights received, as discussed in more detail above.

Subject to the discussion below in "Information Reporting and Backup Withholding," any gain or loss realized by a Non-U.S. Holder in connection with the assignment of the Claim to ABH, receipt of New ABH Common Stock and Subscription Rights, as applicable, pursuant to the Plan should not be subject to U.S. federal income tax unless:

- the gain or loss is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the U.S. (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment that such Non-U.S. Holder maintains within the U.S.), in which case the gain or loss will be treated in the manner described below in "Effectively Connected Income and Loss;"

- the Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more during the taxable year that includes the date of the assignment of the Claim to the Debtors, and certain other conditions are met, in which case the gain (reduced by any U.S.-source capital losses) will be subject to thirty percent (30%) tax (subject to possible reduction if provided by treaty); or
- the Non-U.S. Holder is subject to the Tax Code provisions applicable to certain former citizens or residents.

(b) Ownership of New ABH Common Stock; Distributions on New ABH Common Stock

Distributions of cash and property that ABH makes in respect of New ABH Common Stock will constitute dividends for U.S. federal income tax purposes to the extent of its current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions of cash and property that constitute dividends for U.S. federal income tax purposes generally will be subject to U.S. federal withholding at a thirty percent (30%) rate unless a reduced rate is prescribed by an applicable income tax treaty. If the amount of a distribution exceeds ABH's current and accumulated earnings and profits, such excess first will be treated as a return of capital to the extent of a Non-U.S. Holder's tax basis in the New ABH Common Stock and thereafter will be treated as gain from the disposition of such share of New ABH Common Stock, subject to tax as described below in "Sale, Exchange or Disposition of New ABH Common Stock."

In order to obtain a reduced rate of U.S. withholding tax under an applicable income tax treaty, a Non-U.S. Holder will be required to provide a properly executed IRS Form W-8BEN certifying its entitlement to benefits under the treaty. If a Non-U.S. Holder is eligible for a reduced rate of U.S. withholding tax under a treaty, the Non-U.S. Holder may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. Each Non-U.S. Holder should consult its own tax advisor regarding its possible entitlement to benefits under a treaty.

The U.S. federal withholding tax described above will not apply to dividends paid to a Non-U.S. Holder if such dividends represent U.S. trade or business income for the Non-U.S. Holder and the Non-U.S. Holder provides a properly executed IRS Form W-8ECI certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S., as the dividends will be subject to tax as described below under "Effectively Connected Income and Loss."

(c) Tax Consequences for Non-U.S. Holders of Ownership of the Rights Offering Notes Issued upon Exercise of the Subscription Rights

Subject to the discussion below in “Information Reporting and Backup Withholding,” payments of interest on a Rights Offering Note (including OID) to a Non-U.S. Holder that are not effectively connected with the conduct of a U.S. trade or business generally will not be subject to U.S. federal income tax if:

- The Non-U.S. Holder does not own, actually or constructively, for U.S. federal income tax purposes, 10% or more of the total combined voting power of all classes of the Company’s voting stock;
- The Non-U.S. Holder is not, for U.S. federal income tax purposes, a controlled foreign corporation related, directly or indirectly, to the Company through stock ownership under applicable rules of the Tax Code;
- The Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code; and
- the certification requirement, as described below, is fulfilled with respect to the beneficial owner of the Rights Offering Note.

The certification requirement described above will be fulfilled if either (A) a Non-U.S. Holder provides to the Company or its paying agent an IRS Form W-8BEN (or successor form), signed under penalties of perjury, that includes such holder’s name and address and a certification as to such holder’s non-U.S. status, or (B) a securities clearing organization, bank or other financial institution that holds customers’ securities in the ordinary course of its trade or business holds the Rights Offering Note on behalf of the beneficial owner and provides a statement to the Company or its paying agent, signed under penalties of perjury, in which the organization, bank or financial institution certifies that it has received an IRS Form W-8BEN (or successor form) from the non-U.S. beneficial owner or from another financial institution acting on behalf of such beneficial owner and furnishes the Company or its paying agent with a copy thereof and otherwise complies with the applicable IRS requirements. Other methods might be available to satisfy the certification requirements described above, depending on a holder’s particular circumstances.

The gross amount of payments of interest that do not qualify for the exception from withholding described above (the “portfolio interest exemption”) will be subject to United States withholding tax at a rate of 30% unless (A) a Non-U.S. Holder provides a properly completed IRS Form W-8BEN (or successor form) claiming an exemption from or reduction in withholding under an applicable tax treaty, or (B) such interest is effectively connected with such Non U.S. Holder’s conduct of a United States trade or business and such holder provides a properly completed IRS Form W-8ECI (or successor form).

(d) Effectively Connected Income and Loss

If a Non-U.S. Holder is engaged in a trade or business in the U.S. and if dividends received in respect of New ABH Common Stock; gain or loss realized on the disposition of a share of New ABH Common Stock, Subscription Rights or Rights Offering Notes; or fee income received for participating in the Rights Offering are “effectively connected” with the conduct of such U.S. trade or business, any such dividends, gain or loss realized by a Non-U.S. Holder will be subject to full net-basis U.S. federal income tax in the same manner as if the Non-U.S. Holder were a U.S. Holder, unless an applicable income tax treaty provides otherwise. In addition, if the Non-U.S. Holder is a foreign corporation, the Non-U.S. Holder may also be subject to a “branch profits tax” on earnings and profits effectively connected with such U.S. trade or business (subject to certain adjustments) at a rate of thirty percent (30%), unless the branch profits tax is reduced or eliminated by an applicable income tax treaty. Even though any such effectively connected income would be subject to income tax, and might also be subject to branch profits tax, it would not be subject to withholding tax if the Non-U.S. Holder satisfied the applicable certification requirements described above. Non-U.S. Holders should discuss the applicability of the “effectively connected” rules with their tax advisors.

(e) Sale, Exchange or Disposition of New ABH Common Stock, Subscription Rights and Rights Offering Notes

Subject to the discussion below concerning backup withholding, if a Non-U.S. Holder owns New ABH Common Stock and Subscription Rights (or Rights Offering Notes issued upon conversion of Subscription Rights), the Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain or loss realized on the sale, exchange or other taxable disposition of such New ABH Common Stock and Subscription Rights (or Rights Offering Notes), unless:

- the Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more in the taxable year of disposition, and certain other conditions are met;
- such gain represents accrued but unpaid interest not previously included in income, in which case the rules regarding interest would apply; or
- such gain is effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the U.S. (see “Effectively Connected Income and Loss”).

(f) Information Reporting and Backup Withholding.

Unless certain exceptions apply, the Company must report annually to the IRS and to each Non-U.S. Holder the amount of any dividends and interest paid to the Non-U.S. Holder (whether such dividend income is subject to U.S. withholding tax or is exempt from such tax pursuant to an income tax treaty). Copies of these information

returns may also be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which a Non-U.S. Holder resides.

Under current U.S. federal income tax law, backup withholding tax will not apply to payments of dividends and interest by the Company or its paying agent if the Non-U.S. Holder provides a properly executed IRS Form W-8BEN (or successor form), or otherwise establishes its eligibility for an exemption, provided that the Company or its paying agent, as the case may be, does not have actual knowledge or reason to know that the payee Non-U.S. Holder is a U.S. person.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a Non-U.S. Holder under the backup withholding rules will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the holder furnishes the required information to the IRS. A Non-U.S. Holder should consult its tax advisor regarding the application of information reporting and backup withholding in such holder's particular situation, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

B. Certain Canadian Federal Income Tax Consequences of the Plan

The following is a summary of the principal Canadian federal income tax consequences of the Plan to a holder of Unsecured Claims who, at all relevant times for purposes of the *Income Tax Act* (Canada) (the "Tax Act"), deals at arm's length with and is not affiliated with the Company and Reorganized ABH, holds its Unsecured Claims as capital property and will hold its New ABH Common Stock, the Subscription Right and the Rights Offering Notes as capital property. The Unsecured Claims, the New ABH Common Stock, the Subscription Rights and the Rights Offering Notes will generally be considered to be capital property to a holder of Unsecured Claims unless either the holder of Unsecured Claims holds (or will hold) such securities in the course of carrying on a business, or the holder of Unsecured Claims has acquired (or will acquire) such securities in a transaction or transactions considered to be an adventure in the nature of trade. This summary does not address the Canadian federal income tax consequences of the receipt of any fees or payments by the Backstop Investors in connection with the Backstop Agreement.

This summary does not apply to (i) a holder of Unsecured Claims an interest in which is a "tax shelter investment" as defined in the Tax Act, (ii) a holder of Unsecured Claims that is a "financial institution" for purposes of the "mark-to-market" rules as defined in the Tax Act, (iii) a holder of Unsecured Claims that is a "specified financial institution" as defined in the Tax Act, (iv) a holder of Unsecured Claims that has made the "functional currency" reporting election, or (v) a Canadian Holder (as defined below) in relation to which ABH or Reorganized ABH is a "foreign affiliate" as defined in the Tax Act. Such holders of Unsecured Claims should consult with their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “Regulations”) and the understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) publicly available prior to the date hereof. The summary also takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not take into account or anticipate any changes in law or administrative policies or assessing practices of the CRA, whether by way of judicial, governmental or legislative action or decisions, nor does it address any provincial, territorial or foreign tax legislation or considerations.

This summary is of a general nature only, is not exhaustive of all Canadian federal income tax consequences and is not intended to be, nor should it be construed as, legal or tax advice to any particular holder of Unsecured Claims. Holders of Unsecured Claims are urged to consult their own tax advisors as to the tax consequences to them of the Plan in their particular circumstances.

For purpose of the Tax Act, all amounts, including cost, proceeds of disposition, interest or dividends received and accrued must be determined in Canadian currency at applicable exchange rates as determined in accordance with the Tax Act. The amount of interest and any capital gain or capital loss of a holder of Unsecured Claims may be affected by fluctuations in Canadian dollar exchange rates.

1. Residents of Canada

This portion of the summary applies to a holder of Unsecured Claims who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is or is deemed to be resident of Canada (“Canadian Holder”). Certain Canadian Holders whose Unsecured Claims issued by Canadian Debtors might not otherwise qualify as capital property may, in certain circumstances, treat the Unsecured Claims issued by Canadian Debtors as capital property by making an irrevocable election pursuant to subsection 39(4) of the Tax Act, to the extent such Unsecured Claims are “Canadian securities” as defined in the Tax Act. However, the New ABH Common Stock, Subscription Rights and the Rights Offering Notes are not Canadian securities for the purpose of the irrevocable election under subsection 39(4) of the Tax Act. Therefore, this election will not apply to the Unsecured Claims that are not Canadian securities and to the New ABH Common Stock, Subscription Rights and the Rights Offering Notes. Canadian Holders are advised to consult their own tax advisors regarding such election.

(a) Exchange of the Unsecured Claims

A Canadian Holder will be considered to have disposed of Unsecured Claims upon the exchange of such Unsecured Claims for (i) cash or (ii) for New ABH

Common Stock and the Subscription Right, as the case may be. Under the Plan, the (i) cash or (ii) New ABH Common Stock and Subscription Rights, as the case may be, will be allocated first to the principal amount of the Unsecured Claims, and the balance, if any, to the accrued interest with respect to the Unsecured Claims.

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will generally be required to include in income the amount of interest accrued or deemed to accrue on the Unsecured Claims up to the Effective Date or that became receivable or was received on or before the Effective Date, to the extent that such amounts have not otherwise been included in the Canadian Holder's income for the taxation year or a preceding taxation year. Any other Canadian Holder, including an individual, will be required to include in income for a taxation year any interest on the Unsecured Claims received or receivable by such Canadian Holder in the taxation year (depending upon the method regularly followed by the Canadian Holder in computing income) except to the extent that such amount was otherwise included in its income for the taxation year or a preceding taxation year. In addition, if such Canadian Holder has not otherwise included interest on the Unsecured Claims in computing the Canadian Holder's income at periodic intervals of not more than one year, such Canadian Holder will be required to include in computing income for a taxation year any interest that accrues to the Canadian Holder on the Unsecured Claims up to the end of any "anniversary day" (as defined in the Tax Act) in that taxation year to the extent such interest was not otherwise included in computing the Canadian Holder's income for that taxation year or a preceding taxation year. Generally, a Canadian Holder should be entitled to deduct in computing income for the year of disposition, amounts that were included in computing the Canadian Holder's income for the year of disposition or a preceding taxation year as interest in respect of the Unsecured Claims, to the extent that such amounts were not received or receivable by the Canadian Holder and were not deducted by the Canadian Holder in computing income for the year of disposition or a preceding taxation year.

In general, a Canadian Holder will realize a capital gain (or capital loss) on the exchange of the Unsecured Claims equal to the amount by which, in the case of cash received, such amount of cash received, or in the case of New ABH Common Stock and Subscription Rights, the amount equal to the aggregate fair market value at the time of the exchange of the New ABH Common Stock and Subscription Rights, and in both cases, net of any amount included in the Canadian Holder's income as interest, exceeds (or is exceeded by) the adjusted cost base to the Canadian Holder of such Unsecured Claims, plus any reasonable costs of disposition. The tax treatment of any capital gain (or capital loss) realized is described below under the heading "Taxation of Capital Gains and Capital Losses".

The adjusted cost base of the New ABH Common Stock and Subscription Rights to the Canadian Holder will be equal to the fair market value at the time of the exchange of such New ABH Common Stock and Subscription Rights.

(b) Dividends on New ABH Common Stock

Any dividends received or deemed to be received on the New ABH Common Stock by a Canadian Holder that is an individual (including a trust) will be included in the individual's income and will not be subject to the gross-up and dividend tax credit rules in the Tax Act. Dividends received or deemed to be received on the New ABH Common Stock by a Canadian Holder that is a corporation will be included in computing the corporation's income and generally will not be deductible in computing the corporation's taxable income.

U.S. tax, if any, payable by a Canadian Holder in respect of dividends received on the New ABH Common Stock may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Canadian Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

(c) Disposition of New ABH Common Stock

A Canadian Holder will realize a capital gain (or capital loss) on a disposition or deemed disposition of New ABH Common Stock equal to the amount by which the proceeds of disposition exceed (or are exceeded by) the adjusted cost base to the Canadian Holder of such New ABH Common Stock, plus any reasonable costs of disposition. The tax treatment of any such capital gain (or capital loss) is described below under the heading "Taxation of Capital Gains and Capital Losses".

(d) Exercise of the Subscription Rights to the Rights Offering

No gain or loss will be realized on the exercise of the Subscription Rights under the Rights Offering. The cost to a Canadian Holder of the Rights Offering Notes acquired on the exercise of Subscription Rights will be equal to the aggregate of the adjusted cost base of the Subscription Rights, if any, and the price paid to acquire the Rights Offering Notes under the Rights Offering.

[On the subscription of the Rights Offering, Canadian Holders will receive an Upfront Payment from Reorganized ABH]. The Canadian federal income tax consequences to a Canadian Holder of the receipt of the Upfront Payment are unclear and, consequently, Canadian Holders should consult their own tax advisors.

(e) Taxation of Interest on Rights Offering Notes

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will generally be required to include in income for a taxation year the amount of interest (including PIK Interest) accrued or deemed to accrue on the Rights Offering Notes to the end of the taxation year or that became receivable or was received by it before the end of that taxation year, to the

extent such amounts have not otherwise been included in such Canadian Holder's income for the year or a preceding taxation year. Any other Canadian Holder, including an individual, will be required to include in income for a taxation year any interest (including PIK Interest) on the Rights Offering Notes received or receivable by such Canadian Holder in that taxation year (depending upon the method regularly followed by the Canadian Holder in computing income) except to the extent that such amount was otherwise included in its income for that taxation year or a preceding taxation year. In addition, if such Canadian Holder has not otherwise included interest on the Rights Offering Notes in computing the Canadian Holder's income at periodic intervals of not more than one year, such Canadian Holder will be required to include in computing income for a taxation year any interest that accrues to the Canadian Holder on the Rights Offering Notes up to the end of any "anniversary day" (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in computing the Canadian Holder's income for that taxation year or a preceding taxation year.

(f) Sale, Redemption or Repayment of the Rights Offering Notes

On a disposition or a deemed disposition of the Rights Offering Notes (otherwise than on a conversion described under the heading "Exercise of Conversion Rights under the Rights Offering Notes"), including repayment or redemption by Reorganized ABH, a Canadian Holder will generally be required to include in income the amount of interest accrued or deemed to accrue to the date of disposition or that became receivable or was received on or before the date of disposition, to the extent that such amounts have not otherwise been included in the Canadian Holder's income for the taxation year or a preceding taxation year.

Any amount paid to a Canadian Holder as a penalty or bonus because of the redemption or repayment of all or part of the principal amount of the Rights Offering Notes of the Rights Offering Notes will be deemed to be received by the Canadian Holder as interest on the Rights Offering Notes and will be required to be included in computing the Canadian Holder's income as described above, to the extent such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, interest that would otherwise have been paid or payable by Reorganized ABH on the Rights Offering Notes for periods ending after the payment of such amount.

In general, a disposition or a deemed disposition of the Rights Offering Notes will give rise to a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any amount included in the Canadian Holder's income as interest, exceed (or are exceeded by) the adjusted cost base to the Canadian Holder of the Rights Offering Notes, plus any reasonable costs of disposition. Any such capital gain (or capital loss) will be subject to the treatment described below under the heading "Taxation of Capital Gains and Capital Losses".

(g) Exercise of Conversion Rights under the Rights Offering Notes

Upon the conversion of a Rights Offering Note pursuant to the terms governing conversion of such Rights Offering Notes, the Canadian Holder will be deemed not to have disposed of the Rights Offering Note and, accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion.

On the conversion of a Rights Offering Note, a Canadian Holder will generally be required to include in computing its income for the taxation year in which the conversion occurs all interest that accrued on the Rights Offering Note to the date of conversion (including any PIK Interest), except to the extent that such interest has otherwise been included in the Canadian Holder's income for that taxation year or a preceding taxation year.

The adjusted cost base to a Canadian Holder of the New ABH Common Stock acquired on the conversion of a Rights Offering Note will generally be equal to the aggregate of the adjusted cost base to the Canadian Holder of the Rights Offering Note immediately before the conversion and the fair market value of any New ABH Common Stock issued to the Canadian Holder in satisfaction of the payment of interest accrued on the Rights Offering Note to the date of conversion. The adjusted cost base of New ABH Common Stock so acquired must be averaged with the adjusted cost base to the Canadian Holder of all New ABH Common Stock then held as capital property by the Canadian Holder for the purpose of calculating the adjusted cost base of such New ABH Common Stock.

(h) Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "taxable capital gain") realized by a Canadian Holder for a taxation year must be included in the Canadian Holder's income in the year. A Canadian Holder is required to deduct one-half of any capital loss (an "allowable capital loss") realized in the taxation year from taxable capital gains realized in that year, and allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent year, from net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

(i) Alternative Minimum Tax

Individuals (other than certain trusts) may be subject to an alternative minimum tax under the Tax Act upon realizing net capital gains.

(j) Additional Refundable Tax

A Canadian Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 ^{2/3}% on certain investment income, including amounts in respect of interest, certain dividends and taxable capital gains.

(k) Foreign Investment Entity and Offshore Investment Fund
Property Rules

Former Bill C-10 contained proposed amendments to the Tax Act that would have introduced new rules regarding the taxation of certain interests in non-resident entities that constitute “foreign investment entities” and repealed certain existing tax rules with respect to “offshore investment fund property” (as defined in the Tax Act). However, Bill C-10 was not passed into law. As part of the March 4, 2010 Federal Budget (the “2010 Federal Budget”), the Minister of Finance (Canada) announced that, rather than implementing the previously proposed rules regarding foreign investment entities, it would retain existing tax rules with respect to “offshore investment fund property”, with certain limited enhancements. Based on counsel’s understanding of the facts, including certain representations made to counsel by ABH, New ABH Common Stock, Subscription Rights and the Rights Offering Notes should not be an offshore investment fund property. Provided the New ABH Common Stock, Subscription Rights and the Rights Offering Notes are not an offshore investment fund property at any relevant time in the future, an investment by a Canadian Holder in the New ABH Common Stock, Subscription Rights and the Rights Offering Notes will not be subject to the provisions in the Tax Act relating to investments in offshore investment fund property.

Even if a New ABH Common Stock, Subscription Rights and the Rights Offering Notes were an offshore investment fund property, the existing offshore investment fund property rules would not apply to a particular Canadian Holder provided that none of the main reasons for the Canadian Holder acquiring the New ABH Common Stock, Subscription Rights and the Rights Offering Notes was to derive a benefit from portfolio interests in assets in such a way that the income, profits and gains from such assets would be significantly less than the tax under Part I of the Tax Act that would have been payable by the Canadian Holder if the Canadian Holder had acquired the assets directly. Canadian Holders should consult their own advisors with respect to whether they satisfy this test.

(l) Foreign Property Reporting

The Tax Act and the Regulations require a “specified Canadian entity” as defined in the Tax Act to file an information return disclosing prescribed information where, at any time in a taxation year, the total cost amount of “specified foreign property” as defined in the Tax Act of the entity exceeds \$100,000. For these purposes, a “specified Canadian entity” includes, with some exceptions, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the Tax Act. The New ABH Common Stock, Subscription Rights and the Rights Offering Notes will be “specified foreign property” to a specified Canadian entity. In the 2010 Federal Budget, the Canadian Minister of Finance proposed that the existing reporting requirements with respect to “specified foreign property” be expanded so that more detailed information be available for audit use. Revised legislation reflecting such

proposal has not yet been released. The reporting rules in the Tax Act are complex and this summary does not purport to explain all circumstances in which reporting may be required by any Canadian Holder. Accordingly, Canadian Holders should consult their own tax advisors regarding these reporting requirements including any expansion thereof pursuant to the aforementioned 2010 Federal Budget proposal.

(m) Eligibility for Investments

Provided the New ABH Common Stock are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the NASDAQ, the NYSE, and the TSX), the New ABH Common Stock, if issued on the Effective Date, would be qualified investments under the Tax Act and the Regulations for trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (“TFSAs”) (collectively, the “Plans”). The Rights Offering Notes will be qualified investments under the Tax Act and the Regulations for Plans (other than a deferred profit sharing plan for which an employer is Reorganized ABH, or is an employer with whom Reorganized ABH does not deal at arm’s length within the meaning of the Tax Act) provided that the New ABH Common Stock are, on the Effective Date, listed on a designated stock exchange. The Subscription Right will be qualified investments under the Tax Act and the Regulations for Plans if the Rights Offering Notes are qualified investments and if Reorganized ABH is not an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the governing Plan and Reorganized ABH deals at arm’s length with each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the governing Plan.

Should any particular New ABH Common Stock, Rights Offering Note or Subscription Rights, not meet the conditions hereabove mentioned in order to be considered a qualified investment, Canadian Holders should consult their own tax advisors regarding the application of those rules under the Tax Act and the Regulations in their particular circumstances.

Notwithstanding the foregoing, if the New ABH Common Stock, Subscription Rights and Rights Offering Notes are “prohibited investments” for purposes of a TFSA, or if an “advantage” (as defined in the Tax Act) in relation to a TFSA is extended to the Canadian Holder or to a person who does not deal at arm’s length with the Canadian Holder, the Canadian Holder of such account will be subject to penalty taxes as set out in the Tax Act, and, based on Tax Proposals, other tax consequences may result. Generally, the New ABH Common Stock, Subscription Rights and the Rights Offering Notes will not be a “prohibited investment” for a trust governed by a TFSA provided that the Canadian Holder of the TFSA deals at arm’s length with Reorganized ABH for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in Reorganized ABH or in any corporation, partnership or trust that does not deal at arm’s length with Reorganized ABH for purposes of the Tax Act. Canadian Holders of a TFSA are advised to consult their own tax advisors in this regard.

On April 30, 2010, the Minister released Tax Proposals that may impact TFSAs. Canadian Holders should consult their own tax advisors regarding the impact of these Tax Proposals.

2. Non-Residents of Canada

This portion of the summary applies to a holder of Unsecured Claims that, for the purposes of the Tax Act and any applicable income tax treaty or convention and at all relevant times, is not and will not be deemed to be resident in Canada and does not use or hold the Unsecured Claims and will not use or hold the New ABH Common Stock, Subscription Rights and Rights Offering Notes in carrying on a business in Canada (a “Non-Resident Holder”). In addition, this summary does not apply to an insurer who carries on an insurance business in Canada and elsewhere or an authorized foreign bank that carries on a Canadian banking business.

(a) Exchange of the Unsecured Claims

Upon the exchange by a Non-Resident Holder of the Unsecured Claims for (i) cash or (ii) New ABH Common Stock and the Subscription Rights, as the case may be, no taxes will be payable under the Tax Act by such a Non-Resident Holder.

(b) Disposition of New ABH Common Stock

A disposition by a Non-Resident Holder of New ABH Common Stock will not be subject to Canadian tax unless such New ABH Common Stock constitute “taxable Canadian property” to the Non-Resident Holder at the time of the disposition and relief from taxation is not available under an applicable income tax treaty or convention.

Based on Bill C-9 An Act to implement certain provisions of the budget tabled in Parliament on March 4, 2010 and other measures introduced for first reading by the Minister of Finance in the House of Commons on March 29, 2010, the New ABH Common Stock will generally not be considered to be taxable Canadian property to a Non-Resident Holder unless at any time during the sixty-month period immediately preceding the time of disposition, (1) not less than 25% of the issued shares of any class of shares of Reorganized ABH were owned by or belonged to the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length or any combination thereof, and (2) more than 50% of the fair market value of issued shares of Reorganized ABH was derived directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) “Canadian resource properties” (as defined in the Tax Act), (iii) “timber resource properties” (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists.

3. Consequences relating to the Subscription Rights and the Rights Offering Notes

No Canadian tax consequences should arise in relation to the Subscription Right and to the Rights Offering Notes, unless the Subscription Right and the Rights Offering Notes constitute taxable Canadian property to the Non-Resident Holder and relief from taxation is not available under applicable tax treaty or convention. The Subscription Right and the Rights Offering Notes will constitute taxable Canadian property to a Non-Resident Holder only if the New ABH Common Stock constitute taxable Canadian property to Non-Resident Holder. Non-Resident Holders should consult their own tax advisors as to the Canadian tax consequences relating to the Subscription Right and the Rights Offering Notes.

4. Consequences to the Company

The exchange of Unsecured Claims for New ABH Common Stock will result in the settlement or extinguishment of the Unsecured Claims. The “forgiven amount”, as defined in the Tax Act, arising from the settlement or extinguishment will reduce, in prescribed order, certain tax attributes of the relevant Canadian Debtors, including non-capital losses, net capital losses, cumulative eligible capital, undepreciated capital cost of depreciable property and the adjusted cost base of certain capital property (the “Tax Shield”). Generally, one half of the amount by which the forgiven amount exceeds the Tax Shield (such amount, the “Excess”) will be required to be included in the relevant Canadian Debtors income for the taxation year in which the Effective Date takes place, unless the Excess was otherwise assigned by such relevant Canadian Debtors to other Canadian Debtors that are “eligible transferees” as defined in the Tax Act for reduction of such other Canadian Debtors’ Tax Shield.

C. Reservation of Rights

This tax section is subject to change (possibly substantially) based on subsequent changes to other provisions of the Plan. The Debtors and their advisors reserve the right to further modify, revise or supplement Article X of the Plan and the other tax related sections of the Plan up to the Supplement Filing Date.

X.

CERTAIN U.S. AND CANADIAN SECURITIES LAW CONSIDERATIONS

A. U.S. Securities Law Considerations

Section 1145 of the Bankruptcy Code provides certain exemptions from the securities registration requirements of federal and state securities laws with respect to the distribution of securities under a plan. Specifically, Section 1145(a)(1) of the Bankruptcy Code generally exempts from registration under the Securities Act the offer or sale of a debtor’s stock under a chapter 11 plan if such securities are offered or sold in exchange for a claim against, or an equity interest in, such debtor, or if such securities are offered or sold principally in such exchange and partly for cash. In addition, in the case of rights issued under a chapter 11 plan, section 1145(a)(2) also generally exempts the

issuance of securities issued upon exercise of such rights. In reliance upon this exemption, the Rights Offering Notes to be issued in respect of Claims and the exercise of the Subscription Rights by Rights Offering Participants as provided in the Plan (but not securities received by persons deemed to be underwriters) will be exempt from the registration requirements of the Securities Act and of any state securities laws. In general, offers and sales of securities made in reliance on the exemption afforded under section 1145(a) of the Bankruptcy Code are deemed to be made in a public offering. Accordingly, such securities may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by section 4(1) of the Securities Act, unless the holder is an “underwriter” with respect to such securities, as that term is defined in the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states.

Section 1145(b) of the Bankruptcy Code defines “underwriter” for purposes of the Securities Act as one who (a) purchases a claim with a view to distribution of any security to be received in exchange for the claim other than in ordinary trading transactions, or (b) offers to sell securities issued under a plan for the holders of such securities, or (c) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution of such securities, or (d) is a control person of the issuer of the securities or other issuer of the securities within the meaning of section 2(11) of the Securities Act. The legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns at least ten percent (10%) of the securities of a reorganized debtor may be presumed to be a “control person.”

Notwithstanding the foregoing, statutory underwriters may be able to sell their securities pursuant to the resale limitations of Rule 144 promulgated under the Securities Act. Rule 144 would, in effect, permit the resale of securities received by statutory underwriters pursuant to a chapter 11 plan, subject to applicable holding periods, volume limitations, notice and manner of sale requirements, and certain other conditions. Statutory underwriters may also be able to sell their securities pursuant to the resale provisions of Regulation S promulgated under the Securities Act. Parties who believe they may be statutory underwriters as defined in section 1145 of the Bankruptcy Code are advised to consult with their own counsel concerning the availability of the exemption provided by Rule 144 or Regulation S.

Whether any particular person would be deemed to be an “underwriter” with respect to any security issued under the Plan would depend upon the facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular person receiving distributions under the Plan would be an “underwriter” with respect to any security issued under the Plan and the Debtors make no representation concerning the ability of any particular person to resell the securities to be distributed under the Plan. The Debtors recommend that potential recipients of securities

pursuant to the Plan consult their own counsel concerning whether they may freely trade such securities.

The Backstop Investors will also receive securities of Reorganized ABH. Reorganized ABH will rely on section 4(2) of the Securities Act and, to the extent applicable, Regulation D promulgated thereunder, and section 18 of the Securities Act with respect to state securities law or Blue Sky Laws, to exempt the offering, sale and issuance of Rights Offering Notes and the New ABH Common Stock to the Backstop Investors. Section 4(2) exempts from the registration requirements of the Securities Act any offering by an issuer not involving any public offering. Regulation D similarly exempts from the registration requirements of the Securities Act private offerings by an issuer of securities to “accredited investors,” as such term is defined under Regulation D, and to certain other qualified investors. The Backstop Investors may be deemed to be “underwriters”, as a result of which they would be subject to the resale restrictions described above. The Backstop Agreement also currently provides that the Company will file, as soon as practicable, a registration rights agreement with the Bankruptcy Court and Canadian Court, in form and substance satisfactory to the Backstop Investors, providing for the filing of a registration rights agreement in respect of the Rights Offering Notes and the New ABH Common Stock issuable in respect thereof at a later date.

B. Canadian Securities Law Considerations

Canadian securities laws provide for a specific statutory exemption from the prospectus requirements when securities are issued or distributed in connection with either (i) a reorganization or arrangement that is under a statutory procedure or (ii) a reorganization or arrangement that (A) is described in an information circular made pursuant to applicable regulations or in a similar disclosure record and the information circular or similar disclosure record is delivered to each security holder whose approval of the reorganization or arrangement is required before it can proceed and (B) is approved by the security holders referred to in (A). The Company believes that the issuance and distribution of the New ABH Common Stock under the CCAA Plan to any Canadian resident and of Subscription Rights to Rights Offering Participants pursuant to the Rights Offering fall within one of the statutory exemptions under Canadian securities laws described in this paragraph and are thus exempt from the prospectus requirements under Canadian securities laws.

The issuance and distribution of Rights Offering Notes upon the exercise of the Subscription Rights by the Rights Offering Participants and of New ABH Common Stock upon the conversion of such Rights Offering Notes in accordance with their respective terms also fall within statutory exemptions under Canadian securities laws and are thus exempt from the prospectus requirements. For the purposes herein, the New ABH Common Stock (including the New ABH Common Stock issuable upon the conversion of Rights Offering Notes) and the Rights Offering Notes issuable upon the exercise of the Subscription Rights are referred to as the “New Securities”.

Under Canadian securities laws, once issued, the New Securities will, except for “control distributions” described below, be generally freely tradeable in Canada without the need for the holder of such New Securities to prepare and file a prospectus or rely on an exemption from the prospectus requirements, provided (i) the issuer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade; (ii) no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade and (iv) if the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation. Reorganized ABH will not have been a reporting issuer for any period prior to the Implementation Date. However, ABH is currently a reporting issuer in each of the provinces of Canada and it is currently anticipated that, at the Implementation Date (as defined in the CCAA Plan), it will remain a reporting issuer and will have been a reporting issuer for the four months preceding the Implementation Date in each of the provinces of Canada. Under Canadian securities laws, a holder of New Securities may include the period of time that ABH was a reporting issuer in a jurisdiction of Canada immediately prior to the Implementation Date in determining the period of time that Reorganized ABH was a reporting issuer in a jurisdiction of Canada immediately preceding the trade by such holder.

If the resale or trade of the New Securities constitutes a “control distribution”, then any resale or trade of the New Securities would require either (i) the preparation and filing of a prospectus in the relevant Canadian jurisdiction(s) in order to qualify such resale or trade for public distribution in Canada and render the subject New Securities freely tradeable in such Canadian jurisdiction(s); (ii) in the absence of a Canadian prospectus, the reliance on a separate statutory or discretionary exemption from the applicable prospectus requirements for the resale or trade of the New Securities; or (iii) the giving of notice and filing of a prescribed form with the CSA at least seven days before the first resale or trade that is part of the control distribution indicating the selling security holder's intention to distribute securities and particulars of the proposed trade, including the number and class of securities proposed to be sold and whether the sale will occur privately or on an exchange or market.

In general terms, a “control distribution” is a distribution effected by a “control person”, being (i) a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and, if a person or company holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the person or company is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer; or (ii) each person or company in a combination of persons or companies, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and, if a combination of persons or companies holds

more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the combination of persons or companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer.

Given the complex and subjective nature of the question of whether a particular holder may be a “control person” under Canadian securities laws, the Company makes no representation concerning the right of any Person to trade in the New Securities in Canada. The Company recommends that potential recipients of the New Securities consult their own counsel concerning whether they may freely trade the New Securities in Canada in compliance with applicable Canadian securities laws.

XI.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN AND CCAA PLAN

If the Plan is not confirmed, the alternatives for the Chapter 11 Cases include (a) continuation of the Chapter 11 Cases and formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code. Each of these possibilities is discussed in turn below.

A. Continuation of the Chapter 11 Cases

If the Debtors remain in chapter 11, the Debtors could continue to operate their businesses and manage their properties as debtors-in-possession, but they would remain subject to the restrictions imposed by the Bankruptcy Code. It is not clear whether the Debtors could continue as viable going concerns in protracted chapter 11 cases. The Debtors could have difficulty operating with the high costs, limited financing and the eroding confidence of their customers and trade vendors, if the Debtors remained in chapter 11. If the Debtors were able to obtain financing and continue as a viable going concern, the Debtors (or other parties in interest) could ultimately propose another plan or attempt to liquidate the Debtors under chapter 7 or chapter 11. Such plans might involve either a reorganization and continuation of the Debtors’ businesses, or an orderly liquidation of their assets, or a combination of both.

B. Liquidation Under Chapter 7 or Chapter 11

If the Plan is not confirmed, the Debtors’ Chapter 11 Cases could be converted to liquidation cases under chapter 7 of the Bankruptcy Code. In chapter 7, a trustee would be appointed to promptly liquidate the assets of the Debtors.

The Debtors believe that in a liquidation under chapter 7, before creditors received any distributions, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee, along with an increase in expenses associated with an increase in the number of

unsecured claims that would be expected, would cause a substantial diminution in the value of the estates. The assets available for distribution to creditors and equity holders would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of the Debtors' operations and the failure to realize the greater going concern value of the Debtors' assets.

The Debtors could also be liquidated pursuant to the provisions of a chapter 11 plan of reorganization. In a liquidation under chapter 11, the Debtors' assets could be sold in a more orderly fashion over a longer period of time than in a liquidation under chapter 7. Thus, chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values being received and higher administrative costs. Because a trustee is not required in a chapter 11 case, expenses for professional fees could be lower than in a chapter 7 case, in which a trustee must be appointed. Any distributions to the holders of Claims or Interests under a chapter 11 liquidation plan probably would be delayed substantially.

XII.

CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation of the Plan in the Chapter 11 Cases and sanction of CCAA Plan in the CCAA Proceedings is preferable to the alternatives described above because it provides the greatest distributions and opportunity for distributions to holders of Claims against any of the Debtors. In addition, any alternative to confirmation of the Plan in the Chapter 11 Cases and/or sanction of CCAA Plan in the CCAA Proceedings could result in extensive delays and increased administrative expenses, or the ultimate liquidation of certain or all of the Debtors.

Accordingly, the Debtors urge all holders of Claims entitled to vote on the Plan to vote to accept the Plan in the Chapter 11 Cases and/or approve the CCAA Plan in the CCAA Proceedings.

Dated: May 24, 2010

Respectfully submitted,

AbitibiBowater Inc.
AbitibiBowater US Holding 1 Corp.
AbitibiBowater US Holding LLC
AbitibiBowater Canada Inc.
Bowater Alabama LLC
Bowater America Inc.
Bowater Canada Finance Corporation
Bowater Canadian Forest Products Inc.
Bowater Canadian Holdings Incorporated
Bowater Canadian Limited
Bowater Finance Company Inc.
Bowater Finance II LLC
Bowater Incorporated
Bowater LaHave Corporation
Bowater Maritimes Inc.
Bowater Newsprint South LLC
Bowater Newsprint South Operations LLC
Bowater Nuway Inc.
Bowater Nuway Mid-States Inc.
Bowater South American Holdings
Incorporated
Bowater Ventures Inc.
Catawba Property Holdings, LLC
Coosa Pines Golf Club Holdings LLC
Donohue Corp.
Lake Superior Forest Products Inc.
Tenex Data Inc
ABH LLC 1
ABH Holding Company LLC

By: /s/ William G. Harvey
Name: William G. Harvey
Title: Authorized Signatory
Chief Financial Officer, AbitibiBowater Inc.

-- and --

Abitibi Consolidated Sales Corporation
Abitibi-Consolidated Corp.
Abitibi-Consolidated Finance LP
Abitibi-Consolidated Alabama Corporation
Augusta Woodlands LLC
Alabama River Newsprint Company

By: /s/ Jacques P. Vachon
Name: Jacques P. Vachon
Title: Authorized Signatory
Senior Vice President, AbitibiBowater Inc.

EXHIBIT A

**The Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the
Bankruptcy Code**

EXHIBIT B

Projected Financial Information

Financial Projections

The Company¹ prepared the Reorganized ABH Pro Forma Balance Sheet, Reorganized ABH Projected Balance Sheet, Reorganized ABH Projected Income Statement, Reorganized ABH Projected Cash Flow Statement and ACI, Donohue (for the purposes of this Exhibit, "D-Corp"), Bowater (for the purposes of this Exhibit, "BI"), Bowater Newsprint South Operations LLC (for the purposes of this Exhibit, "BNS") and BCFPI Projected Financials (collectively, the "Financial Projections") for the years 2010 through 2014 (the "Projection Period"). The Financial Projections are based on a number of assumptions made by management with respect to the future performance of the Company's operations. Although management has prepared the Financial Projections in good faith and believes the assumptions to be reasonable, it is important to note that the Company can provide no assurance that such Financial Projections and assumptions will be realized. As described in detail in the Disclosure Statement, a variety of risk factors could affect the Company's actual financial results and must be considered. The Financial Projections should be reviewed in conjunction with a review of these assumptions, including the accompanying qualifications and footnotes. The Company did not prepare the Financial Projections with a view toward compliance with published guidelines of the Securities and Exchange Commission or guidelines established by the FASB, particularly for reorganization accounting.

All dollar amounts in the Financial Projections are U.S. dollars unless otherwise indicated and any reference to "GAAP" refers to the generally accepted accounting principles in the United States of America.

A. Accounting Policies

The Financial Projections have been prepared using accounting policies that are materially consistent with those applied in the Debtors' historical financial statements (GAAP consolidated basis). The Financial Projections do not reflect the formal implementation of reorganization accounting pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 852 Reorganizations ("FASB ASC 852"). In addition, for comparative presentation purposes, the operations and cash flows for 2010 combine the predecessor company (January 1, 2010 through the Effective Date / Implementation Date) and successor company (assumed Effective Date / Implementation Date through December 31, 2010) to allow for a full year presentation.

¹ Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan, as applicable.

B. General Assumptions

1. Methodology

The Financial Projections are based upon the Company's detailed operating forecast for 2010 – 2014 for the consolidated enterprise. The Financial Projections include the impact of the Company's operating restructuring initiatives in 2010 both prior to and after the Effective Date and Implementation Date (as defined in the CCAA Plan). The Company's Financial Projections have been updated where noted to match the projected cash flows used by Blackstone in the Company's Enterprise Valuation.

2. Plan Consummation

The operating assumptions assume that the Effective Date / Implementation Date will be October 1, 2010.

3. Macroeconomic and Industry Environment

The Financial Projections are based on management's view of North American and international market supply and demand, corresponding operating rates and pricing, and changes in the major cost inputs for the key pulp and paper grades in which it produces. Management's view generally aligns with current industry information including RISI, a leading information provider for the global forest products industry, as well as general Wall Street equity research consensus views for major macroeconomic and industry cost drivers.

4. Exchange Rate

The CAD / USD exchange rate is assumed to be \$.99 for the balance of 2010, falling to \$.98 in 2011, \$.96 in 2012, \$.93 in 2013 and \$.91 in 2014. These exchange rates projections are consistent with the assumptions used by Blackstone in the Company's Enterprise Valuation.

C. Adjusted September 30, 2010 Balance Sheet and Reorganized ABH Pro Forma Balance Sheet

The Adjusted September 30, 2010 Balance Sheet was developed based upon the December 31, 2009 audited balance sheet and projected results of operations and cash flows over the projected period to the assumed emergence date of October 1, 2010. On the Effective Date / Implementation Date, actual cash may vary from cash reflected in the Adjusted September 30, 2010 Balance Sheet because of variances in the Financial Projections and potential changes in cash needed to consummate the Plan and the CCAA Plan. The Reorganized ABH Pro Forma Balance Sheet contains certain pro forma adjustments as a result of consummation of the Plan and the CCAA Plan. The Reorganized ABH Pro Forma Balance Sheet also includes the debt (related to non-filed

subsidiaries) and other obligations that will continue to remain outstanding after the Effective Date / Implementation Date and will be paid in the ordinary course of operations. The estimated pro forma adjustments regarding the reorganized equity value of the Company, its assets, or estimates of its liabilities as of the Effective Date / Implementation Date will be based upon the fair value of its assets and liabilities as of that date, which could be materially different than the values assumed in the foregoing estimates.

Reorganized ABH - Pro Forma Balance Sheet						
In US\$ million unless otherwise noted	Adjusted September 30, 2010	Exit Financing (A)	Cash Settlement (B)	Non-Cash Settlement (C)	Accounting Adjustments (D)	Pro Forma September 30, 2010
ASSETS						
Current Assets:						
Cash and cash equivalents	\$707	(\$419)	(\$138)	-	-	\$150
Accounts receivable	879	-	-	-	-	879
Inventories, net	588	-	-	-	-	588
Other current assets	121	-	-	-	-	121
Total current assets	\$2,296	(\$419)	(\$138)	-	-	\$1,738
Fixed assets, net	\$3,763	-	-	-	(\$896)	\$2,866
Goodwill	53	-	-	-	(53)	-
Intangible assets, net	311	-	-	-	(311)	-
Other non-current assets	353	70	-	-	(47)	376
Pension assets	149	-	-	-	-	149
Total assets	\$6,925	(\$349)	(\$138)	-	(\$1,307)	\$5,130
LIABILITIES						
Current liabilities not subject to compromise:						
Accounts payable and accrued liabilities	\$297	-	-	-	-	\$297
Short-term bank debt	496	(496)	-	-	-	-
Debtor-in-possession financing	206	(206)	-	-	-	-
Liabilities associated with assets held for sale	35	-	-	-	-	35
Administrative Claims	138	-	(138)	-	-	-
Total current liabilities not subject to compromise	\$1,173	(\$702)	(\$138)	-	-	\$332
Debt not subject to compromise	1,079	(837)	-	-	-	241
Pension and OPEB	-	-	-	391	-	391
Other long-term liabilities	55	-	-	-	-	55
Exit Financing Facilities	-	1,191	-	-	-	1,191
Liabilities Subject to Compromise (E)						
A/P Trade subject to compromise	251	-	-	(251)	-	-
Rejected Exec Contracts subject to comp.	646	-	-	(646)	-	-
Pension and OPEB subject to compromise	391	-	-	(391)	-	-
Employee Claims and other LSTC	663	-	-	(663)	-	-
3rd party debt subject to compromise	5,685	-	-	(5,685)	-	-
Total LSTC	\$7,636	-	-	(\$7,636)	-	-
Total liabilities	\$9,942	(\$349)	(\$138)	(\$7,245)	-	\$2,210
Shareholders' equity / (deficit)	(\$3,133)	-	-	\$7,245	(\$1,577)	\$2,534
Non-controlling interests	\$116	-	-	-	\$270	\$386
Total liabilities and shareholders' equity	\$6,925	(\$349)	(\$138)	-	(\$1,307)	\$5,130

- A Represents the exit financing in connection with the Company's emergence from the Chapter 11 Cases and CCAA Proceedings and the associated repayment under the Plan and CCAA Plan, as applicable, of secured debt claims, including the Bowater Secured Bank Claims, BCFPI Secured Bank Claims, DIP Facility Claims, ACCC Term Loan Secured Claims, 13.75% Senior Secured Notes, Securitization Claims and Other Secured Claims. In connection with the Company's reorganization and new exit financing, we have estimated the related transaction costs for the exit financing and capitalized these costs in other non-current assets on the balance sheet. These estimated transaction costs will be amortized to interest expense over the term of the new exit financing. Any capitalized transaction costs associated with our repaid secured debt will be written off.
- B Cash settlement represents cash payments required pursuant to the Plan and the CCAA Plan, including payment of Administrative Claims which include professional fees and claims pursuant to section 503(b)(9) of the Bankruptcy Code.
- C Reflects the cancellation or reinstatement of remaining liabilities subject to compromise pursuant to the Plan and the CCAA Plan.
- D Represents illustrative adjustments to book value to reflect the pro forma Equity Value of the Company. The book value adjustments in connection with this Reorganized ABH Pro Forma Balance Sheet do not reflect the formal implementation of reorganization accounting pursuant to FASB ASC 852. The final adjustments will be based upon the fair value of the assets and liabilities as of the Effective Date / Implementation Date and could impact different balance sheet accounts or be materially different than the values assumed in the foregoing estimates.
- E Claims levels are as reflected in the Plan and CCAA Plan, as applicable.

D. Reorganized ABH Projected Income Statement

Reorganized ABH - Projected Income Statement						
In US\$ million unless otherwise noted	3 Months Ended December 31,	Projected Year Ending December 31				
	2010E	2010E Full-Year	2011E	2012E	2013E	2014E
Sales	\$1,222	\$4,663	\$5,341	\$5,480	\$5,416	\$5,474
Cost of sales, excluding depreciation, amortization and cost of timber harvested	(918)	(3,651)	(3,793)	(3,841)	(3,828)	(3,826)
Depreciation, amortization, and cost of timber harvested	(72)	(471)	(294)	(301)	(307)	(314)
Distribution costs	(140)	(544)	(563)	(568)	(570)	(572)
Selling and administrative expenses	(41)	(168)	(146)	(139)	(135)	(132)
Net gain on disposition of assets	-	55	-	-	-	-
Operating income / (loss)	\$52	(\$116)	\$546	\$631	\$575	\$631
Interest expense	(42)	(381)	(166)	(166)	(166)	(162)
Interest income	1	6	9	17	26	37
Partnership earnings (equity investments)	(0)	(2)	7	8	10	10
Income before reorganization items, income taxes and noncontrolling interests	\$11	(\$493)	\$396	\$489	\$445	\$516
Reorganization items, net	(4)	(141)	-	-	-	-
Income before income taxes and noncontrolling interests	\$7	(\$635)	\$396	\$489	\$445	\$516
Income tax benefit / (expense)	(31)	199	(89)	(91)	(51)	(62)
Net loss / (income) attributable to noncontrolling interests	(2)	3	(34)	(33)	(32)	(31)
Net (loss) income	(\$26)	(\$432)	\$273	\$364	\$361	\$423

1. Sales

Consolidated sales include sales from the Debtors' primary operating segments: coated and specialty papers ("Commercial Printing Papers", or "CPP"), market pulp, newsprint and wood products. The Financial Projections assume CPP demand is projected to increase over the next several years from its current low base, driving price increases from a cyclical trough in 2009. Pulp markets are assumed to remain volatile, with pricing rebounding to peak levels in 2012, then declining thereafter with global economic activity. Domestic newsprint demand is forecast to continue its secular decline over the projected period, partially mitigated by projected increases in export market demand. Newsprint prices are projected to improve from trough levels in 2009 and level off by 2012. Forecasted improvements in lumber demand assume a material recovery from trough levels in 2009 to peak levels in 2012 driven by a recovery in long-term U.S. housing starts.

2. Cost of Sales

Cost of Sales, including distribution costs, is projected to be approximately 89% of sales in 2010 and improve to approximately 80% of sales by 2014, driven primarily by the forecasted improvement in market demand and pricing as well as savings from negotiated labor cost reductions.

3. Selling, General, & Administrative Expenses

Selling, General & Administrative (“SG&A”) expenses are projected to decline to \$132 million, or 2.4% of sales in 2014 from \$168 million, or 3.5% of sales in 2009. SG&A has declined substantially since the Merger in 2007 (\$332 million in 2008 and \$198 million in 2009), and further SG&A reductions will result from anticipated reductions in headcount and a simplification of the Company’s organizational structure, amongst other efficiency gains.

4. Net income (loss)

The net income (loss) is expected to improve from a loss in 2010 to positive net income beginning in 2011. Improvements will be driven by the capital restructuring, which will result in lower interest expense, as well as cost reductions and improving market demand and pricing. These improvements will be partially offset by increased commodity inflation and expenses.

5. Reorganization Items

The 2010 Reorganization Items consist of actual and estimated postpetition fees for professional advisors, bank fees directly attributable to the bankruptcy filing and related capital restructuring. This amount excludes any gains or losses associated with the extinguishment of debt and revaluation of assets and liabilities under fresh-start reporting.

6. Interest Expense

For 4Q10 through 2014, interest expense projections are based on the Company’s estimated post-emergence capital structure assumed to be effective on October 1, 2010. Interest expense in 2010 prior to the Effective Date / Implementation Date is based on interest as disclosed in the Company’s financial statements for the first fiscal quarter of 2010 and as estimated for the Predecessor Company debt in accordance with GAAP for the period from April 1 through the Effective Date.

7. Income Taxes

Income tax benefit / (expense) was calculated based on the projected applicable statutory tax rates in the countries in which the Company operates. For U.S. operations, the federal tax rate was assumed to be 35%. State taxes were deemed to not be material over the Projection Period. For Canadian operations, the federal tax rate was assumed to be 30% in 2010, stepping down to 28% in 2011 and 26% in each subsequent year of the Projection Period.

U.S. taxable income in each projected year is adjusted downwards for the use of available post-emergence tax attributes preserved by the Company’s tax planning efforts. Post-emergence U.S. tax attributes such as net operating losses (“NOLs”), capital

losses, tax credits, stock investments in subsidiaries and fixed assets take into account required attribute reduction due to discharge of indebtedness as a result of the chapter 11 restructuring proceedings. Projected taxable income after accounting for available tax shields is estimated to be approximately \$50-90 million per year over the projected period.

Canadian taxable income in each projected year is projected to be zero after accounting for usage of available post-emergence tax attributes. Post-emergence Canadian tax attributes take into account required attribute reduction due to discharge of indebtedness under the CCAA Plan. Post-emergence attributes are primarily comprised of undepreciated capital cost (“UCC”), and to a lesser extent, NOLs and Scientific Research and Experimental Development expenses.

All tax-related projections conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company based upon consideration of tax attribute estimates provided by the Debtors and their tax advisors.

E. Reorganized ABH Projected Balance Sheets

The Reorganized ABH Projected Balance Sheets set forth the projected financial position of the Company, after giving effect to the Adjusted September 30, 2010 Balance Sheet, the proposed reorganization and related pro forma adjustments in Section 3. The Reorganized ABH Balance Sheets were developed based upon the projected results of operations and cash flows over the Projection Period.

Reorganized ABH - Projected Balance Sheet						
In US\$ million unless otherwise noted	Pro Forma September 30, 2010	Projected Year Ending December 31,				
		2010E	2011E	2012E	2013E	2014E
ASSETS						
Current Assets:						
Cash and cash equivalents	\$150	\$300	\$618	\$1,070	\$1,579	\$2,104
Accounts receivable	879	872	980	1,014	989	1,017
Inventories, net	588	608	621	620	618	617
Other current assets	121	115	115	115	115	115
Total current assets	\$1,738	\$1,895	\$2,335	\$2,820	\$3,301	\$3,854
Fixed assets, net	\$2,866	\$2,799	\$2,615	\$2,439	\$2,247	\$2,048
Unconsolidated Investments	66	65	65	66	70	75
Other non-current assets	311	306	269	260	250	244
Pension assets	149	159	227	297	377	453
Total assets	\$5,130	\$5,226	\$5,511	\$5,882	\$6,245	\$6,673
LIABILITIES						
Current liabilities not subject to compromise:						
Accounts payable and other accrued liabilities	\$297	\$422	\$428	\$431	\$431	\$434
Liabilities associated with assets held for sale	35	35	35	35	35	35
Total current liabilities not subject to compromise	\$332	\$456	\$463	\$466	\$466	\$469
Debt	241	241	241	241	241	241
Pension and OPEB	391	391	391	391	391	391
Other long-term liabilities	55	55	55	55	55	55
Exit Financing Facilities	1,191	1,191	1,191	1,191	1,191	1,191
Total liabilities	\$2,210	\$2,334	\$2,341	\$2,344	\$2,344	\$2,346
Shareholders' equity / (deficit)	\$2,534	\$2,509	\$2,782	\$3,146	\$3,508	\$3,931
Non-controlling interests	\$386	\$383	\$388	\$392	\$393	\$396
Total liabilities and shareholders' equity	\$5,130	\$5,226	\$5,511	\$5,882	\$6,245	\$6,673

F. Reorganized ABH Statement of Cash Flow

The Reorganized ABH Statement of Cash Flow sets forth the Company's forecasted changes in cash, after giving effect to the proposed reorganization.

Reorganized ABH - Projected Cash Flow Statement					
In US\$ million unless otherwise noted	3 Months Ended December 31,	Projected Year Ending December 31,			
	2010E	2011E	2012E	2013E	2014E
OPERATING ACTIVITIES					
Net income / (loss)	(\$26)	\$273	\$364	\$361	\$423
Adjustments to reconcile to net cash provided by / (used in) operating activities:					
Depreciation, amortization, and cost of timber harvested	72	294	301	307	314
Deferred income taxes	6	-	-	-	-
Net income / (loss) attributable to noncontrolling interests	2	34	33	32	31
Net pension contributions	8	(49)	(52)	(62)	(58)
Net OPEB contributions	(18)	(19)	(18)	(18)	(17)
Equity investments net income	0	(7)	(8)	(10)	(10)
Amortization of financing costs	4	18	18	18	13
Changes in working capital:					
Accounts receivable	6	(108)	(34)	25	(29)
Inventories	(19)	(13)	1	2	1
Accounts payable	124	7	3	(0)	3
Net cash provided by / (used in) operating activities	\$160	\$429	\$608	\$656	\$671
INVESTING ACTIVITIES					
Cash invested in fixed assets	(24)	(110)	(125)	(116)	(115)
Dispositions of assets	20	-	-	-	-
Other investing activities, net	(0)	27	(1)	(2)	(2)
Net cash provided by / (used in) investing activities	(\$5)	(\$83)	(\$126)	(\$117)	(\$117)
FINANCING ACTIVITIES					
Cash distributions attributable to non-controlling interests	(5)	(28)	(30)	(30)	(28)
Net cash provided by / (used in) financing activities	(\$5)	(\$28)	(\$30)	(\$30)	(\$28)
Net increase / (decrease) in cash and cash equivalents	\$150	\$318	\$452	\$508	\$526
Cash and cash equivalents:					
Beginning of period	\$150	\$300	\$618	\$1,070	\$1,579
End of period	\$300	\$618	\$1,070	\$1,579	\$2,104

1. Pension and Other Postretirement Benefit ("OPEB") Contributions Pension

The Company has multiple contributory and non-contributory defined benefit pension plans covering substantially all of its employees. On an accounting basis, as of December 31, 2009 the qualified defined benefit retirement plans maintained by the Company had a funded status of approximately 93% (90% on a Pension Protection Act, or "PPA", basis) and were under-funded by approximately \$424 million. This includes a deficit under Canadian defined benefit plans of approximately CDN\$ 1.4 billion as calculated on a solvency basis. Assuming that the Plan and CCAA Plan confirmed by the Bankruptcy Court and Canadian Court, respectively, provide for the assumption of the qualified defined benefit retirement plans, the Company will likely be required to make significant cash contributions to these plans under applicable U.S. and Canadian laws over the next several years following emergence from bankruptcy in order to amortize the existing under-funding and satisfy current service obligations under the plans. Pension contributions will materially impact future cash flows that might otherwise be available for repayment of debt, capital expenditures, and other corporate purposes. All projected

contributions referenced below are the amounts in excess of expense embedded in COGS and SG&A and appear in the Debtors' projected Reorganized Statement of Cash Flow.

The projected contributions stated hereafter were provided by the Company's pension advisors and conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company. These contributions for United States qualified plans are estimated to be approximately \$16-27 million per year from 2010-2014 reflecting payments for both current and past service. Projected contributions also appear net of associated tax savings.

In connection with the CCAA Proceedings, the Canadian Court approved certain restrictions on the required cash contributions for the Canadian pension plans such that only current service costs were funded. In the Financial Projections, suspended contributions for past service costs have been resumed at estimated levels currently being negotiated with the relevant government authorities. Projected contributions for Canadian qualified plans are estimated to be approximately \$35-44 million per year reflecting payments for both current and past service, net of associated tax savings.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and returns on pension plan assets, and could also be impacted by future changes in the laws and regulations applicable to pension plan funding as well as the ultimate conclusion of negotiations with the relevant government authorities.

2. OPEB

The Company also sponsors a number of OPEB plans for retirees. Projected contributions for U.S. OPEB plans are estimated to be \$7-8 million per year from 2010-2014 for both current and past service. These contribution levels assume an annual health care cost increase of 7.2% and a rate of compensation increase of 2.9%.

Projected contributions for Canadian OPEB plans are estimated to be approximately \$8-9 million per year from 2010-2014 for both current and past service. These contribution levels assume a health care cost trend rate of 6.5% and a rate of compensation increase of 2.9%.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and rates of compensation increase, among other factors.

3. Capital Expenditures

Capital expenditures are projected to range from \$110 to \$125 million per year. The projected capital plan is based on the Company's expectation for average capital requirements through the cycle. Capital expenditures in 2011 are slightly lower than subsequent years to preserve shorter term liquidity. Priorities for capital expenditure include critical government / business requirements, project returns, facility / business ranking, equipment reliability and business judgment. No spending has been budgeted for capacity increases in the newsprint and CPP segments.

4. Working Capital

Accounts receivable days sales outstanding ("DSOs") vary based upon product line and destination, averaging approximately 55-60 DSOs. Domestic newsprint, which is approximately 45% of total sales have DSOs range from 33-37 days, while export sales are longer at 120-130 days. Specialty and Pulp DSOs range from 40-57 days while Lumber has the shortest sales cycle at 12-15 days. Changes in trade accounts receivable at emergence reflect the assumption that ACI's accounts receivable securitization program is terminated at emergence and is not replaced.

The current implied number of days for which trade accounts payable are outstanding is approximately 13 days. This is expected to rise gradually to approximately 30 days in the months after emergence from Chapter 11/ CCAA, as the Debtors begin to receive normalized trade terms from their trade creditors.

G. ACI and D-Corp Summary EBITDA and Unlevered Free Cash Flow

ACI - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 527	\$ 2,353	\$ 2,369	\$ 2,419	\$ 2,415
EBITDA	\$ 44	\$ 353	\$ 355	\$ 424	\$ 436
% Margin	8.4%	15.0%	15.0%	17.5%	18.1%
Capital Expenditures	(12)	(52)	(59)	(56)	(58)
Pension / OPEB Contributions	(6)	(32)	(34)	(39)	(38)
Change in Working Capital	(219)	(58)	(1)	(1)	(6)
Cash Dividends to Non-Controlling Interests	0	0	0	(4)	(4)
Interest Income	0	2	5	11	17
Taxes	0	0	0	0	0
Other Items	(2)	27	(1)	(1)	(1)
Unlevered Free Cash Flow	\$ (194)	\$ 239	\$ 265	\$ 335	\$ 347

D-Corp - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 64	\$ 290	\$ 290	\$ 287	\$ 286
EBITDA	\$ 9	\$ 82	\$ 74	\$ 76	\$ 81
% Margin	14.1%	28.3%	25.4%	26.6%	28.3%
Capital Expenditures	(1)	(4)	(5)	(6)	(7)
Pension / OPEB Contributions	6	(19)	(19)	(26)	(21)
Change in Working Capital	267	(23)	(2)	0	(2)
Cash Dividends to Non-Controlling Interests	(5)	(23)	(22)	(19)	(17)
Interest Income	1	7	7	8	9
Taxes	0	0	0	0	0
Other Items	(0)	0	0	0	0
Unlevered Free Cash Flow	\$ 277	\$ 21	\$ 34	\$ 33	\$ 43

H. BI, BNS and BCFPI Summary EBITDA and Unlevered Free Cash Flow

BI - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 346	\$ 1,491	\$ 1,514	\$ 1,473	\$ 1,495
EBITDA	\$ 51	\$ 290	\$ 287	\$ 233	\$ 245
% Margin	14.8%	19.4%	19.0%	15.8%	16.4%
Capital Expenditures	(5)	(29)	(32)	(26)	(28)
Pension / OPEB Contributions	(9)	(3)	(2)	0	(1)
Change in Working Capital	56	(31)	(12)	14	(7)
Cash Dividends to Non-Controlling Interests	0	(5)	(9)	(8)	(7)
Interest Income	0	4	7	11	14
Taxes	(21)	(71)	(66)	(42)	(49)
Other Items	(2)	(1)	(1)	(1)	(1)
Unlevered Free Cash Flow	\$ 71	\$ 153	\$ 173	\$ 182	\$ 166

BNS - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 114	\$ 456	\$ 487	\$ 446	\$ 465
EBITDA	\$ 12	\$ 69	\$ 98	\$ 51	\$ 62
% Margin	10.4%	15.0%	20.1%	11.5%	13.2%
Capital Expenditures	(3)	(14)	(16)	(12)	(8)
Pension / OPEB Contributions	(0)	(3)	(3)	(3)	(3)
Change in Working Capital	15	(2)	(8)	9	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	(9)	(18)	(26)	(9)	(13)
Other Items	0	0	0	0	0
Unlevered Free Cash Flow	\$ 15	\$ 33	\$ 47	\$ 37	\$ 36

BCFPI - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 174	\$ 751	\$ 820	\$ 791	\$ 813
EBITDA	\$ 15	\$ 73	\$ 145	\$ 123	\$ 147
% Margin	8.3%	9.7%	17.6%	15.6%	18.0%
Capital Expenditures	(3)	(10)	(13)	(15)	(15)
Pension / OPEB Contributions	(2)	(11)	(12)	(13)	(13)
Change in Working Capital	(5)	0	(8)	5	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	0	0	0	0	0
Other Items	(1)	0	0	0	0
Unlevered Free Cash Flow	\$ 4	\$ 53	\$ 113	\$ 103	\$ 117

APPENDIX “H”
DRAFT INFORMATION CIRCULAR

*Draft for discussion purposes only
dated May 24th, 2010
Subject to revision and comment
Subject to final CCAA Plan and Creditors Meeting Order*



**NOTICE OF MEETING AND
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 LISTED IN APPENDIX A
– AND –
A RIGHTS OFFERING
OF
REORGANIZED ABH IN CONNECTION THEREWITH
●, 2010**

This information circular is being distributed to creditors of certain subsidiaries of AbitibiBowater Inc. listed in Appendix A hereto by and on behalf of such entities and AbitibiBowater Inc. in connection with the meeting called to consider the reorganization and compromise proposed by them which is scheduled to be held at [10:00 a.m.] (Montreal time) on ●, 2010 at ●, Montreal, Québec, Canada and a rights offering of Reorganized ABH in connection therewith.

These materials require your immediate attention. You should consult your professional advisors in connection with the contents of these documents. Should you have any questions regarding voting, the rights offering or other procedures or should you wish to obtain additional copies of these materials, you may contact Ernst & Young Inc., which acts as the Monitor, at 800 René-Lévesque Blvd. West, Suite 2000, Montreal, Québec, H3B 1X9 Canada (Attention: the Monitor), facsimile number: 1-514-879-3992 and telephone number: 1-866-246-7889.

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LETTER TO AFFECTED UNSECURED CREDITORS

●, 2010

TO: Affected Unsecured Creditors of certain subsidiaries of AbitibiBowater Inc. listed in Appendix A hereto.

AbitibiBowater Inc. ("ABH") and certain of its subsidiaries listed in Appendix A – "*Applicants*" to the Notice of Meeting and Information Circular accompanying this letter (collectively, the "**Applicants**") are inviting you to a meeting (the "**Creditors' Meeting**") which is scheduled to be held at ● Montreal, Québec, Canada, at [10:00 a.m.] (Montreal time), on ●, 2010, to present, for your approval, a resolution relating to a proposed plan of reorganization and compromise (as amended from time to time, the "**CCAA Plan**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and the *Canada Business Corporations Act* ("**CBCA**"). Certain subsidiaries of ABH are also pursuing a parallel reorganization in the United States and have submitted a separate joint plan of reorganization under applicable United States bankruptcy laws (the "**U.S. Plan**" and, together with the CCAA Plan, the "**Plans**"). Effectiveness of the CCAA Plan is conditional upon the effectiveness of the U.S. Plan, and effectiveness of the U.S. Plan is conditional upon the effectiveness of the CCAA Plan.

Purpose of the CCAA Plan

The CCAA Plan is designed to:

- (i) provide for a coordinated restructuring and compromise of the Applicants' debt obligations; and
- (ii) reorganize and simplify the Applicants' corporate and capital structure.

The Plans are the result of an extensive review of the available alternatives by the Applicants and their financial and legal advisors, with the assistance of Ernst & Young Inc., which is acting as the Monitor (as defined in the CCAA Plan), and lengthy negotiations with the various creditor groups, regulators and other stakeholders.

We are now asking you to approve the CCAA Plan so that the Applicants or their successors can emerge as a viable going concern and focus their resources on serving their customers and building value for their stakeholders. We believe that the implementation of the Plans will contribute to ABH's positioning as a stable and long-term competitor in the forest products industry.

Most Likely Alternative is Liquidation

[NTD: To follow.]

Rights Offering

In connection with the CCAA Plan, Affected Unsecured Creditors also have the right to participate in a rights offering (the "**Rights Offering**") and will be eligible to subscribe for up to US\$500 million of convertible unsecured subordinated notes.

Creditors' Meeting

The attached Notice of Meeting and Information Circular contains information to allow you to make a decision in respect of your vote at the Creditors' Meeting and whether to participate in the Rights Offering. To have your vote counted in respect of the resolution for each of the classes of Affected Unsecured Creditors to which you belong and to participate in the Rights Offering, please complete each of the applicable enclosed Form(s) of Proxy and subscription notice, and, if applicable, the election notice included in the Form of Proxy. These must be received

by the Monitor prior to 5:00 p.m. (Montreal time) on or before ●, 2010 or at any time prior to 5:00 p.m. (Montreal time) on the Business Day immediately preceding the date set for any adjournment, postponement or rescheduling of the Creditors' Meeting, or deposited with the chair of the Creditors' Meeting prior to the commencement of such Creditors' Meeting or any adjournment, postponement or rescheduling thereof.

Should you have any questions regarding the vote or other procedures or matters with respect to the Creditors' Meeting or the CCAA Plan, please contact the Monitor as follows:

By telephone (toll-free):	1-866-246-7889
By registered mail:	Ernst & Young Inc. 800 René-Lévesque Blvd. West Suite 2000 Montreal, Québec H3B 1X9 Canada
	Attention: ABH et al. Creditors' Meeting
By facsimile:	1-514-879-3992
By email:	abitibibowater@ca.ey.com

Your vote at the Creditors' Meeting is important. Whether or not you expect to attend, please complete and return each of the applicable enclosed Form of Proxy and, if applicable, the election notice included in the Form of Proxy, which will ensure that you are represented at the Creditors' Meeting.

We thank you for your continued support, cooperation and confidence in ABH throughout our restructuring process.

Yours truly,

David J. Paterson
President and Chief Executive Officer

NOTICE TO UNITED STATES CREDITORS

This Circular has been prepared in accordance with disclosure requirements and standards applicable in proceedings under the CCAA. Affected Unsecured Creditors should be aware that such requirements are different from those of the United States. The historical financial statements of ABH which are incorporated by reference into this Circular have been prepared in accordance with United States generally accepted accounting principles. The financial information contained in Appendix G – "*Financial Projections*" is based, in part, on estimates of values and assumptions and does not purport to represent what the Company's actual financial position will be upon emergence from the CCAA Proceedings or represent what the fair value of the Company's assets and liabilities will be at the Implementation Date.

Affected Unsecured Creditors should be aware that the receipt of the securities described herein pursuant to the CCAA Plan may have tax consequences both in the United States and in Canada. Such consequences for Affected Unsecured Creditors who are residents in, or citizens of, the United States may not be fully described in this Circular. See "*Income Tax Considerations*" for information concerning tax consequences of the CCAA Plan for Affected Unsecured Creditors who are U.S. taxpayers. [The enforcement by Affected Unsecured Creditors and other investors of civil liabilities under U.S. securities Laws may be affected adversely by [NTD: To be inserted based on jurisdiction of formation of Reorganized ABH, nationality of directors, etc.]]

NEITHER THIS CIRCULAR NOR THE SECURITIES TO BE ISSUED PURSUANT TO THE CCAA PLAN OR THE RIGHTS OFFERING HAS BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED ("RSA 421-B"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE OF CREDITORS' MEETING

ERNST & YOUNG INC.

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
COURT NO: 500-11-036133-094

SUPERIOR COURT
Commercial Division
*Designated tribunal under the
Companies' Creditors Arrangement Act*

IN THE MATTER OF THE PLAN OF REORGANIZATION AND COMPROMISE OF
ABITIBIBOWATER INC. AND CERTAIN OF ITS SUBSIDIARIES.

NOTICE OF CREDITORS' MEETING

NOTICE IS HEREBY GIVEN that AbitibiBowater Inc. and certain of its subsidiaries listed in Appendix A – "Applicants" to the Notice of Meeting and Information Circular dated ●, 2010 (the "**Circular**") (collectively, the "**Applicants**") have filed with the Québec Superior Court of Justice, Commercial Division (the "**Court**") a plan of reorganization and compromise (as amended from time to time, the "**CCAA Plan**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") and Section 191 of the *Canada Business Corporations Act* (the "**CBCA**").

A copy of the CCAA Plan is set out as Appendix C – "*Plan of Reorganization and Compromise*" to the Circular. Unless otherwise indicated, terms defined in the section of the Circular entitled "*Glossary of Terms*" shall have the same meanings in this Notice of Creditors' Meeting.

The CCAA Plan contemplates the reorganization of the Applicants and the compromise of the Affected Claims of the Affected Unsecured Creditors.

NOTICE IS ALSO HEREBY GIVEN to Affected Unsecured Creditors of each Affected Unsecured Creditor Class that the Creditors' Meeting will be held at ●, Montreal, Québec, Canada, at [10:00 a.m.] (Montreal time), on ●, 2010 for the purposes of:

- (i) considering and, if thought advisable, adopting a resolution in respect of such Affected Unsecured Creditor Class to approve the CCAA Plan (the full text of which resolution is set out as Appendix B – "*Resolution*" to the Circular), with or without variation; and
- (ii) transacting such other business as may properly come before the Creditors' Meeting.

The Creditors' Meeting is being held pursuant to the Creditors' Meeting Order made on ●, 2010 by the Honourable Clément Gascon of the Court. A copy of the Creditors' Meeting Order is set out as Appendix D – "*Creditors' Meeting Order*" to the Circular.

Affected Unsecured Creditors who wish to vote on the Resolution in respect of each of the Affected Unsecured Creditor Classes to which they belong to approve the CCAA Plan must have submitted Proofs of Claim and proven their Claims in the manner and within the time specified in the Creditors' Meeting Order and the Claims Procedure Orders, copies of which are set out as Appendix D – "*Creditors' Meeting Order*" and Appendix E – "*Claims Procedure Orders*" to the Circular. Affected Unsecured Creditors who do not have Voting Claims or Disputed Claims that have been accepted for voting purposes in compliance with the Creditors' Meeting Order and the Claims Procedure Orders are not entitled to attend or vote at the Creditors' Meeting.

For the purpose of voting on and receiving distributions pursuant to the CCAA Plan, the Claims are divided into 21 classes, as set out in the Creditors' Meeting Order and the CCAA Plan. In order for the CCAA Plan to become effective: (i) the CCAA Plan must be approved at the Creditors' Meeting by the affirmative vote of a majority in number, representing not less than two-thirds in value of the Voting Claims, of Affected Unsecured Creditors voting

in each Affected Unsecured Creditors Class (in person or by Proxy), (ii) the U.S. Plan described in the Circular must become effective and be implemented in accordance with its terms; and (iii) the conditions to the implementation and effectiveness of the CCAA Plan (as described in the Circular) must be satisfied or waived.

Any Affected Unsecured Creditor who is entitled to vote at the Creditors' Meeting but is unable or does not intend to attend the Creditors' Meeting may vote by dating, signing and returning the enclosed applicable Form(s) of Proxy (the "Proxy") in the return envelope provided in accordance with the instructions accompanying the Proxy. In order to be used at the Creditors' Meeting, a Proxy must be received by the Monitor, Ernst & Young Inc., **by registered mail, courier, e-mail or facsimile at the address set out below, such that it is received at any time prior to 5:00 p.m. (Montreal time) on ●, 2010 or at any time prior to 5:00 p.m. (Montreal time) on the Business Day immediately preceding the date set for any adjournment, postponement or rescheduling of the Creditors' Meeting**, or with the Chair of the Creditors' Meeting prior to the commencement of such Creditors' Meeting or any adjournment, postponement or rescheduling thereof.

Affected Unsecured Creditors who intend to attend the Creditors' Meeting and elect to receive a Cash distribution in accordance with the CCAA Plan must also complete and sign the election notice included in the Proxy and deposit it, as described above, with the Monitor or the Chair of the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment postponement or rescheduling thereof.

Creditors are responsible for obtaining proof of delivery, if required, of such Proxies through their choice of delivery method. The Monitor will only accept Proxies that relate to the CCAA Plan, and any voting ballot or other document relating to the U.S. Plan will be disregarded and discarded.

The Monitor's coordinates for the purpose of filing Proxies and for obtaining any additional information or materials related to the Creditors' Meeting are:

By telephone (toll-free):	1-866-246-7889
By registered mail:	Ernst & Young Inc. 800 René-Lévesque Blvd. West Suite 2000 Montreal, Québec H3B 1X9 Canada Attention: ABH et al. Creditors' Meeting
By facsimile:	1-514-879-3992
By email:	abitibibowater@ca.ey.com

Copies of documents related to the Creditors' Meeting will also be posted on the Monitor's website at www.ey.com/ca/abitibibowater.

NOTICE IS ALSO HEREBY GIVEN that in accordance with the CCAA, the Monitor shall file a report on the CCAA Plan and on the affairs of the Applicants with the Court on or before ●, 2010. A copy of the Monitor's report will be made available at the Creditors' Meeting, and will be posted on the Monitor's website at www.ey.com/ca/abitibibowater as soon as practicable after it is filed with the Court.

NOTICE IS ALSO HEREBY GIVEN that if the CCAA Plan is approved at the Creditors' Meeting by the Affected Unsecured Creditors of each Affected Unsecured Creditor Class, and all other necessary conditions are met, the Applicants intend to file a motion presentable before the Court on ●, 2010 at **[10:00 a.m.]** (Montreal time) seeking an order sanctioning the CCAA Plan pursuant to the CCAA (the "**Sanction Order**"), and to file a motion for recognition of the said Sanction Order in accordance with the provisions of Chapter 15 of the U.S. Bankruptcy Code, without further notice. A copy of the motion for the Sanction Order will be filed on the Monitor's website, at www.ey.com/ca/abitibibowater, as soon as practicable after it is filed with the Court. Any Person intending to object to the motion seeking the Sanction Order must file with the Court, before 4:30 p.m. (Montreal time) no later than ●,

2010, a written notice containing a description of its proposed grounds of contestation and shall effect service of same, within the same delay, to counsel to the Applicants and the Monitor, and to those persons listed on the Applicants' service list posted on the Monitor's website at www.ey.com/ca/abitibibowater.

DATED at Montreal, Québec, this ●th day of ●, 2010.

ERNST & YOUNG INC., in its capacity as the
Monitor appointed by the Court in the matter of the
proposed plan of reorganization and compromise of
AbitibiBowater Inc. et al.

IMPORTANT INFORMATION

This Circular contains important information that should be read before any decision is made with respect to the matters referred to herein. Unless otherwise indicated, the information presented in this Circular is given as at ●, 2010. All summaries of and references to the CCAA Plan in this Circular are qualified in their entirety by references to the text of the CCAA Plan, which is set out in Appendix C – "*Plan of Reorganization and Compromise*" to this Circular. Capitalized terms, except as otherwise defined in this Circular, are defined in the section of this Circular entitled "*Glossary of Terms*".

No Person is authorized to give any information or to make any representation in respect of the CCAA Plan not contained in or incorporated by reference into this Circular and, if given or made, such information or representation should not be relied upon. This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities described in this Circular, or the solicitation of a proxy, in any jurisdiction in which such an offer or solicitation is not authorized, or to or from any Person to or from whom it is unlawful to make such offer or solicitation. Neither the delivery of this Circular nor any distribution of the securities issued pursuant to the CCAA Plan will, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

The initial issuance of New ABH Common Stock to Affected Unsecured Creditors and the exercise of Subscription Rights by Eligible Holders pursuant to the CCAA Plan will not be qualified by prospectus under applicable Canadian securities laws or registered under the United States Securities Act of 1933 (the "**U.S. Securities Act**") or the securities laws of any state of the United States. Such securities will instead be issued in reliance upon prospectus and dealer registration exemptions available under applicable Canadian securities Laws or Section 3(a)(10) of the U.S. Securities Act and/or other available exemptions under U.S. federal and state securities Laws. These securities will be generally freely tradable in Canada subject to the restrictions more fully described in "*The CCAA Plan – Description of the CCAA Plan – Canadian Securities Law Considerations*". These securities will be generally freely transferable under United States federal securities Laws, except for securities held by persons who are deemed to be "underwriters" as defined in Section 2(a)(11) of the U.S. Securities Act of the Applicants prior to or after the implementation of the CCAA Plan. Such securities held by "underwriters" may be resold by them only pursuant to an effective registration statement filed under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act permitted by the resale provisions of Rule 144 or Regulation S under the U.S. Securities Act or as otherwise permitted under the U.S. Securities Act. See "*Other Considerations – United States Securities Law Considerations*".

Affected Unsecured Creditors should carefully consider the income tax consequences of the CCAA Plan described herein. See "*Income Tax Considerations*" below. Affected Unsecured Creditors should not construe the contents of this Circular as investment, legal or tax advice. Affected Unsecured Creditors should consult their own counsel, accountants and other advisors as to the legal, tax, business, financial and other aspects of the CCAA Plan.

WHERE YOU CAN FIND MORE INFORMATION

ABH files reports and other information with the SEC. ABH also files reports and other information with various securities commissions or similar regulatory authorities in all the provinces and territories of Canada. You may read and copy reports or other information ABH has filed with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, D.C., 20549, United States. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. These filings are also available to the public through the web site maintained by the SEC at <http://www.sec.gov> and, with respect to filing of ABH only, on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Statements in this Circular that are not reported financial results or other historical information of AbitibiBowater are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of the safe harbor provisions of Canadian securities legislation. They include, for example, statements relating to our: Creditor Protection Proceedings; debtor in possession financing arrangements and reorganization process; ability to successfully restructure our debt and other obligations; efforts to reduce costs and increase revenues and profitability, including our cost reduction initiatives regarding selling, general and administrative expenses; business outlook; curtailment of production of certain of our products; assessment of market conditions; ability to sell non-core assets in light of the current global economic conditions and the requirements under the Creditor Protection Proceedings to obtain court approval for certain asset sales; and strategies for achieving our goals generally. Forward-looking statements may be identified by the use of forward-looking terminology such as the words "should," "would," "could," "will," "may," "expect," "believe," "anticipate," "attempt" and other terms with similar meaning indicating possible future events or potential impact on our business or AbitibiBowater's shareholders.

The reader is cautioned not to place undue reliance on these forward-looking statements, which are not guarantees of future performance. These statements are based on management's current assumptions, beliefs and expectations, all of which involve a number of business risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include those described below under "*Risk Factors*".

All forward-looking statements in this Circular are expressly qualified by the cautionary statements contained or referred to in this. We disclaim any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

The ultimate recovery to creditors and/or shareholders, if any, will not be determined until the Plans have been sanctioned or confirmed, as the case may be. No assurance can be given as to what values, if any, will be assigned to each of these constituencies or what types or amounts of distributions, if any, they will receive. We expect that our currently outstanding common stock and exchangeable shares will have no value and will be canceled for no consideration under the Plans, and that the value of our liabilities and other securities is highly speculative. Appropriate caution should be exercised with respect to investments in any of our liabilities and/or securities.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The financial information regarding ABH and the Applicants contained in this Circular has been prepared in accordance with U.S. GAAP.

In this Circular, unless otherwise stated, all references to "\$" or "U.S. dollars" refer to United States dollars and all references to "Cdn\$" or "Canadian \$" refer to Canadian dollars.

EXCHANGE RATES

[NTD: To be prepared at the time of mailing of the Circular.]

Exchanging Canadian Dollars. The following table sets forth, for each period indicated, the high and low exchange rates for one Canadian dollar during that period, the average of the exchange rates during that period and the exchange rate at the end of that period, in each case expressed in U.S. dollars, based upon the inverse noon spot rate of the Bank of Canada:

	Year Ended December 31,			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
High				
Low				
Average				
Period End				

	For the ● months Ended ●,	
	<u>2009</u>	<u>2008</u>
High		
Low		
Average		
Period End		

On ●, 2010, the last trading day prior to the date of this Circular, the exchange rate for one Canadian dollar expressed in U.S dollars, based upon the inverse noon buying rate of the Bank of Canada, was \$●.

Exchanging U.S. Dollars. The following table sets forth, for each period indicated, the high and low exchange rates for one U.S. dollar during that period, the average of the exchange rates during that period and the exchange rate at the end of that period, in each case expressed in Canadian dollars, based upon the noon buying rate of the Bank of Canada:

	Year Ended December 31,			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
High				
Low				
Average				
Period End				

	For the ● Months Ended ●,	
	<u>2009</u>	<u>2008</u>
High		
Low		
Average		
Period End		

On ●, 2010, the last trading day prior to the date of this Circular, the exchange rate for one U.S. dollar expressed in Canadian dollars, based upon the noon buying rate of the Bank of Canada, was Cdn\$●.

SUMMARY

This summary highlights selected information from this Circular to help Affected Unsecured Creditors understand the CCAA Plan in order to vote on the Resolution in respect of each Affected Unsecured Creditor Class to which they belong and to decide whether to participate in the Rights Offering. Affected Unsecured Creditors should read this Circular carefully in its entirety to understand the terms of the CCAA Plan as well as tax and other considerations that may be important to them in deciding whether to approve the CCAA Plan and whether to participate in the Rights Offering. Affected Unsecured Creditors should note, however, that the governing document is the CCAA Plan. Affected Unsecured Creditors should also pay special attention to the "Risk Factors" section of this Circular. The following summary is qualified in its entirety by reference to the detailed information contained elsewhere in this Circular including its Appendices, and in the CCAA Plan which is attached as Appendix C to this Circular. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the "Glossary of Terms".

Meeting

[NTD: To be updated based on Creditors' Meeting Order.]

A meeting of the Affected Unsecured Creditors in respect of each Affected Unsecured Creditor Class with Voting Claims or Disputed Claims that have been accepted for voting purposes in compliance with the Creditors' Meeting Order will be held at **[10:00 a.m.]** (Montreal time) on ●, 2010 at the ●, Montreal, Québec, Canada. The purpose of the meeting is to consider and, if thought advisable, adopt, with or without variation, the Resolution in respect of each Affected Unsecured Creditor Class to approve the CCAA Plan proposed by the Applicants. A copy of the CCAA Plan is set out as Appendix C to this Circular.

Affected Unsecured Creditors who wish to vote on the Resolution in respect of each Affected Unsecured Creditor Class to which they belong to approve the CCAA Plan must have submitted Proofs of Claim, or must have had such Proofs of Claim submitted on their behalf, and proved their Claims in the manner and within the time specified in the Creditors' Meeting Order and in the Claims Procedure Orders, copies of which are set out in Appendix D and Appendix E to the Circular, respectively. Affected Unsecured Creditors who do not have Voting Claims or Disputed Claims that have been accepted for voting purposes in compliance with the Creditors' Meeting Order and the Claims Procedure Orders are not entitled to attend or vote at the Creditors' Meeting or to receive distributions under the CCAA Plan. The procedure for valuing Affected Claims for voting and distribution purposes and resolving disputes in respect of any such valuation, is set forth in the Claims Procedure Orders, the Cross-border Claims Protocol, The Cross-border Voting Protocol, the Creditors' Meeting Order and the CCAA Plan.

Subject to certain deeming provisions on voting, for the purpose of voting on and receiving distributions pursuant to the CCAA Plan, the Claims are divided into 21 classes, as set out in the Creditors' Meeting Order and the CCAA Plan. In order for the CCAA Plan to become effective: (i) the CCAA Plan must be approved at the Creditors' Meeting by the affirmative vote of a majority in number, representing not less than two-thirds in value of the Voting Claims, of Affected Unsecured Creditors voting in each Affected Unsecured Creditor Class (in person or by Proxy), the whole subject to the No Vote Occurrence described in "*The CCAA Plan – Description of the CCAA Plan – No Vote Occurrence*"; (ii) the U.S. Plan described in the Circular must become effective and be implemented in accordance with its terms; and (iii) the conditions to the implementation and effectiveness of the CCAA Plan as described in the Circular must be satisfied or waived.

Any Affected Unsecured Creditor who is entitled to vote at the Creditors' Meeting but is unable or does not intend to attend the Creditors' Meeting may vote by dating, signing and returning the enclosed applicable Form(s) of Proxy in the return envelope provided in accordance with the accompanying instructions. In order to be used at the Creditors' Meeting, a Form of Proxy must be sent to the Monitor, Ernst & Young Inc., by registered mail, courier, email or facsimile at the address set out below, such that it is received at any time prior to 5:00 p.m. (Montreal time) on ●, 2010 or at any time prior to 5:00 p.m. (Montreal time) on the Business Day immediately preceding the date set for any adjournment, postponement or rescheduling of the Creditors' Meeting:

By registered mail: Ernst & Young Inc.
800 René-Lévesque Blvd. West
Suite 2000
Montreal, Québec
H3B 1X9 Canada

Attention: ABH Creditors' Meeting

By facsimile: 514-879-3992

By email: abitibibowater@ca.ey.com

Forms of Proxy may also be deposited with the Chair prior to the commencement of the Creditors' Meeting or any adjournment, postponement or rescheduling thereof.

Each Affected Unsecured Creditor depositing a Form of Proxy with the Monitor or the Chair in accordance with the provisions set forth in the Circular and eligible to make the election in the Election Notice may indicate in the Election Notice if it wishes to elect, as provided for in the CCAA Plan, to receive a Cash distribution in full and final satisfaction of all of its Claims. The provisions of the CCAA Plan pertaining to such election are further summarized in "*The CCAA Plan – Description of the CCAA Plan – Compromise and Arrangement*" hereto. The Affected Unsecured Creditors who intend to attend the Creditors' Meeting and wish to elect to obtain a Cash distribution must complete and sign the Election Notice and deposit it with the Monitor or the Chair of the Creditors' Meeting before the commencement of the Creditors' Meeting.

Please refer to "*Creditors' Meeting and Voting Instructions*" for further details and instructions on the voting procedure at the Creditors' Meeting.

AbitibiBowater Inc.

ABH was created by the October 29, 2007 combination of Bowater and ACI in a merger of equals under the laws of Delaware. As a result, Bowater and ACI became Subsidiaries of ABH. Excluding facilities ABH has permanently closed as of March 31, 2010, ABH owns or operates 22 pulp and paper manufacturing facilities located in Canada, the United States and South Korea and has 26 wood products facilities in Canada. ABH produces a wide variety of newsprint, coated and specialty papers, market pulp and wood products, which are marketed in over 90 countries. The registered office of ABH is located at 1209 Orange Street, Wilmington, Delaware, 19801, United States, and the principal office is located at 1155 Metcalfe Street, Suite 800, Montreal, Québec, H3B 5H2, Canada.

Abitibi-Consolidated Company of Canada

ACCC was created by way of an amalgamation in March 1997 under the laws of Québec. ACCC is a wholly-owned Subsidiary of ACI. ACCC has no operations that are independent of ACI and substantially all of its sales are made to ACI and its affiliated companies. The financial results of ACCC are included in ACI's consolidated financial statements. The registered and principal offices of ACCC are located at 1155 Metcalfe Street, Suite 800, Montreal, Québec, H3B 5H2, Canada.

Abitibi-Consolidated Inc.

ACI, a subsidiary of ABH, produces a wide range of newsprint, specialty papers and wood products globally. Excluding facilities ABH has permanently closed, ACI currently owns or operates 11 paper facilities and 26 wood products facilities in North America and seven hydroelectric facilities in the province of Québec. The registered and principal offices of ACI are located at 1155 Metcalfe Street, Suite 800, Montreal, Québec, H3B 5H2, Canada.

Bowater Canadian Forest Products Inc.

BCFPI, an indirect subsidiary of ABH, operates paper-manufacturing sites in Canada and a paper-manufacturing site in Korea. BCFPI manages land in Québec, New Brunswick and Ontario, where it holds cutting rights. BCFPI also supplies wood to paper mills and sawmills in Canada and is responsible for the marketing and sales of Canadian lumber products. The registered and principal office of BCFPI is located at 1959 Upper Water Street, Suite 900, Halifax, Nova Scotia, B3J 2X2, Canada.

Background to the CCAA Plan

This Circular contains, among other things, descriptions and summaries of the CCAA Plan being proposed by the Applicants and the parallel reorganization being proposed by the U.S. Debtors. **Certain provisions of the CCAA Plan and the U.S. Plan, and thus the descriptions and summaries contained herein, are the subject of continuing negotiations among the Applicants, the U.S. Debtors and various other stakeholders and have not been fully agreed upon and may be modified. Furthermore, the Applicants anticipate that the terms of the CCAA Plan and the U.S. Plan, including the treatment of recoveries thereunder, may be modified to conform with the terms of the U.S. Plan or the CCAA Plan accordingly.**

On April 16, 2009 and December 21, 2009, the U.S. Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. As discussed in more detail below, on the Date of Filing, the Applicants commenced proceedings before the Court for a plan of compromise and reorganization under the CCAA and two of the Applicants, ACI and ACCC, also filed petitions for recognition under Chapter 15 of the Bankruptcy Code. Finally, the 18.6 Petitioners filed for ancillary relief in support of the Chapter 11 Cases under section 18.6 of the CCAA.

Since the Date of Filing, the Applicants, together with the U.S. Debtors, have undertaken a careful review of their business operations and implemented various restructuring efforts, including the sale of ACCC's interest in MPCo and numerous other sales of assets and cost saving initiatives in an effort to improve the business results and financial condition. The Applicants and the U.S. Debtors engaged in detailed discussions with their Unions and each of the ACCC Term Lenders, the BCFPI Lenders, the BI DIP Lenders, the Securitization Facility agent, the Ad Hoc Unsecured Noteholders Committee, the holders of Canadian Secured Notes and the Unsecured Creditors' Committee appointed in the Chapter 11 Cases, regarding the terms of a potential restructuring of the Company's capital structure.

The Applicants have now reached an agreement with certain of their principal creditors regarding a restructuring of their obligations that the Applicants believe will enable them to emerge from the Insolvency Proceedings with the ability to carry out their business and maximize the recovery to holders of Affected Claims.

Status of Claims Process

As of May 12, 2010, since the issuance of the Claims Procedure Orders, the Monitor has received in excess of 7,400 Claims aggregating approximately \$76.4 billion.

For a description of the status of Claims received for distribution purposes, please refer to "*The CCAA Plan — Claims and Voting Process — Status of Claims Process*".

The CCAA Plan

The CCAA Plan is designed to:

- (i) provide for a coordinated restructuring and compromise of the Applicants' obligations; and
- (ii) reorganize and simplify the Applicants' corporate and capital structure.

Subject to certain deeming provisions on voting, for the purpose of voting on, and distributions pursuant to, the CCAA Plan, the Affected Claims are divided into 21 classes as set out below:

- the ACI Affected Unsecured Creditor Class;
- the ACCC Affected Unsecured Creditor Class;
- the 15.5% Guarantor Applicant Affected Unsecured Creditor Classes, being 12 classes of Affected Unsecured Creditors grouped in accordance with their Affected Claims against each of the 15.5% Guarantor Applicants, which Affected Claims only include 15.5% Senior Unsecured Notes Claims;
- the Saguenay Forest Products Affected Unsecured Creditor Class;
- the BCFPI Affected Unsecured Creditor Class;
- the BCFC Affected Unsecured Creditor Class;
- the Bowater Canadian Limited Affected Unsecured Creditor Class;
- the AbitibiBowater Canada Affected Unsecured Creditor Class;
- the Bowater Maritimes Affected Unsecured Creditor Class; and
- the ACNSI Affected Unsecured Creditor Class.

Treatment of Affected Unsecured Creditors

In accordance with the CCAA Plan, each creditor comprised in an Affected Unsecured Creditor Class who has filed an Election Notice with the Monitor by the Election Deadline, will receive, if eligible, in full and final satisfaction of its Proven Claims in respect of such Affected Unsecured Creditor Class, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000.

In accordance with the CCAA Plan, each creditor comprised in an Affected Unsecured Creditor Class who has not filed an Election Notice by the Election Deadline (or who is not eligible to do so) will receive in full and final satisfaction of its Proven Claim in respect of such Affected Unsecured Creditor Class, its Pro Rata share of the number of shares of New ABH Common Stock, subject to Dilution, set forth against the name of the corresponding Applicant in the applicable Schedule of the CCAA Plan attached to this Circular as Appendix C – "*Plan of Reorganization and Compromise*".

Please refer to "*The CCAA Plan – Description of the CCAA Plan – Treatment of Affected Unsecured Creditors*".

Treatment of Unaffected Creditors

Generally, Unaffected Creditors will be repaid in full by the Applicants on, or as soon as practicable after, the Implementation Date. In respect of Insured Claims, provided that the Insured Claim Creditor agrees to relinquish and waive any right to any portion of any Claim, other than the Allowed Insured Claim, arising from an incident or occurrence alleged to have occurred prior to the Implementation Date and having given rise to such Allowed Insured Claim, such Insured Claim Creditor shall receive, in full and final satisfaction of its Insured Claim, a Cash distribution in an amount equal to the net payment made by the Insurer to the Applicants in respect of such Allowed Insured Claim, less the amount of any payment made directly by the Insurer to such Insured Claim Creditor.

The Applicants will also, as soon as practicable on or after the Implementation Date, make a supplemental distribution in the amount of up to Cdn\$● to such present and former employees employees (i) who were employed by the Applicants, other than the Cross-border Debtors, on or after the Date of Filing, and (ii) who are holding a

Supplemental Distribution, provided, however, that the aggregate amount payable hereunder shall not exceed Cdn\$ 5 million.

Please refer to "*The CCAA Plan – Description of the CCAA Plan – Treatment of Affected Unsecured Creditors*".

Claims not Subject to the CCAA Plan

The CCAA Plan does not affect the Excluded Claims, which include Administrative Claims, Secured Claims, Securitization Claims, Post-filing Claims, Allowed Insured Claims and Government Priority Claims.

Creditors with Excluded Claims will not be entitled to attend or vote at the Creditors' Meeting or receive any distribution under the CCAA Plan in respect of the portion of their Claims which is an Excluded Claim.

Please refer to "*The CCAA Plan – Description of the CCAA Plan – Compromise and Arrangement*".

Separate Plans

Any Claim asserted against multiple Applicants shall be treated as a separate Claim against each applicable Applicant provided that (a) there shall only be a single recovery on account of such Claim under the CCAA Plan and the U.S. Plan, and (b) the aggregate distribution which such Claim shall receive, whether under the CCAA Plan or the U.S. Plan or a combination of both, shall not exceed the greatest distribution which such Claim would be entitled to receive under the CCAA Plan or the U.S. Plan. The aggregate recovery on account of any Proven Claim from all sources, including distributions under the CCAA Plan, the U.S. Plan or a combination of both, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, indemnity agreement, joint and several obligations or otherwise, shall not exceed 100% of the Face Amount of the underlying Proven Claim.

Conditions to Implementation of the CCAA Plan

The implementation of the CCAA Plan by the Applicants is subject to the satisfaction of certain conditions precedent, including, among others, the following:

- the approval of the CCAA Plan by the Required Majorities will have been obtained;
- the Sanction Order sanctioning the CCAA Plan, in form and substance satisfactory to the Applicants, will have been made and entered and the operation and effect of the Sanction Order will not have been stayed, reversed or amended;
- the Exit Loan Facilities and all related agreements and other documents will have become effective subject only to the implementation of the CCAA Plan;
- the Backstop Agreement shall not have been terminated;
- all applicable approvals and orders of, and all applicable submissions and filings with Governmental Entities and stock exchanges having jurisdiction for the completion of the transactions contemplated by the CCAA Plan will have been obtained or made; and
- all conditions precedent to the implementation of the U.S. Plan but for the implementation of the CCAA Plan will have been satisfied or waived, such conditions being similar to the conditions precedent to the implementation of the CCAA Plan.

Court Approval and Sanction Hearing

If the CCAA Plan is approved at the Creditors' Meeting by the Affected Unsecured Creditors of each Affected Unsecured Creditor Class, the Applicants intend to bring a motion presentable before the Court on ●, 2010

seeking an order sanctioning the CCAA Plan pursuant to the CCAA and Section 191 of the CBCA. Any Person intending to object to the motion seeking the Sanction Order must file with the Court, before 4:30 p.m. (Montreal time) on ●, 2010, a written notice containing a description of its proposed grounds of contestation and shall effect service of same, within the same day, upon counsel to the Applicants and the Monitor, as well as upon those persons listed on the Applicants' service list published on the Monitor's website at www.ey.com/ca/abtibibowater.

Liquidation Analysis

[NTD: To follow.]

Exit Loan Facilities

It is a condition precedent to the CCAA Plan becoming effective that the Exit Loan Facilities, being the ABL Exit Financing Facility and the Term Loan Exit Financing Facility be established.

Please refer to "*Exit Loan Facilities*".

Rights Offering

Eligible Affected Unsecured Creditors are entitled to participate in the Rights Offering for up to \$500 million of Rights Offering Notes.

Please refer to "*Rights Offering*".

Reorganized ABH

The Plan contemplates that Reorganized ABH will emerge as the parent holding company under which the reorganized Applicants will be held directly or indirectly. Reorganized ABH will also be the parent holding company under which the reorganized U.S. Debtors will be held directly or indirectly.

Please refer to "*Reorganized ABH*".

Risk Factors

Affected Unsecured Creditors should carefully consider certain risk factors relating, among other things, to the business of ABH and the Applicants, the likelihood of the CCAA Plan being implemented or failing to be implemented, the New ABH Common Stock, the Rights Offering and the Rights Offering Notes.

Please refer to "*Risk Factors*".

Income Tax Considerations

Certain tax considerations for Affected Unsecured Creditors are described in "*Income Tax Considerations*". Affected Unsecured Creditors should consult their own tax advisors with respect to their individual circumstances.

Exchange Listings

Reorganized ABH and the Applicants shall use their reasonable best efforts to cause the New ABH Common Stock to be listed on the New York Stock Exchange, the NASDAQ Global Market or NASDAQ Global Select Market and/or the Toronto Stock Exchange.

See "*The CCAA Plan – Description of the CCAA Plan – Implementation of the CCAA Plan*".

Recommendations of the Monitor and the Applicants

[NTD: to follow.]

Additional Information and Inquiries

ABH files periodic reports and other information with the CSA and the SEC. These reports include certain financial and statistical information about ABH and may be accompanied by exhibits. This information may be found on ABH's website at www.abitibiowater.com, on the CSA website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

GLOSSARY OF TERMS

Unless otherwise defined or the context otherwise requires, capitalized terms used in this Circular shall have the following meanings and words importing the singular number only, include the plural and vice versa and words importing any gender include all genders.

"0% Unsecured Notes" means the 0% Unsecured Notes due 2012 issued by ACCC pursuant to the 0% Unsecured Notes Note Agreement;

"0% Unsecured Notes Note Agreement" means the note agreement dated as of May 28, 2004 between ACCC, as issuer, and Investissement Québec, as lender;

"6.00% Senior Notes" means the 6.00% Senior Notes due June 20, 2013 issued by ACCC pursuant to the 6.00% Senior Notes Indenture;

"6.00% Senior Notes Indenture" means the indenture dated as of December 11, 2001, as supplemented, between ACCC, as issuer, and the 6.00% Senior Notes Indenture Trustee;

"6.00% Senior Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 6.00% Senior Notes Indenture;

"7.40% Debentures" means the 7.40% Debentures due April 1, 2018 issued by ACI pursuant to the 7.40% Debentures Indenture;

"7.40% Debentures Indenture" means the indenture dated as of April 6, 1998, as supplemented, between ACI, as issuer, and the 7.40% Debentures Indenture Trustee;

"7.40% Debentures Indenture Trustee" means Montreal Trust Company and its successors and assigns, as indenture trustee under the 7.40% Debentures Indenture;

"7.50% Debentures" means the 7.50% Debentures due April 1, 2028 issued by ACI pursuant to the 7.50% Debentures Indenture;

"7.50% Debentures Indenture" means the indenture dated as of April 6, 1998, as supplemented, between ACI, as issuer, and the 7.50% Debentures Indenture Trustee;

"7.50% Debentures Indenture Trustee" means Montreal Trust Company and its successors and assigns, as indenture trustee under the 7.50% Debentures Indenture;

"7.75% Notes" means the 7.75% Notes due June 15, 2011 issued by ACCC pursuant to the 7.75% Notes Indenture;

"7.75% Notes Indenture" means the indenture dated as of June 15, 2004, as supplemented, among ACCC, as issuer, and the 7.75% Notes Indenture Trustee;

"7.75% Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 7.75% Notes Indenture;

"7.875% Notes" means the 7.875% Notes due August 1, 2009 issued by ACF LP pursuant to the 7.875% Notes Indenture;

"7.875% Notes Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACF LP and ACI, as issuers, and the 7.875% Notes Indenture Trustee;

"7.875% Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 7.875% Senior Notes Indenture;

"7.95% Notes" means the 7.95% Notes due November 15, 2011 issued by BCFC pursuant to the 7.95% Notes Indenture;

"7.95% Notes Indenture" means the indenture dated as of October 31, 2001, as supplemented, between BCFC, as issuer, and the 7.95% Notes Indenture Trustee;

"7.95% Notes Indenture Trustee" means The Bank of New York and its successors and assigns, as indenture trustee under the 7.95% Notes Indenture;

"8.375% Senior Notes" means the 8.375% Senior Notes due April 1, 2015 issued by ACCC pursuant to the 8.375% Senior Notes Indenture;

"8.375% Senior Notes Indenture" means the indenture dated as of December 11, 2001, as supplemented, between ACCC, as issuer, and the 8.375% Senior Notes Indenture Trustee;

"8.375% Senior Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.375% Senior Notes Indenture;

"8.50% Debentures" means the 8.50% Debentures due August 1, 2029 issued by ACI pursuant to the 8.50% Debentures Indenture;

"8.50% Debentures Indenture" means the indenture dated as of July 26, 1999, as supplemented, between ACI and ACF LP, as issuers, and the 8.50% Debentures Indenture Trustee;

"8.50% Debentures Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.50% Debentures Indenture;

"8.55% Senior Notes" means the 8.55% Senior Notes due August 1, 2010 issued by ACI pursuant to the 8.55% Senior Notes Indenture;

"8.55% Senior Notes Indenture" means the indenture dated as of July 26, 1999, as supplemented, among ACI and ACF LP, as issuers, ACF LP and the 8.55% Senior Notes Indenture Trustee;

"8.55% Senior Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.55% Senior Notes Indenture;

"8.85% Debentures" means the 8.85% Debentures due April 1, 2030 issued by ACI pursuant to the 8.85% Debentures Indenture;

"8.85% Debentures Indenture" means the indenture dated as of July 26, 1999, as supplemented, among ACI and ACF LP, as issuers, and the 8.85% Debentures Indenture Trustee;

"8.85% Debentures Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the 8.85% Debentures;

"10.26% Senior Notes (Series D)" means the 10.26% Senior Notes (Series D) due January 15, 2011 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.26% Senior Notes (Series D) Note Agreement;

"10.26% Senior Notes (Series D) Note Agreement" means the note agreement dated as of November 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.50% Senior Notes (Series B)" means the 10.50% Senior Notes (Series B) due June 15, 2010 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.50% Senior Notes (Series B) Note Agreement;

"10.50% Senior Notes (Series B) Note Agreement" means the note agreement dated as of June 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.60% Senior Notes (Series C)" means the 10.60% Senior Notes (Series C) due January 15, 2011 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.60% Senior Notes (Series C) Note Agreement;

"10.60% Senior Notes (Series C) Note Agreement" means the note agreement dated as of November 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.625% Senior Notes (Series A)" means the 10.625% Senior Notes (Series A) due June 15, 2010 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.625% Senior Notes (Series A) Note Agreement;

"10.625% Senior Notes (Series A) Note Agreement" means the note agreement dated as of June 1, 1990, as supplemented, between BCFPI, as issuer, and the parties thereto;

"10.85% Debentures" means the 10.85% Debentures due November 30, 2014 issued by BCFPI (f/k/a Canadian Pacific Forest Products Limited) pursuant to the 10.85% Debentures Indenture;

"10.85% Debentures Indenture" means the trust indenture dated as of December 12, 1989, as supplemented, between BCFPI (f/k/a Canadian Pacific Forest Products Limited), as issuer, and the 10.85% Debentures Indenture Trustee;

"10.85% Debentures Indenture Trustee" means Computershare Trust Company of Canada, as successor trustee to Montreal Trust Company and its successors and assigns, as indenture trustee under the 10.85% Debentures Indenture;

"15.5% Guarantor Applicant" means any of 3224112 Nova Scotia Limited, Marketing Donohue Inc., Abitibi-Consolidated Canadian Office Products Holdings Inc., ACNSI, 3834328 Canada Inc., 6169678 Canada Inc., Donohue Recycling Inc., 1508756 Ontario Inc., The Jonquière Pulp Company, The International Bridge Terminal Company, Scramble Mining Ltd., Terra Nova Explorations Ltd. and Abitibi-Consolidated (U.K.) Inc.;

"15.5% Guarantor Applicant Affected Unsecured Claim" means any Affected Claim against a 15.5% Guarantor Applicant;

"15.5% Guarantor Applicant Affected Unsecured Creditor" means any creditor that is the Holder of a 15.5% Guarantor Applicant Affected Unsecured Claim;

"15.5% Guarantor Applicant Affected Unsecured Creditor Class" means, in respect of each 15.5% Guarantor Applicant, the class of creditors grouped in accordance with their Affected Claims against such 15.5% Guarantor Applicant for the purpose of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions thereunder, each class being comprised solely of the 15.5% Guarantor Applicant Affected Unsecured Creditors that are Holders of an Affected Claim against such 15.5% Guarantor Applicant;

"15.5% Pro Rata" means, at any time, the proportion that the Face Amount of a 15.5% Senior Unsecured Notes Claim in a particular class bears to the aggregate Face Amount of all 15.5% Senior Unsecured Notes Claims in such class (including Disputed Claims but excluding any Disallowed Claims);

"15.5% Senior Unsecured Notes" means the 15.5% Senior Unsecured Notes due July 15, 2010 issued by ACCC pursuant to the 15.5% Senior Unsecured Notes Indenture;

"15.5% Senior Unsecured Notes Claim" means any Affected Claim against any 15.5% Guarantor Applicant, ACI, ACCC, Saguenay Forest Products or ACNSI pursuant to the 15.5% Senior Unsecured Notes;

"15.5% Senior Unsecured Notes Creditor" means any creditor that is the Holder of a 15.5% Senior Unsecured Note Claim;

"15.5% Senior Unsecured Notes Guarantors" means ACI, Abitibi-Consolidated Canadian Office Products Holdings Inc., 6169678 Canada Incorporated, 3834328 Canada Inc., The International Bridge and Terminal Company, Marketing Donohue Inc., Les Explorations Terra Nova Ltée, La Compagnie de Pulpe de Jonquière, Produits Forestiers Saguenay Inc., 1508756 Ontario Inc., Donohue Recycling Inc., Scramble Mining Ltd., ACNSI, 3224112 Nova Scotia Limited, ACSC, Donohue Corp., ACC, Abitibi Consolidated Alabama Corporation, Augusta Woodlands, LLC, Alabama River Newsprint Company, Bridgewater Paper Company Limited, Cheshire Recycling Ltd, and Abitibi-Consolidated (U.K.) Inc. ;

"15.5% Senior Unsecured Notes Indenture" means the indenture dated as of April 1, 2008, as supplemented, between ACCC, as issuer, and the 15.5% Senior Unsecured Notes Indenture Trustee;

"15.5% Senior Unsecured Notes Indenture Trustee" means Wilmington Trust Company, as successor indenture trustee to Wells Fargo Bank, National Association and its successors and assigns, as indenture trustee under the 15.5% Senior Unsecured Notes Indenture;

"18.6 Petitioners" has the meaning ascribed to such term in the Initial Order;

"2010 Federal Budget" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Residents of Canada"*;

"ABH" means AbitibiBowater Inc.;

"ABH Existing Shares" means the common shares in the capital of ABH issued and outstanding immediately prior to the Implementation Date;

"ABH LLC Note" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – AbitibiBowater U.S. Holding LLC Note Repayment Transactions"*;

"ABH PIK Payments" means the PIK Interest payments made by ABH on the Convertible Notes;

"ABH PIK Payments" means the interest paid by ABH on the Convertible Notes by increasing the principal amount of Convertible Notes outstanding;

"Abitibi Administration Charge" has the meaning ascribed to such term in the Initial Order;

"AbitibiBowater Canada" means AbitibiBowater Canada Inc.;

"AbitibiBowater Canada Affected Unsecured Claim" means any Affected Claim against AbitibiBowater Canada;

"AbitibiBowater Canada Affected Unsecured Creditor" means any creditor that is the Holder of an AbitibiBowater Canada Affected Unsecured Claim;

"AbitibiBowater Canada Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against AbitibiBowater Canada for the purposes of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions thereunder, such class being comprised solely of the AbitibiBowater Canada Affected Unsecured Creditors;

"Abitibi D&O Charge" has the meaning ascribed to such term in the Initial Order;

"Abitibi DIP Agreement" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Abitibi DIP Facility" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Abitibi DIP Facility Borrowers" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"AbitibiBowater Holding" means AbitibiBowater U.S. Holding LLC;

"ABL Exit Financing Facility" means the senior secured asset-based revolving facility to be entered into by the Reorganized Debtors and the lender(s) thereunder as contemplated in section [6.10] of the U.S. Plan, providing for the principal terms and conditions set forth on Plan Supplement [9] under the U.S. Plan;

"ACC" means Abitibi-Consolidated Corporation;

"ACCC" means Abitibi-Consolidated Company of Canada;

"ACCC Administrative Agent" means Wells Fargo Bank, N.A. (as successor-in-interest to Goldman Sachs Credit Partners L.P.) in its capacity as administrative agent and collateral agent under the ACCC Term Loan, and its successors and assigns;

"ACCC Affected Unsecured Claim" means any Affected Claim against ACCC, including any 15.5% Senior Unsecured Notes Claim against ACCC;

"ACCC Affected Unsecured Creditor" means any creditor that is the Holder of an ACCC Affected Unsecured Claim;

"ACCC Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against ACCC for the purposes of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions thereunder, such class being comprised solely of the ACCC Affected Unsecured Creditors;

"ACCC Term Lenders" means the lenders party from time to time to the ACCC Term Loan Documents;

"ACCC Term Loan Claim" means, subject to paragraphs 13 and 14 of the Third Claims Procedure Order, any Claim of any ACCC Term Lender, the ACCC Administrative Agent or the ACCC Collateral Agent pursuant to the ACCC Term Loan Documents, and interest accrued thereon and any unpaid costs, fees and other amounts relating thereto as of the Implementation Date;

"ACCC Term Loan Documents" means that certain Credit and Guaranty Agreement, dated as of April 1, 2008 (as may have been amended, supplemented, restated, or otherwise modified from time to time), among ACCC in its capacity as a borrower, certain subsidiaries of ABH as guarantors, the lenders from time-to-time party thereto and the ACCC Administrative Agent, together with all other loan documents, guaranty, and security documents executed in connection therewith or which relate thereto;

"ACCC Term Loan Facility" means the 364-day senior term loan entered into on April 1, 2008 by, *inter alia*, ACCC, Goldman Sachs Credit Partners L.P., as administrative agent, and a syndicate of lenders, in an original principal amount of \$400 million;

"ACF LP" means Abitibi-Consolidated Finance L.P.;

"ACH Credit Agreement" means the credit agreement between ACH LP and Caisse de dépôt et placement du Québec dated March 31, 2007 in an amount of up to Cdn\$250 million;

"ACH LP" means ACH Limited Partnership, a joint venture with Caisse de dépôt et placement du Québec for its Ontario hydroelectric generation facilities;

"**ACI**" means Abitibi-Consolidated Inc. and, where applicable, its Subsidiaries on a consolidated basis;

"**ACI Affected Unsecured Claim**" means any Affected Claim against ACI, including any 15.5% Senior Unsecured Notes Claims against ACI;

"**ACI Affected Unsecured Creditor**" means any creditor that is the Holder of an ACI Affected Unsecured Claim;

"**ACI Affected Unsecured Creditor Class**" means the class of creditors grouped in accordance with their Affected Claims against ACI for the purposes of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions thereunder, such class being comprised solely of the ACI Affected Unsecured Creditors;

"**ACI DIP Charge**" has the meaning ascribed to such term in the Initial Order;

"**ACI Group**" means ACI and its direct and indirect Subsidiaries and Donohue Corp. and its direct and indirect Subsidiaries;

"**ACI Inter-company Advances Charge**" has the meaning ascribed to such term in the Initial Order;

"**ACNSI**" means Abitibi-Consolidated Nova Scotia Incorporated;

"**ACNSI Affected Unsecured Claim**" means any Affected Claim against ACNSI, including any 15.5% Senior Unsecured Notes Claim against ACNSI;

"**ACNSI Affected Unsecured Creditor**" means any creditor that is the Holder of an ACNSI Affected Unsecured Claim;

"**ACNSI Affected Unsecured Creditor Class**" means the class of creditors grouped in accordance with their Affected Claims against ACNSI for the purposes of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions hereunder, such class being comprised solely of the ACNSI Affected Unsecured Creditors;

"**ACSC**" means Abitibi Consolidated Sales Corporation;

"**ACUSFC**" means Abitibi-Consolidated U.S. Funding Corp.;

"**Ad Hoc Unsecured Noteholders Committee**" has the meaning ascribed to such term in "*The CCAA Plan – Events Subsequent to the CCAA Proceedings – Ad Hoc Unsecured Noteholders Committee*";

"**Administrative Claim**" means, in respect of any Cross-border Debtor, a Claim to the extent that it is of the kind described in section 503(b) of the Bankruptcy Code and is entitled to priority under section 507(a)(1) of the Bankruptcy Code, including (i) any actual and necessary expenses of preserving the estate of such Cross-border Debtor, (ii) any actual and necessary expenses of operating the business of such Cross-border Debtor, (iii) all allowances of compensation or reimbursement of expenses to such Cross-border Debtor to the extent allowed by the Bankruptcy Court under sections 330(a), 331 or 503(b)(2), (3), (4) or (5) of the Bankruptcy Code, (iv) Claims of such Cross-border Debtor arising under section 503(b)(9) of the Bankruptcy Code, and (v) all fees and charges payable by such Cross-border Debtor pursuant to section 1930 of title 28 of the United States Code;

"**Affected Claims**" means all Claims, other than Excluded Claims;

"**Affected Unsecured Claims**" means the ACI Affected Unsecured Claims, the ACCC Affected Unsecured Claims, the 15.5% Guarantor Applicant Affected Unsecured Claims, the Saguenay Forest Products Affected Unsecured Claims, the BCFPI Affected Unsecured Claims, the BCFC Affected Unsecured Claims, the Bowater Canadian Limited Affected Unsecured Claims, the AbitibiBowater Canada Affected Unsecured Claims, the Bowater Maritimes Affected Unsecured Claims and the ACNSI Affected Unsecured Claims;

"Affected Unsecured Creditor" means any creditor that is the Holder of an Affected Unsecured Claim and may, if the context requires, mean an assignee of an Affected Unsecured Claim or a trustee, interim receiver, receiver manager, or other Person acting on behalf of such Person, if such assignee or other Person has been recognized by the affected Applicant, the Disbursing Agent or the Servicer, as the case may be;

"Affected Unsecured Creditor Classes" means the ACI Affected Unsecured Creditor Class, the ACCC Affected Unsecured Creditor Class, the 15.5% Guarantor Applicant Affected Unsecured Creditor Classes, the Saguenay Forest Products Affected Unsecured Creditor Class, the BCFPI Affected Unsecured Creditor Class, the BCFC Affected Unsecured Creditor Class, the Bowater Canadian Limited Affected Unsecured Creditor Class, the AbitibiBowater Canada Affected Unsecured Creditor Class, the Bowater Maritimes Affected Unsecured Creditor Class and the ACNSI Affected Unsecured Creditor Class;

"AHYDOs" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations" – Applicable High-Yield Discount Obligations*;

"Alcoa" means, collectively, Alcoa Canada Ltd. and Alcoa Ltd.;

"Allowable Capital Loss" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Residents of Canada"*~~Error! Reference source not found.~~;

"Allowed Cross-border Claim" has the meaning ascribed to such term in *"The CCAA Plan – Description of the CCAA Plan – Distributions under the CCAA Plan"*;

"Allowed Insured Claim" means a Proven Claim in respect of an Insured Claim;

"ANC" means Augusta Newsprint Company;

"ANI" means Augusta Newsprint Inc.;

"Applicants" means the direct and indirect subsidiaries of ABH participating in the CCAA Proceedings listed in Appendix A – *"Applicants"* to this Circular or the CCAA Plan;

"Applicants Reserve" means the reserve to be established and maintained under the CCAA Plan by the Monitor, in its capacity as Disbursing Agent, by holding on account of Disputed Claims a number of shares of New ABH Common Stock equal to the amount of shares of New ABH Common Stock that the Holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims in their entire amount on the Initial Distribution Record Date;

"Articles of Reorganization" means the articles of reorganization of Reorganized ABH;

"Backstop Agreement" means the backstop commitment agreement entered into by ABH and certain of the Holders of Affected Unsecured Claims as of May 23, 2010 in connection with the Rights Offering;

"Backstop Commitment Payment" has the meaning ascribed to such term in *"Rights Offering"*;

"Backstop Investors" has the meaning ascribed to such term in *"Rights Offering"*;

"Backstop Motion" has the meaning ascribed to such term in *"Rights Offering"*;

"Backstop Parties" means ●;

"BAI" means Bowater America Inc.;

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. sections 101 et seq., as amended from time to time;

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware in which the Chapter 11 Cases were filed or any other United States court with jurisdiction over the Chapter 11 Cases;

"Bankruptcy Exception" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences to the Company"*;

"BCFC" means Bowater Canada Finance Corporation;

"BCFC Affected Unsecured Claim" means any Affected Claim against BCFC;

"BCFC Affected Unsecured Creditor" means any creditor that is the Holder of a BCFC Affected Unsecured Claim;

"BCFC Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against BCFC for the purposes of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions thereunder, such class being comprised solely of the BCFC Affected Unsecured Creditors;

"BCFPI" means Bowater Canadian Forest Products Inc.;

"BCFPI Administrative Agent" means Bank of Nova Scotia in its capacity as administrative agent under the BCFPI Secured Bank Documents, and its successors and assigns;

"BCFPI Affected Unsecured Claim" means any Affected Claim against BCFPI;

"BCFPI Affected Unsecured Creditor" means any creditor that is the Holder of a BCFPI Affected Unsecured Claim;

"BCFPI Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against BCFPI for the purposes of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions thereunder, such class being comprised solely of the BCFPI Affected Unsecured Creditors;

"BCFPI Lenders" means the lenders party from time to time to the BCFPI Secured Bank Documents;

"BCFPI Pre-petition Secured Lenders" has the meaning ascribed to such term in *"Capitalization of ABH and the Applicants – Indebtedness – BCFPI Secured Credit Agreement"*;

"BCFPI Secured Bank Agent" means Bank of Nova Scotia, in its capacity as administrative agent under the BCFPI Secured Credit Agreement;

"BCFPI Secured Bank Claim" means any Claim of any BCFPI Lender or the BCFPI Administrative Agent pursuant to the BCFPI Secured Bank Documents, and interest accrued thereon and any unpaid costs, fees and other amounts relating thereto as of the Implementation Date;

"BCFPI Secured Bank Documents" means that certain Credit Agreement, dated as of May 31, 2006, as amended by that certain First Amendment dated as of July 20, 2007, that certain Second Amendment dated as of October 31, 2007, that certain Third Amendment and Waiver dated as of February 25, 2008, that certain Fourth Amendment dated as of March 31, 2008, that certain Fifth Amendment dated as of April 30, 2008, that certain Sixth Amendment dated as of May 28, 2008, that certain Seventh Amendment dated as of June 6, 2008, that certain Eighth Amendment dated as of June 30, 2008, that certain Ninth Amendment and Waiver dated as of August 7, 2008, that certain Tenth Amendment and Waiver dated as of November 12, 2008 and that certain Eleventh Amendment and Consent dated as of February 27, 2009; and as further modified by the letter agreements dated March 17, 2009, March 23, 2009, March 31, 2009 and April 6, 2009, among BCFPI, as the borrower, and Bowater, Bowater Alabama LLC, Bowater Newsprint South Operations LLC, Bowater Newsprint South LLC and certain of the U.S. Debtors and Applicants,

as guarantors, the BCFPI Administrative Agent, together with all collateral, security and ancillary documents executed in connection therewith or which relate thereto;

"BCFPI Secured Bank Letters of Credit" means the letters of credit listed on Plan Supplement [13] under the U.S. Plan that are issued and outstanding immediately prior to the Implementation Date under the BCFPI Secured Bank Documents;

"BCFPI Secured Credit Agreement" has the meaning ascribed to such term in *"Capitalization of ABH and the Applicants – Indebtedness – BCFPI Secured Credit Agreement"*;

"BI DIP Agent" means the administrative agent and collateral agent from time to time under the BI DIP Facility Documents;

"BI DIP Claim" means any Claim of any BI DIP Lender or the BI DIP Agent pursuant to the BI DIP Facility Documents or the Initial Order;

"BI DIP Facility Documents" means that certain Senior Secured Superpriority Debtor in Possession Credit Agreement dated as of April 21, 2009 (as amended, modified, or supplemented from time to time), by and among ABH, Bowater and BCFPI, as borrowers, the BI DIP Lenders from time to time party thereto (including Fairfax Financial Holdings Limited, as initial lender and initial BI DIP Agent) and the BI DIP Agent from time to time party thereto together with any related collateral, loan, or security documents executed in connection therewith or which relate thereto;

"BI DIP Lenders" means the lenders and financial institutions party from time to time to the BI DIP Facility Documents;

"BI DIP Lenders Charge" has the meaning ascribed to such term in the Initial Order;

"BI Inter-company Advances Charge" has the meaning ascribed to such term in the Initial Order;

"BIA" means the *Bankruptcy and Insolvency Act* (Canada);

"BMO" means the Bank of Montreal;

"Board" means either the board of directors of ABH or Reorganized ABH, as the case may be;

"Bowater" means Bowater Inc.;

"Bowater Administration Charge" has the meaning ascribed to such term in the Initial Order;

"Bowater Adequate Protection Charge" has the meaning ascribed to such term in the Initial Order;

"Bowater Canadian Limited Affected Unsecured Claim" means any Affected Claim against Bowater Canadian Limited;

"Bowater Canadian Limited Affected Unsecured Creditor" means any creditor that is the Holder of a Bowater Canadian Limited Affected Unsecured Claim;

"Bowater Canadian Limited Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against Bowater Canadian Limited for the purposes of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions thereunder, such class being comprised solely of the Bowater Canadian Limited Affected Unsecured Creditors;

"Bowater DIP Agent" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Bowater DIP Credit Agreement" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Bowater DIP Lenders" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Bowater D&O Charge" has the meaning ascribed to such term in the Initial Order;

"Bowater Group" means Bowater and its direct and indirect Subsidiaries;

"Bowater Maritimes" means Bowater Maritimes Inc.;

"Bowater Maritimes Affected Unsecured Claim" means any Affected Claim against Bowater Maritimes;

"Bowater Maritimes Affected Unsecured Creditor" means any creditor that is the Holder of a Bowater Maritimes Affected Unsecured Claim;

"Bowater Maritimes Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against Bowater Maritimes for the purposes of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions thereunder, such class being comprised solely of the Bowater Maritimes Affected Unsecured Creditors;

"Bowater Mersey" means Bowater Mersey Paper Company Limited, a joint venture with the Washington Post Company, which owns and operates a sawmill in Oakhill, Nova Scotia, as well as a papermill and woodland in Mersey, Nova Scotia;

"Bowater Secured Bank Agent" means Wells Fargo Bank National Association (as successor by merger with Wachovia Bank, National Association), in its capacity as agent under the Bowater DIP Credit Agreement;

"Bridgewater" means Bridgewater Paper Company Limited;

"Bridgewater Administration" has the meaning ascribed to such term in *"Information about ABH, the Applicants and the Business – Corporate Structure – Bridgewater Administration"*;

"Bridgewater Entities" means Cheshire Recycling Ltd. and Bridgewater Paper Leasing Ltd.;

"Budget" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Business Assets" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences to the Company"*;

"Business Day" means (i) any day, other than a Saturday or a Sunday, or a non-judicial day (as defined in Article 6 of the *Code of Civil Procedure*, R.S.Q., c. C-25, as amended), on which commercial banks are generally open for business in Montreal, Québec, Canada and (ii) in respect of any Cross-border Debtor, any day other than a Saturday, a Sunday or a "legal holiday" (as such term is defined in Bankruptcy Rule 9006(a));

"Call Agreement" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – Adversary Proceedings"*;

"Canadian Bowater DIP" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Canadian Bowater DIP Collateral" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"**Canadian Bowater DIP Parties**" has the meaning ascribed to such term in "*The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities*";

"**Canadian Holder**" has the meaning ascribed to such term in "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*";

"**Canadian Secured Notes**" means the 13.75% Senior Secured Notes due April 1, 2011 issued by ACCC pursuant to the Canadian Secured Notes Indenture;

"**Canadian Secured Notes Claims**" means, subject to paragraphs 11 and 12 of the First Claims Procedure Order and paragraph 15 of the Third Claims Procedure Order, any Claim of any holder of Canadian Secured Notes and the Canadian Secured Notes Indenture Trustee pursuant to the Canadian Secured Notes and the Canadian Secured Notes Indenture, and interest accrued thereon and any unpaid costs, fees, and other amounts relating thereto as of the Implementation Date;

"**Canadian Secured Notes Guarantors**" means ACI, Abitibi-Consolidated Canadian Office Products Holdings Inc., 6169678 Canada Incorporated, 3834328 Canada Inc., The International Bridge and Terminal Company, Marketing Donohue Inc., Les Explorations Terra Nova Ltée, La Compagnie de Pulpe de Jonquière, Produits Forestiers Saguenay Inc. and 1508756 Ontario Inc.;

"**Canadian Secured Notes Indenture**" means the indenture dated as of April 1, 2008, as supplemented, between ACCC, as issuer, and the Canadian Secured Notes Indenture Trustee;

"**Canadian Secured Notes Indenture Trustee**" means Wells Fargo Bank, National Association and its successors and assigns, as indenture trustee under the Canadian Secured Notes Indenture;

"**Canadian Subsidiaries**" has the meaning ascribed to such term in "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*";

"**Canadian Unsecured Notes**" means the 0% Unsecured Notes, 6.00% Senior Notes, 7.40% Debentures, 7.50% Debentures, 7.75% Notes, 7.875% Notes, 7.95% Notes, 8.375% Senior Notes, 8.50% Debentures, 8.55% Senior Notes, 8.85% Debentures, 10.26% Senior Notes (Series D), 10.50% Senior Notes (Series B), 10.60% Senior Notes (Series C), 10.625% Senior Notes (Series A), 10.85% Debentures, 15.5% Senior Unsecured Notes and the Floating Rate Notes;

"**Canadian Unsecured Notes Claims**" means any Claim of any holder of a Canadian Unsecured Note;

"**Canadian Unsecured Notes Indentures**" means the 0% Unsecured Notes Note Agreement, 6.00% Senior Notes Indenture, 7.40% Debentures Indenture, 7.50% Debentures Indenture, 7.75% Notes Indenture, 7.875% Notes Indenture, 7.95% Notes Indenture, 8.375% Senior Notes Indenture, 8.50% Debentures Indenture, 8.55% Senior Notes Indenture, 8.85% Debentures Indenture, 10.26% Senior Notes (Series D) Note Agreement, 10.50% Senior Notes (Series B) Note Agreement, 10.60% Senior Notes (Series C) Note Agreement, 10.625% Senior Notes (Series A) Note Agreement, 10.85% Debentures Indenture, 15.5% Senior Unsecured Notes Indenture and the Floating Rate Notes Indenture;

"**Cash**" means cash and cash equivalents such as bank deposits, term deposits, guaranteed investment certificates, checks and other similar items or instruments denominated in legal tender of either Canada or the United States, as the context requires;

"**CBCA**" means the *Canada Business Corporations Act*;

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada) as applicable to the CCAA Proceedings which, for greater certainty, does not include the amendments proclaimed into force on September 18, 2009;

"**CCAA Charges**" has the meaning ascribed to such term in the Initial Order;

"CCAA Charge Claim" has the meaning ascribed to such term in *"The CCAA Plan – Description of the CCAA Plan – Compromise and Arrangement"*;

"CCAA Plan" means the plan of reorganization and compromise jointly filed by the Applicants pursuant to the provisions of the CCAA and Section 191 of the CBCA, as it may be amended, varied or supplemented by the Applicants from time to time in accordance with its terms, which is attached hereto as Appendix C;

"CCAA Proceedings" means the proceedings in respect of the Applicants and the 18.6 Petitioners before the Court commenced pursuant to the CCAA;

"CDS" means CDS Clearing and Depository Services Inc.;

"Centralized Sales Team" has the meaning ascribed to such term in *"Information about ABH, the Applicants and the Business – Overview of Business Operations – Sales, Distribution"*;

"CEP" means the Communications, Energy and Paper Workers Union of Canada;

"Chair" means the chair of the Creditors' Meeting;

"Chapter 11 Cases" means the U.S. Debtors' Chapter 11 cases pending in front of the Bankruptcy Court, which are being jointly administered under Case No. 09-11296;

"Chapter 15 Proceedings" means the voluntary cases under Chapter 15 of the Bankruptcy Code commenced by ACI and ACCC in the Bankruptcy Court on April 17, 2009;

"Chief Restructuring Officer" means Bruce Robertson and 7088418 Canada Inc., a corporation the shares of which are held by Bruce Robertson;

"Circular" means this information circular, proxy statement, including the Appendices hereto and any written amendment or supplement hereto made after the date hereof;

"Claim" means any right or claim of any Person against one or more of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever of one or more of the Applicants owed to such Person and any interest accrued thereon or costs or other amounts in respect thereof, whether reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Claim arising from or caused by the repudiation by an Applicant of any contract, lease or other agreement, whether written or oral, the commission of a tort (intentional or unintentional), any breach of duty (legal, statutory, equitable, fiduciary or otherwise), any right of ownership or title to property, employment, contract, a trust or deemed trust, howsoever created, any Claim made or asserted against any one or more of the Applicants through any affiliate, or any right or ability of any Person to advance a Claim for contribution or indemnity or otherwise with respect to any grievance, matter, action, cause or chose in action, whether existing at present or commenced in the future, in each case based in whole or in part on facts which existed on the Date of Filing, or which would have been together with any other Claims of any kind that, if unsecured, would constitute a debt provable in bankruptcy within the meaning of the BIA had the Applicant become bankrupt on the Date of Filing;

"Claims Bar Dates" means, as applicable, November 13, 2009 and April 7, 2010, the bar dates for filing Claims for voting purposes or distribution purposes as set out in the Claims Procedure Orders, or such other date as the Court or the Bankruptcy Court may fix with respect to any Claim;

"Claims Officer" means the individual(s) appointed pursuant to and in accordance with the Claims Procedure Orders as set out in the Claims Procedure Orders;

"Claims Packages" means collectively the First Claims Package and the Second Claims Package;

"Claims Procedure Orders" means the First Claims Procedure Order, the Second Claims Procedure Order and the Third Claims Procedure Order;

"Collective Bargaining Agreements" means the collective bargaining agreements, as amended by the letters of understanding, letters of intent and other written communications with bargaining agents for employees;

"COD" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences to the Company"*;

"Combination" has the meaning ascribed to such term in *"Information about ABH, the Applicants and the Business – Corporate Structure – AbitibiBowater Inc."*;

"Company" means either ABH or Reorganized ABH, as the case may be, collectively with its Subsidiaries, either prior to the Implementation Date or on and after the Implementation Date, as reorganized under and pursuant to the CCAA Plan or the U.S. Plan, as the case may be;

"Convertible Notes" has the meaning ascribed to such term in *"Capitalization of ABH and the Applicants – Indebtedness – ABH Convertible Notes"*;

"Costs" means the costs of complying with any orders issued in respect of the Non-core Properties under applicable environmental legislation, (i) any costs which would have priority pursuant to section 11.8 of the CCAA (as if such statute were applicable) and Section 14.06 of the BIA, and (ii) the costs of any receiver appointed in respect of Non-core Purchaser or Non-core Purchaser's interest in the Non-core Properties;

"Court" means the Québec Superior Court of Justice, Commercial Division, for the Judicial District of Montreal, Canada, or any Canadian court with appellate jurisdiction over the CCAA Proceedings;

"CRA" means the Canada Customs and Revenue Agency;

"Creditor" means any Person having a Claim and may, if the context requires, mean an assignee of a Claim or a trustee, receiver, receiver manager or other Person acting on behalf of such Person if such assignee or other Person has been recognized by the Monitor;

"Creditors' Meeting" means, in respect of any Affected Unsecured Creditors Class, the meeting of the Affected Unsecured Creditors holding Voting Claims called pursuant to the Creditors' Meeting Order for the purpose of considering and, if deemed appropriate, passing their respective Resolution and includes any adjournment of such meeting;

"Creditors' Meeting Date" means, in respect of any Creditors' Meeting, the date fixed for the Creditors' Meeting under the Creditors' Meeting Order subject to any adjournment or postponement or further Order of the Court;

"Creditors' Meeting Order" means, the Order of the Court dated ●, 2010 as amended or supplemented from time to time by further Orders of the Court which, among other things, sets the Creditors' Meeting Date and establishes meeting procedures for the Creditors' Meeting;

"Creditor Protection Proceedings" means the Chapter 11 Cases, the Chapter 15 Proceedings and the CCAA Proceedings;

"Cross-border Claims" has the meaning ascribed to the term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings"*;

"Cross-border Claims Protocol" means the cross-border claims protocol that was approved by the Court on January 18, 2010 and the Bankruptcy Court on January 19, 2010, as amended, modified, or supplemented from time to time;

"Cross-border Convenience Claim" means any Proven Claim (i) the aggregate Face Amount of which is equal to or less than ● or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to ● pursuant to an election by the Holder made on the Election Notice, in respect of which its Holder has not made a valid election in accordance with Subsections 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i), 2.4(i)(i) of the CCAA Plan;

"Cross-border Debtors" means BCFC, Bowater Canadian Holdings Incorporated, AbitibiBowater Canada Inc., BCFPI, Bowater Maritimes, Bowater LaHave Corporation and Bowater Canadian Limited;

"Cross-border Insolvency Protocol" means the cross-border voting protocol governing the voting procedures of Claims against Cross-border Debtors that will be included in the solicitation materials implementing procedures for soliciting votes to accept or reject the CCAA Plan and that was filed with the Court on ● and the Bankruptcy Court on ●, as amended, modified, or supplemented from time to time;

"Cross-border Voting Protocol" means the cross-border voting protocol that was approved by the Court on ● and the Bankruptcy Court on ●, as amended, modified, or supplemented from time to time;

"CSA" means the Canadian Securities Administrators;

"CSN" means the *Confédération des syndicats nationaux*;

"Date of Filing" means April 17, 2009;

"Designated Newspapers" means the Montreal Gazette, the Globe and Mail (National Edition), La Presse, Le Soleil and Le Quotidien;

"Dilution" means the dilution resulting from shares of New ABH Common Stock issued (i) pursuant to the management and director compensation and incentive programs set forth in Section 6.4 of the CCAA Plan, (ii) as a payment under the Backstop Agreement or any replacement backstop commitment obtained by the Applicants in connection therewith and approved by the Court and the Bankruptcy Court; and (iii) upon conversion of the convertible unsecured subordinated notes issued by Reorganized ABH in connection with the Rights Offering on the terms and conditions set forth in the Backstop Agreement;

"Disallowed Claim" means any Claim, including any portion thereof, that has been disallowed, denied, dismissed, or overruled pursuant to a final Order of the Court, the Bankruptcy Court, or any other court of competent jurisdiction;

"Disbursing Agent" means any Person in its capacity as a disbursing agent, including the Monitor, the Indenture Trustees and the ACCC Administration Agent in their capacities as disbursing agents;

"Disclosure Statement" means the disclosure statement for the U.S. Debtors' first amended joint plan of reorganization under Chapter 11 of the Bankruptcy Code dated ●, 2010, which is available on the Monitor's website at www.ey.com/ca/abitiibowater;

"Disputed Claims" means an Affected Unsecured Claim or any portion thereof, that is subject to a Notice of Revision or Disallowance, or a Notice of Dispute, and in either case has become neither a Proven Claim nor a Disallowed Claim;

"Donohue" means Donohue Corp.;

"Donohue Group" means Donohue and Donohue's direct and indirect Subsidiaries;

"Donohue Malbaie" means Donohue Malbaie Inc., a joint venture with the New York Times Company, which owns and operates a paper machine at one of ACT's newsprint;

"DTC" means The Depository Trust & Clearing Corporation, or any successor thereof;

"Election Deadline" means the time specified in the Creditors' Meeting Order as the deadline for filing a Form of Proxy;

"Election Notice" means the election notice included in the form of proxy, which permits Affected Unsecured Creditors to make an election in accordance with Subsections 2.4(a)(i), 2.4(b)(i), 2.4(c)(i), 2.4(d)(i), 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i); 2.4(i)(i) or 2.4(j)(i) of the CCAA Plan;

"Eligible Employees" has the meaning ascribed to such term in *"The CCAA Plan – Description of the CCAA Plan– Compromise and Arrangement"*;

"Eligible Holders" means ●;

"EPA" means the *Environmental Protection Act* (Canada);

["Escrow Agent" means ●;]

"Excess" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Consequences to the Company"*;

"Excluded Claims" has the meaning ascribed to the term in *"The CCAA Plan – Description of the CCAA Plan – Compromise and Arrangement"*;

["Excluded Rights Offering Notes" means ●;]

"Existing Secured Facilities" means ●;

"Exit Loan Facilities" means, collectively, the ABL Exit Financing Facility and the Term Loan Exit Financing Facility;

"Face Amount" means, for purposes of the CCAA Plan (i) when used in reference to a Disputed Claim or a Disallowed Claim, the full stated liquidated amount claimed by the Holder of such Claim in any Proof of Claim timely filed in accordance with the Claims Procedure Orders, and (ii) when used in reference to a Proven Claim, the amount of such Claim as agreed by the Applicants, or as otherwise finally determined, pursuant to the provisions of the Claims Procedure Orders;

"Fairfax" means Fairfax Financial Holdings Limited and its Subsidiaries;

"Final Bowater DIP Order" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Final Distribution Date" means a date selected by the Reorganized Debtors that is not later than 30 days after the date on which the Monitor shall have certified to the Court that the last Disputed Claim in the CCAA Proceedings has been finally resolved;

"Financial Projections" means the projections of future performance covering the Company's operations on a consolidated basis through fiscal year ●, after giving effect to the CCAA Plan, as set forth in Appendix G;

"Final Restructuring Transactions Time" means such time as set forth in the Restructuring Transactions Notice;

"First Claims Package" means the package for the Affected Unsecured Creditors, including a Proof of Claims, an instruction letter explaining how to complete same, and a copy of the Claims Procedure Orders published on September 10 and 15, 2009;

"First Claims Procedure Order" means the Order of the Court dated August 26, 2009 establishing, among other things, procedures for proving Claims;

"Floating Rate Notes" means the Floating Rate Notes due June 15, 2011 issued by ACCC pursuant to the Floating Rate Notes Indenture;

"Floating Rate Notes Indenture" means the indenture dated as of June 15, 2004, as amended, between ACCC, as borrower, and The Bank of Nova Scotia Trust Company of New York, as indenture trustee;

"Floating Rate Notes Indenture Trustee" means The Bank of Nova Scotia Trust Company of New York and its successors and assigns, as indenture trustee under the Floating Rate Notes Indenture;

"Form of Proxy" means the form of proxy and Election Notice and voting instructions to Affected Unsecured Creditors in the CCAA Proceedings, in substantially the form attached as an exhibit to the Creditors' Meeting Order;

"Government Priority Claims" means any Claim owing to Her Majesty the Queen in right of Canada or any Province as described in Section 18.2(1) of the CCAA;

"Governmental Entities" means any: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, commission, board, or authority of any of the foregoing; or (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or, for the account of, any of the foregoing;

"Grievance Claims Officer" means the individual(s) appointed pursuant to and in accordance with the Second Claims Procedure Order as set out in the Second Claims Procedure Order;

"Holder" means a Person holding a Claim against one or more of the Applicants;

"Implementation Date" means the Business Day on which all conditions to implementation of the CCAA Plan and the U.S. Plan have been satisfied or (to the extent legally permissible) waived and the Monitor has filed a certificate with the Court confirming the foregoing;

"Indenture Trustee" means, collectively, the 6.00% Senior Notes Indenture Trustee, 7.40% Debentures Indenture Trustee, 7.50% Debentures Indenture Trustee, 7.75% Notes Indenture Trustee, 7.875% Notes Indenture Trustee, 7.95% Notes Indenture Trustee, 8.375% Senior Notes Indenture Trustee, 8.50% Debentures Indenture Trustee, 8.55% Senior Notes Indenture Trustee, 8.85% Debentures Indenture Trustee, 10.85% Debentures Indenture Trustee, Canadian Secured Notes Indenture Trustee, 15.5% Senior Notes Indenture Trustee and Floating Rate Notes Indenture Trustee;

"Initial Distribution Date" means the first Business Day that is ten days (or such longer period as may reasonably be determined by the Reorganized Debtors in consultation with the Monitor) after the Implementation Date;

"Initial Distribution Record Date" means the applicable date designated in the Sanction Order;

"Initial Order" means the Order of the Court dated April 17, 2009, as amended and restated from time to time, pursuant to which, among other things, the Applicants were granted certain relief pursuant to the CCAA;

"Insolvency Proceedings" means, collectively, the CCAA Proceedings, the Chapter 11 Cases and the 18.6 Proceedings;

"Insurance Contract" means any policy of third party liability insurance under which the Applicants could have asserted or did assert, or may in the future assert, a right to coverage for any claim, together with any other contracts which pertain or relate to such policy;

"Insured Claim" means that portion of any Claim arising from an incident or occurrence alleged to have occurred prior to the Implementation Date: (i) as to which any Insurer is obligated pursuant to the terms, conditions, limitations and exclusions of its Insurance Contract(s), to pay any judgment, settlement, or contractual obligation

with respect to the Applicants, or (ii) that any Insurer otherwise agrees to pay as part of a settlement or compromise of a claim made under the applicable Insurance Contract(s);

"Insured Claim Creditor" means any creditor that is the Holder of an Insured Claim;

"Insurer" means any Person that issued, or is responsible for, an Insurance Contract;

"Inter-company Claims" means any Claim by an Applicant or a U.S. Debtor against another Applicant or U.S. Debtor;

"Inter-company Note Claims" has the meaning ascribed to such term in *"Capitalization of ABH and the Applicants – Indebtedness – Inter-company Debt"*;

"Interim Distribution Dates" means the first Business Day occurring 60 days after the Initial Distribution Date, and subsequently, the first (1st) Business Day occurring 60 days after the immediately preceding Interim Distribution Date (unless otherwise determined by the Monitor, in its capacity as Disbursing Agent);

"Interim Distribution Record Date" means, with respect to any Interim Distribution Date, the 15th day prior to such Interim Distribution Date;

"Investment Plans" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations"*;

"IQ Financing" has the meaning ascribed to such term in *"Capitalization of ABH and the Applicants – Indebtedness – Investissement Québec Financing"*;

"IRS" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations"*;

"ITA" means the *Income Tax Act* (Canada);

"Laws" means all statutes, regulations, statutory rules, orders, judgments, decrees and terms and conditions of any grant of approval, permission, authority, permit or license of any court, Governmental Entity, statutory body or self-regulatory authority, and the term "applicable" with respect to such Laws and in any context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

"Lien" means, with respect to any interest in property, any mortgage, lien, pledge, charge, security interest, easement or encumbrance of any kind whatsoever, under United States, Canadian, or other applicable Law, affecting such interest in property;

"Liquidation Analysis" means the *"Liquidation Analysis"* attached hereto as Appendix F;

"Litigation Committee" has the meaning ascribed to such term in *"Reorganized ABH – Litigation Committee"*;

"Meeting Material" means the Notices of Meeting, the Circular and the Forms of Proxy;

"Monitor" means Ernst & Young Inc. or any successor thereto appointed in accordance with the Initial Order or any further Order of the Court;

"MPCo" means Manicouagan Power Company;

"MPCo Sale" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"**NAFTA**" means the North American Free Trade Agreement;

"**NAFTA Proceedings Agreement**" means the agreement dated as of the Implementation Date among the members of the Litigation Committee and the Company;

"**NAFTA Proceedings**" means the proceedings in relation to the expropriation of the Grand Falls newsprint mill and certain other assets by the Government of Newfoundland, the whole as more fully described in *"Risk Factors – Risks Related to the Company's Business"*;

"**NASDAQ**" means either the NASDAQ Global Market or the NASDAQ Global Select Market;

"**New ABH Common Stock**" means the new common stock of Reorganized ABH, which shall be issued on the Implementation Date or authorized to be issued by Reorganized ABH at any time from and after the Implementation Date;

"**New Securities**" has the meaning ascribed to such term in *"Other Considerations – Canadian Securities Law Considerations"*;

"**NewCo**" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences to the Company"*;

"**NewCo Holdings**" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences to the Company"*;

"**Newfoundland**" means the Province of Newfoundland and Labrador;

"**Newspaper Notice**" means the notice of the Claims Procedure Orders published in the Designated Newspapers in accordance with the Claims Procedure Orders, which sets out the Claims Bar Dates;

"**Newsprint South**" means Bowater Newsprint South LLC;

"**No Vote Applicant**" has the meaning ascribed to such term in *"The CCAA Plan – Description of the CCAA Plan – Compromise and Arrangement"*;

"**No Vote Occurrence**" has the meaning ascribed to such term in *"The CCAA Plan – Description of the CCAA Plan – Compromise and Arrangement"*;

"**Non-core Properties**" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – Other Sale of Assets and Cost Savings Initiatives"*;

"**Non-core Purchaser**" means 4513541 Canada Inc.;

"**Non-registered Noteholders**" means the beneficial owners of Canadian Unsecured Notes that are registered in the name of a depository such as DTC or CDS;

"**Non-resident Holder**" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Error! Reference source not found."*;

"**Non-U.S. Holder**" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations"*;

"**Notice of Dispute**" has the meaning ascribed to such term in the Claims Procedure Orders;

"**Notice of Meeting**" means the notice of the Creditors' Meeting which is included in this Circular;

"Notice of Revision or Disallowance" has the meaning ascribed to such term in the Claims Procedure Orders;

"NYSE" means the New York Stock Exchange;

"Obligations" has the meaning ascribed to such term in *"The CCAA Plan – Description of the CCAA Plan – CCAA Plan Releases"*;

"OID" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations – U.S. Federal Income Tax Consequences to the Company"*;

"Order" means any order of the Court or the Bankruptcy Court;

"Participants" has the meaning ascribed to such term in *"Capitalization of ABH and the Applicants – Indebtedness – Abitibi Securitization Program"*;

"Person" means any person, including any individual, partnership, joint venture, venture capital fund, association, corporation, limited liability company, limited liability partnership, unlimited liability company, trust, trustee, executor, administrator, legal personal representative, estate, group, unincorporated association or organization, Governmental Entity, syndicate, the Monitor, United States Trustee or other entity, whether or not having legal status;

"PIK Interest" means interest paid by ABH on the Convertible Notes by increasing the principal amount of Convertible Notes outstanding;

"Post-filing Claims" means all valid claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities which are not Claims and arise from, or are in respect of, (i) any executory contract or unexpired lease which has been deemed ratified pursuant to the CCAA Plan, or (ii) the supply of goods or services to any Applicant after the Date of Filing;

"Plans" means, collectively, the U.S. Plan and the CCAA Plan;

"Post-filing Employees" has the meaning ascribed to such term in *"The CCAA Plan – Claims and Voting Process"*;

"Principal Increase" means the amount, if any, equal to the difference between (i) the net proceeds generated from the sale of the Non-core Properties (or any portion thereof) to a third party by the Non-core Purchaser or any receiver appointed in respect thereof and (ii) the Costs;

"Pro Rata" means, at any time, the proportion that (i) the Face Amount of an Affected Claim (including any Inter-company Claim deemed to be an Affected Unsecured Claim pursuant to Section 2.5(c)) of the CCAA Plan in a particular class bears to (ii) the aggregate Face Amount of all Affected Claims (including any Inter-company Claim deemed to be an Affected Unsecured Claim pursuant to Section 2.5(c)) of the CCAA Plan in such class less (x) the aggregate Face Amount of all Affected Claims settled, compromised, released or otherwise dealt with in accordance with Subsections 2.4(a)(i), 2.4(b)(i), 2.4(c)(i), 2.4(d)(i), 2.4(e)(i), 2.4(f)(i), 2.4(g)(i), 2.4(h)(i), 2.4(i)(i) and 2.4(j)(i) of the CCAA Plan, as the case may be, and (y) the aggregate Face Amount of all Affected Claims fully paid pursuant to Section 3.8 (including Disputed Claims, but excluding Disallowed Claims);

"Proof of Claim" has the meaning ascribed to such term in the Claims Procedure Orders;

"Proven Claim" means, in respect of an Affected Unsecured Creditor, the amount or any portion of the amount of the Affected Claim of such Affected Unsecured Creditor as finally determined for distribution purposes in accordance with the provisions of the CCAA Plan, the CCAA, the Claims Procedure Orders and any other applicable Orders;

"Proven Secured Claim" means the amount of a Secured Claim as agreed by the Applicants or as finally determined in accordance with the provisions of the CCAA Plan, the CCAA, the Claims Procedure Orders and any other applicable Orders;

"Record Date" means ●;

"Recovered Paper" has the meaning ascribed to such term in *"Information about ABH, the Applicants and the Business – Overview of Business Operations – Raw Materials"*;

"Regulations" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations"*;

"Released Parties" has the meaning ascribed to such term in *"The CCAA Plan – Description of the CCAA Plan – CCAA Plan Releases"*;

"Reorganized ABH" means on and after the Implementation Date, ABH as reorganized under the U.S. Plan, or a new holding company created in contemplation of the Implementation Date that, on such date, owns 100% of the equity in ABH (as in existence prior to the Implementation Date);

"Reorganized Debtors" means, on or after the Implementation Date, collectively, all of the surviving Applicants that are reorganized under and pursuant to the CCAA Plan, including the Restructuring Transactions;

"Repayment Steps" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – AbitibiBowater U.S. Holding LLC Note Repayment Transactions"*;

"Reportable Payment" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations" – Information Reporting and Backup Withholding"*;

"Required Majority" means, in respect of an Affected Unsecured Creditor Class, the affirmative vote of a majority in number in such Affected Unsecured Creditor Class having Voting Claims and voting on its Resolution (in person or by proxy) at the Creditors' Meeting and representing not less than 66⅔% in value of the Voting Claims voting (in person or by proxy) at the Creditors' Meeting;

"Resolution" means, in respect of an Affected Unsecured Creditor Class, the resolution for such Affected Unsecured Creditor Class substantially in the form attached as Appendix B – *"Resolution"* to the Circular, providing for the approval of the CCAA Plan by the Affected Unsecured Creditors comprised in such Affected Unsecured Creditor Class;

"RESPs" means any Registered Education Saving Plan with the Government of Canada;

"Restructuring Claim" means (i) any Claim arising as a result of or in connection with the repudiation, breach, termination or restructuring by the Applicants after August 31, 2009 of any contract, lease, employment, or other obligation including any pension or retirement plan or benefit established for the Applicants Canadian employees; (ii) any Claim arising as a result of payments deferred pursuant to the Order of the Court in the CCAA proceedings dated May 8, 2009 and in respect of which a notice advising the Affected Unsecured Creditor(s) to file a Second Proof of Claim has been issued; and (iii) any Claim against any of the Applicants as a former owner, occupier, person in possession or otherwise in connection with any property (whether moveable or immovable, real or personal) transferred on or after April 17, 2009, provided that in no case shall a Restructuring Claim include an Excluded Claim;

"Restructuring Transactions" means those steps and transactions necessary or desirable to give effect to the transactions contemplated herein and in the Restructuring Transaction Notice;

"Restructuring Transactions Notice" means the notice setting out and detailing substantially all of the Restructuring Transactions, which is intended to be posted on the Monitor's website on or before ●, and as

thereafter modified consistent with the CCAA Plan and the U.S. Plan, with a final Restructuring Transaction Notice to be posted on the Monitor's website on the Implementation Date;

"Right" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Exchange of the Affected Unsecured Claims"*;

"Rights Offering" has the meaning ascribed to such term in *"The CCAA Plan – Description of the CCAA Plan – Implementation of the CCAA Plan"*;

"Rights Offering Notes " means ●;

"Rights Offering Participant" has the meaning ascribed to such term in *"Rights Offering"*;

"RRIFs" means any Registered Retirement Income Fund with the Government of Canada;

"RRSPs" means any Registered Retirement Saving Plan with the Government of Canada;

"Saguenay Forest Products" means Saguenay Forest Products Inc.;

"Saguenay Forest Products Affected Unsecured Claim" means any Affected Claim against Saguenay Forest Products, including any 15.5% Senior Unsecured Notes Claim against Saguenay Forest Products;

"Saguenay Forest Products Affected Unsecured Creditor" means any creditor that is the Holder of a Saguenay Forest Products Affected Unsecured Claim;

"Saguenay Forest Products Affected Unsecured Creditor Class" means the class of creditors grouped in accordance with their Affected Claims against Saguenay Forest Products for the purposes of considering and voting on the CCAA Plan in accordance with the provisions of the CCAA Plan and receiving distributions thereunder, such class being comprised solely of the Saguenay Forest Products Affected Unsecured Creditors;

"Sanction Hearing" means the hearing at which the Court's sanction of the Plan under the CCAA and Section 191 of the CBCA will be sought;

"Sanction Order" means the Order by the Court sanctioning the CCAA Plan pursuant to the CCAA and Section 191 of the CBCA, as such Order may be amended, modified or varied from time to time;

"Search Committee" has the meaning ascribed to such term in *"Reorganized ABH – Corporate Governance"*;

"SEC" means the United States Securities and Exchange Commission;

"Second Claims Package" means the package for the Affected Unsecured Creditors, including a Proof of Claims, an instruction letter explaining how to complete same, and a copy of the Claims Procedure Orders published on ●;

"Second Claims Procedure Order" means the Order of the Court dated January 18, 2010 establishing, among other things, procedures for reviewing and determining Claims;

"Second Proof of Claim" has the meaning ascribed to such term in the Second Claims Procedure Order;

"Secured Claims" means any: (i) ACCC Term Loan Claim; (ii) BCFPI Secured Bank Claim; (iii) Canadian Secured Notes Claim; or (iv) Claim, other than a CCAA Charge, which is secured by a security interest in or a lien on the property of the Applicants, which security interest or lien is valid, perfected and enforceable pursuant to applicable Laws or by reason of an Order, to the extent of the value of such property, as of the Implementation Date or such other date as is established by the Court, excluding, in each case any prepayment penalty or premium or any extra-contractual amount provided for in the contract or other arrangement giving rise to, or otherwise relating to, such Secured Claim;

"Securitization Claims" means any Claim arising under or relating to the Securitization Facility;

"Securitization Facility" means the receivables securitization facility made available to certain Subsidiaries of ABH pursuant to that certain Second Amended and Restated Receivables Purchase Agreement, dated as of June 16, 2009, as amended, among ACUSFC, as the seller, ACI and ACSC, as originators, ACSC, as servicer, ACI, as subservicer, Citibank, N.A., as agent, and the banks named therein, and the other Transaction Documents (as defined therein);

"Securitization Program" has the meaning ascribed to such term in *"Capitalization of ABH and the Applicants – Indebtedness – Abitibi Securitization Program"*;

"Servicer" means any indenture trustee, agent or servicer that administers any agreement that governs the rights of a Holder of an Affected Claim;

"SG&A" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – Other Cost Savings Initiatives"*;

"Solicitation Agent" means ●;

"Sponsor" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Stay of Proceedings" means the stay of proceedings under Section 11 of the CCAA;

"Stay Termination Date" has the meaning ascribed to such term in the Initial Order;

"Subsequent Claims" has the meaning ascribed to such term in *"Creditors' Meeting and Voting Instructions – Entitlement To Vote – Claims Bar Dates"*;

"Subscription Agent" means ●;

"Subscription Deadline" has the meaning ascribed to such term in *"Rights Offering"*;

"Subscription Forms" has the meaning ascribed to such term in *"Rights Offering"*;

"Subscription Period" means ●;

"Subscription Right" means ●;

"Subsidiary" or **"Subsidiaries"** means any and all of the direct or indirect wholly-owned or otherwise controlled subsidiaries of ABH and the direct or indirect wholly-owned or otherwise controlled partnerships, limited partnerships or other entities of ABH prior to the Implementation Date;

"Supplemental Distribution" has the meaning ascribed to such term in *"The CCAA Plan – Description of the CCAA Plan – Compromise and Arrangement"*;

"Tax Code" has the meaning ascribed to such term in *"Income Tax Considerations – Certain U.S. Federal Income Tax Considerations"*;

"Taxable Capital Gain" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Residents of Canada"*;

"Taxes" means any and all taxes, duties, fees, pending assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind whatsoever (including any Claims by Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any Province or Territory of Canada, the Canada Revenue Agency and

any similar revenue or taxing authority, including any municipality of any Province or Territory of Canada), including all interest, penalties, fines and additions with respect to such amounts;

"Tax Proposals" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations"*;

"Tax Shield" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Consequences to the Company"*;

"Term Loan Exit Financing Facility" means the senior secured term loan facility, that may take the form of a loan, high-yield notes, a bridge facility or other loan arrangement, to be entered into by the Reorganized Debtors and the lender(s) thereunder as contemplated in Section [6.10] of the U.S. Plan, providing for the principal terms and conditions set forth on Exhibit [9] to be filed on or before the supplement filing date under the U.S. Plan;

"TFSA" has the meaning ascribed to such term in *"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Residents of Canada"*;

"Third Claims Procedure Order" means the Order of the Court dated February 23, 2010 establishing, among other things, procedures for soliciting, reviewing and determining applicable claims and restructuring claims;

"Transfer Agent" means ●;

"TSX" means the Toronto Stock Exchange, a division of TSX Inc., through which the senior listing operations of TMX Group Inc. are conducted;

"ULC" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"ULC DIP Agreement" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"ULC DIP Facility" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"Unaffected Creditor" means any Creditor with Excluded Claims, in respect of and to the extent of those Excluded Claims;

"Unions" has the meaning ascribed to such term in the Second Claims Procedure Order;

"Unionized Employees" means employees employed under Collective Bargaining Agreements with the Unions;

"Unsecured Creditors' Committee" means the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases by the Office of the United States Trustee on or about April 28, 2009, pursuant to Section 1102 of the Bankruptcy Code, as reconstituted from time to time;

["Unsubscribed Rights Offering Notes" means ●;]

"U.S. Bowater Borrowers" means Bowater, Bowater Newsprint South LLC, Bowater Alabama LLC and Bowater Newsprint South Operations LLC;

"U.S. Bowater DIP" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"U.S. Bowater DIP Collateral" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"**U.S. Bowater DIP Parties**" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"**U.S. Debtors**" means ABH, AbitibiBowater US Holding 1 Corp., AbitibiBowater US Holding LLC, AbitibiBowater Canada, Abitibi-Consolidated Alabama Corporation, Abitibi-Consolidated Corporation, ACF LP, Abitibi Consolidated Sales Corporation, Alabama River Newsprint Company, Augusta Woodlands, LLC, Bowater Alabama LLC, Bowater America Inc., BCFC, BCFPI, Bowater Canadian Holdings Incorporated, Bowater Canadian Limited, Bowater Finance Company Inc., Bowater Finance II LLC, Bowater, Bowater LaHave Corporation, Bowater Maritimes, Bowater Newsprint South LLC, Bowater Newsprint South Operations LLC, Bowater Nuway Inc., Bowater Nuway Mid-States Inc., Bowater South American Holdings Incorporated, Bowater Ventures Inc., Catawba Property Holdings, LLC, Coosa Pines Golf Club Holdings LLC, Donohue Corp., Lake Superior Forest Products Inc. and Tenex Data Inc., ABH LLC 1 and ABH Holding Company LLC;

"**U.S. DIP Order**" has the meaning ascribed to such term in *"The CCAA Plan – Events Subsequent to the CCAA Proceedings – DIP Credit Facilities"*;

"**U.S. GAAP**" means generally accepted accounting principles in the United States of America;

"**U.S. Petition Date**" means April 16, 2009;

"**U.S. Plan**" means the plan of reorganization of the U.S. Debtors dated ●, 2010, as may be further amended, varied or supplemented from time to time, in accordance with the terms thereof, which U.S. Plan is accessible and can be obtained on the Monitor's website;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**Voting Claim**" means, in respect of an Affected Unsecured Creditor, the Canadian dollar amount of the Affected Claim of such Affected Unsecured Creditor accepted for purposes of voting at the Creditors' Meeting, in accordance with the provisions of the Creditors' Meeting Order and the Cross-border Voting Protocol;

"**Voting Instruction Form**" means the voting instruction form provided to beneficial holders of Affected Unsecured Claims in connection with the Creditors' Meeting;

"**Voting Record Date**" means the date by which all holders of Claims who are entitled to vote on the CCAA Plan must submit their Form of Proxy to the Monitor with the terms of the CCAA Creditors' Meeting Order; and

"**Woodbridge**" means, collectively, Woodbridge International Holdings Limited, Woodbridge International Holdings SA and The Woodbridge Company Limited.

I. INTRODUCTION

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the Applicants for use at the Creditors' Meeting for the purposes set forth in the Notice of Meeting addressed to Affected Unsecured Creditors. This Circular is also furnished to Affected Unsecured Creditors in connection with the Rights Offering. See "*Rights Offering*".

The U.S. Debtors are pursuing a parallel reorganization in the United States as debtors and debtors-in-possession in the Chapter 11 Cases. The U.S. Debtors have submitted the U.S. Plan, which is consistent in substance with the outcome provided for in the terms of the CCAA Plan. To the extent that an Affected Unsecured Creditor has an Affected Claim in respect of the same underlying obligation in both the Chapter 11 Cases and the CCAA Proceedings against one or more of the U.S. Debtors, such Affected Unsecured Creditor will receive a single recovery in respect of such Affected Claim, which Affected Claim will be satisfied as set forth in the CCAA Plan and in the U.S. Plan. Effectiveness of the CCAA Plan is conditional upon the effectiveness of the U.S. Plan in the Chapter 11 Cases, and effectiveness of the U.S. Plan is conditional upon the effectiveness of the CCAA Plan.

This Circular provides certain information regarding the history of ABH and the Applicants, significant events that have occurred during the Insolvency Proceedings and the anticipated organization, operations and financing of Reorganized ABH and the Applicants upon emergence from the CCAA Proceedings and the U.S. Debtors from the Chapter 11 Cases. This Circular also describes the terms and provisions of the CCAA Plan and the Rights Offering, including certain alternatives to the CCAA Plan, certain effects of Court sanction of the CCAA Plan, certain risk factors associated with the results and operations of the Applicants following emergence from the CCAA Proceedings and with the securities to be issued under the CCAA Plan, as well as the securities issuable pursuant to the Rights Offering, the U.S. Plan and the manner in which distributions will be made under the CCAA Plan. In addition, this Circular discusses the sanction process, the voting procedures that Affected Unsecured Creditors must follow for their votes to be counted at the Creditors' Meeting and the procedure to follow for Affected Unsecured Creditors to participate in the Rights Offering.

THIS CIRCULAR CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE CCAA PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE CCAA PLAN, CERTAIN EVENTS IN THE CCAA PROCEEDINGS AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE APPLICANTS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS CIRCULAR HAS BEEN PROVIDED BY THE APPLICANTS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE APPLICANTS DO NOT WARRANT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY INACCURACY OR OMISSION.

THIS CIRCULAR CONTAINS A SUMMARY OF THE STRUCTURE OF, CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS IN, AND IMPLEMENTATION OF THE CCAA PLAN. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE CCAA PLAN WHICH ACCOMPANIES THIS CIRCULAR AND TO THE SCHEDULES ATTACHED THERETO OR REFERRED TO THEREIN.

II. CREDITORS' MEETING AND VOTING INSTRUCTIONS

A. PROCEDURE FOR CREDITORS' MEETING

[NTD: To be updated based on Creditors' Meeting Order.]

Pursuant to the Creditors' Meeting Order, the Creditors' Meeting has been convened for the purpose of considering and, if deemed advisable, adopting, with or without variation, the Resolution in respect of each Affected Unsecured Creditor Class to approve the CCAA Plan. The Creditors' Meeting will be held in Montreal at ●, on ●, 2010 at [10:00 a.m.] (Montreal time).

The Creditors' Meeting will be held and conducted in accordance with the provisions of the Creditors' Meeting Order. A Person designated by the Monitor will preside as the Chair of the Creditors' Meeting and, subject to the Creditors' Meeting Order, will decide all matters relating to the conduct of the Creditors' Meeting. The only Persons entitled to attend and speak at the Creditors' Meeting are Affected Unsecured Creditors with Voting Claims and their proxy holders, representatives of the Applicants, members of the boards of directors of the Applicants, representatives of the Monitor, representatives of the Ad Hoc Unsecured Noteholders Committee, the Chair and their respective legal counsel and financial advisors. Any other Person may be admitted to the Creditors' Meeting on invitation of the Chair, in the Chair's sole discretion.

The Applicants will seek approval of the CCAA Plan by the affirmative vote of the Required Majorities. Any resolution, including the Resolution in respect of each Affected Unsecured Creditor Class, to be voted on at the Creditors' Meeting to approve, amend, vary or supplement the CCAA Plan, will be decided by the Required Majorities on a vote by ballot, and any other matter submitted for a vote at the Creditors' Meeting will be decided by a majority of votes cast on a vote by a show of hands, unless the Chair decides, in his or her sole discretion, to hold such vote by way of ballot. The result of any vote will be binding on all Affected Unsecured Creditors in the respective Affected Unsecured Creditor Class, whether or not any such Affected Unsecured Creditor is present and voting (in person or by proxy) at the Creditors' Meeting for such Affected Unsecured Creditor Class.

The quorum for the Creditors' Meeting is one Affected Unsecured Creditor in the relevant Affected Unsecured Creditor Class present in person or by proxy and entitled to vote at the Creditors' Meeting.

If the requisite quorum is not present at the Creditors' Meeting, then the Creditors' Meeting will be adjourned by the Chair. If the Creditors' Meeting is adjourned, postponed or otherwise rescheduled by the Chair in his or her sole discretion or because quorum is not obtained, the Creditors' Meeting will be adjourned, postponed or otherwise rescheduled by the Chair to such date, time and place as may be decided by the Chair in his or her sole discretion. The Chair will decide on the manner of giving notice to the Affected Unsecured Creditors of the rescheduled meeting, and may, if he or she deems it appropriate, restrict such notice to a notice posted on the Monitor's website.

B. ENTITLEMENT TO VOTE

Affected Unsecured Creditors will be entitled to prove their respective Affected Claims, vote their Voting Claims in respect of the CCAA Plan, and, if their Claims become Proven Claims, receive the distributions provided for, under and pursuant to the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol, the Creditors' Meeting Order and the CCAA Plan. The procedure for valuing Affected Claims for voting and distribution purposes and resolving disputes in respect of any such valuation is set forth in the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol, the Creditors' Meeting Order and the CCAA Plan.

All Affected Unsecured Creditors should refer to the Claims Procedure Orders, the Creditors' Meeting Order, the Cross-border Insolvency Protocol and the CCAA Plan for a complete description of the procedures pursuant to which Claims are valued. The Claims Procedure Orders, the Creditors' Meeting Order and the CCAA Plan provide for, among other things, (a) the Claims Bar Dates prior to which Affected Unsecured Creditors had to file Proofs of Claim in order to be entitled to vote on the Resolution, (b) the procedures pursuant to which the validity and value of the Claims of Affected Unsecured Creditors are determined for voting and distribution purposes, and (c) the conversion of Claims denominated in foreign currency into Canadian dollars. The Cross-border Claims Protocol supplements the procedures established in the Claims Procedure Orders with respect to the filing and determination of Claims against the Cross-Border Debtors.

Claims Bar Dates

Pursuant to the First Claims Procedure Order, the Monitor published on September 10 and 15, 2009, respectively, the Newspaper Notice (a) in the Designated Newspapers, and (b) on its website, www.ey.com/ca/abitibowater, the First Claims Package in English and French. Pursuant to the Third Claims Procedure Order, the Monitor published on February 23, 2010 on its website, www.ey.com/ca/abitibowater, the Second Claims Package in English and French. In addition, the Monitor has sent to all known Affected Unsecured

Creditors a copy of the Claims Packages, the First Claims Procedure Order and the Third Claims Procedure Order, along with additional instruction letters to specific groups of creditors as provided for in the Claims Procedure Orders.

In order for an Affected Unsecured Creditor to be entitled to attend and vote, in person or by proxy, at the Creditors' Meeting in respect to each Affected Unsecured Creditor Class for which such Affected Unsecured Creditor belongs, and receive distributions pursuant to the CCAA Plan, the Monitor must have received a Proof of Claim in respect of that Affected Unsecured Creditor's Affected Claims on or before the Claims Bar Dates as specified in the Claims Procedure Orders or otherwise allowed by the Court. An Affected Unsecured Creditor desiring to have another Person attend and vote on its behalf at the Creditors' Meeting must appoint a proxy in accordance with the procedures specified hereinbelow.

With respect to Affected Claims (other than a Restructuring Claim arising after April 7, 2010), the Claims Bar Dates were set at November 13, 2009 or April 7, 2010 depending on the type of Affected Claims. Although a brief summary of these Orders is included below, creditors are advised that they must refer to the Claims Procedure Orders in order determine in which category their Claims fall and which Claims Bar Date applies:

- (a) The November 13, 2009 bar date set forth in the First Claims Procedure Order applied to most Claims against the Applicants, including claims arising as a result of or in connection with the repudiation, breach, termination or restructuring by the Applicants of any contract, lease or other agreement between April 17, 2009 and August 31, 2009 (defined as "**Subsequent Claims**" in the First Claims Procedure Order), save and except for: (i) Restructuring Claims, as defined in the First Claims Procedure Order, (ii) Claims of an employee of any of the Applicants who was employed by that Applicant as of April 16, 2009, (iii) claims asserted by any Person, including pension plan administrators, or pension authorities, in respect of the twenty registered pension plans for the Applicants' Canadian employees, (iv) Noteholder claims and claims asserted by the Applicants' Pre-Petition Lenders (both defined terms as defined in the First Claims Procedure Order); (v) any Inter-company Claim (as said term is defined in the First Claims Procedure Order), and (vi) claims secured by administration charges, D&O charges and DIP charges as set out in the Initial Order.
- (b) The April 7, 2010 bar date set forth in the Third Claims Procedure Order applied to most Claims excluded from the November 13, 2009 bar date under the First Claims Procedure Order (including, without limitation (i) any Claims by employees who were employed by the Applicants as at April 16, 2009 or thereafter; and (ii) Restructuring Claims as defined herein), though in the case of Restructuring Claims arising after April 7, 2010, the applicable bar date has been set at 30 days after the date of mailing by the Monitor of a notice advising the Affected Unsecured Creditor to file a Second Canadian Proof of Claim as a result of any event giving rise to a Restructuring Claim. Certain claims have remained excluded from the April 7, 2010 bar date under the Third Claims Procedure Order however, namely: (i) Claims secured by administration charges, D&O charges and DIP charges as set out in the Initial Order; (ii) any Inter-company Claim (as said term is defined in the First Claims Procedure Order); and (iii) any Claim for amounts owed in respect of ordinary payroll obligations or for the reimbursement of expenses scheduled to be paid in the ordinary course.

If an Affected Unsecured Creditor has failed to file its Proof of Claim or Second Proof of Claim or if no such proof of claim has been filed on its behalf in accordance with the Creditors' Meeting Order, the Claims Procedure Orders, the Cross-border Claims Protocol or the CCAA Plan prior to the relevant Claims Bar Dates, and provided said Affected Unsecured Creditor has not been permitted to file a late claim pursuant to the Claims Procedure Orders, that Affected Unsecured Creditor shall be forever barred from voting at the Creditors' Meeting and from receiving distribution under the CCAA Plan, and the Applicants will be released from the Affected Claims of such Affected Unsecured Creditor and Section 6.4(b) of the CCAA Plan will apply to all such Claims.

Examination of Proofs of Claim

In accordance with the Claims Procedure Orders, the Monitor has the discretion to determine the adequacy of compliance in respect of a Proof of Claim and may waive strict compliance with the Claims Procedure Orders if it is satisfied that a Claim has been adequately proven.

The Monitor, together with the Applicants, has examined each Proof of Claim filed, and has either accepted, revised or rejected each Proof of Claim. If the Claim is accepted by the Monitor for voting purposes, the Monitor may, but is not required to, send notice of such acceptance to the Affected Unsecured Creditor. If the Monitor decides to revise or reject a Proof of Claim for voting purposes, the Monitor will deliver a Notice of Revision or Disallowance in respect of the Affected Unsecured Claim. The Affected Unsecured Creditor who receives such Notice of Revision or Disallowance and wishes to dispute it must, within ten Business Days of the receipt of the Notice of Revision or Disallowance, send a Notice of Dispute to the Monitor setting out the basis for its dispute. The Monitor, with the assistance of the Applicants, will attempt to consensually resolve the disputed Claim. If the matter is not consensually resolved in a time period that the Monitor believes is appropriate, the Monitor will, after consultation with the Applicants, refer the Claim to a Claims Officer or to the Court or, in the case of a grievance filed on behalf of the Applicants' current or former employees, to a Grievance Claims Officer. If the Affected Unsecured Creditor does not provide such Notice of Dispute within the prescribed time period, such Affected Unsecured Creditor will be deemed to have accepted the determination of its Claim as set out in the Notice of Revision or Disallowance. The Applicants, the Affected Unsecured Creditor or the Unsecured Creditors' Committee, if applicable, may appeal a Claims Officer's or Grievance Claims Officer's determination with respect to a disputed Claim within ten Business Days of notification of such determination. If an appeal is not filed within such time period, then the Claims Officer's or Grievance Claims Officer's determination will be deemed to be final and binding and will be a Voting Claim.

C. VOTING AT CREDITORS' MEETING

Classes of Affected Claims

Subject to certain deeming provisions on voting described under "*The CCAA Plan – Description of the CCAA Plan – Required Approvals*" for the purpose of voting on, and distributions pursuant to, the CCAA Plan, the Affected Claims are divided into 21 classes as set out below:

- (i) the ACI Affected Unsecured Creditor Class;
- (ii) the ACCC Affected Unsecured Creditor Class;
- (iii) the 15.5% Guarantor Applicant Affected Unsecured Creditor Classes, being 12 classes of Affected Unsecured Creditors grouped in accordance with their Affected Claims against each of the 15.5% Guarantor Applicants, which Affected Claims only include 15.5% Senior Unsecured Notes Claims;
- (iv) the Saguenay Forest Products Affected Unsecured Creditor Class;
- (v) the BCFPI Affected Unsecured Creditor Class;
- (vi) the BCFC Affected Unsecured Creditor Class;
- (vii) the Bowater Canadian Limited Affected Unsecured Creditor Class;
- (viii) the AbitibiBowater Canada Affected Unsecured Creditor Class;
- (ix) the Bowater Maritimes Affected Unsecured Creditor Class; and
- (x) the ACNSI Affected Unsecured Creditor Class.

Voting Claims

Each Affected Unsecured Creditor with a Voting Claim is entitled to one vote and the weight attributed to such vote (for the purposes of determining the Required Majorities) will be equal to the aggregate Canadian dollar value of such Affected Unsecured Creditor's Voting Claim (if necessary, converted into Canadian dollars in accordance with the Creditors' Meeting Order and the CCAA Plan).

If the amount of the Affected Claim of any Affected Unsecured Creditor is not resolved for voting purposes at least five Business Days before the Creditors' Meeting Date in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol, Cross-border Voting Protocol the Creditors' Meeting Order and the CCAA Plan, the Affected Unsecured Creditor will be entitled to vote at the Creditors' Meeting based on that portion of its Affected Claim which has been accepted for voting purposes by the Monitor, without prejudice to the rights of the Applicants, or the Affected Unsecured Creditor, with respect to the final determination of the Affected Unsecured Claim for distribution purposes in accordance with the terms of the Claims Procedure Orders, the Cross-border Claims Protocol, Cross-border Voting Protocol and the Creditors' Meeting Order and the CCAA Plan.

Affected Unsecured Creditors whose Affected Claims have been revised or disallowed, in full or in part, which revision or disallowance remains in dispute or under appeal in accordance with the Claims Procedure Orders, will have their voting intentions with respect to such disputed or disallowed amounts recorded by the Monitor and reported to the Court.

Transfer of Voting Claims

No assignee, transferee or purchaser of any Voting Claim who has acquired or became the assignee or transferee of such Voting Claim after the Voting Record Date will have any right or entitlement whatsoever to attend or vote at, either in person or by proxy, the Creditors' Meeting.

If an Affected Unsecured Creditor with a Voting Claim transfers all of its Voting Claim on or prior to the Voting Record Date and the name of such transferee does not appear as of the Voting Record Date as the Holder of such transferred or assigned Voting Claim, the transferee must deliver, not later than ten Business Days prior to the Creditors' Meeting, evidence satisfactory to the Monitor of (A) its ownership of the whole of such Voting Claim as of the Voting Record Date, and (B) that such transfer or assignment was valid at Law, in order to be entitled to (i) receive from the Monitor a copy of the Meeting Materials, (ii) be included on the list of Affected Unsecured Creditors entitled to vote at the Creditors' Meeting and (iii) attend and vote, either in person or by proxy, the transferor's or assignor's Voting Claim at the Creditors' Meeting in lieu and to the exclusion of the transferor's or assignor's right to attend and vote at the Creditor's Meeting with respect to the transferred Voting Claim.

Transfer or Assignment of Affected Claims

For purposes of determining entitlement to receive any distribution pursuant to the CCAA Plan, the Applicants, the Disbursing Agent and the Servicers, and each of their respective agents, successors and assigns, shall have no obligation to recognize any transfer or assignment of any Affected Claim unless and until notice of the transfer or assignment from either the transferor, assignor, transferee or assignee, together with evidence showing ownership, in whole or in part, of such Affected Claim and that such transfer or assignment was valid at Law, has been received by the affected Applicants, the Disbursing Agent or the Servicer, as the case may be, at least ten Business Days prior to the Initial Distribution Record Date, any Interim Distribution Record Date or the Final Distribution Date, as applicable.

Solicitation of Proxies

The solicitation of proxies on behalf of the Applicants will be primarily by mail and the costs of such solicitation will be paid by the Applicants as a cost of the CCAA Proceedings.

Voting by Proxy

Each Affected Unsecured Creditor entitled to vote at the Creditors' Meeting may vote at the Creditors' Meeting in person or by proxy. A Form of Proxy for use at the Creditors' Meeting, accompanies this Circular. An Affected Unsecured Creditor may use the applicable enclosed Form of Proxy to appoint its proxy holder and may appoint any Person (who does not have to be an Affected Unsecured Creditor) to act on its behalf at the Creditors' Meeting by inserting that Person's name in the blank space provided on the Form of Proxy enclosed with this Circular. If no name has been inserted in the space provided, the Affected Unsecured Creditor will be deemed to have appointed any officer of the Monitor, in its capacity as Monitor, or such other person as the Monitor may designate, as nominee of the Affected Unsecured Creditor, with full power of substitution, to attend on behalf of and act for the Affected Unsecured Creditor at the Creditors' Meeting and at any and all adjournments, postponements or other rescheduling thereof. A Form of Proxy must be signed by the Affected Unsecured Creditor or its attorney duly authorized in writing or, if the Affected Unsecured Creditor is not an individual, by its duly authorized officer or attorney. A Form of Proxy signed by a Person acting as attorney, or in some other representative capacity, should indicate such Person's capacity, and the Monitor may request that the appropriate instrument evidencing qualification and authority to act be provided.

In order to be used at the Creditors' Meeting, a Form of Proxy must be sent to the Monitor by registered mail, courier, email or facsimile at the address set out below, such that it is received at any time prior to 5:00 p.m. (Montreal time) on ●, 2010 or at any time prior to 5:00 p.m. (Montreal time) on the Business Day immediately preceding the date set for any adjournment, postponement or rescheduling thereof:

By registered mail:	Ernst & Young Inc. 800 René-Lévesque Blvd. West Suite 2000 Montreal, Québec H3B 1X9 Canada : Attention: ABH et al. Creditors' Meeting
By facsimile:	1-514-879-3992
By email:	abitibibowater@ca.ey.com

Forms of Proxy may also be deposited with the Chair prior to the commencement of the Creditors' Meeting or any adjournment, postponement or rescheduling thereof.

Any Affected Unsecured Creditor's Form of Proxy will be voted in any ballot in accordance with the Affected Unsecured Creditor's instruction to vote for or against the approval of the Resolution in respect of each Affected Unsecured Creditor Class to which it belongs and any other matters before the Creditors' Meeting. In the absence of such instruction, the Form of Proxy will be voted **FOR** the approval of the Resolution to approve the CCAA Plan in respect of each Affected Unsecured Creditor Class to which such Affected Unsecured Creditor belongs.

The Form of Proxy and the Voting Instruction Form enclosed with this Circular confer discretionary authority upon the Persons named therein with respect to amendments or variations to matters identified in the Notice to Creditors' Meeting and with respect to any other matter that may properly come before the Creditors' Meeting. The Applicants may amend the CCAA Plan by written instrument at any time and from time to time before and during the Creditors' Meeting in accordance with the terms of the CCAA Plan. After the Creditors' Meeting, the Applicants may amend the CCAA Plan, as approved by the Affected Unsecured Creditors, without the need for obtaining an Order if the Monitor determines that the proposed amendment is of an administrative nature and is not materially prejudicial to the interests of the Affected Unsecured Creditors under the CCAA Plan and is necessary to give full effect to the intent of the CCAA Plan or the Sanction Order.

Revocation of Proxies

An Affected Unsecured Creditor who has submitted voting instructions in a duly signed and completed Form of Proxy or Voting Instruction Form may revoke such instructions by an instrument in writing, including a later-dated Form of Proxy or Voting Instruction Form, executed by the Affected Unsecured Creditor or its attorney duly authorized in writing or, if the Affected Unsecured Creditor is not an individual, by a duly authorized officer or attorney, and delivered to the above described office of the Monitor at any time prior to 5:00 p.m. (Montreal time) on the last Business Day before the Creditors' Meeting or the date set for any adjournment, postponement or rescheduling thereof, or to the Chair of the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment, postponement or rescheduling thereof.

Election Notice

The Election Notice is included in the Form of Proxy. Each Affected Unsecured Creditor depositing a Form of Proxy with the Monitor or the Chair in accordance with the provisions set forth herein may indicate in the Election Notice if it wishes to elect, as provided for in the CCAA Plan, to receive a Cash distribution in full and final satisfaction of all of its Claims in respect of each Affected Unsecured Creditor Class to which such Affected Unsecured Creditor belongs. The provisions of the CCAA Plan pertaining to such election are further summarized in "*The CCAA Plan – Description of the CCAA Plan – Compromise and Arrangement*". An Affected Unsecured Creditor who has not made an election as provided in the CCAA Plan will be deemed to have elected **NOT** to receive a Cash distribution.

The Affected Unsecured Creditors who intend to attend the Creditors' Meeting and, if eligible, wish to elect to receive a Cash distribution must complete and sign the Election Notice and deposit it with the Monitor or the Chair of the Creditors' Meeting before the commencement of the Creditors' Meeting.

All such elections once delivered to the Monitor or the Chair will be final, unconditional and irrevocable, and no Affected Unsecured Creditor will be entitled to change, revoke or withdraw its election for a Cash distribution after receipt by the Monitor of relevant Form of Proxy.

Non-registered Noteholders

[NTD: To be updated based on Creditors Meeting Order.]

Only registered holders of Canadian Unsecured Notes on the Record Date, or the persons they appoint as their proxies, are permitted to attend and vote at the Creditors' Meeting. However, in many cases, Canadian Unsecured Notes beneficially owned by a holder are registered either:

- in the name of an intermediary that the Non-registered Noteholder deals with in respect of the Canadian Unsecured Notes. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans; or
- in the name of a depository such as DTC or CDS.

The Applicants have distributed copies of the Meeting Materials to DTC, CDS and intermediaries for onward distribution to Non-registered Noteholders.

Intermediaries are required to forward the Meeting Materials to Non-registered Noteholders unless a Non-registered Noteholder has waived the right to receive them. Typically, intermediaries will use a service company to forward the Meeting Materials to Non-registered Noteholders.

Non-registered Noteholders will receive either a Voting Instruction Form or, less frequently, a Form of Proxy. The purpose of these forms is to permit Non-registered Noteholders to direct the voting of the Canadian

Unsecured Notes they beneficially own. Non-registered Noteholders should follow the procedures set out below, depending on which type of form they receive.

- A. *Voting Instruction Form.* In most cases, a Non-registered Noteholder will receive, as part of the Meeting Materials, a Voting Instruction Form. If the Non-registered Noteholder does not wish to attend and vote at the Creditors' Meeting, in person (or have another person attend and vote on the Non-registered Noteholder's behalf), the Voting Instruction Form must be completed, signed and returned in accordance with the directions on the form. If a Non-registered Noteholder wishes to attend and vote at the Creditors' Meeting, in person (or have another person attend and vote on the Non-registered Noteholder's behalf), the Non-registered Noteholder must complete, sign and return the Voting Instruction Form in accordance with the directions provided for purposes of attending and voting at the Creditors' Meeting, in person, and a form of proxy, giving the right to attend and vote, will be forwarded to the Non-registered Noteholder.

or

- B. *Form of Proxy.* Less frequently, a Non-registered Noteholder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Canadian Unsecured Notes beneficially owned by the Non-registered Noteholder but which is otherwise uncompleted. If the Non-registered Noteholder does not wish to attend and vote at the Creditors' Meeting, in person (or have another person attend and vote on the Non-registered Noteholder's behalf), the Non-registered Noteholder must complete the form of proxy and deposit it with the Transfer Agent in accordance with the directions on the proxy. If a Non-registered Noteholder wishes to attend and vote at the Creditors' Meeting, in person (or have another person attend and vote on the Non-registered Noteholder's behalf), the Non-registered Noteholder must strike out the names of the persons named in the proxy and insert the Non-registered Noteholder's (or such other person's) name in the blank space provided.

Non-registered Noteholders should follow the instructions on the forms they receive and contact their broker or intermediaries promptly if they need assistance.

D. RIGHTS OFFERING

Affected Unsecured Creditors should refer to "*Rights Offering*" for details on the Rights Offering, including eligibility and subscription details.

III. INFORMATION ABOUT ABH, THE APPLICANTS AND THE BUSINESS

A. CORPORATE STRUCTURE

AbitibiBowater Inc.

ABH was created under the laws of Delaware in connection with the October 29, 2007 combination of Bowater and ACI in a merger of equals (the "**Combination**"). As a result of the Combination, Bowater and ACI became Subsidiaries of ABH. ABH is the largest producer of newsprint in the world by capacity and one of the largest publicly traded forest products company in the world. Excluding facilities ABH has permanently closed, as of March 31, 2010, ABH owns or operates 22 pulp and paper manufacturing facilities located in Canada, the United States and South Korea and 26 wood products facilities in Canada. ABH produces a wide variety of newsprint, coated specialty papers, market pulp and wood products, which are marketed in over 90 countries. The registered office of ABH is located at 1209 Orange Street, Wilmington, Delaware, 19801, United States, and the principal office is located at 1155 Metcalfe Street, Suite 800, Montreal, Québec, H3B 5H2, Canada.

Since the Combination, the ACI Group, together with its former subsidiary, Donohue and its Subsidiaries, and the Bowater Group have operated distinctly within the corporate enterprise for cash flow and finance purposes.

Both groups maintain separate accounting systems capable of tracking cash flows within ACI and Bowater, respectively.

ABH itself functions as a holding company with no independent operations. It principally conducts its business through four direct Subsidiaries: Bowater (and its Canadian Subsidiary BCFPI), Newsprint South, ACI (and its Subsidiary ACCC), and AbitibiBowater Holding. Bowater and its former Subsidiary, Newsprint South, and their direct and indirect Subsidiaries, including BCFPI, comprise the Bowater Group. AbitibiBowater Holding and ACI function as the holding companies for the Donohue Group and the ACI Group (excluding Donohue), respectively.

Abitibi-Consolidated Inc.

ACI was incorporated on May 30, 1997 under the CBCA and is a wholly-owned Subsidiary of ABH. ACI resulted from the 1997 amalgamation of Abitibi-Price Inc. (incorporated in 1914) and Stone-Consolidated Corporation (itself the result of a merger with Rainy River Forest Products Inc., incorporated in 1941) under the CBCA.

In 2000, ACI acquired all the shares of Donohue, a major Canadian integrated forest products company engaged in forest management and in the manufacturing and sale of newsprint, specialty papers, market pulp and wood products with mills located in Québec, Ontario, British Columbia and Texas. Donohue became a direct Subsidiary of AbitibiBowater Holding (itself a direct Subsidiary of ABH) in 2008 as part of ABH's restructuring efforts.

ACI produces a wide range of newsprint, specialty papers and wood products globally. Excluding facilities ABH has permanently closed, ACI currently owns or operates [12] paper facilities and [26] wood products facilities in North America and seven hydroelectric facilities located in the Province of Québec. The registered and principal offices of ACI are located at 1155 Metcalfe Street, Suite 800, Montreal, Québec, H3B 5H2, Canada.

Abitibi-Consolidated Company of Canada

ACCC was created by way of an amalgamation in March 1997 under the laws of Québec. ACCC is a wholly owned Subsidiary of ACI. ACCC has no operations that are independent of ACI and substantially all of its sales are made to ACI and its affiliated companies. The registered and principal offices of ACCC are located at 1155 Metcalfe Street, Suite 800, Montreal, Québec, H3B 5H2, Canada.

Bowater Canadian Forest Products Inc.

BCFPI is a Nova Scotia company wholly owned by AbitibiBowater Canada. In addition to operating paper-manufacturing sites in Canada and a paper-manufacturing site in Korea, BCFPI manages [(14)] million acres of Crown-Owned land in Québec, New Brunswick and Ontario, where it holds cutting rights. BCFPI also supplies wood to paper mills and sawmills in Canada and is responsible for the marketing and sales of Canadian lumber products. The registered office of BCFPI is located at 1959 Upper Water Street, Suite 900, Halifax, Nova Scotia, B3J 2X2, Canada, and the principal office is located at 1155 Metcalfe Street, Suite 800, Montreal, Québec, H3B 5H2, Canada.

Bowater

Prior to the Combination, Bowater was one of the largest publicly traded pulp and paper manufacturers in the world. Incorporated in Delaware in 1964 and in operation since 1938, Bowater was a leading producer of newsprint and coated mechanical papers as well as uncoated mechanical papers, bleached kraft pulp, and lumber products. In 1998, Bowater acquired Avenor Inc., an important Canadian integrated forest products company headquartered in Montreal, Québec. The acquisition added the Dalhousie, New Brunswick; Gatineau, Québec; Maniwaki, Québec; Thunder Bay, Ontario; and Usk, Washington mills to Bowater's operations. In 2001, Bowater acquired Alliance Forest Products Inc., also headquartered in Montreal, Québec, adding ten Canadian sawmills, the Coosa Pines, Alabama, and the Donnacona and Dolbeau, Québec paper mills to Bowater's operations.

AbitibiBowater U.S. Holding LLC

AbitibiBowater Holding is a limited liability company organized under Delaware Law. AbitibiBowater Holding was initially incorporated on March 28, 2008 under the name AbitibiBowater Holding U.S. 2 Inc. AbitibiBowater Holding U.S. 2 Inc. was later changed to a limited liability company and was renamed as AbitibiBowater U.S. Holding LLC. AbitibiBowater Holding is a wholly-owned Subsidiary of ABH, formed as the holding entity for the Donohue group operations. The registered office of AbitibiBowater Holding is located at Corporation Service Corporation, 2711 Centerville Road, Suite 400, Wilmington Delaware, 19808, United States, and the principal office is located at 1155 Metcalfe Street, Suite 800, Montreal, Québec, H3B 5H2, Canada. AbitibiBowater Holding is the parent of Donohue.

Newsprint South

Newsprint South is a limited liability company organized on July 25, 2000 under Delaware Law. Newsprint South is a direct, wholly-owned Subsidiary of ABH. Newsprint South owns the Grenada Mill and the Coosa Pines Operation. The registered office of Newsprint South is located at is located at Corporation Service Corporation, 2711 Centerville Road, Suite 400, Wilmington Delaware, 19808, United States, and the principal office is located at 1155 Metcalfe Street, Suite 800, Montreal, Québec, H3B 5H2, Canada.

Partnerships and Joint Ventures

The following partnerships benefit from the Stay of Proceedings: Bowater Canada Finance Limited Partnership, Bowater Pulp and Paper Canada Holdings Limited Partnership and Abitibi-Consolidated Finance LP. Several of ABH's Subsidiaries operate production facilities that are jointly owned with third parties.

The most significant equity interests in production facilities that are jointly owned by the Company with third parties include:

- ACCC holds a 75% equity interest in ACH LP;
- ACI holds a 51% equity interest in Donohue Malbaie;
- Bowater Canadian Limited holds a 51% equity interest in Bowater Mersey;
- ACSC, and an unrelated third party, ANI, an indirect subsidiary of The Woodbridge Company Limited respectively hold a 52.5% and 47.5% equity interest in ANC;
- Calhoun Newsprint Company functions as an ownership vehicle for The Herald Company's 49% equity interest in certain assets located at the ABH's Calhoun, Tennessee operations. Bowater Nuway Inc., owns Calhoun Newsprint's remaining equity interest; and
- Lake Superior Forest Products Inc. holds a 40% equity interest in Ponderay Newsprint Company.

Bridgewater Administration

On February 2, 2010, Bridgewater filed for administration in the United Kingdom (the "**Bridgewater Administration**") pursuant to the United Kingdom Insolvency Act 1986, as amended. Bridgewater's board of directors appointed Ernst & Young LLP as joint administrators for the Bridgewater Administration, with responsibilities to manage the affairs, business and assets of Bridgewater. As a result of the filing for administration, ABH no longer has control over or the ability to influence Bridgewater's operations. The joint administrators recently announced the sale of the paper plant and all related machinery and equipment and operations ceased shortly after filing for administration. The Company now conducts its European sales operations through ACI.

Foreign Operations

The Company owns and operates, through its indirect Subsidiary Bowater Korea Ltd., a newsprint mill in Mokpo, Korea. ABH's Korean mill sells products primarily to customers in Asia.

B. OVERVIEW OF BUSINESS OPERATIONS

Products and Facilities

The Company manages its business along product lines. Its reportable segments are newsprint, commercial printing papers (*i.e.*, coated and specialty papers), market pulp and wood products. In general, its products are globally-traded commodities and are marketed in more than 90 countries. Pricing and the level of shipments of these products will continue to be influenced by the balance between supply and demand as affected by global economic conditions, changes in consumption and capacity, the level of customer and producer inventories and fluctuations in currency exchange rates.

(a) Newsprint

The Company owns or operates 14 newsprint facilities in North America and South Korea. The Company is the largest producer of newsprint in the world by capacity, with worldwide capacity, as of December 31, 2009, estimated at 4.9 million metric tons (or approximately 12% of worldwide capacity), and its North American production capacity is approximately 4.4 million metric tons, representing about 42% of North American capacity in 2009. It produces newsprint for leading papers, including The New York Times, The Washington Post, The Daily Telegraph and The Globe and Mail. ABH supplies leading publishers in more than 90 countries.

The Company supplies leading publishers with top-quality newsprint, including products made of up to 100% recycled fiber and distributes its newsprint by rail, truck and ship. The Company's North American newsprint is sold directly by the regional sales offices. Export markets are serviced primarily through the international offices located in or near the markets the Company supplies or through international agents. In 2009, approximately 43% of the Company's total newsprint shipments were to markets outside of North America.

The Company sells newsprint to various joint venture partners who are co-owners of certain mills that it operates. During 2009, these joint venture partners purchased approximately 431,000 metric tons from the Company consolidated entities, which represented approximately 14% of the total newsprint tons sold in 2009.

(b) Coated Papers

The Company produces coated mechanical paper at one facility in North America and is one of the largest producers of coated mechanical paper in North America, with a capacity of approximately 658,000 metric tons in 2009, or approximately 15% of North American capacity. The coated papers are used in magazines, catalogs, books, retail advertising, direct mail and coupons. The Company sells coated papers to major commercial printers, publishers, catalogers and retailers and distributes these papers by truck and rail. Export markets are serviced primarily through international agents.

(c) Specialty Papers

The Company produces specialty papers at 11 facilities in North America. It is one of the largest producers of specialty papers, including supercalendered, superbright, high bright, bulky book and directory papers in North America, with a capacity of approximately 2.4 million metric tons in 2009, or approximately 36% of North American capacity. The specialty papers are used in books, retail advertising, direct mail, coupons and other commercial printing applications. The Company sells specialty papers to major commercial printers, direct mailers, publishers, catalogers and retailers and distributes it by truck and rail. Export markets are serviced primarily through international agents.

(d) Market Pulp

Wood pulp is the most common material used to make paper. Pulp shipped and sold as pulp – as opposed to being processed into paper in the same facility – is commonly referred to as market pulp. Mechanical, chemical, and thermomechanical pulping are the three primary pulping processes for virgin fiber (*i.e.*, wood chips or sawdust). In 2009, the Company produced approximately 1.1 million metric tons of market pulp at five facilities in North America, which represents about 7% of North American capacity. Market pulp is used to make a range of consumer products including tissue, packaging, specialty paper products, diapers and other absorbent products. North American market pulp sales are made through regional sales offices, while export sales are made through international sales agents local to their markets. Market pulp is distributed by truck, rail and ship.

(e) Wood Products

The Company operates 20 sawmills in Canada that produce construction-grade lumber sold in North America. The Company's sawmills have an annual capacity of approximately 2.7 billion board feet of lumber. In addition, the sawmills are a major source of wood chips for the Company's pulp and paper mills. The Company also operates six facilities in Canada that remanufacture or engineer wood for greater strength for specialized use in applications such as bedding components, roofing and flooring material and other products.

(f) Other Products

The Company also sells pulpwood, sawtimber, wood chips and electricity to customers located in Canada and the United States. Sales of these other products are considered a recovery of the cost of manufacturing the primary products.

Raw Materials

The Company's operations consume substantial amounts of raw materials such as wood, recovered paper and chemicals, and energy, including electricity, natural gas, fuel oil, coal and wood waste, in the manufacturing of our pulp, paper and wood products. The Company purchases raw materials and energy sources (except internal generation) primarily on the open market.

(a) Wood

The Company's sources of wood include property it owns or leases, property on which it possesses cutting rights, and purchases from local producers, including sawmills that supply residual wood chips. As of December 31, 2009, the Company owned or leased approximately 54,000 acres of timberlands in the southeastern United States and approximately 425,000 acres in Canada. The Company also has contractual cutting rights on approximately 43.1 million acres of government owned land in Canada. The contractual cutting rights contracts are approximately 20 to 25 years in length and automatically renew every five years, contingent upon the Company's continued compliance with environmental performance and reforestation requirements.

In accordance with the values of the Company, its environmental vision statement and forestry policies, and in the interests of the customers and other stakeholders, the Company is committed to implementing and maintaining environmental management systems at its woodlands and wood procurement operations to promote the conservation and sustainable use of forests and other natural resources. All of its managed forest lands are third-party certified to one or more globally recognized sustainable forest management standards, including those of the Sustainable Forestry Initiative, Canadian Standards Association and Forest Stewardship Council. The Company has implemented fiber tracking systems at its mills to ensure that the wood fiber supply comes from acceptable sources such as certified forests and legal harvesting operations. At several of the mills, these systems are third-party certified to recognize chain of custody standards and others are in the process of being certified.

The Company strives to improve its forest management and wood fiber procurement practices and encourages its wood and fiber suppliers to demonstrate continual improvement in forest resource management, wood and fiber procurement and third-party certification.

(b) Recovered Paper

The Company is among one of the largest global recyclers of newspapers and magazines, and has a number of recycling plants that utilize advanced mechanical and chemical processes to manufacture high quality pulp from a mixture of old newspapers and magazines ("**Recovered Paper**"). Using Recovered Paper, The Company produces, among other things, recycled fiber newsprint and uncoated specialty paper comparable in quality to paper produced with 100% virgin fiber pulp. The Company produces more than 30 grades with recycled content. The Coosa Pines, Thorold and Mokpo operations produce newsprint containing 100% recycled fiber. In 2009, the Company used 1.7 million metric tons of Recovered Paper worldwide, the average de-inking yield in its recycling facilities was approximately 78% and the recycled fiber content in newsprint averaged 39%.

In 2009, the Company's North American recycling division collected or purchased 1.3 million metric tons of recovered paper. The Company's trademark Paper Retriever® program collects recovered fiber through a combination of community drop-off containers and recycling programs with business and commercial offices. The recovered paper the Company physically purchases is from suppliers generally within the region of its recycling plants primarily under long-term agreements.

(c) Energy

Steam and electrical power constitute the primary forms of energy used in pulp and paper production. Process steam is produced in boilers using a variety of fuel sources. All of the Company's mills produce 100% of their own steam requirements, except the Alabama River and Iroquois Falls mills, which purchase their steam from third party suppliers. In 2009, the Alma, Calhoun, Catawba, Coosa Pines, Fort Frances, Gatineau, Iroquois Falls, Kenogami, Mersey and Thunder Bay operations collectively consumed approximately 26% of their electrical requirements from internal sources, notably on-site cogeneration and hydroelectric stations. The balance of the Company's energy needs was purchased from third parties. The Company has seven sites which operate cogeneration facilities and six of these sites generate "green energy" from carbon-neutral biomass. In addition, it utilizes alternative fuels such as methane from landfills, used oil, tire-derived fuel and black liquor to reduce consumption of virgin fossil fuels. The Company's hydroelectric facilities include: Hydro Saguenay (seven), Fort Frances (three), Kenora (two) and Iroquois Falls (three), and represent an aggregate capacity of approximately 300 Megawatts. The Hydro Saguenay facilities, located in the province of Québec, are 100% owned by the Company and the others, located in the province of Ontario, are partly owned through the Company's 75% interest in ACH LP. The water rights agreements in respect of these facilities typically vary from 10 to 50 years and are generally renewable, under certain conditions, for additional terms. In certain circumstances, water rights are granted without expiration dates. In some cases, the agreements are contingent on the continued operation of the related paper mill and a minimum level of capital spending in the region.

Sales, Distribution and Procurement

Since the Combination, the Company has centralized most of its sales and customer service team (the "**Centralized Sales Team**") under BAI. The Centralized Sales Team originates sales of the Company's products to customers in North America and around the world. Once originated, the Centralized Sales Team purchases (via Inter-company allocations) the necessary products from the most rational producing entity within the Company which, once identified, ships the products directly to the customer or in some cases sells it to the appropriate Company selling entity, which then ships the products to the customer. Inter-company allocations account for the transactions between the Company's various entities.

The Company employs a largely centralized procurement team that operates in a manner similar to the Centralized Sales Team. The centralized procurement team purchases supplies from vendors on behalf of the Company and allocates materials to the appropriate corporate entity on an "as needed" basis. The Company allocates centrally invoiced purchases to the respective corporate entity that requires the raw goods, and uses Inter-company credits and debits to account for the transaction. Centralized procurement allows the Company to benefit from volume discounts and otherwise facilitates the rationalization of the supply chain within the corporate group.

C. INDUSTRY OVERVIEW

In general, the Company products are globally traded commodities, and the markets in which it competes are highly competitive and, aside from quality specifications to meet customer needs, the production of its products does not depend upon a proprietary process or formula. Pricing and the level of shipments of its products are influenced by the balance between supply and demand as effected by global economic conditions, changes in consumption and capacity, the level of customer and producer inventories and fluctuations in currency exchange rates. Any material decline in prices for the Company's products or other adverse developments in the markets for its products could have a material adverse effect on its results of operations or financial condition. Prices for the Company products have been and are likely to continue to be highly volatile.

Newsprint, one of the Company's principal products, is produced by numerous manufacturers worldwide. Aside from quality specifications to meet customer needs, the production of newsprint does not depend upon a proprietary process or formula. In 2009, the five largest North American producers represented approximately 84% of the North American capacity for newsprint. The five largest global producers represented approximately 38% of global newsprint capacity. The Company's annual production capacity is approximately 12% of worldwide capacity. It faces actual and potential competition from both large, global producers and numerous smaller regional producers. In recent years, a number of global producers of newsprint based in Asia, particularly China, have grown their production capacity. Price, quality, customer relationships and the ability to produce paper with recycled fiber are important competitive determinants.

The Company competes with eight other coated mechanical paper producers with operations in North America. In 2009, the five largest North American producers represented approximately 78% of the North American capacity for coated mechanical paper. In addition, several major offshore suppliers of coated mechanical paper compete for North American business. In 2009, offshore imports represented approximately 11% of North American demand. As a major supplier to printers and magazine/catalog publishers in North America, the Company competes with numerous worldwide suppliers of other grades of paper such as coated freesheet and supercalendered paper. The Company competes on the basis of price, quality and service.

The Company produced approximately 33% of North American uncoated mechanical paper demand in 2009 and was comprised mainly of supercalendered, superbright, high bright, bulky book and directory papers. The Company competes with numerous uncoated mechanical paper producers with operations in North America. In addition, imports from overseas represented about 6% of North American demand in 2009 and were primarily concentrated in the supercalendered paper market where they represent 13% of North American demand. The Company competes on the basis of price, quality, and service and breadth of product line.

The Company competes with eight other major market pulp suppliers with operations in North America along with other smaller competitors. Market pulp is a globally traded commodity for which competition exists in all major markets. Aside from quality specifications to meet customer needs, the production of market pulp does not depend on a proprietary process or formula. The Company produces five major grades of market pulp (northern and southern hardwood, northern and southern softwood and fluff) and competes with other producers from South America (eucalyptus hardwood and radiata pine softwood), Europe (northern hardwood and softwood), and Asia (mixed tropical hardwood). Price, quality and service are considered the main competitive determinants.

In 2008, the Company fulfilled its commitment to obtain third-party certification for all of the land that it manages to globally-recognized sustainable forest management standards, such as the Sustainable Forestry Initiative and the Z809 standard of the Canadian Standards Association. In 2009, to further differentiate the Company's products from those of the competition and to better position itself to meet increasing demand for products certified to the Forest Stewardship Council, the Company achieved third-party certification for two forests, one in Québec and one in Ontario.

As with other global commodities, the competitive position of the Company's products is significantly affected by the volatility of currency exchange rates. The Company has operations in Canada, the United States and South Korea. Several of its primary competitors are located in Canada, Sweden, Finland and certain Asian countries. Accordingly, the relative rates of exchange between those countries' currencies and the United States dollar can have a substantial effect on its ability to compete. In addition, the degree to which it competes with foreign producers

depends in part on the level of demand abroad. Shipping costs and relative pricing generally cause producers to prefer to sell in local markets when the demand is sufficient in those markets.

Trends in advertising, electronic data transmission and storage and the Internet could continue to adversely affect traditional print media, including the Company products and those of its customers, but neither the timing nor the extent of those trends can be predicted with certainty. The Company newspaper publishing customers in North America use and compete with businesses that use other forms of media and advertising, such as direct mailings and newspaper inserts (both of which are end uses for several of the Company's products), television and the Internet. U.S. consumption of newsprint declined in 2009 as a result of continued declines in newspaper circulation, declines in newspaper advertising volume and publishers' conservation measures, which include increased usage of lighter basis-weight newsprint and web-width and page count reductions. The Company's magazine and catalog publishing customers are also subject to the effects of competing media, including the Internet.

D. EMPLOYEES

As of March 31, 2010, the Company employed approximately 11,900 people, of whom approximately 8,800 were represented by bargaining units. The Company's unionized employees are represented predominantly by the CEP in Canada and predominantly by the United Steelworkers International in the United States.

Please refer to "*The CCAA Plan - Arrangement with Unions*".

E. MANAGEMENT

Board

The Board of ABH currently consists of twelve members. Ten of the twelve members are independent directors, within the meaning of the corporate governance standards of the NYSE. The directors of ABH as of the date of this Circular are as follows:

<i>Richard B. Evans</i>	<i>Lise Lachapelle</i>
<i>John Q. Anderson</i>	<i>Gary J. Lukassen</i>
<i>Jacques Bougie</i>	<i>David J. Paterson</i>
<i>William E. Davis</i>	<i>Paul C. Rivett</i>
<i>Anthony F. Griffiths</i>	<i>John A. Rolls</i>
<i>Ruth R. Harkin</i>	<i>Hon. Togo D. West, Jr.</i>

For information concerning the selection of members of the Board of Reorganized ABH, see "*Reorganized ABH – Corporate Governance*".

Executive Officers

The executive officers of ABH as of the date of this Circular and each officer's position within ABH are as follows:

<u><i>Name</i></u>	<u><i>Position</i></u>
<i>David J. Paterson</i>	<i>President and Chief Executive Officer</i>
<i>Alain Grandmont</i>	<i>Executive Vice President, Human Resources and Supply Chain</i>
<i>William G. Harvey</i>	<i>Executive Vice President and Chief Financial Officer</i>
<i>Pierre Rougeau</i>	<i>Executive Vice President, Operations and Sales</i>
<i>Yves Laflamme</i>	<i>Senior Vice President, Wood Products</i>
<i>Jacques P. Vachon</i>	<i>Senior Vice President, Corporate Affairs and Chief Legal Officer</i>

F. LEASES

ABH leases approximately 40,000 acres of timberlands under long-term leases and certain office premises, office equipment and transportation equipment under operating leases.

ABH has conducted a review of certain of its executory contracts in order to determine which contracts, if any, would be assumed in the CCAA Proceedings and which contracts would be rejected or repudiated by it. As such, ABH has rejected and repudiated a number of leases, including leases of real estate and equipment, and has assumed or assigned certain others.

G. ENVIRONMENTAL MATTERS

ABH believes that its operations are in material compliance with all applicable federal, state, provincial and local environmental regulations and that the currently required control equipment is in operation. While it is impossible to predict future environmental regulations that may be established, ABH believes that it will not be at a competitive disadvantage with regard to meeting future Canadian, United States or South Korean standards.

IV. CAPITALIZATION OF ABH AND THE APPLICANTS

A. SHARE CAPITAL

ABH is a public company whose common stock was trading on the NYSE and TSX under the symbol ABH prior to the CCAA Proceedings. ABH common stock is now trading on the Pink Sheets under the symbol "ABWTQ".

B. CANCELLATION OF ABH EXISTING SHARES

Pursuant to the U.S. Plan, all of the existing share capital of ABH is expected to be cancelled for no consideration.

C. INDEBTEDNESS

As of March 31, 2010, ABH's overall principal debt obligations, including secured bank debt, secured and unsecured notes (public issues and private placements), industrial revenue bonds and a securitization program (but excluding other off-balance sheet monetizations and capital lease obligations) totaled approximately \$7 billion. As discussed in further detail, some of the Applicants are guarantors of, and/or have pledged assets in favor of, debt incurred by the U.S. Debtors.

Canadian Unsecured Notes

The table below summarizes, as of the Date of Filing, the material terms of the Applicants' significant unsecured debt obligations, the Canadian Unsecured Notes.

Original Issuer	Guarantor / Additional Obligor	Coupon	Maturity	Total Amount Outstanding as of the Date of Filing
ACF LP	ACI and ACCC	7.875%	8/1/2009	\$7,972,373
ACCC	15% Senior Unsecured Notes Guarantors	15.5%	7/15/2010	\$304,573,827
ACI	ACCC	8.55%	8/1/2010	\$402,129,750

Original Issuer	Guarantor / Additional Obligor	Coupon	Maturity	Total Amount Outstanding as of the Date of Filing
ACCC	ACI	7.75%	6/15/2011	\$205,252,778
ACCC	ACI	Floating Rate	6/15/2011	\$203,605,014
ACCC	ACI	6.00%	6/20/2013	\$356,825,000
ACCC	ACI	8.375%	4/1/2015	\$470,518,750
ACI	ACCC	7.40%	4/1/2018	\$104,028,889
ACI	ACCC	7.50%	4/1/2028	\$260,208,333
ACI	ACCC	8.50%	8/1/2029	\$254,486,111
ACI	ACCC	8.85%	8/1/2030	\$458,407,500

Canadian Secured Notes

On April 1, 2008, ACCC issued the Canadian Secured Notes in an aggregate principal amount of \$413 million. The Canadian Secured Notes mature on April 1, 2011 and are guaranteed by the Canadian Secured Notes Guarantors. The Canadian Secured Notes are secured by Liens on certain pulp and paper mills owned by ACCC and the Canadian Secured Notes Guarantors, Liens on substantially all of the equipment and intellectual property of ACCC and the Canadian Secured Notes Guarantors (other than Donohue and its Subsidiaries) and its 75% interest in each of ACH LP and Abitibi-Consolidated Hydro Inc. As of the Date of Filing, the principal amount outstanding under the Canadian Secured Notes was \$485 million.

ACCC Term Loan Facility

On April 1, 2008, ACCC entered into the ACCC Term Loan Facility with the ACCC Term Lenders in an original principal amount of \$400 million which matured on March 30, 2009. The ACCC Term Loan Facility was secured by a first Lien on substantially all of ACI's and ACCC's assets other than those that secured the Canadian Secured Notes and capital stock of Subsidiaries (other than the capital stock of Donohue and its Subsidiaries, which were pledged to the ACCC Term Lenders). As of the Date of Filing, the principal amount outstanding under the ACCC Term Loan Facility was approximately \$352 million.

Abitibi Securitization Program

ACI and ACSC (the "**Participants**") participate in an accounts receivable securitization program that was established when Donohue was a Subsidiary of ACI (the "**Securitization Program**"). Accordingly, the Participants share among themselves the proceeds received under the Securitization Program. The Participants sell most of their trade receivables to ACUSFC in order to reduce working capital requirements. ACUSFC, a bankruptcy-remote, special purpose, indirect consolidated subsidiary of Donohue, transfers undivided percentage ownership interests in the pool of receivables to the agent for the financial institutions party to the Securitization Program.

As of the Date of Filing, amounts outstanding under the Securitization Program were as follows:

	Commitment	Amount Outstanding as of the Date of Filing	Termination Date	Weighted Average Interest Rate
Off Balance Sheet: Accounts Receivable Securitization Program (unaudited)	\$210,000,000	\$130,603,100.57	June 16, 2010	10.50%

As of the Date of Filing, the Participants had transferred \$350 million of trade receivables resulting in Cash proceeds of \$131 million, which represented the total available at that time, based on the current level and eligibility of trade receivables. The Participants act as servicing agents and administer the collection of the accounts receivable sold pursuant to these agreements. The fees received for servicing the accounts receivable approximate the value of services rendered. The amount that can be obtained under the accounts receivable securitization program depends on the amount and nature of the accounts receivable available to be sold. The commitment fee for the unused portion is 1.50% per annum.

On June 16, 2009, ACI and certain of its affiliates amended and restated, in its entirety, the existing accounts receivable securitization program with Citibank, N.A. as the administrative agent and Barclays Capital as the syndication agent, which now provides for a second amended and restated accounts receivable securitization facility in an amount of up to \$270 million to be provided by the financial institutions party to the Securitization Program. Unless terminated earlier due to the occurrence of certain events of termination, or the substantial consummation of a plan or plans of reorganization or a plan of compromise or arrangement confirmed by order of the Court or the Bankruptcy Court, the Securitization Program will terminate on June 16, 2010. ACUSFC has the option to extend the termination date of the Securitization Program: (i) from June 16, 2010 to September 16, 2010 if the Participants and the Guarantors, as defined below, have filed a plan or plans of reorganization with the Court or the Bankruptcy Court that provide for the full repayment thereof in Cash upon consummation and ACUSFC and the Participants have met certain other conditions; and (ii) from September 16, 2010 to December 16, 2010 if the Participants and the Guarantors, as defined below have not withdrawn the plan or plans of reorganization, and those plans have not been denied by either the Court or the Bankruptcy Court before September 16, 2010 and ACUSFC and the Participants have met certain other conditions. All payment obligations of ACUSFC, a Subsidiary of Donohue, under the facility are secured by all of its assets and guaranteed by the following Subsidiaries of ABH: Donohue, ACSC, Abitibi-Consolidated Corp., Augusta Woodlands, LLC, Abitibi-Consolidated Alabama Corporation and Alabama River Newsprint Company.

On May 21, 2010, the U.S. Debtors moved for entry of an order authorizing certain amendments to the Securitization Facility (the "**Securitization Amendment Motion**"). The amendments provide for, among other things, (i) a 364-day extension of the maturity date under the Securitization Facility, (ii) a reduction of the Purchase Limit from \$270 million to \$180 million, and (iii) a reduction in the Securitization Facility's Applicable Margin, LIBOR floor and unused commitment fee rate (as defined therein). As explained in the Securitization Amendment Motion, the U.S. Debtors believe that the amendments will result in approximately \$4 million in net savings for the U.S. Debtors' estates. A hearing to consider approval of the Securitization Amendment Motion is currently scheduled for June 11, 2010.

ACH Limited Partnership Credit Agreement

On March 31, 2007, ACH LP entered into the ACH Credit Agreement with the Caisse de dépôt et placement du Québec in an amount of up to Cdn\$250 million and a Cdn\$15 million revolving credit facility with a Canadian financial institution. The ACH Credit Agreement matures on March 30, 2017 and is guaranteed by all the Subsidiaries of ACH LP. As of December 31, 2009, the amount outstanding under the ACH Credit Agreement was Cdn\$250 million. ACH also had one letter of credit issued with the revolving credit facility for Cdn\$1 million. ACH is not an Applicant and its debts are not being compromised.

Investissement Québec Financing

On October 9, 2003, ACCC entered into an agreement with Investissement Québec providing for an unsecured loan from Investissement Québec to ACCC in an amount up to Cdn\$14 million in connection with the realization of a project at ACCC's Alma paper mills (the "IQ Financing"). The IQ Financing matures in 2011. As of the Date of Filing, the principal amount outstanding under the IQ Financing was Cdn\$14 million.

Bowater Notes and Debentures

The table below summarizes, as of the Date of Filing, the material terms of Bowater's and its Subsidiaries' significant unsecured debt obligations.

Issuer	Guarantor / Additional Obligor	Coupon	Maturity	Total Outstanding Amount as of the Date of Filing
Bowater	--	9.00%	8/1/2009	\$252,700,000
Bowater	--	Floating Rate	3/15/2010	\$235,300,000
BCFC	Bowater	7.95%	11/15/2011	\$620,000,000
Bowater	--	9.50%	10/15/2012	\$130,900,000
Bowater	--	6.50%	6/15/2013	\$408,100,000
Bowater	--	9.375%	12/15/2021	\$205,700,000
BCFPI	--	10.26%	1/15/2011	\$ 4,500,000
BCFPI	--	10.50%	6/15/2010	\$21,100,000
BCFPI	--	10.60%	1/15/2011	\$ 71,900,000
BCFPI	--	10.625%	6/15/2010	\$ 2,800,000
BCFPI	--	10.85%	11/30/2014	\$107,800,000
Newsprint South	--	6.50%	2/1/2010	\$ 5,000,000
York County, South Carolina	Bowater	7.40%	1/1/2010	\$ 4,300,000
The Industrial Development Board of the County of McMinn ...	Bowater	7.40%	12/1/2022	\$ 40,600,000
The Industrial Development Board of the County of McMinn ...	Bowater	7.625%	3/1/2016	\$ 30,200,000
Finance Authority of Maine	Bowater	7.75%	8/1/2022	\$ 62,200,000

Issuer	Guarantor / Additional Obligor	Coupon	Maturity	Total Outstanding Amount as of the Date of Filing
The Industrial Development Board of the County of McMinn ...	Bowater	Floating Rate	6/1/2029	\$ 33,500,000

ABH Convertible Notes

In March 2008, ABH entered into a definitive agreement with Fairfax for an investment by Fairfax and its designated Subsidiaries in ABH of \$350 million in the form of unregistered convertible debentures due 2013 (the "Convertible Notes").

ABH completed a series of refinancing transactions, which were designed to address the debt maturities and general liquidity needs during the first half of 2008, principally to refinance certain Abitibi-side indebtedness. The Convertible Notes bear interest at the rate of 8.0% per annum and are convertible into ABH Existing Shares at an estimated conversion price of \$10.00 per share. The Convertible Notes are guaranteed by Bowater, and not by ACI or any of its respective Subsidiaries. Bowater's full and unconditional guarantee of the Convertible Notes is a senior unsecured obligation of Bowater. The Convertible Notes permit ABH to make ABH PIK Payments. In accordance with this provision, in October 2008, ABH made an ABH PIK Payment with respect to the required October interest payment required on the Convertible Notes. As of the U.S. Petition Date, the total outstanding amount under the Convertible Notes was approximately \$387.3.

BCFPI Secured Credit Agreement

BCFPI is party to a credit agreement dated May 31, 2006 among BCFPI, as borrower, the U.S. Bowater Borrowers, as borrowers, and certain subsidiaries of BCFPI, as guarantors, the lenders from time to time party thereto (the "BCFPI Pre-petition Secured Lenders" and together with the Bowater Pre-petition Secured Lenders, the "Bowater Group Pre-petition Secured Lenders"), and the BCFPI Secured Bank Agent (as amended from time to time and together with all collateral, security and other ancillary documents, the "BCFPI Secured Credit Agreement"). The total outstanding amount under the BCFPI Secured Credit Agreement, including accrued and unpaid interest, is approximately \$143.8million.

Collateral securing the BCFPI Secured Credit Agreement includes: (i) the inventory, accounts receivable, deposit accounts, and certain other current assets of BCFPI and its subsidiaries that are guarantors; (ii) the real property, equipment and fixtures relating to the Coosa Pines, Alabama and Grenada, Mississippi paper mills; (iii) the real property, equipment and fixtures of BCFPI located in Gatineau, Québec, Dolbeau, Québec and Thunder Bay, Ontario; and (iv) the equity interest of Bowater's South Korean subsidiary (which owns Bowater's Mokpo mill).

Inter-company Debt

In the normal operations of the Company's businesses, the Applicants and certain of their non-Applicants affiliates engage in various inter-company transactions. Certain receivables and payables among the Applicants and/or the Applicants and non-Applicants Subsidiaries of the Company are evidenced by Inter-company notes (the "Inter-company Note Claims"). In addition to Inter-company Note Claims, the Applicants and/or the Applicants and non-Applicants Subsidiaries of the Company engaged in Inter-company trading transactions which give rise to Claims between Applicants and/or Applicants and non-Applicants Subsidiaries. As a result, on any given date, there are numerous Inter-company Claims that reflect Inter-company receivables and payables made and/or accrued in the ordinary course between and among the Applicants and between and among the U.S. Debtors and certain of their non-Applicants affiliates.

V. THE CCAA PLAN

A. EVENTS LEADING TO THE CCAA PROCEEDINGS

The Company's inability to repay or refinance significant indebtedness with impending maturities was a critical factor that necessitated the commencement of CCAA Proceedings. Notably, certain November 2008 amendments to Bowater's Existing Secured Facilities restricted its liquidity by significantly reducing available funds. Coupled with the lack of liquidity in the markets generally, the Company's indebtedness rendered it vulnerable to adverse economic and industry conditions, impaired its ability to obtain additional financing, required it to dedicate a substantial portion of cash flow from operations to service debt, and otherwise limited its flexibility in planning and responding to business drivers.

As a result of the above factors, by the beginning of 2009, the Company's liquidity positions were severely constrained. To address the Company's tightening liquidity, on February 9, 2009, the Company announced the commencement of private offers to exchange certain outstanding series of unsecured notes issued by Bowater and one of its wholly-owned Subsidiaries for new secured notes to be issued by an indirect Subsidiary of the Company, as well as a concurrent debt offering. Shortly thereafter, on March 13, 2009, the Company commenced a debt recapitalization plan for the ACI Group's Canadian companies pursuant to the CCAA. At the same time, the Company announced that ACCC and an unaffiliated third party had signed a letter of intent in connection with the sale of ACCC's 60% interest in MPCo for gross proceeds of Cdn\$615 million.

The Company was unable to successfully complete the Bowater exchange offer. As a result, the ACI Group's recapitalization, which was contingent on a successful Bowater exchange offer, could not be consummated. On April 17, 2009, the Company had no other option but to commence the CCAA Proceedings before the Court for a plan of reorganization and compromise under the CCAA and the CBA and two (2) of the Applicants, ACI and ACCC, filed petitions for recognition under Chapter 15 of the Bankruptcy Code. The Company also sought relief in the Bankruptcy Court under Chapter 11 of the Bankruptcy Code on April 16, 2009 and the 18.6 Petitioners filed for ancillary relief in support of the Chapter 11 Cases under section 18.6 of the CCAA. The Court appointed Ernst & Young, Inc. to serve as monitor for the CCAA Proceedings.

B. EVENTS SUBSEQUENT TO THE CCAA PROCEEDINGS

CCAA Filing

Since the Date of Filing, the Applicants have continued to operate subject to the supervision of the Court in accordance with the CCAA. An immediate effect of the filing of the Applicants' CCAA Proceedings was the imposition of the Stay of Proceedings which, with limited exceptions, enjoined the commencement or continuation of all collection efforts by creditors, the enforcement of Liens against property of the Applicants and the continuation of litigation against the Applicants.

The Initial Order granted by the Court on April 17, 2009 provided for a Stay of Proceedings for an initial period of 30 days. The Stay of Proceedings was extended pursuant to Orders of the Court on May 14, 2009, September 4, 2009 and on December 11, 2009. On March 10, 2010, the Stay of Proceedings was extended until June 18, 2010.

DIP Credit Facilities

(a) Abitibi DIP Facility

To provide the Applicants with liquidity and capital resources, the Applicants sought and obtained approval by the Court to enter into a debtor-in-possession financing facility for the benefit of ACI and Donohue. On May 6, 2009, the Applicants entered into a letter loan agreement (the "**Abitibi DIP Agreement**"), among ACI and Donohue, as borrowers (the "**Abitibi DIP Facility Borrowers**"), certain Subsidiaries of ACI, as guarantors, and BMO, as lender, which was acknowledged by Investissement Québec, as sponsor (the "**Sponsor**"). Although Donohue was a signatory thereto, the Abitibi DIP Agreement was not enforceable against Donohue, and Donohue

could not borrow thereunder, until such time as the Bankruptcy Court had granted an order authorizing and approving the Abitibi DIP Facility (as defined below) and the charge in connection therewith with respect to Donohue (the "**U.S. DIP Order**"). Donohue had no obligation to seek, nor did it seek, a U.S. DIP Order.

The Abitibi DIP Agreement provided for borrowings in an aggregate principal amount of up to \$100 million for ACI and, following any U.S. DIP Order, Donohue (the "**Abitibi DIP Facility**"), provided that Donohue would not borrow more than \$10 million in the aggregate and that a minimum availability of \$12.5 million would be maintained at all times. The Abitibi DIP Facility was available by way of loans advanced in multiple disbursements pursuant to borrowing requests. The outstanding principal amount of loans under the Abitibi DIP Facility, plus accrued and unpaid interest, were to be repaid in full at the earliest of: (i) April 30, 2010; (ii) the effective date of a plan of reorganization or a plan of restructuring and compromise confirmed by order of the Courts; (iii) the acceleration of the Abitibi DIP Agreement or the occurrence of a specified event of default within the meaning set forth in the Abitibi DIP Agreement; and (iv) the unenforceability of the backstop guarantee of the Sponsor. Notwithstanding the foregoing, the Abitibi DIP Facility Borrowers were required to repay the Abitibi DIP Facility no later than December 15, 2009 (as extended), as not doing so would have resulted in the occurrence of a specified event of default. In addition, the Abitibi DIP Facility Borrowers were required to make mandatory prepayments of any loans outstanding from the net Cash proceeds of, among other things, any payment by a governmental authority in respect of any expropriation claim and the sale of the Applicants' 60% interest in MPCo.

ACI repaid in full and terminated the Abitibi DIP Facility on December 9, 2009 with a portion of the closing proceeds from the sale of its 60% interest in MPCo to a wholly-owned subsidiary of Hydro-Québec for gross proceeds of Cdn\$615 million (the "**MPCo Sale**").

(b) ULC DIP Facility

On November 16, 2009, ACI obtained the Court's approval to enter into a loan agreement among ACI, as borrower, and 3239432 Nova Scotia Company, a wholly-owned unlimited liability company and a subsidiary of ABH (the "**ULC**"), as lender (the "**ULC DIP Agreement**"), for an aggregate principal amount outstanding at any time not exceeding Cdn\$230 million. The credit facility pursuant to the ULC DIP Agreement (the "**ULC DIP Facility**") is subject to the following draw conditions: (i) a first draw of Cdn\$130 million which was advanced at closing of the ULC DIP Facility; (ii) subsequent draws for a maximum total amount of Cdn\$50 million in increments of up to Cdn\$25 million to be advanced upon a five Business Day notice; and (iii) the balance of Cdn\$50 million to become available upon further Order of the Court. The security granted pursuant to the ULC DIP Facility is similar to the one granted pursuant to the Abitibi DIP Facility. No interest and no fees are payable under the ULC DIP Facility.

The ULC DIP Facility can be used for general corporate purposes in material compliance with the 13-week cash flow forecasts to be provided no less frequently than on a monthly basis (the "**Budget**"). Events of default pursuant to the ULC DIP Facility are as follows: (i) substantial non-compliance with the Budget; (ii) termination of the Stay of Proceedings; (iii) failure to file a plan or restructuring and compromise with the Court by September 30, 2010; and (iv) withdrawal of the existing Securitization Program unless replaced with a reasonably similar facility.

(c) Bowater DIP Credit Agreement

To provide the U.S. Debtors with the Cash and liquidity necessary to continue their operations and to maintain normal post-petition vendor and customer relations, on the U.S. Petition Date the U.S. Debtors sought the Bankruptcy Court's approval of a US\$206 million senior secured superpriority debtor-in-possession term loan credit facility among ABH, Bowater and BCFPI, as borrowers, Fairfax, as administrative agent, collateral agent and initial lender (together with successors in such capacities, the "**Bowater DIP Agent**"), and the lenders from time to time party thereto (the "**Bowater DIP Lenders**") (the "**Bowater DIP Credit Agreement**"). On May 8, 2009 Law Debenture Trust Company of New York replaced Fairfax as the administrative agent and the collateral agent under the Bowater DIP Credit Agreement. Proceeds of the Bowater DIP Credit Agreement have been used to fund the U.S. Debtors' working capital requirements during the Chapter 11 Cases.

The Bowater DIP Credit Agreement includes a US\$166 million term loan for borrowings by ABH and Bowater (the "**U.S. Bowater DIP**") and a US\$40 million term loan for borrowings by BCFPI (the "**Canadian**").

Bowater DIP"). The U.S. Bowater DIP is guaranteed by substantially all of the U.S. entities that are part of the Bowater Group (together with ABH, the "**U.S. Bowater DIP Parties**") and is secured by (i) first priority Liens on all of the U.S. Bowater DIP Parties' unencumbered assets as of the U.S. Petition Date, (ii) first priority Liens on post-petition inter-company debt payable to the U.S. Bowater DIP Parties, and (iii) junior Liens on the encumbered assets of the U.S. Bowater DIP Parties as of the U.S. Petition Date (collectively, the "**U.S. Bowater DIP Collateral**"). The Canadian Bowater DIP is guaranteed by substantially all of the Canadian entities in the Bowater Group (together with BCFPI, the "**Canadian Bowater DIP Parties**"), and is secured by (i) first priority Liens on all of the Canadian Bowater DIP Parties' unencumbered assets as of the U.S. Petition Date, (ii) first priority Liens on post-petition inter-company debt payable to the Canadian Bowater DIP Parties, (iii) junior Liens on the encumbered assets of the Canadian Bowater DIP Parties as of the U.S. Petition Date, and (iv) Liens (shared *pari passu*) on all assets securing the U.S. Bowater DIP (collectively, the "**Canadian Bowater DIP Collateral**"). Bowater Canadian Finance Corporation was released from its obligations under the Bowater DIP Credit Agreement on June 24, 2009.

On April 17, 2009, the Bankruptcy Court authorized the U.S. Debtors to enter into the Bowater DIP Credit Agreement on an interim basis and on June 16, 2009, the Bankruptcy Court entered a final order (as amended, the "**Final Bowater DIP Order**") approving the Bowater DIP Credit Agreement.

The Court issued an Order authorizing the Canadian Bowater DIP Parties to enter into the Bowater DIP Credit Agreement on April 17, 2009 as well as Orders reorganizing the interim and final U.S. Bowater DIP Orders of the Bankruptcy Court on April 22 and June 19, 2009, respectively.

The Final Bowater DIP Order grants the Bowater Group Pre-petition Secured Lenders certain additional Liens as adequate protection to the extent of any diminution in value of their collateral during the pendency of the Chapter 11 Cases. Specifically, the Bowater Group Pre-petition Secured Lenders were granted, as adequate protection: (i) valid, binding and enforceable replacement security interests in and Liens upon the U.S. Bowater DIP Collateral; (ii) a super-priority claim pursuant to section 507(b) of the Bankruptcy Code against the U.S. Bowater DIP Parties; and (iii) current payment of non-default rate interest and certain fees and expenses for the Bowater Secured Bank Agent. The BCFPI Pre-petition Secured Lenders were granted, as adequate protection: (i) valid, binding and enforceable replacement security interests in and Liens upon the Canadian Bowater DIP Collateral and the U.S. Bowater DIP Collateral; (ii) a super-priority claim pursuant to section 507(b) of the Bankruptcy Code against the Canadian Bowater DIP Parties; and (iii) current payment of non-default rate interest and certain fees and expenses for the BCFPI Secured Bank Agent.

The Bowater DIP Credit Agreement contains customary covenants for debtor-in possession financings of this type, including, among other things: (i) requirements to deliver financial statements, other reports and notices; (ii) restrictions on the incurrence and repayment of indebtedness; (iii) restrictions on the incurrence of Liens; (iv) restrictions on making certain payments; (v) restrictions on investments; (vi) restrictions on asset dispositions; and (vii) restrictions on modifications to material indebtedness. Additionally, the Bowater DIP Credit Agreement contains certain financial covenants, including, among other things: (i) a minimum consolidated EBITDA; (ii) a minimum fixed charge coverage ratio; and (iii) a maximum amount of capital expenditures.

The Bowater DIP Credit Agreement matures on the earlier of (i) the effective date of the U.S. Plan and CCAA Plan; and (ii) July 21, 2010, with two possible three-month extensions beyond this latter date if certain conditions are met. Should either the CCAA Proceedings or the Chapter 11 Cases be dismissed, or any order entered granting relief from the stays provided thereunder, an event of default under the Bowater DIP Credit Agreement would occur and the outstanding debt would become due and payable immediately, which would, in all likelihood, lead to the liquidation of all of the Applicants' assets.

(d) Amended and Restated Securitization Program

On June 16, 2009, ACI and certain of its affiliates amended and restated, in its entirety, the Securitization Programs and on May 21, 2010, the U.S. Debtors moved for entry of an order authorizing certain amendments to the Securitization Facility. See "*Capitalization of ABH and the Applicants – Indebtedness – Abitibi Securitization Program*".

Appointment of the Official Committee of Unsecured Creditors

The Bankruptcy Code provides for the appointment of an unsecured creditors' committee comprised of the seven largest unsecured claimants excluding insiders and government units. On April 28, 2009, the United States Trustee for the District of Delaware appointed the Unsecured Creditors Committee.

Ad Hoc Unsecured Noteholders Committee

There is no requirement to appoint an unsecured creditors' committee under the CCAA. However, an informal committee of certain Holders of Canadian Unsecured Notes Claims (the "**Ad Hoc Unsecured Noteholders Committee**") was formed and is acting in connection with the CCAA Proceedings.

Sale of Manicouagan Power Company

On November 17, 2009, the Court approved the MPCo Sale. On December 9, 2009, ACCC announced that it had successfully completed the MPCo Sale. The proceeds have been used in the manner approved by the Court, including:

- \$267 million was set aside temporarily in the ULC, to secure certain indemnities and undertakings provided to Alcoa under the MPCo Sale, and the ULC entered into a guarantee agreement with Alcoa for this purpose. Of the \$267 million set aside in the ULC, \$218 million was used by the ULC to fund the ULC DIP Facility;
- \$55 million was used to repay all amounts outstanding under the Abitibi DIP Agreement, \$26 million of which was paid from the proceeds of the ULC DIP Facility;
- \$113 million was used as a partial repayment of the Canadian Secured Notes, \$72 million was used to pay accrued interest on such notes and \$5 million was used to cover fees related to the partial repayment of such notes;
- approximately \$67 million was used to pay Alcoa in respect of taxes that it incurred as a result of the MPCo Sale, as well as ACCC's estimated transaction costs, pre-petition amounts owed to the distribution division of Hydro-Quebec by ACCC and its affiliates, including amounts owed by BCFPI, and pre-petition amounts owed to MPCo and Alcoa for electricity purchased by ACCC from MPCo and to make certain other adjustments contemplated by the MPCo Sale; and
- approximately \$29 million is subject to a two-year holdback by HQ Manicouagan Inc. (and guaranteed by Hydro-Québec).

The effect of the MPCo Sale was to provide ACI with additional net liquidity of approximately \$159 million, after the extinguishment of the remaining availability of approximately \$34 million under the Abitibi DIP Agreement. In connection with the foregoing, ABH also entered into a power supply agreement with Hydro-Québec's distribution division for the supply of electricity to ABH's Baie-Comeau paper mill.

AbitibiBowater U.S. Holding LLC Note Repayment Transactions

On November 17, 2009, the Applicants filed a motion seeking authority to undertake certain transactions (the "**Repayment Steps**") to repay an inter-company note outstanding between AbitibiBowater Holding and ACCC (the "**ABH LLC Note**"). The Repayment Steps addressed a potential \$55.25 million withholding tax liability that may have arisen if the ABH LLC Note was not repaid prior to December 31, 2009. As part of the Repayment Steps, a new Inter-company note, identical in all material respects to the ABH LLC Note, was issued by AbitibiBowater Holding to ABH LLC 1, a newly-formed indirect Subsidiary of ABH, thereby preserving the Applicants' prepetition capital structure and the rights and remedies of all of the Applicants' creditor constituents. The Court and the Bankruptcy Court entered Orders approving the Repayment Steps on December 1, 2009 and November 24, 2009, respectively. As part of the Repayment Steps, three newly-formed limited liability companies filed petitions for

relief under Chapter 11 of the Bankruptcy Code with the Bankruptcy Court on December 21, 2009. The Bankruptcy Court entered an order authorizing the joint administration of the cases of AbitibiBowater Holding and ABH LLC 1 with the U.S. Debtors pending Chapter 11 Cases on January 15, 2010, and an order authorizing the dismissal of ABH LLC 2's bankruptcy case on February 18, 2010.

Other Sale of Assets and Cost Savings Initiatives

(a) Sales of Assets

Since the Date of Filing, the Applicants have successfully completed a number of sales of assets including the following:

- On November 24, 2009, the Court approved the sale of certain assets of the Belgo Pulp and Paper Mill, including the real estate on which the plant is located and the related equipment to Recyclage Arctic Beluga inc. On January 28, 2009, the sale was successfully completed. In addition to the creation of jobs through the partial re-use of the plant, the sale reduced the operating costs of the Applicants by approximately \$2.7 million on an annual basis.
- On December 11, 2009, the Court approved the sale of certain assets between ACCC and 9213-3933 Québec Inc. as well as the sale of certain lands between ACI and Gestion Dion & Frère Inc. On March 18, 2010, the sale was successfully completed.
- On March 23, 2010, the Court approved the sale of certain assets of the Mackenzie paper mill to 0869550 Ltd. ABH expects the transaction to close in the near future.
- In addition, the Applicants have sold in 2009 over 490,000 acres of private timberland primarily located in Québec, Canada, for an aggregate of approximately \$91 million in cash.

(b) Sale of Non-core Properties

On April 27, 2010, the Court issued an order allowing ACCC and ACI to sell, on an as-is, where-is basis, the site of a former shipping terminal situated in Botwood, Newfoundland and Labrador, Canada and the site of a newsprint mill situated in Stephenville, Newfoundland and Labrador, Canada (collectively, the "**Non-core Properties**") to the Non-core Purchaser. The purchase price for the Non-Core Properties was satisfied by the issuance of a non-interest bearing promissory note in the amount of Cdn\$1,000 together with any Principal Increase. On April 27, 2010, the Court also issued an order appointing Ernst & Young Inc. as receiver for the Non-core Properties under the BIA and authorizing the receiver to, among other things, manage the environmental issues in connection with the Non-core Properties and market and sell the Non-core Properties. The receiver will not be taking possession of the Non-core Properties unless and until appropriate arrangements, which are satisfactory to the receiver have been reached with the relevant environmental authorities. ACI and ACCC have agreed to provide the receiver with financing up to a maximum amount of Cdn\$600,000 in order to cover (i) estimated fees and disbursements of the receiver for an initial period of 12 months, and (ii) reasonable costs of conservation, environmental studies and any urgent, currently unforeseen, remediation work required to stabilize the Non-core Properties while negotiations are undertaken with appropriate authorities for the long-term remediation and disposal of these properties.

(c) Repudiation of Contracts

Since the Date of Filing, the Applicants have repudiated 211 contracts, with aggregate savings for 2010 of approximately \$49.5 million.

(d) Bundled Mills Sale

On April 26, 2010, the Court heard the Applicants' Motion for the sale of the mills at Beaupré (Québec), Donnacona (Québec), Dalhousie (New Brunswick) and Fort-William (Ontario), as a bundled asset sale for salvage

to a Canadian purchaser. On May 3, 2010 and May 17, 2010, respectively, the Court and the Bankruptcy Court issued orders confirming such sale.

In May 2010, ABH announced the indefinite idling of its Gatineau, Québec facility effective immediately.

Other Cost Savings Initiatives

ABH announced in the third quarter of 2009 that it would continue to work on selling, general and administrative ("SG&A") austerity measures with a target reduction of approximately \$100 million on an annualized basis, as compared to 2008. The SG&A reduction efforts included, among other items, a 25% corporate headcount reduction. ABH expects to have some further declines in employment as it develops and implements its plan or plans of reorganization and responds to the need to further reduce capacity in some product lines.

Adversary Proceedings

(a) Donnacona Proceedings

Following the announcement of the permanent closure of ABH's Donnacona, Quebec paper mill, on December 3, 2008, the CSN and the employees of the Donnacona mill filed against ABH, Investissement Québec and the Government of the province of Quebec a civil lawsuit before the Superior Court of the district of Quebec. The CSN and the employees also filed a grievance claim for labor arbitration on the same basis. The CSN and the employees are claiming an amount of approximately \$48 million in salary through April 30, 2011, as well as moral and exemplary damages, arguing that ABH failed to respect the obligations undertaken in the context of a loan made by Investissement Québec. The CSN and the employees are also claiming that Investissement Québec and the Government are solidarily responsible for the loss allegedly sustained by the employees. ABH believes that its defense is meritorious and intends to contest this matter vigorously. This litigation was stayed as a result of the CCAA Proceedings.

On December 16, 2008, following ABH's December 4, 2008 announcement of the permanent closure of its Grand Falls newsprint mill, the government of Newfoundland passed legislation under Bill 75 to expropriate, among other things, all of ABH's timber rights, water rights, leases and hydroelectric assets in Newfoundland, whether partially or wholly owned through its Subsidiaries and affiliated entities. The Government of Newfoundland also announced that it does not plan to compensate ABH for the loss of the water and timber rights, but has indicated that it may compensate ABH for certain of its hydroelectric assets. However, it has made no commitment to ensure that such compensation would represent the fair market value of such assets.

On February 25, 2010, ABH filed a Notice of Arbitration under NAFTA, which asserts that the expropriation was arbitrary, discriminatory and illegal. ABH's claim seeks direct compensation for damages of approximately Cdn\$500 million, plus additional costs and relief. Although ABH believes that the Government of Canada will be required to compensate it for the fair market value of the expropriated assets, there can be no assurance that it will and ABH has not recognized an asset for such claim in its consolidated financial statements. ABH continues to negotiate with the Government of Canada in an effort to come to a settlement and avoid protracted NAFTA Proceedings.

(b) Augusta Proceedings

On June 15, 2009, the Company filed a motion with the Bankruptcy Court to reject an amended and restated call agreement (the "Call Agreement") in respect of ANI, an indirect subsidiary of Woodbridge and the Company's partner in ANC. ANC is the partnership that owns and operates the Augusta newsprint mill. The Call Agreement obligated ACSC to either buy out ANI at a price well above market, or risk losing all of its equity in the joint venture pursuant to forced sale provisions. The Bankruptcy Court granted the Company's motion on October 27, 2009 and approved its rejection of the Call Agreement. The Company's counterparties to the Call Agreement filed a notice of appeal with the Bankruptcy Court on November 3, 2009.

Also, on March 9, 2010, Woodbridge filed a motion in the Bankruptcy Court to force ACSC to reject the partnership agreement governing the Augusta Newsprint Company. If ACSC were forced to reject the partnership agreement, the future of the Augusta mill would be uncertain. The U.S. Debtors filed an objection to the motion on April 9, 2010. The motion is now pending before the Bankruptcy Court and a hearing is scheduled for May 26, 2010.

(c) Newfoundland EPA Proceedings

On March 31, 2010, the Court dismissed a motion for declaratory judgment brought by Newfoundland, awarding costs in ABH's favor, and thus confirmed its position that the five orders the province issued under section 99 of the EPA on November 12, 2009 are subject to the stay of proceedings pursuant to the Creditor Protection Proceedings. Newfoundland's orders could have required ABH to proceed immediately with the environmental remediation of various sites it formerly owned or operated, some of which the province expropriated in December 2008 with Bill 75. The Court also dismissed, without costs, the province of British Columbia's intervention in those proceedings. If the province requests an extension to the applicable court-imposed deadline by which its claim had to be filed in order to receive any distribution in the CCAA Proceedings, a request ABH can contest, and if the Court grants the request, Newfoundland's claim based on the environmental orders would be subject to the existing claims process and would be subject to compromise. Newfoundland sought leave to appeal the Court's judgment to Quebec Court of Appeal which was dismissed with costs on May 18, 2010.

Other Significant Actions

In addition to the Initial Order, the Claims Procedure Orders, the Creditors' Meeting Order and the other matters described in this section, the Applicants have sought and obtained certain orders from the Court that are of particular importance in the operation of the Applicants' business or in the administration of the CCAA Proceedings. All such orders are available on the website maintained by the Monitor at www.ey.com/ca/abitibowater.

C. CLAIMS AND VOTING PROCESS

Claims Procedure Orders

On August 26, 2009, the First Claims Procedure Order was issued authorizing the Applicants to conduct a process for calling for and determining the Claims of its Creditors. Among other things, the First Claims Procedure Order established the date of November 13, 2009 as a bar date for the filing of Claims generally representing the majority of the Creditors.

On January 18, 2010, the Second Claims Procedure Order was issued authorizing, among other things, the Cross-border Claims Protocol and the process for determining and reviewing Claims, including a distinct procedure for the determination of grievances filed on behalf of the employees of the Applicants.

On February 23, 2010, the Third Claims Procedure Order was issued establishing the second bar date of April 7, 2010 for, among others, claims asserted by employees who were employed by ABH as of April 16, 2009 or thereafter ("**Post-filing Employee**") and other claims that were previously excluded in the Claims Procedure Orders.

Cross-border Insolvency Protocol

The Cross-border Insolvency Protocol was approved on July 28, 2009 by the Court and on July 27, 2009 by the Bankruptcy Court. The purpose of the Cross-border Insolvency Protocol is to facilitate cross-border coordination between the Insolvency Proceedings and to effectuate an orderly and efficient administration of the Insolvency Proceedings while maintaining the respective independent jurisdiction of the Court and the Bankruptcy Court. The Cross-border Insolvency Protocol provides that the Court shall have sole and exclusive jurisdiction over the CCAA Proceedings and the Bankruptcy Court shall have sole and exclusive jurisdiction over the Chapter 11 Cases. The Court and the Bankruptcy Court may coordinate activities, communicate with one another and conduct joint hearings.

Cross-border Claims Protocol

The Cross-border Claims Protocol was approved on January 18, 2010 by the Court and on January 19, 2010 by the Bankruptcy Court. The Cross-border Claims Protocol implements certain supplementary procedures governing the review and reconciliation of proofs of claim filed against the Cross-border Debtors and provides that, in the absence of any objection and subject to the Unsecured Creditors Committee's right to review, the Monitor and the Applicants shall review all proofs of claim filed against the Cross-border Debtors and amend, allow or object to such claims in accordance with the Claims Procedure Orders. If a creditor objects to the determination of its claim under the Claims Procedure Orders, and if the creditor, the Applicants and the U.S. Debtors and the Monitor cannot agree on which court should hear the objection, then the Court shall determine which court shall determine the objection. Prior to such determination, the creditor, the Applicants and the U.S. Debtors or the Monitor may request a joint hearing, in accordance with the Cross-border Insolvency Protocol, to consider the matter. The Cross-border Claims Protocol also reserves certain review rights for the Unsecured Creditors Committee and the Ad Hoc Unsecured Noteholders Committee with respect to Cross-border Claims above certain value thresholds.

Cross-border Voting Protocol

[NTD: To follow at a later date.]

Status of Claims Process

[NTD: To be updated by the Monitor.]

As of May 12, 2010, since the issuance of the Claims Procedure Orders, the Monitor has received in excess of 7,400 Claims aggregating approximately \$76.4 billion. As of May 12, 2010, the status of Claims received for distribution purposes is as follows:

<i>(in Cdn\$ millions)</i>	<i>Total Claims Filed (Net of Claims withdrawn)</i>	<i>Claims Under Review</i>	<i>Subject to Cross-border Protocol notice period⁽¹⁾</i>	<i>Subject to Revision of Disallowance notice periods⁽²⁾</i>	<i>Claims In Dispute⁽³⁾</i>	<i>Claims Accepted To Date</i>	<i>Revised, Amended and Disallowed Portion⁽⁴⁾</i>
ACI Affected Unsecured Creditor Class	\$7,895.8	\$4,323.4	-	\$3,466.6	\$100.6	\$1.0	\$4.2
ACCC Affected Unsecured Creditor Class	\$8,521.5	\$4,839.2	\$23.6	\$3,469.2	\$93.4	\$30.1	\$66.0
15.5% Guarantor Applicant Affected Unsecured Creditor Classes in respect of each of the following							
3224112 Nova Scotia Limited	\$3,641.4	\$3,369.4	-	-	\$271.9	-	-
Marketing Donohue Inc.	\$3,610.9	\$3,521.8	-	-	\$89.1	-	-
Abitibi-Consolidated Canadian Office Products Holdings Inc.	\$3,610.9	\$3,521.8	-	-	\$89.1	-	-
3834328 Canada Inc.	\$3,610.9	\$3,369.4	-	-	\$241.5	-	-
6169678 Canada Inc.	\$3,610.9	\$3,369.4	-	-	\$241.5	-	-
Donohue Recycling Inc.	\$3,611.4	\$3,521.8	-	-	\$89.1	\$0.2	\$0.3
1508756 Ontario Inc.	\$3,614.7	\$3,370.2	-	-	\$241.5	-	\$3.0
The Jonquière Pulp Company	\$3,610.9	\$3,369.4	-	-	\$241.5	-	-

<i>(in Cdn\$ millions)</i>	<i>Total Claims Filed (Net of Claims withdrawn)</i>	<i>Claims Under Review</i>	<i>Subject to Cross-border Protocol notice period⁽¹⁾</i>	<i>Subject to Revision of Disallowance notice periods⁽²⁾</i>	<i>Claims In Dispute⁽³⁾</i>	<i>Claims Accepted To Date</i>	<i>Revised, Amended and Disallowed Portion⁽⁴⁾</i>
The International Bridge and Terminal Company	\$3,610.9	\$3,369.4	-	-	\$241.5	-	-
Scramble Mining Ltd.	\$3,610.9	\$3,369.4	-	-	\$241.5	-	-
Terra Nova Explorations Ltd.	\$3,610.9	\$3,369.4	-	-	\$241.5	-	-
Saguenay Forest Products Affected Unsecured Creditor Class	\$3,615.6	\$3,373.5	-	-	\$241.5	\$0.2	\$0.4
BCFPI Affected Unsecured Creditor Class	\$1,269.00	\$1,121.8	\$21.0	\$5.5	\$103.0	\$2.5	\$15.2
BCFC Affected Unsecured Creditor Class	\$1,496.4	\$758.5	-	-	\$241.5	-	\$496.5
Bowater Canadian Limited Affected Unsecured Creditor Class	\$242.3	\$0.8	-	-	\$241.5	-	-
AbitibiBowater Canada Affected Unsecured Creditor Class	\$422.0	\$169.7	-	\$154.0	\$89.1	\$0.1	\$9.1
Bowater Maritimes Affected Unsecured Creditor Class	\$249.5	\$156.0	-	\$4.4	\$89.1	-	-
ACNSI Affected Unsecured Creditor Class	\$3,580.4	\$3,369.4	-	-	\$211.0	-	-
Other CCAA Filed Entities ⁽⁵⁾	\$9,348.6	\$4,671.5	-	-	\$4,677.2	\$0.01	-
Total	\$76,395.8	\$60,305.2	\$44.6	\$7,099.7	\$8,317.6	\$34.1	\$594.7

(1) Certain claims sent to the Unsecured Creditors' Committee or the Ad Hoc Unsecured Noteholders Committee under the Cross-border Claims Protocol are subject to a fifteen (15) Business Day period before the Monitor proceeds with acceptance, revision or disallowance

(2) The Claim amount represents Claims that have been revised or disallowed by the Monitor, but for which the 10 Business Day period during which a claimant may dispute the Monitor's revision or disallowance has yet to expire. Amounts are shown at the proposed revised values. Amounts shown do not reflect disallowances in excess of \$41.4 billion that have been issued subsequent to the preparation of this report.

(3) Represents Claims for which the Monitor has issued a Notice of Revision or Disallowance and for which the Affected Unsecured Creditors have filed a Notice of Dispute in respect thereof. Claim amounts are shown herein at the original filed amount.

(4) Includes claims reductions on account of amended Claims filed, withdrawn Claims, and Disallowed Claims.

(5) "Other CCAA Filed Entities" represents Claims filed against various Applicants, which are expected to be disallowed in full. This data remains subject to change as individual Claims are reviewed and analyzed.

The Monitor will provide ongoing updates of the Claims process on AbitibiBowater's website at www.abitibibowater.com and on Monitor's website at www.ey.com/ca/abitibibowater.

D. IMPACT OF THE CCAA PLAN

Debt and Capital Structure

The CCAA Plan will significantly reduce the consolidated debt of the Applicants by converting the Unsecured Claims to equity. Following the implementation of the CCAA Plan, ●. The Applicants will also benefit from a capital investment of \$● pursuant to the Rights Offering. See "Rights Offering".

E. ILLUSTRATIVE RECOVERIES

[NTD: To be updated.]

The following table shows preliminary approximate illustrative recoveries that may be realized by Affected Unsecured Creditors in each Affected Unsecured Creditors Class based on claims data as at April 6, 2010, with the exception of employee claims which are as at March 25, 2010. Such illustrative recoveries reflect the base recovery further to the compromise and settlement of Proven Claims and do not take into consideration Claims received on April 7, 2010, the second Claims bar date (being April 7, 2010) or the amendments to Claims data subsequent to April 6, 2010. **These numbers are for illustrative purposes only and Affected Unsecured Creditors are cautioned that actual recoveries may vary materially from these numbers and will be determined by, among other things: (i) the final results of the Claims process; and (ii) the prices at which the various equity securities issued pursuant to the Plan trade in their respective markets. See "Risk Factors – Risks Relating to the CCAA Plan and its Implementation".**

(in Cdn\$ millions)	Illustrative Recovery per Class of Affected Unsecured Creditors	
	Estimated Allowed Claims	Estimated Recovery
ACI Affected Unsecured Creditor Class	\$4,229	3.4% ⁽¹⁾
ACCC Affected Unsecured Creditor Class	\$4,017	17.1% ⁽¹⁾
15.5% Guarantor Applicants Affected Unsecured Creditor Classes in respect of each of the following:	-	-
3224112 Nova Scotia Limited	\$370	0%
Marketing Donohue Inc.	\$370	0%
Abitibi-Consolidated Canadian Office Products Holdings Inc.	\$370	0%
3834328 Canada Inc.	\$403	0%
6169678 Canada Inc.	\$370	0%
Donohue Recycling Inc.	\$370	0%
1508756 Ontario Inc.	\$370	0%
The Jonquière Pulp Company	\$370	100% ⁽¹⁾
The International Bridge and Terminal Company	\$370	1.3% ⁽¹⁾
Scramble Mining Ltd.	\$370	0%
Terra Nova Explorations Ltd.	\$370	43% ⁽¹⁾
Abitibi-Consolidated (U.K.) Inc.	[\$370]	[12.9%]

(in Cdn\$ millions)	Illustrative Recovery per Class of Affected Unsecured Creditors	
	Estimated Allowed Claims	Estimated Recovery
Saguenay Forest Products Affected Unsecured Creditor Class	\$379	4.2% ⁽¹⁾
BCFPI Affected Unsecured Creditor Class	\$569	36.5%
BCFC Affected Unsecured Creditor Class	\$753	0.9%
Bowater Canadian Limited Affected Unsecured Creditor Class	\$0	100%
AbitibiBowater Canada Affected Unsecured Creditor Class	\$8	0%
Bowater Maritimes Affected Unsecured Creditor Class	\$7	20.8%
ACNSI Affected Unsecured Creditor Class	\$370	43% ⁽¹⁾

(1) This percentage represents the estimated recovery on all Claims against ACI, ACCC, Saguenay Forest Products and ACNSI, respectively, other than the 15.5% Senior Unsecured Notes Claims.

The Monitor will provide ongoing updates of the illustrative recoveries on AbitibiBowater's website at www.abitibibowater.com and on the Monitor's website at www.ey.com/ca/abitibibowater.

F. DESCRIPTION OF THE CCAA PLAN

The following description of the CCAA Plan is a summary only and is qualified in its entirety by the full text of the CCAA Plan. The governing document is the CCAA Plan which is attached as *Appendix C – "Plan of Reorganization and Compromise"* to this Circular.

Purpose of the CCAA Plan

As a result of the events more fully described in "*The CCAA Plan – Events Leading to the CCAA Proceedings*", the Applicants have developed the Plans. Effectiveness of the CCAA Plan is conditional upon the effectiveness of the U.S. Plan, and effectiveness of the U.S. Plan is conditional upon the effectiveness of the CCAA Plan.

The CCAA Plan and the U.S. Plan are the result of an extensive review of the available alternatives by the Applicants and their financial and legal advisors and the Monitor, to address ABH's financial condition and to maximize recovery for the Affected Unsecured Creditors under the circumstances.

The CCAA Plan is designed to:

- (a) provide for a coordinated restructuring and compromise of the Applicants' debt obligations; and
- (b) reorganize and simplify the Applicants' corporate and capital structure.

Timing for the CCAA Plan to Become Effective

The following sets forth certain events and dates leading to the Implementation Date:

April 17, 2009	Grant of Initial Order
May 4, 2010	Filing of draft CCAA Plan and U.S. Plan
[May ●, 2010	Filing of amended CCAA Plan, U.S. Plan, Circular and Disclosure Statement]
[July ●, 2010	Creditors' Meeting Order]
[July 7, 2010	Hearing on Disclosure Statement and voting procedures]
[July 12, 2010	Court hearing in respect of the Creditors' Meeting Order]
[July 15, 2010	Mailing of the Circular and related materials to Affected Unsecured Creditors]
[August 23, 2010	Creditors' Meeting]
[September 6, 2010	Court hearing in respect of the Sanction Order]
[September 8, 2010	U.S. Plan confirmation hearing]
[October 1, 2010	Targeted date for Implementation Date]

Compromise and Arrangement

Persons Affected

The CCAA Plan provides for a coordinated restructuring and compromise of Affected Claims against the Applicants. The U.S. Debtors are subject to the Chapter 11 Cases and have filed the U.S. Plan with the Bankruptcy Court. Under the CCAA Plan, the treatment of Affected Claims against the Cross-border Debtors is intended to be consistent with the treatment of Affected Claims against the Cross-border Debtors in the U.S. Plan, with the Holders of Claims or Affected Claims against any particular Cross-border Debtor receiving a single recovery on account of such Claims in the CCAA Plan and the U.S. Plan. The effectiveness of the CCAA Plan is conditioned upon the effectiveness and implementation of the U.S. Plan. The CCAA Plan will become effective on the Implementation Date in accordance with its terms and in the sequence set forth therein. Each Affected Claim against the Applicants will be fully and finally compromised or otherwise assigned or transferred in the manner and the sequence as set forth in the CCAA Plan and the Restructuring Transactions Notice. The CCAA Plan shall be binding on and enure to the benefit of the Applicants, the Affected Unsecured Creditors of each Affected Unsecured Creditor Class, the Released Parties, any trustee, agent or other Person acting on behalf of any Affected Unsecured Creditor and such other Persons who have received the benefit of, or are bound by any waivers, releases or indemnities hereunder.

Classes of Affected Claims

(a) Classes of Affected Claims

Subject to certain deeming provisions on voting described in "*The CCAA Plan – Description of the CCAA Plan – Required Approvals*" for the purpose of voting on, and distributions pursuant to, the CCAA Plan, the Affected Claims are divided into 21 classes as set out below:

- (i) the ACI Affected Unsecured Creditor Class;
- (ii) the ACCC Affected Unsecured Creditor Class;
- (iii) the 15.5% Guarantor Applicant Affected Unsecured Creditor Classes, being 12 classes of Affected Unsecured Creditors grouped in accordance with their Affected Claims against each of the 15.5% Guarantor Applicant, which Affected Claims only include 15.5% Senior Unsecured Notes Claims;
- (iv) the Saguenay Forest Products Affected Unsecured Creditor Class;
- (v) the BCFPI Affected Unsecured Creditor Class;
- (vi) the BCFC Affected Unsecured Creditor Class;

- (vii) the Bowater Canadian Limited Affected Unsecured Creditor Class;
- (viii) the AbitibiBowater Canada Affected Unsecured Creditor Class;
- (ix) the Bowater Maritimes Affected Unsecured Creditor Class; and
- (x) the ACNSI Affected Unsecured Creditor Class.

Excluded Claims

The CCAA Plan does not affect the following (each, an "**Excluded Claim**" and, collectively, the "**Excluded Claims**");

- (i) any Claim secured by the Abitibi Administration Charge, the Bowater Administration Charge, the Abitibi D&O Charge, the Bowater D&O Charge, the ACI DIP Charge, the BI DIP Lenders Charge and the Bowater Adequate Protection Charge (each, a "**CCAA Charge Claim**");
- (ii) any Administrative Claim;
- (iii) any Secured Claim;
- (iv) any Securitization Claim;
- (v) subject to Subsection 2.5(c) of the CCAA Plan, any Inter-company Claim, including those secured by the ACI Inter-company Advances Charge and the BI Inter-company Advances Charge;
- (vi) any Claim of an employee of any of the Applicants who was employed by that Applicant as of April 16, 2009, other than Claims by any such employee who was required to file its Proof of Claim prior to April 7, 2010 or any applicable subsequent Claim Bar Date, pursuant to and in accordance with the Third Claims Procedure Order;
- (vii) any Post-filing Claim;
- (viii) any Allowed Insured Claim, provided that the Insured Claim Creditor agrees to relinquish and waive any right to any portion of any Claim, other than the Allowed Insured Claim, arising from the same incident or occurrence alleged to have occurred prior to the Implementation Date; and
- (ix) any Government Priority Claim.

Creditors with Excluded Claims will not be entitled to vote at any of the Creditors' Meeting or receive any distributions under the CCAA Plan in respect of the portion of their Claims which is an Excluded Claim. Nothing in the CCAA Plan shall affect the Applicants' rights and defences, both legal and equitable, with respect to any Excluded Claim including any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claims.

Treatment of Affected Unsecured Creditors

- (a) Compromise of ACI Affected Unsecured Claims
 - (i) Each ACI Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by

the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such ACI Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the ACI Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against ACI, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection below. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no ACI Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.

- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each ACI Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to the Subsection above will, in full and final satisfaction of its Proven Claim against ACI, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACI in Schedule "B" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACI up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACI in Schedule "B" to the CCAA Plan, provided, however, that each ACI Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against ACI will, in full and final satisfaction of such Proven Claim, ultimately receive its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of ACI in Schedule "C" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACI up to its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against ACI in Schedule "C" to the CCAA Plan.

(b) **Compromise of ACCC Affected Unsecured Claims**

- (i) Each ACCC Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such ACCC Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the ACCC Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against ACCC, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection below. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no ACCC Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each ACCC Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution

pursuant to Subsection above against ACCC will, in full and final satisfaction of its Proven Claim against ACCC, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACCC in Schedule "B" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACCC up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACCC in Schedule "B" to the CCAA Plan, provided, however, that each ACCC Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Notes Claim against ACCC will, in full and final satisfaction of such Proven Claim, ultimately receive its 15.5% Pro Rata Share of the number of shares of New ABH Common Stock set forth against the name of ACCC in Schedule "C" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACCC up to its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against ACCC in Schedule "C" to the CCAA Plan.

(c) Compromise of 15.5% Guarantor Applicant Affected Unsecured Claims

- (i) Each 15.5% Guarantor Applicant Affected Unsecured Creditor with Proven Claims against a 15.5% Guarantor Applicant: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such 15.5% Guarantor Applicant Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the 15.5% Guarantor Applicant Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against the 15.5% Guarantor Applicants, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection below. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no 15.5% Guarantor Applicant Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive a shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each 15.5% Guarantor Applicant Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to the Subsection above against any 15.5% Guarantor Applicant will, in full and final satisfaction of its Proven Claim against such 15.5% Guarantor Applicant, ultimately receive its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of such 15.5% Guarantor Applicant in Schedule "C" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to each Guarantor Applicant up to its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against each Guarantor Applicant in Schedule "C" to the CCAA Plan.

(d) Compromise of Saguenay Forest Products Affected Unsecured Claims

- (i) Each Saguenay Forest Products Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of

50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such Saguenay Forest Products Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Saguenay Forest Products Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Saguenay Forest Products, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no Saguenay Forest Products Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.

- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each Saguenay Forest Products Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to the Subsection above will, in full and final satisfaction of its Proven Claim against Saguenay Forest Products, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against Saguenay Forest Products in Schedule "B" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACI up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against Saguenay Forest Products in Schedule "B" to the CCAA Plan, provided, however, that each Saguenay Forest Products Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against Saguenay Forest Products will, in full and final satisfaction of such Proven Claim, ultimately receive its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of Saguenay Forest Products in Schedule "C" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to Saguenay Forest Products up to its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against Saguenay Forest Products in Schedule "C" to the CCAA Plan.

(e) **Compromise of BCFPI Affected Unsecured Claim**

- (i) Each BCFPI Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such BCFPI Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the BCFPI Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against BCFPI, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection above. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no BCFPI Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each Affected Unsecured

Creditor with a Proven Claim who does not receive a Cash distribution pursuant to this Subsection above will, in full and final satisfaction of its Proven Claim against BCFPI, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFPI in Schedule "B" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to BCFPI up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFPI in Schedule "B" to the CCAA Plan.

(f) Compromise of BCFC Affected Unsecured Claims

- (i) Each BCFC Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such BCFC Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the BCFC Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against BCFC, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection below. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no BCFC Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each BCFC Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to the Subsection above will, in full and final satisfaction of its Proven Claim against BCFC, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFC in Schedule "B" to the CCAA, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to BCFC up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against BCFC in Schedule "B" to the CCAA Plan.

(g) Compromise of Bowater Canadian Limited Affected Unsecured Claims

- (i) Each Bowater Canadian Limited Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such Bowater Canadian Limited Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Bowater Canadian Limited Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Bowater Canadian Limited, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection. Below. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no Bowater Canadian Limited Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such

completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.

- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each Bowater Canadian Limited Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to the Subsection above will, in full and final satisfaction of its Proven Claim against Bowater Canadian Limited, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against Bowater Canadian Limited in Schedule "B" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to Bowater Canadian Limited up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against Bowater Canadian Limited in Schedule "B" to the CCAA Plan.

(h) **Compromise of AbitibiBowater Canada Affected Unsecured Claims**

- (i) Each AbitibiBowater Canada Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such AbitibiBowater Canada Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the AbitibiBowater Canada Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against AbitibiBowater Canada, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection below. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no AbitibiBowater Canada Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each AbitibiBowater Canada Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to the Subsection above will, in full and final satisfaction of its Proven Claim against AbitibiBowater Canada, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against AbitibiBowater Canada in Schedule "B" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to AbitibiBowater Canada up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against AbitibiBowater Canada in Schedule "B" to the CCAA Plan.

(i) **Compromise of Bowater Maritimes Affected Unsecured Claims**

- (i) Each Bowater Maritimes Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such Bowater Maritimes Affected Unsecured Creditor files an Election Notice with the

Monitor by the Election Deadline in which the Bowater Maritimes Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against Bowater Maritimes, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection below. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no Bowater Maritimes Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.

- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each Bowater Maritimes Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to the Subsection above will, in full and final satisfaction of its Proven Claim against Bowater Maritimes, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against Bowater Maritimes in Schedule "B" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to Bowater Maritimes up to its Pro Rata share of the number of shares of New ABH Common Stock set forth against Bowater Maritimes in Schedule "B" to the CCAA Plan.

(j) Compromise of ACNSI Affected Unsecured Claims.

- (i) Each ACNSI Affected Unsecured Creditor with Proven Claims: (i) the aggregate Face Amount of which is equal to or less than Cdn\$5,000 or (ii) the aggregate Face Amount of which is reduced, for distribution purposes only, to Cdn\$5,000 pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a Cash distribution in an amount equal to the lesser of 50% of (i) the Face Amount of its Proven Claims and (ii) Cdn\$5,000, unless such ACNSI Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the ACNSI Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against ACNSI, its Pro Rata share of New ABH Common Stock, the whole as described in the Subsection below. To be valid, all Election Notices must be received by the Monitor by the Election Deadline. All Election Notices may only be delivered in respect of all, and not less than all, of the Claims of a Holder and, once delivered to the Monitor, will be final and irrevocable and no ACNSI Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election to receive shares of New ABH Common Stock after receipt by the Monitor of such completed Election Notice. For purposes of this Subsection only, all Claims of a Holder shall be considered to constitute one Claim only.
- (ii) In accordance with the other provisions of the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice, each ACNSI Affected Unsecured Creditor with a Proven Claim who does not receive a Cash distribution pursuant to the Subsection above will, in full and final satisfaction of its Proven Claim against ACNSI, ultimately receive its Pro Rata share of the number of shares of New ABH Common Stock set forth against ACNSI in Schedule "B" to the CCAA Plan, subject to Dilution, and be entitled to participate in the Rights Offering, provided, however, that each ACNSI Affected Unsecured Creditor with a Proven Claim in respect of a 15.5% Senior Unsecured Note Claim against ACNSI will, in full and final satisfaction of such Proven Claim, ultimately receive its 15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against the name of ACNSI in Schedule "C" to the CCAA Plan, subject to Dilution, and, to the extent eligible, be entitled to participate in the portion of the Rights Offering allocated to ACNSI up to its

15.5% Pro Rata share of the number of shares of New ABH Common Stock set forth against ACNSI in Schedule "C" to the CCAA Plan.

No Vote Occurrence

Unless otherwise set forth in the CCAA Plan, Affected Unsecured Creditors in any Affected Unsecured Creditor Class that fails to approve the CCAA Plan by the affirmative vote of the Required Majority or in respect of which the CCAA Plan is not sanctioned by the Court (each, a "**No Vote Occurrence**") shall be deemed to be Unaffected Creditors in respect of their Claims against that No Vote Applicant for the purposes of the CCAA Plan.

In the event of a No Vote Occurrence, each Applicant affected by such No Vote Occurrence (each, a "**No Vote Applicant**") or any other Applicant may undertake, at its sole and absolute discretion, any corporate transactions necessary for such No Vote Applicant's equity in any other Applicant to be changed, exchanged, cancelled, transferred or otherwise dealt with, for NIL consideration, including the transactions set forth in the form of plan of reorganization or arrangement attached as Appendix "A" to the Restructuring Transactions Notice.

In the event of a No Vote Occurrence, any Inter-company Claim held by a No Vote Applicant shall be deemed to be an Affected Unsecured Claim for the purposes of the CCAA Plan and shall be compromised in accordance with the CCAA Plan, even though such No Vote Applicant shall not have voted in respect of the CCAA Plan.

Treatment of Unaffected Creditors

(a) CCAA Charge and Administrative Claims

Except as provided below in respect of the BI DIP Claims, Holders of CCAA Charge Claims shall receive full payment in Cash of such Claims at such times and in such amounts as may be determined by the Monitor or the Court from time to time. Except as otherwise specifically provided in the CCAA Plan or the U.S. Plan, the Holders of Administrative Claims shall receive full payment in Cash of such Claims in accordance with the principles set out in the U.S. Plan. In addition, to the extent that any obligation that would otherwise constitute an Administrative Claim is paid as a CCAA Charge under the CCAA Plan, the payment of such CCAA Charge under the CCAA Plan, shall be the only payment to be made on account of such Administrative Claim in the CCAA Proceedings and the Chapter 11 Cases.

(b) Secured Claims

On the Implementation Date, Holders of Secured Claims shall receive full payment in Cash of their applicable Proven Secured Claims (other than their Proven Secured Claims in respect of any BCFPI Secured Bank Letter of Credit). In addition, Holders of Secured Claims in respect of any BCFPI Bank Letter of Credit shall receive on, or as soon as practicable after, the Implementation Date, replacement letters of credit, "back-up" letters of credit or cash collateral, or treatment on such other terms the Applicants and Holders of such Secured Claims may agree.

(c) Securitization Claims

On the Implementation Date, in accordance with the U.S. Plan, all outstanding receivable interests purchased under the Securitization Facility will be repurchased in Cash for a price equal to the par amount thereof plus accrued and unpaid yield and fees and Servicer fees payable under the Securitization Facility, and any unpaid fees and expenses or other amounts payable under the Securitization Facility whether by an Applicant or an affiliate of the Applicants, and any and all Securitization Claims shall be paid in full in Cash. On the Implementation Date, after all such receivable interests are repurchased and all such payments are made, the Securitization Facility shall be terminated, and all Securitization Claims shall be deemed fully satisfied and released.

(d) BI DIP Lenders Claims

On the Implementation Date, the BI DIP Lenders and the BI DIP Agent shall receive full payment in Cash of their applicable BI DIP Claims.

(e) Inter-company Claims

Subject to Section 2.5(c) of the CCAA Plan, at the sole and absolute discretion of the Applicants, any and all Inter-company Claims may either be ratified, in whole or in part, by the Applicants, and treated in the ordinary course of business or cancelled and discharged, in full or in part, in the manner and the sequence set forth in the Restructuring Transactions Notice, provided, however, that any such elections by the Applicants hereunder or under the Restructuring Transactions Notice shall not impact any recoveries under the CCAA Plan.

(f) Allowed Insured Claims

Except as otherwise specifically provided for in the CCAA Plan or the U.S. Plan and provided that the Insured Claim Creditor agrees to relinquish and waive any right to any portion of any Claim, other than the Allowed Insured Claim, arising from an incident or occurrence alleged to have occurred prior to the Implementation Date and having given rise to such Allowed Insured Claim, such Insured Claim Creditor shall receive, in full and final satisfaction of its Insurance Claim, a Cash distribution in an amount equal to the net payment made by the Insurer to the Applicants in respect of such Allowed Insured Claim, less the amount of any payment made directly by the Insurer to such Insured Claim Creditor.

(g) Deemed Unaffected Creditors

Affected Unsecured Creditors deemed to be Unaffected Creditors pursuant to the CCAA Plan and as described above under Section "No Vote Occurrence" shall not be entitled to receive any distribution under the CCAA Plan.

(h) Government Priority Claims

Within six months after the Sanction Order, the Applicants will pay in full all Government Priority Claims.

(i) Supplemental Distribution

The Applicants shall, as soon as practicable on or after the Implementation Date, make a supplemental distribution in Cash in the amount of up to Cdn\$ ● million to such present or former employees (i) who were employed by the Applicants, other than the Cross-border Debtors, on or after the Date of Filing, and (ii) who are holding an Affected Unsecured Claim that is a Proven Claim (the "**Supplemental Distribution**"), provided, however, that the aggregate amount payable hereunder shall not exceed Cdn\$ five million. No later than ten days prior to the Implementation Date, the Applicants, other than the Cross-border Debtors, shall determine, in consultation with the Monitor, the employees who shall be entitled to receive such Supplemental Distribution (the "**Eligible Employees**") and the pro rata amount of the Supplemental Distribution to be allocated to each Eligible Employee, provided that (i) no Eligible Employee shall have a right of review or appeal in respect of such allocation which shall, for all purposes, be final and binding upon the Eligible Employees, and (ii) the Affected Claim of each Eligible Employee shall, for distribution purposes under the CCAA Plan, be reduced by the amount of such Eligible Employee's Supplemental Distribution.

Monitor's Fees and Expenses

The Monitor's fee and expenses including, the fees and disbursements of its counsel shall be paid from time to time by the Applicants.

No Distribution of New ABH Common Stock to Unaffected Creditors

Under no circumstances, including under the CCAA Plan or the U.S Plan, shall Unaffected Creditors receive a distribution of shares of New ABH Common Stock.

Distribution in Respect of Disputed Claims and Fractional Shares

(a) No Distributions Pending Allowance

The CCAA Plan provides that no distributions will be made with respect to a Disputed Claim unless and until it has become a Proven Claim. Prior to the Implementation Date, Disputed Claims will be dealt with in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol and the Cross-border Voting Protocol. Following the Implementation Date, the resolution of Disputed Claims will continue to be dealt with in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol and the Cross-border Voting Protocol.

(b) The Applicants Reserve

As of the Initial Distribution Date, the Monitor, in its capacity as Disbursing Agent, shall establish the Applicants Reserve by holding on account of Disputed Claims, a number of shares of New ABH Common Stock equal to the amount of shares of New ABH Common Stock that the Holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims in their entire amount on the Initial Distribution Record Date. The shares of New ABH Common Stock deposited in the Applicants Reserve shall not be voted by the Monitor, in its capacity as Disbursing Agent and holder of record of such securities, except pursuant to, and in accordance with, an Order of the Court.

(c) Distributions From the Applicants Reserve Once Disputed Claims Resolved

The Monitor, in its capacity as Disbursing Agent, shall make allocations from the Applicants Reserve to Holders of Proven Claims following the Initial Distribution Date in accordance with the CCAA Plan. To the extent that Disputed Claims become Proven Claims after the Initial Distribution Record Date, the Monitor, in its capacity as Disbursing Agent, shall on the applicable Interim Distribution Date or the Final Distribution Date, distribute from the Applicants Reserve to the Holders of such Proven Claims, the shares of New ABH Common Stock which they would have been entitled to receive in respect of such Proven Claims had such Affected Claims been Proven Claims on the Initial Distribution Record Date. To the extent that any Disputed Claim or a portion thereof has become a Disallowed Claim after the Initial Distribution Record Date, then the Monitor, in its capacity as Disbursing Agent, shall distribute on the applicable Interim Distribution Date or the Final Distribution Date, to the Holders of Affected Unsecured Claims that have previously been adjudicated under the CCAA Plan to be Proven Claims, their Pro Rata share from the Applicants Reserve, of such additional shares of New ABH Common Stock kept in the Applicants Reserve on account of such Disallowed Claims. The Monitor, in its capacity as Disbursing Agent shall make its last distribution on the Final Distribution Date.

Implementation of the CCAA Plan

CCAA Plan Transactions

Each of the following transactions contemplated by and provided for under the CCAA Plan, including the Restructuring Transactions, will be consummated and effected and shall for all purposes be deemed to occur on or after the Implementation Date, in the manner and the sequence as set forth below or in the Restructuring Transactions Notice. Therefore, all of the actions, documents, agreements and funding necessary to implement all of the following transactions must be in place and be final and irrevocable prior to the Implementation Date and shall then be held in escrow and shall be released without any further act or formality, except as provided in the Sanction Order.

On or after the Implementation Date, each of the following transactions shall be consummated and effected:

- (a) **Restructuring Transactions.** Each of the steps and transactions comprising the Restructuring Transactions necessary to be completed on or after the Implementation Date shall be effected in the manner and the sequence as set forth in the Restructuring Transactions Notice.
- (b) **Payment of Certain Excluded Claims.** The Excluded Claims that pursuant to the CCAA Plan are required to be paid on the Implementation Date shall be paid in full as set forth in the CCAA Plan.
- (c) **New ABH Common Stock.** The shares of New ABH Common Stock to be distributed to Affected Unsecured Creditors will be delivered in accordance with the CCAA Plan, including the Restructuring Transactions.
- (d) **Compromise of Debt.** The Affected Claims will be settled, compromised, released or otherwise dealt with in accordance with the CCAA Plan and in the manner and the sequence as set forth in the Restructuring Transactions Notice.
- (e) **Rights Offering.** Subject to the auction process and bidding procedures referred to in the Backstop Agreement, the Applicants may implement a rights offering (the "**Rights Offering**") for the issuance of securities, on terms and in substance reasonably satisfactory to the Applicants, in an amount not to exceed \$500 million in accordance with with the terms of the Backstop Agreement. Among other things, the Rights Offering will be made available to Affected Unsecured Creditors in the Chapter 11 Cases and the CCAA Proceedings and will be subject to Court and Bankruptcy Court approval.
- (f) **Reserve for Disputed Claims.** The Applicants Reserve will be established.
- (g) **CCAA Charges Cancelled.** The CCAA Charges will be cancelled, provided that the BI DIP Lenders Charge shall be cancelled on the condition that the BI DIP Claims are paid in full on the Implementation Date.
- (h) **Exit Loan Facilities.** The Reorganized Debtors will enter into definitive documentation, in a form and in substance satisfactory to the Applicants and reasonably acceptable to the Unsecured Noteholders' Committee, with respect to the Exit Loan Facilities in an aggregate amount up to \$2.3 billion, less cash on hand and proceeds from the Rights Offering, and the Applicants will borrow funds under the Exit Loan Facilities in amounts which, together with such other Cash as is then available to the Applicants, will be sufficient to make all Cash distributions to be made under the CCAA Plan and the U.S Plan.
- (i) **Expiry of the Stay Period.** The Stay Termination Date will occur.

Restructuring Transactions

The Applicants shall take actions as may be necessary or appropriate to effect the Restructuring Transactions as set forth in the Restructuring Transactions Notice, including all of the transactions described in the CCAA Plan and the U.S. Plan. Such actions may include: (i) the execution and delivery of appropriate agreements or other documents of incorporation, merger, amalgamation, consolidation, conversion or reorganization containing terms that are consistent with the terms of the CCAA Plan and the U.S. Plan and that satisfy the requirements of applicable Law; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, guarantee, or delegation of any property, right, liability, duty or obligation on terms consistent with the terms of the CCAA Plan or the U.S. Plan, in each case without the need to obtain any third party consent; (iii) the filing of appropriate certificates of incorporation, merger, amalgamation, consolidation, or reorganization with the appropriate Governmental Entities under applicable Law; (iv) the manner and the sequence in which the Affected Claims are settled, compromised or otherwise dealt with, and (v) all other actions that the Applicants determine are necessary or

appropriate to give effect to the Restructuring Transactions, including the making of filings or recordings in connection with the relevant Restructuring Transactions. The form of each Restructuring Transaction shall be determined by the boards of directors or shareholders of each of the Applicants and the U.S. Debtors and their successors party to any Restructuring Transaction, and shall be approved by the Monitor, provided, however, that the Applicants and the U.S. Debtors reserve the right to undertake transactions in lieu of or in addition to such Restructuring Transactions as the Applicants and the U.S. Debtors may deem necessary or appropriate under the circumstances and as approved by the Monitor so long as such other transactions do not affect the distributions under the CCAA Plan or the U.S. Plan. The implementation of any of the Restructuring Transactions shall not affect the distributions under the CCAA Plan or the U.S. Plan.

Listing of Shares of New ABH Common Stock

Reorganized ABH and the Applicants shall use their reasonable best efforts to cause the New ABH Common Stock to be listed on the New York Stock Exchange, the NASDAQ Global Market or NASDAQ Global Select Market and/or the Toronto Stock Exchange.

Distributions under the CCAA Plan

(a) Distributions for Claims Allowed as at the Initial Distribution Date

Except as otherwise provided herein or as ordered by the Court, distributions to be made on account of Affected Claims that are Proven Claims as at the Initial Distribution Record Date shall be made on the Initial Distribution Date. Thereafter, distributions on account of Affected Claims that are determined to be Proven Claims after the Initial Distribution Record Date shall be made on the Interim Distribution Date or the Final Distribution Date and in accordance with Article 5 and Article 7 of the CCAA Plan.

(b) Assignment of Claims

For purposes of determining entitlement to receive any distribution pursuant to the CCAA Plan, the Applicants, the Disbursing Agent and the Servicers, and each of their respective agents, successors and assigns, shall have no obligation to recognize any transfer or assignment of any Affected Claim unless and until notice of the transfer or assignment from either the transferor, assignor, transferee or assignee, together with evidence showing ownership, in whole or in part, of such Affected Claim and that such transfer or assignment was valid at Law, has been received by the affected Applicants, the Disbursing Agent or the Servicer, as the case may be, at least ten Business Days prior to the Initial Distribution Record Date, any Interim Distribution Record Date or the Final Distribution Date.

(c) Interest on Affected Unsecured Claims

- (i) The amount of each Affected Unsecured Claim shall, for all purposes other than for voting and distribution purposes, include the interest accrued thereon, if any, as of the Implementation Date calculated in accordance with the contract or other arrangement giving rise to such Affected Unsecured Claim. The Face Amount of each Affected Unsecured Claim shall, for voting and distribution purposes, be valued as of the Date of Filing without regard to any interest accruing thereon thereafter and such interest accrual shall not in any way diminish or otherwise affect the operation and scope of the settlement or compromise of the Affected Claims nor the full and complete releases provided for in the CCAA Plan or the U.S. Plan in respect of capital, interest or otherwise.
- (ii) To the extent that any Proven Claim to which a distribution under the CCAA Plan relates is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable Law, be allocated to the principal amount of the Proven Claim first and then, to the extent that the consideration exceeds the principal amount of the Proven Claim, to the portion of such Proven Claim representing accrued

but unpaid interest (including interest in respect of any secured portion of such Proven Claim).

(d) Distributions by Disbursing Agent

The Disbursing Agent shall make all distributions required under the CCAA Plan subject to the provisions of Article 5 and Article 7 of the CCAA Plan. If the Disbursing Agent is an independent third party, then such Disbursing Agent shall receive, without further Court approval, reasonable compensation for distribution services rendered pursuant to the CCAA Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Applicants on terms acceptable to the Applicants. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Court.

(e) Disbursing Agent Shall Not Distribute Cash Below Cdn\$10

The Disbursing Agent shall not be required to, but may in its sole and absolute discretion, make Cash distributions to Holders of Proven Claims in an amount less than Cdn\$10. In addition, the Disbursing Agent shall not be required to, but may in its sole and absolute discretion, make any distribution on account of any Proven Claim in the event that the costs of making such payment exceed the amount of such distribution.

(f) Disbursing Agent Shall Not Distribute Fractional Shares

Only whole numbers of shares of New ABH Common Stock shall be distributed to Holders of Proven Claims. When any distribution on account of any Proven Claim would otherwise result in the distribution of a number of shares of New ABH Common Stock that is not a whole number, the actual distribution of such shares shall be rounded to the next higher or lower whole number of shares as follows: (i) fractions equal to or greater than $\frac{1}{2}$ shall be rounded to the next higher whole number; and (ii) fractions less than $\frac{1}{2}$ shall be rounded to the next lower number. No consideration shall be provided in lieu of fractional shares of New ABH Common Stock that are rounded down.

(g) Disbursing Agent Shall Not Distribute Fractional Cents

No payment of fractional cents will be made. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

(h) Delivery of Distributions

(i) Proven Claims.

Subject to Section 7.2 of the CCAA Plan, distributions to Holders of Proven Claims shall be made by the Disbursing Agent or the appropriate Servicer (i) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim is filed or if the Applicants or the Monitor has been notified in writing of a change of address); (ii) at the addresses set forth in any written notice of address change delivered to the Disbursing Agent after the date of any related Proof of Claim; (iii) in the case of a Holder of an Affected Claim whose Affected Claim is governed by an agreement and administered by a Servicer, at the addresses contained in the official records of such Servicer.

(ii) Undeliverable Distributions.

If any distribution to a Holder of a Proven Claim is returned as undeliverable, no further distributions to such Holder of such Claim shall be made unless and until the Disbursing Agent or the appropriate Servicer is notified of then-current address of such Holder, at which time all missed distributions shall be made to such Holder without interest.

Undeliverable distributions shall be returned to the Reorganized Debtors until such distributions are claimed. The Applicants shall make reasonable efforts to locate Holders of Proven Claims for which distributions were undeliverable. All claims for undeliverable distributions must be made on or before the date that is 90 days after the Initial Distribution Date, the applicable Interim Distribution Date or the Final Distribution Date as the case may be, after which date all unclaimed property shall revert to the Reorganized Debtors free of any restrictions or claims thereon and the Claim of any Holder or successor to such Holder with respect to such property shall be discharged and forever barred.

(i) Withholding Taxes

In connection with the CCAA Plan, all distributions made hereunder by the Disbursing Agent shall be made net of all applicable Taxes. Notwithstanding any other provision of the CCAA Plan, each Affected Unsecured Creditor with a Proven Claim that is to receive a distribution pursuant to the CCAA Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Governmental Entity (including income, withholding and other Tax obligations on account of such distribution), and no distribution shall be made to or on behalf of such Affected Unsecured Creditor pursuant to the CCAA Plan unless and until such Affected Unsecured Creditor has made arrangements satisfactory to the Disbursing Agent and the Applicants for the payment and satisfaction of such Tax obligations. The Disbursing Agent shall be authorized to take any and all actions as may be necessary or appropriate to comply with such withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Unsecured Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Entity.

(j) Multiple Affected Claims

Subject to Section 4.4 of the CCAA, for voting and distribution purposes, in respect of all Affected Creditors and their rights in respect of Affected Claims: (i) all guarantees of an Applicant of the payment or performance by another Applicant with respect to any Affected Claim will be recognized; (ii) each Affected Claim and all guarantees by an Applicant of such Affected Claim will be treated as multiple Affected Claims against the Applicants; and (iii) any joint obligation of any Applicant with another Applicant will be treated as two separate Affected Claims against the Applicants, provided that the aggregate recovery on account of any Proven Claim or Allowed Claim (as defined under the U.S. Plan) from all sources, including distributions under the CCAA Plan, the U.S. Plan or a combination of both, regardless of whether on account of a theory of primary or secondary liability, by reason of guarantee, surety indemnity, joint and several obligations or otherwise, shall not exceed 100% of the underlying indebtedness, liability or obligation giving rise to such Claim.

(k) No Double Recovery on Allowed Cross-border Claims

To the extent that any Claim is both a Proven Claim against a Cross-border Debtor under the CCAA Plan and an Allowed Claim (as defined in the U.S. Plan) against the same Cross-border Debtor under the U.S. Plan (each an "**Allowed Cross-border Claim**"), (i) there shall only be a single recovery on account of such Allowed Cross-border Claim under the CCAA Plan and the U.S. Plan, and (ii) the aggregate distribution which such Allowed Cross-border Claim shall receive, whether under the CCAA Plan or the U.S. Plan or a combination of both, shall not exceed the greatest distribution which such Allowed Cross-border Claim would be entitled to receive under the CCAA Plan or the U.S. Plan.

(l) Guarantees and Similar Covenants

No Person who has a Claim under any guarantee, surety, indemnity solidary or joint and several obligations or otherwise in respect of any Claim which is settled, compromised, released or otherwise dealt with under the CCAA Plan or who has any right in respect of, or to be subrogated to, the rights of any Person in respect of a Claim which is compromised under the CCAA Plan shall be entitled to any greater rights than the Affected Unsecured Creditor whose Claim is settled, compromised, released, or otherwise dealt with under the CCAA Plan.

(m) Payment of Servicer Fees

The Applicants shall reimburse any Indenture Trustees for reasonable and necessary services performed by it (including reasonable attorneys' fees and document out-of-pocket expenses) in connection with the making of distributions under this CCAA Plan to Holders of Proven Claims, without the need for approval by the Court. To the extent that there are any disputes that the Applicants are unable to resolve with the Indenture Trustees, Applicants shall report to the Court as to whether there are any unresolved disputes regarding the reasonableness of the Indenture Trustees' (and their attorneys') fees and expenses. Any such unresolved disputes may be submitted to the Court for resolution.

(n) Special Provisions Regarding Allowed Insured Claims

In the event an Insured Claim Creditor does not agree to relinquish and waive any right to any Claim, other than the Allowed Insured Claim, arising from an incident or occurrence alleged to have occurred prior to the Implementation Date and having given rise to such Allowed Insured Claim, the whole in accordance with "*The CCAA Plan – Compromise and Arrangement – Treatment of Affected Unsecured Creditors*", distributions under the CCAA Plan to such Insured Claim Creditor will be in accordance with the treatment provided under the CCAA Plan for the Affected Unsecured Creditor Class in which such Allowed Insured Claim is classified, but solely to the extent that such Allowed Insured Claim is not satisfied from proceeds payable to such Insured Claim Creditor thereof under any Insurance Contracts and applicable Law; provided, however, that (i) no distributions shall be made on account of any Allowed Insured Claim that is payable pursuant to an Insurance Contract until the Insured Claim Creditor has exhausted all remedies with respect to such Insurance Contract; and (ii) distributions to Insured Claim Creditor by any Insurer shall be in accordance with the provisions of the applicable Insurance Contract. To the extent that one or more of the Insurers agrees to satisfy an Allowed Insured Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, such Allowed Insured Claim will be expunged to the extent of any agreed upon amount.

Required Approvals

The conditions to implementation of the CCAA Plan include a number of approvals, orders and consents that must be obtained. Some of the material approvals are described below. If any of these approvals is not obtained, subject to the right of the Applicants to waive any condition, the CCAA Plan will not be implemented.

(a) Affected Unsecured Creditor Approval

The Applicants will seek approval of the CCAA Plan by the affirmative vote of the Required Majorities of the Affected Unsecured Creditors with Voting Claims in each Affected Unsecured Creditor Class, the whole subject to the No Vote Occurrence described in "*The CCAA Plan – Description of the CCAA Plan – No Vote Occurrence*". Any resolution, including the Resolution, to be voted on by each Affected Unsecured Creditor Class at the Creditors' Meeting to approve, amend, vary or supplement the CCAA Plan will be decided by the Required Majorities on a vote by ballot and any other matter submitted for a vote at the Creditors' Meeting shall be decided by a majority of votes cast on a vote by a show of hands, unless the Chair decides, in his sole and absolute discretion, to hold such vote by way of ballot, provided, however, that each vote of a 15.5% Senior Unsecured Notes Creditor by way of ballot or show of hands in respect of the ACCC Affected Unsecured Creditor Class shall be deemed to be a vote in respect of such 15.5% Senior Unsecured Notes Creditor's 15.5% Senior Unsecured Notes Claims comprised in each of the ACI Affected Unsecured Creditor Class, Saguenay Forest Products Affected Unsecured Creditor Class, ACNSI Affected Unsecured Creditor Class and 15.5% Guarantor Applicant Affected Unsecured Creditor Classes. The result of any vote will be binding on all Affected Unsecured Creditors in the relevant Affected Unsecured Creditor Class, whether or not any such Affected Unsecured Creditor is present and voting (in person or by proxy) at the Creditors' Meeting.

(b) No Shareholder Approval or Dissent Rights

Shareholder approval is not required for a reorganization under Section 191 of the CBCA. Section 191 also provides that a shareholder is not entitled to dissent rights in respect of reorganization thereunder.

(c) Court Approval

The CCAA Plan has been filed with the Court pursuant to the CCAA. The CCAA requires that the CCAA Plan be sanctioned by the Court following approval by the Affected Unsecured Creditors. The Sanction Hearing in respect of the Sanction Order, at which the Court's sanction of the CCAA Plan under the CCAA and Section 191 of the CBCA will be sought, is scheduled to take place at 10:00 a.m. on ●, 2010 subject to the approval of the Affected Unsecured Creditors being obtained. Interested persons should consult their legal advisors with respect to the legal rights available to them in relation to the CCAA Plan and the Sanction Hearing. In the event that the Sanction Hearing is adjourned, postponed or otherwise rescheduled, only those Persons listed on the Applicants' service list published on the Monitor's website at www.ey.com/ca/abitiibowater are required to be served with notice of the adjourned, postponed or rescheduled date.

The authority and discretion of the Court is very broad under the CCAA. Counsel for the Applicants has advised that they will ask the Court to consider, among other things, the fairness of the terms and conditions of the CCAA Plan. The Court may approve the CCAA Plan as proposed or as amended and subject to such terms and conditions, if any, as the Court thinks fit. If the Sanction Order is granted, any interested person may appeal the provisions of the Sanction Order, with leave of the Court or the Québec Court of Appeal, within 21 days of the date on which the Sanction Order is granted.

Conditions Precedent to Implementation of CCAA Plan

The implementation of the CCAA Plan by the Applicants is subject to the following conditions precedent which, except for the condition set out in (i) below and as otherwise would be in violation of applicable Laws, may be waived in writing as provided in Section 8.6 "*Waiver of Conditions*" of the CCAA Plan:

- (a) the approval of the CCAA Plan by the Required Majorities shall have been obtained;
- (b) the Sanction Order sanctioning the CCAA Plan, in form and substance satisfactory to the Applicants and the Monitor, shall have been made and entered and the operation and effect of the Sanction Order shall not have been stayed, reversed or amended, and shall among other things: **[NTD: Contents of Sanction Order to be confirmed.]**
 - (i) declare that: (i) the CCAA Plan has been approved by the Required Majorities of Affected Unsecured Creditors in conformity with the CCAA; (ii) the Applicants have complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the Court is satisfied that each Applicant has neither done nor purported to do anything that is not authorized by the CCAA; and (iv) the CCAA Plan and the transactions contemplated thereby are fair and reasonable, and in the best interests of the Applicants, the Affected Unsecured Creditors and the other stakeholders of the Applicants (having considered, among other things, the composition of the vote, what creditors would receive in liquidation or sale as compared to the CCAA Plan, alternatives to the CCAA Plan or liquidation or sale, whether any oppression exists or has occurred, the treatment of shareholders and the public interest);
 - (ii) order that the CCAA Plan (including the settlements, compromises, arrangements, reorganizations, corporate transactions and releases set out therein and the transactions, including the Restructuring Transactions and reorganization contemplated thereby) is sanctioned and approved pursuant to Section 6 of the CCAA and, as at the Implementation Date, will be effective and will enure to the benefit of and be binding upon the Applicants, the Affected Unsecured Creditors and all other Persons stipulated in the CCAA Plan or in the Sanction Order, if any;
 - (iii) declare that the Restructuring Transactions shall be effected, subject to Section 6.2 of the CCAA Plan, in the manner and the sequence as set forth in the Restructuring Transactions Notice;

- (iv) declare that all Proven Claims determined in accordance with the Claims Procedure Orders, the Cross-border Claims Protocol, the Cross-border Voting Protocol and the Creditors' Meeting Order are final and binding on the Applicants and all Affected Unsecured Creditors;
- (v) declare that, subject to the performance by the Applicants of its obligations under the CCAA Plan and in accordance with Section 8.1 of the CCAA Plan, all contracts, leases, agreements and other arrangements to which the Applicants are a party and that have not been terminated or repudiated pursuant to the Initial Order will be and remain in full force and effect, unamended, as at the Implementation Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:
 - any event that occurred on or prior to the Implementation Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Applicants);
 - the insolvency of the Applicants or any affiliate thereof or the fact that the Applicants or any affiliate thereof sought or obtained relief under the CCAA, the CBCA or the Bankruptcy Code;
 - any of the terms of the CCAA Plan, the U.S. Plan or any action contemplated therein, including the Restructuring Transactions Notice;
 - any settlements, compromises or arrangements effected pursuant to the CCAA Plan or the U.S. Plan or any action taken or transaction effected pursuant to the CCAA Plan or the U.S. Plan; or
 - any change in the control of the Applicants or any affiliate thereof arising from the implementation of the CCAA Plan (including the Restructuring Notice) or the U.S. Plan and declare that any consent required under any such contracts, leases, agreements or other arrangements in respect of any such change of control be deemed satisfied;
- (vi) declare that the Stay of Proceedings under the Initial Order continues until the Implementation Date;
- (vii) approve all conduct of the Chief Restructuring Officer and the Monitor in relation to the Applicants and the U.S. Debtors and bar all Claims against them arising from or relating to the services provided to the Applicants and the U.S. Debtors prior to the date of the Sanction Order, save and except any liability or obligation arising from a breach of its duties to act honestly, in good faith and with due diligence;
- (viii) confirm the releases contemplated by Subsections 6.4(a), 6.4(b) and 6.4(c) of the CCAA Plan;
- (ix) enjoin the commencement or prosecution, whether directly, derivatively or otherwise, or any demands, claims, actions, causes of action, counterclaims, suits, or any indebtedness, liability, obligation or cause of action released and discharged pursuant to the CCAA Plan;

- (x) order that the BI DIP Lenders Charge will be released and discharged as of the Implementation Date upon receipt of acknowledgements from each of the BI DIP Lenders and the BI DIP Agent of payment in full of all BI DIP Claims; and
- (xi) order that all CCAA Charges, other than the BI DIP Lenders Charge, will be released and discharged as of the Implementation Date or earlier upon receipt of acknowledgements of payment in respect of the Claims secured thereby or adequate alternate arrangements satisfactory to the parties in whose favour such charges operate;
- (c) any other Order deemed necessary or desirable by ABH from the Bankruptcy Court, including an Order approving the CCAA Plan in the Chapter 15 Proceedings, or any other jurisdiction shall have been obtained;
- (d) all applicable appeal periods in respect of the Sanction Order and any other Order made by the Bankruptcy Court pursuant to Subsection 8.5(c) shall have expired and any appeals therefrom shall have been finally disposed of by the applicable appellate tribunal;
- (e) the Exit Loan Facilities and all related agreements and other documents shall have become effective subject only to the implementation of the CCAA Plan;
- (f) the Backstop Agreement shall not have been terminated;
- (g) the following agreements, or any subsequent amendments, shall have been executed and ratified by all Unions, in a form and substance satisfactory to the Applicants:
 - (i) Memorandum of Agreement between ABH and the Communications, Energy and Paperworkers Union of Canada dated March 7, 2010; and
 - (ii) Memorandum of Agreement between ABH and the *Syndicats affiliés à la FTFP/CSN des usines de Clermont, Alma, Kénogami et Laurentide* dated March 13, 2010;
- (h) the following regulations shall have been adopted into in a form and substance satisfactory to the Applicants:
 - (i) a special funding relief regulation pursuant to the *Supplemental Pension Plans Act* (Québec) for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans; and
 - (ii) a special funding relief regulation pursuant to the *Pension Benefits Act* (Ontario) for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans;
- (i) all relevant Persons shall have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicants, acting reasonably, are necessary to implement the provisions of the CCAA Plan and/or the Sanction Order;
- (j) subject to Subsections 8.5(l) and 8.5(m) of the CCAA Plan, all applicable approvals, certificates, rulings, permits, consents, notices and orders of, and all applicable submissions and filings with any or all Governmental Entities and stock exchanges having jurisdiction for the completion of the transactions contemplated by the CCAA Plan (including the transactions contemplated in Section 8.5 of the CCAA Plan as conditions to the implementation of the CCAA Plan) shall have been obtained or made, as the case may be, by the Applicants, in each case to the extent deemed necessary or advisable by the Applicants in form and substance satisfactory to the Applicants;

- (k) the shares of New ABH Common Stock shall be generally freely tradable in Canada under applicable Canadian securities Laws, except for restrictions on resale or transfer imposed by the Canadian securities authorities or the TSX on "control distributions" (as such term is defined in National Instrument 45-102 - *Resale of Securities*) and provided that in respect of the first trade of such securities, such trade is effected with no unusual effort being made to prepare the market or to create a demand for the securities that are subject to the trade, no extraordinary commission or consideration paid to a person or company in respect of the trade and if the selling securityholder is an insider or officer of Reorganized ABH or any Reorganized Debtors, the selling securityholder has no reasonable grounds to believe that any of Reorganized ABH or the Reorganized Debtors is in default of Canadian securities Laws;
- (l) all applicable approvals or consents from Governmental Entities in relation to the issuance or the assignment of Timber Supply and Forest Management Agreements or tenure agreements, as the case may be, shall have been obtained by the Applicants or waived by such Governmental Entity on terms satisfactory to the Applicants; and
- (m) all conditions precedent to the implementation of the U.S. Plan but for the implementation of the CCAA Plan shall have been satisfied or waived.

CCAA Plan Releases

Releases by the Applicants

As at the Final Restructuring Transactions Time and subject to the provisions of Subsection 5.1(2) of the CCAA, each Applicant will be deemed to forever release, waive and discharge any and all demands, claims, actions, causes of action, counterclaims, suits, rights, obligations, debts, sums of money, accounts, covenants, damages, judgments, expenses, liabilities, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature (including interest thereon and costs, fees or other amounts in respect thereof) (collectively, the "**Obligations**") (other than the rights of the Applicants to enforce the CCAA Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered hereunder or pursuant hereto (including the Restructuring Transactions and the contracts, instruments, releases, indentures and other agreements or documents delivered under the Rights Offering or pursuant thereto) whether reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Applicants, the business and affairs of the U.S. Debtors, the subject matter of, or the transactions or events giving rise to any Claims, the CCAA Plan, the U.S. Plan, the Rights Offering, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases that could be asserted by or on behalf of the Applicants against: (i) present or former directors, officers and employees of the Applicants, including the Chief Restructuring Officer and any director, officer or employee of any Applicant sitting on a committee constituted in connection with the CCAA Proceedings at the request of such Applicant, in each case in their respective capacities as of the Implementation Date; (ii) the agents, legal counsel, financial advisors and other professionals of the Applicants, in each case in their respective capacities as of the Implementation Date; (iii) the Monitor, its legal counsel and its current officers, directors; (iv) the BI DIP Lenders and the BI DIP Agent, each in their capacities as such, and each of their respective counsel; (v) Citibank, N.A., Barclays Bank PLC and Barclays Capital Inc., in their respective capacities under the Securitization Facility; (vi) the Ad Hoc Unsecured Noteholders Committee; (vii) the Unsecured Creditors' Committee, (viii) the Indenture Trustees, and, where applicable, with respect to each of the above named parties, such party's present and former advisors, principals, employees, officers, directors, representatives, financial advisors, legal counsel, accountants, investment bankers, consultants, agents and other representatives or professionals.

Releases by Others

As at the Final Restructuring Transactions Time, (i) the Applicants, (ii) the subsidiaries of Reorganized ABH, (iii) the Monitor, (iv) the Chief Restructuring Officer, (v) the BI DIP Lenders and the BI DIP Agent, each in

their capacity as such, (vi) Citibank, N.A., Barclays Bank PLC and Barclays Capital Inc., in their respective capacities under the Securitization Facility, (vii) the Ad Hoc Unsecured Noteholders Committee, (viii) the Unsecured Creditors' Committee, (ix) the Indenture Trustees, and (x) in each case, their respective present and former advisors, principals, employees, officers, directors, representatives, financial advisors, legal counsel, accountants, investment bankers, consultants, agents and other representatives or professionals (collectively, the "**Released Parties**") will be released and discharged from any and all Obligations, whether reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise, that any Person (including the Holders, the Applicants and the U.S. Debtors, as applicable, and any Person who may claim contribution or indemnification against or from them) may be entitled to assert (including any and all Claims in respect of potential statutory liabilities of the Released Parties for which the Initial Order authorized the granting of a CCAA Charge or Claims for which Released Parties who are directors are by law liable in their capacity as directors for the payment of such Claims, but other than the rights of Persons to enforce the CCAA Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder or pursuant hereto (including the Restructuring Transactions and the contracts, instruments, releases, indentures and other agreements or documents delivered under the Rights Offering or pursuant thereto) based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Applicants, the business and affairs of the U.S. Debtors, the subject matter of, or the transactions or events giving rise to, any Claims, the CCAA Charges, the CCAA Plan, the U.S. Plan, the Rights Offering, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases, provided that nothing herein will release or discharge such Released Party if the Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct or to have been grossly negligent or, in the case of directors or officers, in respect of any claim referred to in Subsection 5.1(2) of the CCAA.

[Releases by Unionized Employees]

[As at the Final Restructuring Transactions Time, each and every one of the current and former Unionized Employees will be deemed to forever release, waive and discharge any and all Obligations (including any remedies to challenge transfers which may fall within the scope of any bulk sales, fraudulent conveyance or similar statute) against the Released Parties, whether reduced to judgement, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the Unions bargaining, negotiation, settling, granting of concessions or compromising grievances or Claims of any nature whatever with the Applicants in connection with, directly or indirectly, the CCAA Plan, the U.S. Plan, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases that could be asserted by or on behalf of the Unionized Employees, the Unions or any Persons acting on behalf of such Unionized Employees or Unions against the Released Parties.]

[Releases by the Bridgewater Entities]

[As at the Final Restructuring Transactions Time, each and every one of the Bridgewater Entities will be deemed to forever release, waive and discharge any and all Obligations (including any remedies to challenge transfers which may fall within the scope of any bulk sales, fraudulent conveyance or similar statute) against the Released Parties, whether reduced to judgement, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise, that the Bridgewater Entities may be entitled to assert (including any and all Claims in respect of potential statutory liabilities of the Released Parties for which the Initial Order authorized the granting of a CCAA Charge or Claims for which Released Parties who are directors are by law liable in their capacity as directors for the payment of such Claims, but other than the rights of the Bridgewater Entities to enforce the CCAA Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder or pursuant hereto) based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection

with the business and affairs of the Applicants, the business and affairs of the U.S. Debtors, the subject matter of, or the transactions or events giving rise to, any Claims, the CCAA Charges, the CCAA Plan, the U.S. Plan, the CCAA Proceedings, the Chapter 15 Proceedings and the Chapter 11 Cases, provided that nothing herein will release or discharge such Released Party if the Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct or to have been grossly negligent or, in the case of directors or officers, in respect of any claim referred to in Subsection 5.1(2) of the CCAA.]

[Releases by the 15.5% Senior Unsecured Notes Indenture Trustee]

[As at the Final Restructuring Transactions Time, [the 15.5% Senior Unsecured Notes Indenture Trustee on behalf of each of the 15.5% Senior Unsecured Notes Creditors] will be deemed to forever release, waive and discharge any and all Obligations (including any remedies to challenge transfers which may fall within the scope of any bulk sales, fraudulent conveyance or similar statute) against the Bridgewater Entities, whether reduced to judgement, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise, that the 15.5% Senior Unsecured Notes Creditors may be entitled to assert (other than the rights of the 15.5% Senior Unsecured Notes Indenture Trustee and the 15.5% Senior Unsecured Notes Creditors to enforce the CCAA Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered hereunder or pursuant hereto) based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Final Restructuring Transactions Time in any way relating to, arising out of or in connection with the business and affairs of the Bridgewater Entities, the subject matter of, or the transactions or events giving rise to, any Claims of any nature whatsoever with the 15.5% Senior Unsecured Notes Creditors that could be asserted by on behalf of the 15.5% Senior Unsecured Notes Creditors against the Bridgewater Entities, provided that nothing herein will release or discharge such Bridgewater Entities if the Bridgewater Entities are judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct or to have been grossly negligent.]

Injunction Related to Releases

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the CCAA Plan.

Waiver of Defaults

From and after the Final Restructuring Transactions Time, except in cases where the CCAA Plan requires that the Holders of the applicable Claims (including Proven Secured Claims) be paid in full on the Implementation Date on conditions that such Claims are repaid in full on the Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Applicants (except for defaults under the securities, contracts, instruments, releases and other documents delivered under the CCAA Plan or entered into in connection herewith or pursuant hereto) then existing or previously committed by the Applicants or caused by the Applicants, directly or indirectly, or non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Applicants arising from the filing by the Applicants under the CCAA or the transactions contemplated by the CCAA Plan, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

Cancellation, Assignment, Transfer or Other Alienation of Canadian Unsecured Notes, Canadian Secured Notes, ACCC Term Loan Documents, BCFPI Secured Bank Documents and Agreements

As at the Final Restructuring Transactions Time, except as otherwise specifically provided for in the CCAA Plan or the U.S. Plan, or as contemplated to be effected as part of the Restructuring Transactions and, in cases where the CCAA Plan requires that the Holders of the applicable Claims (including Proven Secured Claims)

be paid in full on the Implementation Date on the condition that such Claims are paid in full on the Implementation Date: (a) the Canadian Unsecured Notes, the Canadian Secured Notes, the ACCC Term Loan Documents, the BCFPI Secured Bank Documents and any other note, bond, debenture, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of the Applicants, shall be cancelled, assigned, transferred or otherwise alienated, as the case may be, in accordance with the Restructuring Transactions, (b) the obligations of, and Affected Claims and Secured Claims against, the Applicants under, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the Canadian Unsecured Notes, the Canadian Secured Notes, the ACCC Term Loan Documents, the BCFPI Secured Bank Documents and any other note, bond, debenture, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of the Applicants, as the case may be, shall be released and discharged as between a Holder of an Affected Claim and Secured Claims and the Applicants, (c) any agreement (including the Canadian Unsecured Notes Indentures) that governs the rights of a Holder of a Claim and that is administered by a Servicer shall continue in effect solely for purposes of (i) allowing such Servicer to make the distributions on account of such Affected Claims under the CCAA Plan and (ii) permitting such Servicer to maintain any rights or Liens it may have for fees, costs, expenses, indemnities or other amounts under such indenture or other agreement, (d) the immediately preceding provision shall not affect the discharge of Claims against the Applicants under the CCAA Plan or the U.S. Plan, or result in any expense or liability to the Applicants, (e) the Applicants shall not have any obligations to any Servicer (or to any Disbursing Agent replacing such Servicer, other than the Monitor) for any fees, costs, or expenses incurred on and after the Final Restructuring Transactions Time except as expressly provided in Section 7.13 of the CCAA Plan, and (f) nothing herein shall preclude any Servicer (or any Disbursing Agent replacing such Servicer) from being paid or reimbursed for fees, costs, and expenses from the distributions being made by such Servicer (or any Disbursing Agent replacing such Servicer) pursuant to such agreement in accordance with the provisions set forth therein, all without application to or approval by the Court.

Cancellation of Liens

Except as otherwise provided in the CCAA Plan and except in cases where the CCAA Plan requires that Holders of the applicable Proven Secured Claims be paid in full on the Implementation Date, on condition that such Proven Secured Claims are paid in full on the Implementation Date, as at the Final Restructuring Transactions Time, in consideration for the distributions to be made on the Implementation Date pursuant to the CCAA Plan, all Liens, and rights related to any Claim, including those existing under the Canadian Secured Notes, the ACCC Term Loan Documents and the BCFPI Secured Bank Documents, the Securitization Facility, the BI DIP Facility Documents and the ULC DIP Facility shall be terminated, null and void and of no effect.

Treatment of Executory Contracts and Unexpired Leases

Except as otherwise provided in the CCAA Plan, as of the Final Restructuring Transactions Time, each Applicant shall be deemed to have ratified each executory contract and unexpired lease to which it is a party (other than in respect of Claims arising from such contract or lease which will be Affected Claims and, therefore, settled, compromised, released or otherwise dealt with pursuant to the CCAA Plan), unless such contract or lease: (i) was previously repudiated or terminated by the Applicants; (ii) previously expired or terminated pursuant to its own terms; or (iii) was amended as evidenced by a written agreement with the Applicants, and in such case the amended contract or lease shall be deemed ratified.

Confirmation of CCAA Plan

Provided that the CCAA Plan is approved by the Required Majorities:

- (a) the Applicants shall seek the Sanction Order for the approval of the CCAA Plan; and
- (b) subject to the Sanction Order being made in form and substance acceptable to the Applicants and the satisfaction of the conditions to the implementation of the CCAA Plan set forth in Section 8.5 of the CCAA Plan, the CCAA Plan shall be implemented by the Applicants and shall be binding upon each of the Applicants and all Persons referred to in Section 2.1 of the CCAA Plan.

Paramountcy

From and after the Implementation Date, any conflict between the CCAA Plan and/or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, and/or indenture, trust indenture, loan agreement, commitment letter, agreement for sale, the by-laws of the Applicants, lease or other agreement or undertaking, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Unsecured Creditors and the Applicants as at the Implementation Date will be deemed to be governed by the terms, conditions and provisions of the CCAA Plan and the Sanction Order, which shall take precedence and priority. All Affected Unsecured Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by the CCAA Plan.

Modifications to the CCAA Plan

The Applicants, in consultation with the Monitor, reserve the right to file any modification of, or amendment or supplement to, the CCAA Plan by way of a supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) prior to the Creditors' Meeting Date or at or before the Creditors' Meeting, in which case any such supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof), shall, for all purposes, be and be deemed to form part of and be incorporated into the CCAA Plan. The Applicants shall file any supplementary plans with the Court as soon as practicable. The Applicants shall give notice to Affected Unsecured Creditors of the details of any such modification, amendment or supplement at the Creditors' Meeting prior to the vote being taken to approve the CCAA Plan. The Applicants may give notice of a proposed modification, amendment or supplement to the CCAA Plan at or before the Creditors' Meeting by notice which shall be sufficient if given to those Creditors present at such meeting in person or by proxy. After the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Applicants, in consultation with the Monitor, may at any time and from time to time vary, amend, modify or supplement the CCAA Plan without the need for obtaining an Order or providing notice to the Affected Unsecured Creditors if the Monitor determines that such variation, amendment, modification or supplement is of an administrative nature and is not materially prejudicial to the interests of the Affected Unsecured Creditors under the CCAA Plan or the Sanction Order and is necessary in order to give effect to the substance of the CCAA Plan or the Sanction Order.

Failure to Implement the CCAA Plan

The Applicants are insolvent and unable to meet their debt and other obligations as they become due. If the CCAA Plan is not approved by the Required Majorities, subject to the terms of the current Stay of Proceedings under the CCAA, creditors of the Applicants would have the right to take steps to exercise their respective rights and remedies against the assets and property of the Applicants.

G. ARRANGEMENT WITH UNIONS

A significant number of ABH's Collective Bargaining Agreements with respect to its paper operations in Eastern Canada expired at the end of April 2009, as have those for the Calhoun, Tennessee and the Catawba, South Carolina facilities. ABH recently reached an agreement in principle with representatives of both the CEP and the CSN, subject to the resolution of multi-party pension deficit discussions that are continuing between the CCAA filers and various governments and unions in Canada, as further described below. The members of the CEP and the CSN have ratified that agreement (except for one local that has yet to hold its vote). On April 29, 2010, a coalition of U.S. labor unions led by the United Steelworkers International ratified a new master bargaining agreement covering mills in Calhoun, Catawba, Coosa Pines and Augusta. The individual mill Collective Bargaining

Agreements adopted in connection therewith will extend through April 27, 2014 in the case of Calhoun and Catawba and April 27, 2015 in the case of Coosa Pines and Augusta.

H. PENSION PLAN ARRANGEMENTS

It is a condition precedent to the Implementation of the CCAA Plan that the following regulations be adopted in a form and substance satisfactory to the Applicants: (i) a special funding relief regulation pursuant to the *Supplemental Pension Plans Act (Québec)* for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans; and (ii) a special funding relief regulation pursuant to the *Pension Benefits Act (Ontario)* for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans.

I. SUMMARY OF U.S. PLAN

For a summary of the U.S. Plan, please refer to the Disclosure Statement which was sent to [Creditors] of the U.S. Debtors and is available on the Monitor's website at www.ey.com/ca/abitibibowater.

VI. EXIT LOAN FACILITIES

It is a condition precedent to the CCAA Plan becoming effective that the Exit Loan Facilities be established, being the ABL Exit Financing Facility and the Term Loan Exit Financing Facility.

The Reorganized Debtors will enter into definitive documentation, in a form and in substance satisfactory to the Applicants and reasonably acceptable to the Unsecured Noteholders' Committee, with respect to the Exit Loan Facilities in an aggregate amount up to \$2.3 billion, less cash on hand and proceeds from the Rights Offering, and the Applicants will borrow funds under the Exit Loan Facilities in amounts which, together with such other Cash as is then available to the Applicants, will be sufficient to make all Cash distributions to be made under the CCAA Plan and the U.S Plan.

[NTD: To be prepared once terms of the Exit Loan Facilities have been agreed to:]

ABL Exit Financing Facility

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Term Loan Exit Financing Facility

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VII. RIGHTS OFFERING

The Plans provide that the Company may conduct a Rights Offering in an amount of not more than US\$500 million, the proceeds of which will be used to fund distributions under the Plans and ongoing business operations after emergence. As presently contemplated, pursuant to the Rights Offering, Eligible Holders will receive a Subscription Right, in proportion to the estimated amount of all New ABH Common Stock to be issued under the U.S. Plan and the CCAA Plan on account of unsecured claims, entitling such creditor to purchase its Pro Rata share of up to US\$500 million of convertible unsecured subordinated notes (the "**Rights Offering Notes**") issued by Reorganized ABH, at a purchase price of \$1 per Note. The number of Rights Offering Notes for which an Eligible Holder can subscribe depends on that Eligible Holder's proportionate ownership of unsecured Claims.

The key terms of the Rights Offering, including the terms of the Rights Offering Notes and the procedures through which an Eligible Holder (a "**Rights Offering Participant**") participates in the Rights Offering, are set forth in the Backstop Agreement that the Company has entered into with a group of their unsecured noteholders (the "**Backstop Investors**"), as summarized below.

Withdrawal or Reduction of Rights Offering

The Company may choose, in its sole discretion, to reduce the total amount of the Rights Offering, or cancel it entirely, at any time until the Implementation Date.

The number of Rights Offering Notes for which any Rights Offering Participant may subscribe in the Rights Offering is subject to adjustment under certain circumstances, depending on, among other things, the Company's claims resolution process and requirements that must be satisfied for the Rights Offering to be exempt from the U.S. Securities Act pursuant to Section 1145 of the Bankruptcy Code.

Subscription Period

The Subscription Period shall begin when the Solicitation Agent distributes subscription forms ("**Subscription Forms**") by mail to each Rights Offering Participant, together with appropriate instructions for the proper completion, due execution, and timely delivery of the Subscription Form and the payment of the purchase price. The Subscription Period shall expire at 4:00 p.m. (New York City time) on the ●, 2010, or such later date as the Company may specify (the "**Subscription Deadline**").

Subscription Procedures

To exercise Subscription Rights, each Rights Offering Participant must (i) return a duly completed Subscription Form to the Subscription Agent so that such form is received by the Subscription Agent on or prior to the Subscription Deadline; and (ii) pay in cash, by wire transfer in immediately available funds in valid US currency, an amount equal to the full purchase price for the number of Rights Offering Notes elected to be purchased by such Rights Offering Participant, or, in the case of securities held through a bank or brokerage firm, send the Subscription Form to the bank or brokerage firm (or follow such firm's directions with respect to submitting subscription instructions to the firm) with sufficient time for the bank or brokerage firm to effect the subscription through DTC on or prior to 5:00 p.m. (prevailing Eastern time) on the Subscription Deadline.

If either (i) the duly completed Subscription Form, or (ii) the wire transfer for the full amount of the purchase price for the Subscription Rights that a Rights Offering Participant chooses to exercise is not received by the Solicitation Agent on or prior to the Subscription Deadline, then the Rights Offering Participant is deemed to have forever and irrevocably relinquished and waived its right to participate in the Rights Offering.

The Company shall hold the payments they receive for the exercise of Right in a separate escrow account pending the issuance of the Rights Offering Notes on the Implementation Date. In the event that payments must, for any reason, be returned to the Rights Offering Participant, such payments shall be returned, without accrual or payment of any interest thereon, to the applicable Rights Offering Participant, without reduction, offset or counter-claim.

No Transfer; Detachment Restrictions; No Revocation

The Subscription Rights are not transferable or detachable from the underlying Claim on account of which the Rights Offering Participant is receiving the Right. Any such transfer, assignment, sale, or conveyance, hypothecation, license, lease, partition, pledge or grant of a security interest in the Subscription Rights or detachment, or attempted transfer or detachment, will be null and void and the Company will not treat any purported transferee of the Subscription Rights separate from the associated Claims as the holder of any Subscription Rights. Once a Rights Offering Participant has exercised any of its Subscription Rights by properly executing and delivering a Subscription Form to the Company or other Person specified in the Subscription Form, such exercise may only be revoked, rescinded or annulled in the sole discretion of the Company.

Undersubscription; Backstop Agreement

To guarantee that the Subscription Rights Offering raises the funds the Company requires, the Company has entered into the Backstop Agreement, pursuant to which the Backstop Investors have agreed to purchase, on the Implementation Date, any Rights Offering Notes that remain unsubscribed for by the Rights Offering Participants. In

exchange for this commitment, the Company has agreed to pay the Backstop Investors an amount equal to the greater of US\$15 million and 6% of the total amount of the Rights Offering on the Implementation Date of the Plans (the "**Backstop Commitment Payment**"). The Backstop Investors may elect to receive the full amount of the Backstop Commitment Payment in New ABH Common Stock. The Company also has agreed to reimburse certain expenses of the Backstop Investors incurred in connection with the transaction.

Under the terms of the Backstop Agreement, the consent of the Backstop Investors is required with respect to certain events, including, without limitation, certain changes to the Plans. The obligations of the Backstop Investors are subject to the satisfaction or waiver of specified closing conditions, including, without limitation, entry of the [**Sanction Order**] in form and substance reasonably satisfactory to the Backstop Investors, the satisfaction or waiver of the conditions to effectiveness of the Plans and the consummation of the Exit Financing Facilities.

The Backstop Agreement is terminable if the Rights Offering is not consummated by an outside date of October 15, 2010 (or such later date as set forth in the Backstop Agreement) and upon certain other events. If the Backstop Agreement terminates, then, upon certain termination events, the Backstop Investors will be entitled to receive a termination payment, the amount of which depends on the timing of the termination, but which is, in any event, no more than the commitment payment.

Distribution of Rights Offering Notes

On, or as soon as reasonably practicable after, the Implementation Date, Reorganized ABH or other applicable Disbursing Agent shall distribute the Rights Offering Notes purchased by each Rights Offering Participant.

VIII. REORGANIZED ABH

Reorganized ABH

As part of the implementation of the CCAA Plan, Reorganized ABH will be organized under the laws of Canada or the United States and will emerge as the parent holding company under which the reorganized Applicants will be held directly or indirectly. Reorganized ABH will also be the parent holding company under which the reorganized U.S. Debtors will be held directly or indirectly.

Corporate Governance

As of the Implementation Date, the directors and officers of each Applicant that is not a Reorganized Debtor will cease to hold offices.

A search committee (the "**Search Committee**"), consisting of three members of the Unsecured Creditors' Committee, three members of the Ad Hoc Unsecured Noteholders Committee, and one representative of the Company shall be formed to select the Board of Reorganized ABH. Among other things, the Search Committee shall be responsible for selecting the Board, determining the number of directors (including the number of independent directors, if any) comprising the Board, and defining the terms and other qualifications for such directors.

Management and Director Compensation and Incentive Plans and Programs

On or as soon as practicable after the Implementation Date, the Reorganized Debtors will adopt and implement a management stock incentive program, and such other management and director compensation and incentive programs as reasonably determined by the Applicants and Reorganized Debtors, as set forth in Plan Supplement [6] under the U.S. Plan; provided, however, that the Applicants and Reorganized Debtors shall reserve 8.5% on a fully diluted basis of the shares of New ABH Common Stock for issuance pursuant to such management and director compensation and incentive programs. As of the Implementation Date, all existing director and management compensation plans and programs set forth in Plan Supplement [6A] under the U.S. Plan shall remain in effect and the plans and programs set forth in Plan Supplement [6B] under the U.S. Plan shall be terminated.

Employee Compensation and Benefit Programs

As of the Implementation Date, all of the Applicants' existing retirement income plans, welfare benefit plans, severance policies and other employee-related plans and programs set forth in Plan Supplement [7A] under the U.S. Plan, shall remain in effect, as amended, and the plans and programs set forth in Plan Supplement [7B] under the U.S. Plan shall be terminated. After the Implementation Date, the Reorganized Debtors shall have the sole authority to terminate, amend or implement retirement income plans, welfare benefit plans and other plans and programs for employees in accordance with the terms of such plans and applicable Law.

Litigation Committee

A litigation committee comprised of ●, ● and ● will be established (the "**Litigation Committee**"). The members of the Litigation Committee shall supervise and provide direction/instructions to the management in connection with all matters involving the NAFTA Proceedings on behalf of the Company in accordance with the principles set out in the NAFTA Proceedings Agreements.

IX. RISK FACTORS

IN ADDITION TO THE OTHER INFORMATION INCLUDED IN THIS CIRCULAR, AFFECTED UNSECURED CREDITORS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE CCAA PLAN AND PRIOR TO DETERMINING WHETHER TO SUBSCRIBE FOR NEW RIGHTS OFFERING NOTES AS PART OF THE RIGHTS OFFERING. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS THE ONLY RISKS ASSOCIATED WITH THE COMPANY, REORGANIZED ABH, ABH, THE APPLICANTS, THE CCAA PLAN OR ITS IMPLEMENTATION OR THE RIGHTS OFFERING IN CONNECTION THEREWITH.

Risks Relating to the CCAA Plan and its Implementation

Consummation of the CCAA Plan is subject to creditor acceptance and court approval.

The Applicants have operated their business and managed their assets under the supervision of the Court since the beginning of the CCAA Proceedings. Before it can be consummated, the CCAA Plan must have been approved by the Required Majorities and sanctioned, after notice and a hearing on any objection, by the Court in form and substance satisfactory to the Applicants. The consummation of the CCAA Plan is also subject to the Bankruptcy Court's confirmation of the U.S. Plan, which that court will grant, after notice and a hearing, only if all the statutory requirements for confirmation have been met, including the acceptance by the required vote of affected creditors. For more information on the plan voting, sanctioning and confirmation, see "*Creditors' Meeting and Voting Instructions*" and "*The CCAA Plan*".

There can be no assurance that the CCAA Plan will be approved by the required majority of affected creditors, and that even if approved, the Court will sanction the CCAA Plan. Furthermore, the U.S. Plan is subject to a similar process in the Chapter 11 Proceedings and there can no assurance that the affected creditors will approve the U.S. Plan and that, even if so approved, the Bankruptcy Court will confirm the U.S. Plan. The failure of any of these conditions will delay the consummation of the CCAA Plan.

The Implementation of the CCAA Plan is subject to a number of other significant conditions.

Although the Company believes that the Implementation Date may occur as soon as ● (●) Business Days after the Sanction Order, there can be no assurance as to such timing. The occurrence of the Implementation Date is subject to certain conditions precedent as described in the CCAA Plan, including, among others, the effectiveness of the Exit Loan Facilities, the Backstop Agreement not having been terminated, the receipt or filing of all applicable approvals or applications with applicable Government Entities, certain agreements with unions having been executed and ratified and regulations for funding relief in respect of certain of the Company's pension plans in

Ontario and Québec shall have been adopted to the satisfaction of the Applicants. Failure to meet any of these conditions could result in the CCAA Plan not being consummated or the Sanction Order being vacated.

If the CCAA Plan is not consummated, any settlement or compromise embodied in the CCAA Plan (including the fixing or limiting to an amount certain any Claim), the assumption or rejection of executory contracts or leases effected by the CCAA Plan, and any document or agreement executed pursuant to the CCAA Plan, shall be null and void.

If any of the conditions to consummation are not satisfied or an alternative plan is not approved, the Applicants may be forced to liquidate.

If any of the conditions above, including Court sanction, Bankruptcy Court confirmation and the satisfaction of the implementation conditions, are not satisfied and the CCAA Plan is not consummated, or an alternative plan is not approved, there can be no assurance that the CCAA Proceedings and the Chapter 11 Cases will continue, or that an alternative plan of reorganization, if any, would be on comparable terms for the Affected Unsecured Creditors. The most likely alternative to a continuation of the CCAA Proceedings and the Chapter 11 Cases, which itself could be protracted, is liquidation. For more information on the potential risks involved in a protracted reorganization, please see "*Undue delay in confirmation may significantly disrupt the operations of the Company*," below. In the event of the Applicants' liquidation, there is a substantial risk that there would be very little recovery for the Affected Unsecured Creditors. For additional information, see Appendix F – "*Liquidation Analysis*" attached to this Circular for a hypothetical liquidation analysis of the Applicants.

The actual Proven Claims may differ from the estimated Affected Claims and adversely affect the percentage recovery of Affected Claims.

The estimated Claims set forth in the Circular are based on various assumptions, and the actual allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual allowed amounts of Claims may vary from the estimated Claims contained in the Circular. Such differences may materially and adversely affect, among other things: the percentage recoveries to holders of Proven Claims under the CCAA Plan; the Applicants' ability to consummate the CCAA Plan; the Company's ability to realize the Financial Projections; and the Company's need to raise additional debt or equity financing.

Undue delay in confirmation may significantly disrupt the operations of the Company.

Although the CCAA Plan and the U.S. Plan are designated to minimize the length of these proceedings, it is not possible to predict the amount of time the Company may spend in the CCAA Proceedings or to provide any assurance as to whether or not the Plans will be confirmed, as further described above. The continuation of the CCAA Proceedings or the Chapter 11 Cases, particularly if the CCAA Plan or the U.S. Plan are not approved or confirmed in the time frame currently contemplated, could materially and adversely affect the Company's operations and relationships with its customers, vendors, service providers, employees, regulators and partners. Also, transactions outside the ordinary course of business are subject to the prior approval of the Court and/or the Bankruptcy Court, which may limit the Company's ability to respond timely to certain events or take advantage of certain opportunities. In addition, if confirmation and consummation of the CCAA Plan do not occur expeditiously, the CCAA Proceedings could result in, among other things, increased costs, professional fees, and similar expenses. Prolonged CCAA Proceedings may also make it more difficult to retain and attract management and other key personnel, and would require senior management to spend a significant amount of time and effort dealing with the Company's financial reorganization instead of focusing on the operation of the Company's businesses.

The Company may not achieve the financial performance projected in the CCAA Plan.

The Financial Projections attached as Appendix G to this Circular are the projection of future performance of the Company operations on a consolidated basis through fiscal year 2014, after giving effect to the CCAA Plan and do not purport to represent what the Company's actual financial position will be upon emergence from the CCAA Proceedings or represent what the fair value of the Company's assets and liabilities will be at the

Implementation Date. These Financial Projections are based on numerous estimates of values and assumptions including the timing, confirmation and consummation of the CCAA Plan in accordance with its terms, the anticipated future performance of the Company, industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Company and some or all of which may not materialize. These estimates and assumptions are based on management judgment based on facts available and determinations made at the time the Financial Projections were prepared, and may turn out to have been incorrect over time, which could have a material effect on the Company's ability to meet the Financial Projections. It is also not possible to predict with certainty that the actions taken in connection with the restructuring based on the estimates and assumptions will result in an improved financial and operating condition that ensures the long-term viability of the enterprise.

In addition, unanticipated events and circumstances occurring subsequent to the date hereto may affect the actual financial results of the Company's operations and its ability to realize the Financial Projections. Among other things, see "*Risk Factors – Risks Relating to the Company's Financial Condition*" and "*Risks Related to the Company's Business*".

Except as otherwise specifically and expressly stated herein, this Circular does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Circular. The Applicants do not intend to update the Financial Projections; thus, the Financial Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

Certain liabilities will not be fully extinguished as a result of the sanction of the CCAA Plan by the Court.

While a significant amount of the Applicants' current liabilities will be discharged upon exit from the CCAA Proceedings, a number of obligations may remain in effect following implementation of the CCAA Plan. Various agreements and liabilities will remain in place, such as certain employee benefit and pension obligations, potential environmental liabilities related to sites in operation or formerly operated by the Company and other contracts that, even if modified during the CCAA Proceedings, will still subject the Applicants to substantial obligations and liabilities.

Risks Relating to the Company's Financial Condition

The Company will require significant financing in order to emerge from creditor protection and thereafter.

The establishment of the Exit Loan Facilities, including the ABL Exit Financing Facility and the Term Loan Exit Financing Facility and the Rights Offering, is a condition to consummation of the CCAA Plan. There can be no assurance at this time that this financing will be available, or that it will be available but on terms that are not favorable to the Company, in which case the Company's emergence from creditor protection could be delayed indefinitely or the Company may be forced to accept unfavorable terms that could affect its ability to succeed in the future. As described above under "*Undue delay in confirmation may significantly disrupt the operations of the Company.*", such a delay could have important consequences for the extent of the recovery, if any, available for Affected Creditors and the Company's ability to meet the Financial Projections.

The Company cannot provide any assurance that it will be able to obtain financing in the future if and when required, or that it will be able to obtain financing on favorable terms. The Company's profitability and ability to generate cash flow will likely depend upon its ability to successfully implement its business strategy and meet or exceed the results forecasted in the Financial Projections, but the Company cannot ensure that it will be able to accomplish these results if it does not have the appropriate financing to do so.

The Company expects that its future sources of financing, including the Exit Loan Facilities, will include covenants and other provisions that will restrict the Company's ability to engage in certain financing transactions and operating activities.

The Company's degree of leverage may limit its financial and operating activities.

The Company's substantial indebtedness could adversely affect its financial health and limit its operations. Its historical capital requirements have been considerable and its future capital requirements could vary significantly and may be affected by general economic conditions, industry trends, performance, and many other factors that are not within its control. The Company's substantial level of indebtedness has, in the past, had important consequences, including: limiting its ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of its growth strategy, or other purposes; limiting its ability to use operating cash flow in other areas of its business because they must dedicate a substantial portion of these funds to service the debt; increasing its vulnerability to general adverse economic and industry conditions; limiting its ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation; limiting its ability or increasing the costs to refinance indebtedness; and limiting its ability to enter into marketing, hedging, optimization, and trading transactions by reducing the number of counterparties with whom they can transact as well as the volume of those transactions. These consequences, and others, could similarly impact the Company's business and operations after the Implementation Date.

The Company's financial results may be volatile and may not reflect historical trends.

Following the Company's emergence from the CCAA Proceedings and the Chapter 11 Cases, it expects that its financial results may continue to be volatile as asset impairments, asset dispositions and restructuring activities (including mill and paper machines closures and idlings), as well as continuing global economic uncertainty, may significantly impact the Financial Projections. As a result, the Company's historical financial performance is likely not indicative of its financial performance post-consummation. In addition, upon emergence from the CCAA Proceedings and the Chapter 11 Cases, the amounts reported in the Company's subsequent financial statements may materially change relative to its historical financial statements, including as a result of revisions to its operating plans pursuant to the CCAA Plan and the U.S. Plan.

The Company will be required to adopt fresh start accounting.

As part of the Company's emergence from the CCAA Proceedings and the Chapter 11 Cases, it will be required to adopt fresh start accounting. Accordingly, the Company's assets and liabilities will be recorded at fair value as of the fresh start reporting date. The fair value of the Company's assets and liabilities may differ materially from the recorded values of assets and liabilities in the Financial Projections. The Company's financial results after the application of fresh start accounting may also be different from historical trends.

Risks Related to the Company's Business

Developments in alternative media could continue to adversely affect the demand for the Company's products, especially in North America, and the Company's responses to these developments may not be successful.

Trends in advertising, electronic data transmission and storage and the Internet could have further adverse effects on traditional print media, including the company's products and those of its customers, but neither the timing nor the extent of those trends can be predicted with certainty. The Company's newspaper, magazine and catalog publishing customers may increasingly use, and compete with businesses that use, other forms of media and advertising and electronic data transmission and storage, including television and the Internet, instead of newsprint, coated papers, uncoated specialty papers or other products made by it. The demand for certain of the Company's products weakened significantly over the last several years. For example, industry statistics indicate that North American newsprint demand has been in decline for several years and has experienced annual declines of 5.6% in 2005, 6.1% in 2006, 10.3% in 2007, 11.2% in 2008 and 25.3% in 2009. Third-party forecasters indicate that these declines in newsprint demand could continue in 2010 or beyond due to conservation measures taken by publishers, reduced North American newspaper circulation, less space devoted to advertising and substitution to other uncoated mechanical grades.

One of the Company's responses to the declining demand for its products has been to curtail its production capacity. It may become necessary to curtail even more production or permanently shut down even more machines

or facilities. Such further curtailments and shutdowns would become increasingly likely as North American newsprint demand continues to decline or if market conditions otherwise worsen. Curtailments or shutdowns could result in goodwill or asset impairments and additional costs at the affected facilities, and could negatively impact the Company's cash flows and materially affect its results of operations and financial condition.

Bankruptcy of a significant customer could have a material adverse effect on the Company's liquidity, financial position and results of operations.

Trends discussed in the immediately preceding risk factor continue to impact the operations of the Company's newsprint customers. If a customer is forced into bankruptcy as a result of these trends, any receivables related to that customer prior to the date of filing of such customer may not be realized. In addition, such a customer may choose to reject its contracts with the Company, which could result in a larger claim arising prior to the date of filing of such customer.

Currency fluctuations may adversely affect the Company's results of operations and financial condition, and changes in foreign currency exchange rates can affect the Company's competitive position, selling prices and manufacturing costs.

The Company competes with North American, European and Asian producers in most of its product lines. The Company's products are sold and denominated in U.S. dollars, Canadian dollars and selected foreign currencies. A substantial portion of the Company's manufacturing costs are denominated in Canadian dollars. In addition to the impact of product supply and demand, changes in the relative strength or weakness of such currencies, and particularly the U.S. dollar, may also affect international trade flows of these products. A stronger U.S. dollar may attract imports into North America from foreign producers, increase supply and have a downward effect on prices, while a weaker U.S. dollar may encourage U.S. exports and increase manufacturing costs that are in Canadian dollars or other foreign currencies. Variations in the exchange rates between the U.S. dollar and other currencies, particularly the Euro and the currencies of Canada, Sweden and certain Asian countries, will significantly affect the Company's competitive position compared to many of its competitors.

The Company is particularly sensitive to changes in the value of the Canadian dollar versus the U.S. dollar. The impact of these changes depends primarily on the Company's production and sales volume, the proportion of its production and sales that occur in Canada, the proportion of its financial assets and liabilities denominated in Canadian dollars, its hedging levels and the magnitude, direction and duration of changes in the exchange rate. The Company expects exchange rate fluctuations to continue to impact costs and revenues; however, it cannot predict the magnitude or direction of this effect for any quarter, and there can be no assurance of any future effects. During the last two years, the relative value of the Canadian dollar ranged from US\$1.02 in March 2008 to US\$0.77 in October 2008 and back to US\$0.95 as of December 31, 2009. Based on exchange rates and operating conditions projected for 2010, and prior to the impact of the Company's plan or plans of reorganization, the Company projects that a one-cent increase in the Canadian-U.S. dollar exchange rate would decrease its pre-tax income for 2010 by approximately \$22 million.

[If the Canadian dollar continues to remain strong versus the U.S. dollar, it could influence the foreign exchange rate assumptions that are used in the Company's evaluation of long-lived assets for impairment and, consequently, result in asset impairment charges.]

The Company may not be successful in its strategy of increasing its share of coated and specialty papers and competing in growth markets with higher returns.

One of the components of the Company's long-term strategy is to improve its portfolio of businesses by focusing on coated and specialty papers and competing more aggressively in growth markets with higher returns. There are risks associated with the implementation of this strategy, which is complicated and involves a substantial number of mills, machines and personnel. To the extent the Company is unsuccessful in achieving this strategy, its results of operations may be adversely affected.

The Company faces intense competition in the forest products industry and the failure to compete effectively would have a material adverse effect on its business, financial condition or results of operations.

The Company competes with numerous forest products companies, many of which have greater financial resources than it does. There has been a continued trend toward consolidation in the forest products industry, leading to new global producers. These global producers are typically large, well-capitalized companies that may have greater flexibility in pricing and financial resources for marketing, investment and expansion than the Company. The markets for the Company's products are all highly competitive. Actions by competitors can affect the Company's ability to sell products and can affect the volatility of the prices at which products are sold. While the principal basis for competition is price, the Company also competes on the basis of customer service, quality and product type. There has also been an increasing trend toward consolidation among its customers. With fewer customers in the market for the Company's products, its negotiation position with these customers could be weakened. In addition, the CCAA Proceedings and the Chapter 11 Cases may be used by the Company's competitors in an attempt to divert existing customers or may discourage future customers from purchasing the Company's products under long-term agreements.

In addition, the Company's industry is capital intensive, which leads to high fixed costs. Some of the Company's competitors may be lower-cost producers in some of the businesses in which the Company operates. Global newsprint capacity, particularly Chinese and European newsprint capacity, has been increasing, which is expected to result in lower prices, volumes or both for the Company's exported products. The Company believes that new hardwood pulp capacity at South American pulp mills has unit costs that are significantly below those of its hardwood kraft pulp mills. Other actions by competitors, such as reducing costs or adding low-cost capacity, may adversely affect the Company's competitive position in the products it manufactures and, consequently, its sales, operating income and cash flows. The Company may not be able to compete effectively and achieve adequate levels of sales and product margins. Failure to compete effectively would have a material adverse effect on the Company's business, financial condition or results of operations.

The forest products industry is highly cyclical. Fluctuations in the prices of, and the demand for, the Company's products could result in small or negative profit margins, lower sales volumes and curtailment or closure of operations.

The forest products industry is highly cyclical. Historically, economic and market shifts, fluctuations in capacity and changes in foreign currency exchange rates have created cyclical changes in prices, sales volume and margins for the Company's products. Most of its paper and wood products are commodities that are widely available from other producers and even its coated and specialty paper are susceptible to these fluctuations. Because the Company's commodity products have few distinguishing qualities from producer to producer, competition for these products is based primarily on price, which is determined by supply relative to demand. The overall levels of demand for the products the Company manufactures and distributes and, consequently, its sales and profitability, reflect fluctuations in levels of end-user demand, which depend in part on general economic conditions in North America and worldwide. In 2008 and 2009, the Company experienced lower demand and decreased pricing for its wood products due to a weaker U.S. housing market. As a result, during 2008, the Company announced the curtailment of annualized capacity of approximately 1.3 billion board feet of lumber in the provinces of Québec and British Columbia and during 2009, the Company continued its wood products' operating rate at extremely low levels. The Company is not expecting any significant improvements in the U.S. housing market in 2010, but transaction prices have shown some improvement in early 2010. As such, the Company is continuing to conduct an in-depth review of its wood products business with the objective of selling non-core assets, consolidating facilities, and curtailing or closing non-contributing operations. Curtailments or shutdowns could result in asset impairments at the affected facilities and could materially affect the results of operations or financial condition.

The Company's manufacturing businesses may have difficulty obtaining wood fiber at favorable prices, or at all.

Wood fiber is the principal raw material used in the Company's business. The Company uses both virgin fiber (wood chips and logs) and recycled fiber (old newspapers and magazines) as fiber sources for its paper mills. The primary source for wood fiber is timber. Environmental litigation and regulatory developments have caused, and may cause in the future, significant reductions in the amount of timber available for commercial harvest in Canada and the United States. In addition, future domestic or foreign legislation, litigation advanced by Aboriginal

groups and litigation concerning the use of timberlands, the protection of endangered species, the promotion of forest biodiversity and the response to and prevention of catastrophic wildfires could also affect timber supplies. Availability of harvested timber may further be limited by factors such as fire and fire prevention, insect infestation, disease, ice storms, wind storms, drought, flooding and other natural and man-made causes, thereby reducing supply and increasing prices. As is typical in the industry, the Company does not maintain insurance for any loss to its outstanding timber from natural disasters or other causes. Wood fiber is a commodity and prices historically have been cyclical, are subject to market influences and may increase in particular regions due to market shifts.

Pricing of recycled fiber is also subject to market influences and has experienced significant fluctuations. During the last two years, the prices of old newspapers have ranged from a high of \$195 average per ton during the third quarter of 2008 to a low of \$76 average per ton during the first quarter of 2009 and averaged \$131 per ton during the fourth quarter of 2009. There can be no assurance that prices of recycled fiber will remain at their current level. Any sustained increase in fiber prices would increase the Company's operating costs and it may be unable to increase prices for its products in response.

Although the Company believes that the balance of fiber supply between its internal sources and the open market is adequate to support its current wood products and paper and pulp production requirements, there can be no assurance that access to fiber will continue at the same levels achieved in the past. The cost of softwood fiber and the availability of wood chips may be affected. If the Company's cutting rights pursuant to the forest licenses or forest management agreements are reduced or if any third-party supplier of wood fiber stops selling or is unable to sell wood fiber to the Company, its financial condition or operating results could suffer.

An increase in the cost of the Company's purchased energy, chemicals and other raw materials would lead to higher manufacturing costs, thereby reducing the Company's margins.

The Company's operations consume substantial amounts of energy, such as electricity, natural gas, fuel oil, coal and wood waste. The Company buys energy and raw materials, including chemicals, wood, recovered paper and other raw materials, primarily on the open market.

The prices for raw materials and energy are volatile and may change rapidly, directly affecting the Company's results of operations. The availability of raw materials and energy may also be disrupted by many factors outside the Company's control, adversely affecting its operations. Energy prices, particularly for electricity, natural gas and fuel oil, have been volatile in recent years and prices every year since 2005 have exceeded long-term historical averages. As a result, fluctuations in energy prices will impact the Company's manufacturing costs and contribute to earnings volatility.

The Company is a major user of renewable natural resources such as water and wood. Accordingly, significant changes in climate and forest diseases or infestation could affect the Company's financial condition or results of operations. The volume and value of timber that it can harvest or purchase may be limited by factors such as fire and fire prevention, insect infestation, disease, ice storms, wind storms, drought, flooding and other natural and man-made causes, thereby reducing supply and increasing prices. As is typical in the industry, the Company does not maintain insurance for any loss to its standing timber from natural disasters or other causes. Also, the Company can provide no assurance that it will be able to maintain its rights to utilize water or to renew them at conditions comparable to those currently in effect.

For the Company's commodity products, the relationship between industry supply and demand for these products, rather than changes in the cost of raw materials, will determine the Company's ability to increase prices. Consequently, the Company may be unable to pass along increases in its operating costs to its customers. Any sustained increase in energy, chemical or raw material prices without any corresponding increase in product pricing would reduce the Company's operating margins and potentially require it to limit or cease operations of one or more of its machines.

The Company could experience disruptions in operations or increased labor costs due to labor disputes.

The Company believes it is the largest employer in the Canadian forest products sector and has the sector's largest representation by unions. A significant number of the Company's collective bargaining agreements with respect to its paper operations in Eastern Canada expired at the end of April 2009, as have those for the Calhoun, Tennessee and the Catawba, South Carolina facilities. The Company recently reached an agreement in principle with representatives of both the CEP and the CSN, subject to the resolution of multi-party pension deficit discussions that are continuing between the Applicants and various governments and unions in Canada. The members of the CEP and the CSN have ratified that agreement (except for one local that has yet to hold its vote). The final resolution of the foregoing matters is a condition to the consummation of the CCAA Plan.

On April 29, 2010, a coalition of U.S. labor unions led by the United Steelworkers International ratified a new master bargaining agreement covering mills in Calhoun, Catawba, Coosa Pines and Augusta. The employees at the Mokpo facility have complied with all conditions necessary to strike, but the possibility of a strike or lockout of those employees is not clear; the Company served the six-month notice necessary to terminate the collective bargaining agreement related to the Mokpo facility on June 19, 2009.

While negotiations with unions have in the past resulted in collective bargaining agreements, as is the case with any negotiation, we may not be able to reach satisfactory agreements, which could result in strikes or work stoppages by affected employees. Renewals could also result in higher wage or benefit costs. We could therefore experience a disruption of our operations or higher ongoing labor costs, which could affect our business, financial condition or results of operations.

The Company's operations require substantial capital and it may not have adequate capital resources to provide for all of its capital requirements.

The Company's businesses are capital intensive and require that it regularly incurs capital expenditures in order to maintain its equipment, increase its operating efficiency and comply with environmental laws. In addition, significant amounts of capital may be required to modify its equipment to produce alternative grades with better demand characteristics or to make significant improvements in the characteristics of its current products. If the Company's available cash resources and cash generated from operations are not sufficient to fund its operating needs and capital expenditures, it would have to obtain additional funds from borrowings or other available sources or reduce or delay its capital expenditures. Current global credit conditions and the downturn in the global economy have resulted in a significant decline in the credit markets and the overall availability of credit. The Company may not be able to obtain additional funds on favorable terms or at all. If the Company cannot maintain or upgrade its equipment as it requires, it may become unable to manufacture products that compete effectively. At this time, the Company cannot predict the impact of the CCAA Proceedings and the Chapter 11 Cases on its capital expenditure program.

Changes in laws and regulations could adversely affect the Company's results of operations.

The Company is subject to a variety of foreign, federal, state, provincial and local laws and regulations dealing with trade, employees, transportation, taxes, timber and water rights and the environment. Changes in these laws or regulations or their interpretations or enforcement have required in the past, and could require in the future, substantial expenditures by the Company and adversely affect its results of operations. For example, changes in environmental laws and regulations have in the past, and could in the future, require the Company to spend substantial amounts to comply with restrictions on air emissions, wastewater discharge, waste management and landfill sites, including remediation costs. Environmental laws are becoming increasingly stringent. Consequently, the Company's compliance and remediation costs could increase materially.

Changes in the political or economic conditions in Canada, the United States or other countries in which the Company's products are manufactured or sold could adversely affect the Company's results of operations.

The Company manufactures products in Canada, the United States and South Korea and sells products throughout the world. Paper prices are tied to the health of the economies of North and South America, Asia and

Europe, as well as to paper inventory levels in these regions. The economic and political climate of each region has a significant impact on the Company's costs and the prices of, and demand for, its products. Changes in regional economies or political instability, including acts of war or terrorist activities, can affect the cost of manufacturing and distributing the Company's products, pricing and sales volume, directly affecting the results of operations. Such changes could also affect the availability or cost of insurance.

The Company may be required to record additional environmental liabilities.

The Company is subject to a wide range of general and industry-specific laws and regulations relating to the protection of the environment, including those governing air emissions, wastewater discharges, timber harvesting, the storage, management and disposal of hazardous substances and waste, the clean-up of contaminated sites, landfill operation and closure, forestry operations, endangered species habitat, and health and safety. As an owner and operator of real estate and manufacturing and processing facilities, the Company may be liable under environmental laws for cleanup and other costs and damages, including tort liability and damages to natural resources, resulting from past or present spills or releases of hazardous or toxic substances on or from its current or former properties. The Company may incur liability under these laws without regard to whether the Company knew of, was responsible for, or owned the property at the time of, any spill or release of hazardous or toxic substances on or from its property, or at properties where the Company arranged for the disposal of regulated materials. Claims may arise out of currently unknown environmental conditions or aggressive enforcement efforts by governmental or private parties. As a result of the above, the Company may be required to record additional environmental liabilities.

The Company is subject to physical and financial risks associated with climate change.

The Company's operations are subject to climate variations, which impact the productivity of forests, the distribution and abundance of species and the spread of disease or insect epidemics, which may adversely or positively affect timber production. Over the past several years, changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters such as hurricanes, earthquakes, hailstorms, wildfires, snow and ice storms, which could also affect the Company's woodlands or cause variations in the cost for raw materials such as fiber. Changes in precipitation resulting in droughts could adversely affect the Company's hydroelectric facilities' production, increasing its energy costs, while increased precipitation may generally have positive effects.

To the extent climate change impacts raw material availability or the Company's electricity production, it may also impact costs and revenues. Furthermore, should financial markets view climate change as a financial risk, the Company's ability to access capital markets or to receive acceptable terms and conditions could be affected.

The Company may be required to record additional long-lived asset impairment charges.

Losses related to impairment of long-lived assets are recognized when circumstances indicate the carrying values of the assets may not be recoverable, such as continuing losses in certain locations. When certain indicators that the carrying value of a long-lived asset may not be recoverable are triggered, the Company evaluates the carrying value of the asset group in relation to its expected undiscounted future cash flows. If the carrying value of the asset group is greater than the expected undiscounted future cash flows, an impairment charge is recorded based on the excess of the long-lived asset group's carrying value over its fair value.

It is possible that the Company could record additional non-cash long-lived asset impairment charges in future periods when there is a triggering event.

The Company has net liabilities with respect to its pension plans and the actual cost of its pension plan obligations could exceed current provisions.

As of December 31, 2009, the Company's defined benefit pension plans were under-funded by an aggregate of approximately \$424 million on a financial accounting basis. The Company's future funding obligations for the defined benefit pension plans depend upon changes to the level of benefits provided by the plans, the future performance of assets set aside in trusts for these plans, the level of interest rates used to determine minimum

funding levels, actuarial data and demographic experience (e.g., mortality and retirement rates) and any changes in government laws and regulations. Any adverse change to any of these factors may require the Company to increase its cash contributions to its pension plans and those additional contributions could have a material adverse effect on the Company's cash flows and results of operations.

We obtained an order from the Court on May 8, 2009 specifying that the payment of special contributions for past service to Canadian pension plans maintained by Abitibi and Bowater could be suspended. Abitibi and Bowater continue to make their respective Canadian pension plan contributions for current service costs.

The determination of projected benefit obligations and the recognition of expenses related to the Company's pension plan obligations are dependent on assumptions used in calculating these amounts. These assumptions include, among other things, expected rates of return on plan assets, which are developed using the Company's historical experience applied to our target allocation of investments in conjunction with market-related data for each individual country in which such plans exist. All assumptions are reviewed periodically with third-party actuarial consultants and adjusted as necessary. Any deterioration in the global securities markets could impact the value of the assets included in the Company's defined benefit pension plans, which could materially impact future minimum cash contributions.

It is a condition to the consummation of the CCAA Plan that the following regulations be adopted in a form and substance satisfactory to the Applicants: (i) a special funding relief regulation pursuant to the *Supplemental Pension Plans Act (Québec)* for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans; and (ii) a special funding relief regulation pursuant to the *Pension Benefits Act (Ontario)* for the benefit of ABH and its subsidiaries with respect to the funding of their defined benefit registered pension plans. The Company cannot predict if those conditions will be satisfied. For additional information on the conditions to emergence, see above under "*The CCAA Plan - Description of the CCAA Plan - Conditions Precedent to Implementation of CCAA Plan*".

The Company may not be compensated for the expropriation of certain assets by the Government of Newfoundland and Labrador.

On December 16, 2008, following the Company's December 4, 2008 announcement of the permanent closure of its Grand Falls newsprint mill, Newfoundland passed legislation under Bill 75 to expropriate, among other things, all of the Company's timber rights, water rights, leases and hydroelectric assets in Newfoundland, whether partially or wholly owned through its Subsidiaries and affiliated entities. Newfoundland also announced that it does not plan to compensate the Company for the loss of the water and timber rights, but has indicated that it may compensate the Company for certain of its hydroelectric assets. However, it has made no commitment to ensure that such compensation would represent the fair market value of such assets.

On February 25, 2010, the Company filed a Notice of Arbitration under NAFTA, which asserts that the expropriation was arbitrary, discriminatory and illegal. The Company's claim seeks direct compensation for damages of approximately Cdn\$500 million, plus additional costs and relief. Although the Company believes that the Government of Canada will be required to compensate it for the fair market value of the expropriated assets, there can be no assurance that it will and the Company has not recognized an asset for such claim in its Consolidated Financial Statements. The Company continues to reach out to the Government of Canada in an effort to come to a negotiated settlement and avoid protracted NAFTA proceedings.

The Company could be compelled to remediate certain sites it formerly owned and/or operated in the province of Newfoundland and Labrador.

On March 31, 2010, the Court dismissed a motion for declaratory judgment brought by Newfoundland, awarding costs in favor of the Company, and thus confirmed its position that the five orders the province issued under section 99 of its EPA on November 12, 2009 are subject to the stay of proceedings pursuant to the CCAA Proceedings. Newfoundland's orders could have required the Company to proceed immediately with the environmental remediation of various sites it formerly owned or operated, some of which the province expropriated in December 2008 with Bill 75. If Newfoundland requests an extension to the applicable court-imposed deadline by which its claim had to be filed in order to receive any distribution in the CCAA Proceedings, a request the Company

can contest, and if the Court grants the request, the province's claim based on the environmental orders would be subject to the existing claims process and would be subject to compromise. Newfoundland sought leave to appeal the Court's judgment to the Québec Court of Appeal, which was denied on May 18, 2010.

The continued decline in the global economy may significantly inhibit the Company's ability to sell assets.

Non-core asset sales have been and may continue to be a source of additional liquidity, subject to the approval of the Court, the Bankruptcy Court and the Monitor, as applicable, until such time as the Company emerges from the CCAA Proceedings. The Company periodically reviews timberlands and other assets and sells such assets as a source of additional liquidity. However, as a result of the current global economy and credit conditions, it may be difficult for potential purchasers to obtain the financing necessary to buy such assets. As a result, the Company may be forced to sell the assets for significantly lower amounts than planned or may not be able to sell them at all. No assurances can be provided that the Court, the Bankruptcy Court and the Monitor, as applicable, will approve such sales or as to the timing of any such approvals.

The Company could lose any or all of its equity interest in Augusta Newsprint Company.

On June 15, 2009, the Company filed a motion with the Bankruptcy Court to reject the Call Agreement in respect of ANI, an indirect subsidiary of Woodbridge and the Company's partner in ANC. ANC is the partnership that owns and operates the Augusta newsprint mill. The Call Agreement obligated ACSC to either buy out ANI at a price well above market, or risk losing all of its equity in the joint venture pursuant to forced sale provisions. The Bankruptcy Court granted the Company's motion on October 27, 2009 and approved its rejection of the Call Agreement. The Company's counterparties to the Call Agreement filed a notice of appeal with the Bankruptcy Court on November 3, 2009. If the Bankruptcy Court does not uphold the Bankruptcy Court's judgment and a forced sale is consummated, there can be no assurance that the Company would be able to recover any or all of its 52.5% equity interest in the Augusta Newsprint Company, which as of December 31, 2009, was approximately \$42 million.

Also, on March 9, 2010, Woodbridge filed a motion in the Bankruptcy Court to force ACSC to reject the partnership agreement governing the Augusta Newsprint Company. If ACSC were forced to reject the partnership agreement, the future of the Augusta mill would be uncertain. The U.S. Debtors filed an objection to the motion on April 9, 2010. The motion is now pending before the Bankruptcy Court and a hearing is scheduled for May 26, 2010.

Risks Relating to the New ABH Common Stock

The CCAA Plan exchanges senior securities for equity.

If the CCAA Plan is implemented, Affected Unsecured Creditors with Proven Claims will receive New ABH Common Stock. Thus, in agreeing to the CCAA Plan, certain of such holders will be consenting to the exchange of their interests in senior debt, which has, among other things, a stated interest rate, a maturity date, and a liquidation preference over equity securities, for New ABH Common Stock, which will be subordinated to all future creditor and non-equity based Claims.

There is no existing trading market for the New ABH Common Stock.

There is no existing trading market for the New ABH Common Stock nor is it known with certainty whether or when a trading market will develop. Although the Applicants anticipate that the New ABH Common Stock will be listed or quoted on the New York Stock Exchange, the NASDAQ Global Market or NASDAQ Global Select Market and/or the TSX, there can be no assurance that such shares will be accepted for listing by the relevant governing body. The lack of liquidity for the New ABH Common Stock may make it more difficult for Reorganized ABH to raise additional capital, if necessary, and it may affect the price volatility of the New ABH Common Stock. There can also be no assurance that a holder will be able to sell its New ABH Common Stock at a particular time or that the prices such holder receives when it sells will be favorable. Future trading prices of the New ABH Common Stock will depend on many factors, including the operating performance and financial condition of Reorganized ABH.

Reorganized ABH does not intend to pay dividends with respect to the New ABH Common Stock in the foreseeable future

For the foreseeable future, Reorganized ABH does not anticipate paying any dividends with respect to the New ABH Common Stock. Any future determination to pay dividends will be at the discretion of the board of directors of Reorganized ABH and will be dependent on then-existing conditions, including the financial condition, results of operations, capital requirements, contractual restrictions, business prospects and other factors that the board of directors of Reorganized ABH considers relevant.

The trading price for the New ABH Common Stock may be depressed following the Implementation Date.

Following the Implementation Date, recipients of New ABH Common Stock under the CCAA Plan may seek to dispose of such securities to obtain liquidity, which could cause the initial trading prices for these securities to be depressed, particularly in light of the lack of established trading markets for these securities. Further, the possibility that recipients of New ABH Common Stock may determine to sell all or a large portion of their shares in a short period of time may adversely affect the market price of the New ABH Common Stock.

Upon consummation of the Plan, there may be significant holders of the New ABH Common Stock.

Upon consummation of the CCAA Plan, certain holders of Claims will receive distributions of the New ABH Common Stock representing a substantial percentage of the outstanding shares of the New ABH Common Stock. If certain holders of Claims obtain a sufficiently sizeable position of New ABH Common Stock, such holders could be in a position to influence the outcome of actions requiring shareholder approval, including, among other things, the election of Reorganized ABH board members. This concentration of ownership could also facilitate or hinder a negotiated change of control of Reorganized ABH and, consequently, impact the value of the New ABH Common Stock. Furthermore, the possibility that one or more holders of a significant number of shares of the New ABH Common Stock may sell all or a large portion of its shares of the New ABH Common Stock in a short period of time may adversely affect the trading prices of the New ABH Common Stock.

The Discussion of Enterprise Valuation of the estimated range of going concern enterprise value, and the estimated recoveries to holders of Affected Claims, are not intended to represent the trading value of the New ABH Common Stock.

The Discussion of Enterprise Valuation is based on the Financial Projections developed by the Applicants with the assistance of their financial advisors and investment bankers and on certain generally accepted valuation principles. It is not intended to represent the trading values of the Company's securities in public or private markets. The Discussion of Estimated Valuation of Company upon Reorganization is based on numerous assumptions (the realization of many of which are beyond the Company's control), including the Company's successful reorganization, an assumed Implementation Date on or about ●, the Company's ability to achieve the operating and financial results included in the Financial Projections, the Company's ability to maintain adequate liquidity to fund operations and the assumption that capital and equity markets remain consistent with current conditions. Even if the Company realizes the Financial Projections, the trading market values for the New ABH Common Stock could be adversely impacted by the lack of trading liquidity for these securities, lack of institutional research coverage, and concentrated selling by recipients of these securities.

The New ABH Common Stock may be issued in odd lots.

Holders of Proven Claims may receive odd lot distributions (*i.e.*, less than 100 shares or units) of New ABH Common Stock under the CCAA Plan or under the U.S. Plan. Holders may find it more difficult to dispose of odd lots in the marketplace and may face increased brokerage charges in connection with any such disposition.

Restrictions on transfer.

Holders of New ABH Common Stock issued pursuant to the CCAA Plan who are deemed to be "underwriters" as defined in Section 1145(b) of the Bankruptcy Code, and those holders who are deemed to be

"affiliates" or "control persons" within the meaning of the U.S. Securities Act and the rules promulgated thereunder, will be unable to transfer or to sell their New ABH Common Stock except pursuant to (a) "ordinary trading transactions" by a holder that is not an "issuer" within the meaning of Section 1145(b), (b) an effective registration of such securities under the U.S. Securities Act and under equivalent state securities or "blue sky" Laws, or (c) pursuant to the provisions of Rule 144 or Regulation S under the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act. Similarly, under Canadian securities Laws, New ABH Common Stock held by "control persons" will generally not be freely tradable in Canada and will be subject to resale restrictions.

Risk Factors Relating to the Rights Offering – Generally

[NTD : To follow.]

Risk Factors Relating to the Rights Offering Notes

[NTD : To follow.]

X. INCOME TAX CONSIDERATIONS

THE FOLLOWING SUMMARIES ARE OF A GENERAL NATURE ONLY AND ARE NOT INTENDED TO BE, NOR SHOULD THEY BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. CONSEQUENTLY, HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR ADVICE AS TO THE TAX CONSIDERATIONS IN RESPECT OF THE CCAA PLAN HAVING REGARD TO THEIR PARTICULAR CIRCUMSTANCES

A. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

[NTD: To be updated based on CCAA Plan and Restructuring Developments and Rights Offering. The present summary assumes that the New ABH Common Stock, the Subscription Rights and the Rights Offering Notes will be issued by Reorganized ABH, as incorporated under US law.]

The following is a summary of the principal Canadian federal income tax consequences of the CCAA Plan to an Affected Unsecured Creditor who, at all relevant times for purposes of the ITA, deals at arm's length with and is not affiliated with ABH, the Subsidiaries and Reorganized ABH, holds its Affected Unsecured Claims as capital property and will hold its New ABH Common Stock, the Subscription Right and the Rights Offering Notes as capital property. The Affected Unsecured Claims, the New ABH Common Stock, the Subscription Right and the Rights Offering Notes will generally be considered to be capital property to an Affected Unsecured Creditor unless either the Affected Unsecured Creditor holds (or will hold) such securities in the course of carrying on a business, or the Affected Unsecured Creditor has acquired (or will acquire) such securities in a transaction or transactions considered to be an adventure in the nature of trade. This summary does not address the Canadian federal income tax consequences of the receipt of any fees or payments by the Backstop Investors in connection with the Backstop Commitment.

This summary does not apply to (i) an Affected Unsecured Creditor an interest in which is a "tax shelter investment" as defined in the ITA, (ii) an Affected Unsecured Creditor that is a "financial institution" for purposes of the "mark-to-market" rules as defined in the ITA, (iii) an Affected Unsecured Creditor that is a "specified financial institution" as defined in the ITA, (iv) an Affected Unsecured Creditor that has made the "functional currency" reporting election, or (v) a Canadian Holder (as defined below) in relation to which ABH or Reorganized ABH is a "foreign affiliate" as defined in the ITA. Such Affected Unsecured Creditor should consult with their own tax advisors.

This summary is based on the current provisions of the ITA, the regulations thereunder (the "**Regulations**") and the understanding of the current published administrative policies and assessing practices of the CRA publicly available prior to the date hereof. The summary also takes into account all specific proposals to amend the ITA and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the

"Tax Proposals"), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not take into account or anticipate any changes in law or administrative policies or assessing practices of the CRA, whether by way of judicial, governmental or legislative action or decisions, nor does it address any provincial, territorial or foreign tax legislation or considerations.

This summary is of a general nature only, is not exhaustive of all Canadian federal income tax consequences and is not intended to be, nor should it be construed as, legal or tax advice to any particular Affected Unsecured Creditor. Affected Unsecured Creditors are urged to consult their own tax advisors as to the tax consequences to them of the CCAA Plan in their particular circumstances.

For purpose of the ITA, all amounts, including cost, proceeds of disposition, interest or dividends received and accrued must be determined in Canadian currency at applicable exchange rates as determined in accordance with the ITA. The amount of interest and any capital gain or capital loss of an Affected Unsecured Creditor may be affected by fluctuations in Canadian dollar exchange rates.

Residents of Canada

This portion of the summary applies to an Affected Unsecured Creditor who, for the purposes of the ITA and any applicable income tax treaty or convention, and at all relevant times, is or is deemed to be resident of Canada ("**Canadian Holder**"). Certain Canadian Holders whose Affected Unsecured Claims might not otherwise qualify as capital property may, in certain circumstances, treat such Affected Unsecured Claims as capital property by making an irrevocable election pursuant to subsection 39(4) of the ITA. However, the New ABH Common Stock, the Subscription Right and the Rights Offering Notes are not "Canadian securities" as defined in the ITA for the purpose of the irrevocable election under subsection 39(4) of the ITA and, therefore, this election will not apply to the New ABH Common Stock, the Subscription Right and the Rights Offering Notes.

Exchange of the Affected Unsecured Claims

A Canadian Holder will be considered to have disposed of Affected Unsecured Claims upon the exchange of such Affected Unsecured Claims for (i) Cash or (ii) New ABH Common Stock and the Subscription Right, as the case may be. Under the CCAA Plan, the (i) Cash or (ii) New ABH Common Stock and the Subscription Right, as the case may be, will be allocated first to the principal amount of the Affected Unsecured Claims, and the balance, if any, to the accrued interest with respect to the Affected Unsecured Claims.

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will generally be required to include in income the amount of interest accrued or deemed to accrue on the Affected Unsecured Claims up to the [Implementation Date] or that became receivable or was received on or before the [Implementation Date], to the extent that such amounts have not otherwise been included in the Canadian Holder's income for the taxation year or a preceding taxation year. Any other Canadian Holder, including an individual, will be required to include in income for a taxation year any interest on the Affected Unsecured Claims received or receivable by such Canadian Holder in the taxation year (depending upon the method regularly followed by the Canadian Holder in computing income) except to the extent that such amount was otherwise included in its income for the taxation year or a preceding taxation year. In addition, if such Canadian Holder has not otherwise included interest on the Affected Unsecured Claims in computing the Canadian Holder's income at periodic intervals of not more than one year, such Canadian Holder will be required to include in computing income for a taxation year any interest that accrues to the Canadian Holder on the Affected Unsecured Claims up to the end of any "anniversary day" (as defined in the ITA) in that taxation year to the extent such interest was not otherwise included in computing the Canadian Holder's income for that taxation year or a preceding taxation year. Generally, a Canadian Holder should be entitled to deduct in computing income for the year of disposition, amounts that were including in computing the Canadian Holder's income for the year of disposition or a preceding taxation year as interest in respect of the Affected Unsecured Claims, to the extent that such amounts were not received or receivable by the Canadian Holder and were not deducted by the Canadian Holder in computing income for the year of disposition or a preceding taxation year.

In general, a Canadian Holder will realize a capital gain (or capital loss) on the exchange of the Affected Unsecured Claims equal to the amount by which, in the case of Cash received, such amount of cash received or in the case of the New ABH Common Stock and the Subscription Right, the amount equal to the aggregate of the fair market value at the time of the exchange of the New ABH Common Stock and the Subscription Right, and in both cases, net of any amount included in the Canadian Holder's income as interest, exceeds (or is exceeded by) the adjusted cost base to the Canadian Holder of such Affected Unsecured Claims, plus any reasonable costs of disposition. The tax treatment of any capital gain (or capital loss) realized is described below under the heading "*Taxation of Capital Gains and Capital Losses*".

The adjusted cost base of the New ABH Common Stock and the Subscription Right to the Canadian Holder will be equal to the fair market value at the time of the exchange of such New ABH Common Stock and the Subscription Right.

Dividends on New ABH Common Stock

Any dividends received or deemed to be received on the New ABH Common Stock by a Canadian Holder that is an individual (including a trust) will be included in the individual's income and will not be subject to the gross-up and dividend tax credit rules in the ITA. Dividends received or deemed to be received on the New ABH Common Stock by a Canadian Holder that is a corporation will be included in computing the corporation's income and generally will not be deductible in computing the corporation's taxable income.

U.S. tax, if any, payable by a Canadian Holder in respect of dividends received on the New ABH Common Stock may be eligible for a foreign tax credit or deduction under the ITA to the extent and under the circumstances described in the ITA. Canadian Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

Disposition of New ABH Common Stock

A Canadian Holder will realize a capital gain (or capital loss) on a disposition or deemed disposition of New ABH Common Stock equal to the amount by which the proceeds of disposition exceed (or are exceeded by) the adjusted cost base to the Canadian Holder of such New ABH Common Stock, plus any reasonable costs of disposition. The tax treatment of any such capital gain (or capital loss) is described below under the heading "*Taxation of Capital Gains and Capital Losses*".

Exercise of the Subscription Right under the Rights Offering

No gain or loss will be realized on the exercise of the Subscription Right under the Rights Offering. The cost to a Canadian Holder of the Rights Offering Notes acquired on the exercise of the Subscription Right will be equal to the aggregate of the adjusted cost base of the Subscription Right, if any, and the price paid to acquire the Rights Offering Notes under the Rights Offering.

[On the subscription of the Rights Offering Note, Canadian Holder will receive an Upfront Payment from Reorganized ABH. The Canadian federal income tax consequences to a Canadian Holder of the receipt of the Upfront Payment are unclear and, consequently, Canadian Holders should consult their own tax advisors.]

Taxation of Interest on the Rights Offering Notes

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will generally be required to include in income for a taxation year the amount of interest (including PIK Interest) accrued or deemed to accrue on the Rights Offering Notes to the end of the taxation year or that became receivable or was received by it before the end of that taxation year, to the extent such amounts have not otherwise been included in such Canadian Holder's income for the year or a preceding taxation year. Any other Canadian Holder, including an individual, will be required to include in income for a taxation year any interest (including PIK Interest) on the Rights Offering Notes received or receivable by such Canadian Holder in that

taxation year (depending upon the method regularly followed by the Canadian Holder in computing income) except to the extent that such amount was otherwise included in its income for that taxation year or a preceding taxation year. In addition, if such Canadian Holder has not otherwise included interest on the Rights Offering Notes in computing the Canadian Holder's income at periodic intervals of not more than one year, such Canadian Holder will be required to include in computing income for a taxation year any interest that accrues to the Canadian Holder on the Rights Offering Notes up to the end of any "anniversary day" (as defined in the ITA) in that year to the extent such interest was not otherwise included in computing the Canadian Holder's income for that taxation year or a preceding taxation year.

Sale, Redemption or Repayment of the Rights Offering Notes

On a disposition or a deemed disposition of the Rights Offering Notes (otherwise than on a conversion described under the heading "Exercise of Conversion Rights under the Rights Offering Notes"), including repayment or redemption by Reorganized ABH, a Canadian Holder will generally be required to include in income the amount of interest accrued or deemed to accrue to the date of disposition or that became receivable or was received on or before the date of disposition, to the extent that such amounts have not otherwise been included in the Canadian Holder's income for the taxation year or a preceding taxation year.

Any amount paid to a Canadian Holder as a penalty or bonus because of the redemption or repayment of all or part of the principal amount of the Rights Offering Notes will be deemed to be received by the Canadian Holder as interest on the Rights Offering Notes and will be required to be included in computing the Canadian Holder's income as described above, to the extent such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, interest that would otherwise have been paid or payable by Reorganized ABH on the Rights Offering Notes for periods ending after the payment of such amount.

In general, a disposition or a deemed disposition of the Rights Offering Notes will give rise to a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any amount included in the Canadian Holder's income as interest, exceed (or are exceeded by) the adjusted cost base to the Canadian Holder of the Rights Offering Notes, plus any reasonable costs of disposition. Any such capital gain (or capital loss) will be subject to the treatment described below under the heading "*Taxation of Capital Gains and Capital Losses*".

Exercise of Conversion Rights under the Rights Offering Notes

Upon the conversion of a Rights Offering Note pursuant to the Conversion Rights under the Rights Offering Notes, the Canadian Holder will be deemed not to have disposed of the Rights Offering Note and, accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion.

On the conversion of a Rights Offering Note, a Canadian Holder will generally be required to include in computing its income for the taxation year in which the conversion occurs all interest that accrued on the Rights Offering Note to the date of conversion (including any PIK Interest), except to the extent that such interest has otherwise been included in the Canadian Holder's income for that taxation year or a preceding taxation year.

The adjusted cost base to a Canadian Holder of the New ABH Common Stock acquired on the conversion of a Rights Offering Note will generally be equal to [the aggregate of] the adjusted cost base to the Canadian Holder of the Rights Offering Note immediately before the conversion [and the fair market value of any New ABH Common Stock issued to the Canadian Holder in satisfaction of the payment of interest accrued on the Rights Offering Note to the date of conversion]. The adjusted cost base of New ABH Common Stock so acquired must be averaged with the adjusted cost base to the Canadian Holder of all New ABH Common Stock then held as capital property by the Canadian Holder for the purpose of calculating the adjusted cost base of such New ABH Common Stock.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**Taxable Capital Gain**") realized by a Canadian Holder for a taxation year must be included in the Canadian Holder's income in the year. A Canadian Holder is required to deduct

one-half of any capital loss (an "**Allowable Capital Loss**") realized in the taxation year from Taxable Capital Gains realized in that year, and Allowable Capital Losses in excess of Taxable Capital Gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent year, from net Taxable Capital Gains realized in such years to the extent and under the circumstances described in the ITA.

Alternative Minimum Tax

Individuals (other than certain trusts) may be subject to an alternative minimum tax under the ITA upon realizing net capital gains.

Additional Refundable Tax

A Canadian Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the ITA) may be liable to pay an additional refundable tax of 6¼% on certain investment income, including amounts in respect of interest, certain dividends and Taxable Capital Gains.

Foreign Investment Entity and Offshore Investment Fund Property Rules

Former Bill C-10 contained proposed amendments to the ITA that would have introduced new rules regarding the taxation of certain interests in non-resident entities that constitute "foreign investment entities" and repealed certain existing tax rules with respect to "offshore investment fund property" (as defined in the ITA). However, Bill C-10 was not passed into law. As part of the March 4, 2010 Federal Budget (the "**2010 Federal Budget**"), the Minister of Finance (Canada) announced that, rather than implementing the previously proposed rules regarding foreign investment entities, it would retain existing tax rules with respect to "offshore investment fund property", with certain limited enhancements. Based on counsel's understanding of the facts, including certain representations made to counsel by ABH, New ABH Common Stock, the Subscription Right and the Rights Offering Notes should not be an offshore investment fund property. Provided the New ABH Common Stock, the Subscription Right and the Rights Offering Notes are not an offshore investment fund property at any relevant time in the future, an investment by a Canadian Holder in the New ABH Common Stock, the Subscription Right and the Rights Offering Notes will not be subject to the provisions in the ITA relating to investments in offshore investment fund property.

Even if a New ABH Common Stock, the Subscription Right and the Rights Offering Notes were an offshore investment fund property, the existing offshore investment fund property rules would not apply to a particular Canadian Holder provided that none of the main reasons for the Canadian Holder acquiring the New ABH Common Stock, the Subscription Right and the Rights Offering Notes was to derive a benefit from portfolio interests in assets in such a way that the income, profits and gains from such assets would be significantly less than the tax under Part I of the ITA that would have been payable by the Canadian Holder if the Canadian Holder had acquired the assets directly. Canadian Holders should consult their own advisors with respect to whether they satisfy this test.

Foreign Property Reporting

The ITA and the Regulations require a "specified Canadian entity" as defined in the ITA to file an information return disclosing prescribed information where, at any time in a taxation year, the total cost amount of "specified foreign property" as defined in the ITA of the entity exceeds \$100,000. For these purposes, a "specified Canadian entity" includes, with some exceptions, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the ITA. The New ABH Common Stock, the Subscription Right and the Rights Offering Notes will be "specified foreign property" to a specified Canadian entity. In the 2010 Federal Budget, the Canadian Minister of Finance proposed that the existing reporting requirements with respect to "specified foreign property" be expanded so that more detailed information be available for audit use. Revised legislation reflecting such proposal has not yet been released. The reporting rules in the ITA are complex and this summary does not purport to explain all circumstances in which reporting may be required by any Canadian Holder. Accordingly, Canadian Holders should consult their own tax advisors regarding these reporting requirements including any expansion thereof pursuant to the afore-mentioned 2010 Federal Budget proposal.

Eligibility for Investments

Provided the New ABH Common Stock are listed on a "designated stock exchange" as defined in the ITA (which currently includes the NASDAQ, the NYSE and the TSX), the New ABH Common Stock, if issued on the **[Implementation Date]**, would be qualified investments under the ITA and the Regulations for trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts ("**TFSAs**") (collectively, the "**Investment Plans**"). The Rights Offering Notes will be qualified investments under the ITA and the Regulations for Investment Plans (other than a deferred profit sharing plan for which an employer is Reorganized ABH, or is an employer with whom Reorganized ABH does not deal at arms' length within the meaning of the ITA) provided that the New ABH Common Stock are, on the **[Implementation Date]**, listed on a designated stock exchange. The Subscription Right will be qualified investments under the ITA and the Regulations for Investment Plans if the Rights Offering Notes are qualified investments and if Reorganized ABH is not an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the governing Investment Plan and Reorganized ABH deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the governing Investment Plan.

Should any particular New ABH Common Stock, Rights Offering Note or Subscription Right, not meet the conditions hereabove mentioned in order to be considered a qualified investment, Canadian Holders should consult their own tax advisors regarding the application of those rules under the ITA and the Regulations in their particular circumstances.

Notwithstanding the foregoing, if the New ABH Common Stock, the Subscription Right and the Rights Offering Notes are "prohibited investments" for purposes of a TFSA, or if an "advantage" (as defined in the ITA) in relation to a TFSA is extended to the Canadian Holder or a person who does not deal at arm's length with the Canadian Holder, the Canadian Holder of such account will be subject to penalty taxes as set out in the ITA, and, based on Tax Proposals, other tax consequences may result. Generally, the New ABH Common Stock, the Subscription Right and the Rights Offering Notes will not be a "prohibited investment" for a trust governed by a TFSA provided that the Canadian Holder of the TFSA deals at arm's length with Reorganized ABH for purposes of the ITA and does not have a "significant interest" (within the meaning of the ITA) in Reorganized ABH or in any corporation, partnership or trust that does not deal at arm's length with Reorganized ABH for purposes of the ITA. Canadian Holders of a TFSA are advised to consult their own tax advisors in this regard.

On April 30, 2010, the Minister released Tax Proposals that may impact TFSAs. Canadian Holders should consult their own tax advisors regarding the impact of these Tax Proposals.

Non-Residents of Canada

This portion of the summary applies to an Affected Unsecured Creditor that, for the purposes of the ITA and any applicable income tax treaty or convention and at all relevant times, is not and will not be deemed to be resident in Canada and does not use or hold the Affected Unsecured Claims and will not use or hold the New ABH Common Stock, the Subscription Right and the Rights Offering Notes in carrying on a business in Canada (a "**Non-Resident Holder**"). In addition, this summary does not apply to an insurer who carries on an insurance business in Canada and elsewhere or an authorized foreign bank that carries on a Canadian banking business.

Exchange of the Affected Unsecured Claims

Upon the exchange by a Non-Resident Holder of the Affected Unsecured Claims for (i) Cash or (ii) New ABH Common Stock and the Subscription Right, as the case may be, no taxes will be payable under the ITA by such a Non-Resident Holder.

Disposition of New ABH Common Stock

A disposition by a Non-Resident Holder of New ABH Common Stock will not be subject to Canadian tax unless such New ABH Common Stock constitute "taxable Canadian property" to the Non-Resident Holder at the time of the disposition and relief from taxation is not available under an applicable income tax treaty or convention.

Based on Bill C-9 *An Act to implement certain provisions of the budget tabled in Parliament on March 4, 2010* and other measures introduced for first reading by the Minister of Finance in the House of Commons on March 29, 2010, the New ABH Common Stock will generally not be considered to be taxable Canadian property to a Non-Resident Holder unless at any time during the sixty-month period immediately preceding the time of disposition, (1) not less than 25% of the issued shares of any class of shares of Reorganized ABH were owned by or belonged to the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length or any combination thereof, and (2) more than 50% of the fair market value of issued shares of Reorganized ABH was derived directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) "Canadian resource properties" (as defined in the ITA), (iii) "timber resource properties" (as defined in the ITA), and (iv) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists.

Consequences relating to the Subscription Right and the Rights Offering Notes

No Canadian tax consequences should arise in relation to the Subscription Right and to the Rights Offering Notes, unless the Subscription Right and the Rights Offering Notes constitute taxable Canadian property to the Non-Resident Holder and relief from taxation is not available under applicable tax treaty or convention. The Subscription Right and the Rights Offering Notes will constitute taxable Canadian property to a Non-Resident Holder only if the New ABH Common Stock constitute taxable Canadian property to a Non-Resident Holder. Non-Resident Holders should consult their own tax advisors as to the Canadian tax consequences relating to the Subscription Right and the Rights Offering Notes.

Consequences to the Company

The exchange of Affected Unsecured Claims for Cash or for New ABH Common Stock and the Subscription Right, as the case may be, will result in the settlement or extinguishment of the Affected Unsecured Claims. The "forgiven amount", as defined in the ITA, arising from the settlement or extinguishment will reduce, in prescribed order, certain tax attributes of the relevant Subsidiaries that are resident in Canada for purposes of the ITA ("Canadian Subsidiaries"), including non-capital losses, net capital losses, cumulative eligible capital, undepreciated capital cost of depreciable property and the adjusted cost base of certain capital property (the "Tax Shield"). Generally, one half of the amount by which the forgiven amount exceeds the Tax Shield (such amount, the "Excess") will be required to be included in the relevant Canadian Subsidiaries income for the taxation year in which the [Implementation Date] takes place, unless the Excess was otherwise assigned by such relevant Canadian Subsidiaries to other Canadian Subsidiaries that are "eligible transferees" as defined in the ITA for reduction of such other Canadian Subsidiaries' Tax Shield.

B. CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain significant United States federal income tax consequences of the Plans to the Company and certain Holders. This description is for informational purposes only and, due to a lack of certain facts and of definitive judicial or administrative authority or interpretation, uncertainties exist with respect to various U.S. tax consequences of the Plans, as discussed herein. Only the principal consequences of the Plans for the Company and Holders are described below.

This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the "Tax Code"), U.S. judicial decisions, administrative pronouncements and existing and proposed Treasury Regulations, all as in effect as of the date hereof. All of the preceding authorities are subject to change, possibly with retroactive effect, which may result in U.S. federal income tax consequences different from those discussed below. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plans. No rulings or determinations of the U.S.

Internal Revenue Service (the "IRS") or any other tax authorities have been sought or obtained with respect to any tax consequences of the Plans and the discussion below is not binding on the IRS or such other authorities. In addition, a significant amount of time may elapse between the date of this Circular and the consummation of the Plans. Events occurring after the date of the Circular, including changes in law and changes in administrative positions, could affect the U.S. federal income tax consequences of the Plans. No representations are being made regarding the particular tax consequences of the confirmation and consummation of the Plans to the Company or any Holder. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein.

Except as otherwise specifically stated herein, this summary does not address any estate, gift, state, local, or foreign law tax consequences of the Plans. Furthermore, this discussion does not address all tax considerations that might be relevant to particular Holders in light of their personal circumstances or to persons that are subject to special tax rules. In addition, this description of the material U.S. federal income tax consequences does not address the tax treatment of special classes of Holders, such as financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, insurance companies, persons holding Claims as part of a hedging, integrated or conversion transaction, constructive sale or "straddle", U.S. expatriates, persons subject to the alternative minimum tax, and dealers or traders in securities or currencies.

For purposes of this discussion, a "U.S. Holder" is a Holder that is: (i) an individual citizen or resident of the U.S. for U.S. federal income tax purposes; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the U.S. or any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (a) if a court within the U.S. is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust, or (b) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

For purposes of this discussion, a "Non-U.S. Holder" is a Holder that is: (1) a nonresident alien individual; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that is not created or organized under the laws of the United States or any state thereof or the District of Columbia; or (3) a trust or estate other than a trust or estate described in the immediately preceding paragraph.

If a partnership or other pass-through entity is a Holder, the tax treatment of a partner or other owner generally will depend upon the status of the partner (or other owner) and the activities of the entity. Partners (or other owners) of pass-through entities that are Holders should consult their own tax advisors regarding the tax consequences of the Plans.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLANS ARE COMPLEX. THE FOLLOWING DISCUSSION IS FOR GENERAL INFORMATION ONLY, DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION, AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY HOLDER. NO OPINION OR REPRESENTATION WITH RESPECT TO THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO ANY SUCH HOLDER IS MADE. EACH HOLDER IS URGED TO CONSULT THE HOLDER'S OWN TAX ADVISOR REGARDING THE PARTICULAR TAX CONSEQUENCES TO IT OF THE TRANSACTIONS CONTEMPLATED BY THE PLANS, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS, AS WELL AS ANY APPLICABLE FOREIGN TAX LAWS, TO A HOLDER'S PARTICULAR SITUATION, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

TREASURY DEPARTMENT CIRCULAR 230. TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF TAX ISSUES HEREIN IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH HOLDER UNDER APPLICABLE TAX LAW; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS DESCRIBED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISOR.

U.S. Federal Income Tax Consequences to the Company

Generally, absent an exception, to the extent U.S. indebtedness is compromised or satisfied for less than its adjusted issue price, a U.S. corporation will realize cancellation of debt ("**COD**") income. However, a debtor is not required to include any amount of COD income in gross income if such debtor is under the jurisdiction of a court in a title 11 bankruptcy proceeding and the discharge of debt occurs pursuant to that proceeding (the "**Bankruptcy Exception**"). Instead, as the price for the exclusion of COD income under the foregoing rule, the Tax Code requires the debtor to reduce its tax attributes by the amount of COD income which is excluded from gross income as of the first day of the taxable year following the taxable year in which the discharge of indebtedness occurs.

As a result of consummation of the U.S. Plan, the Company's aggregate outstanding indebtedness will be substantially reduced. The Company expects to realize substantial COD income in connection with the U.S. Plan. The amount of such COD income realized by the Company will depend on the value of the New ABH Common Stock and Subscription Rights. The Company expects to rely on the Bankruptcy Exception to exclude any COD income realized as the discharge of indebtedness would occur pursuant to the U.S. Plan. The Company's tax attributes will be reduced by the amount of COD income realized pursuant to complex ordering rules that apply to consolidated groups.

Alternative Taxable Asset Sale Transaction

The Company is currently considering whether it would be in its best interests to undergo a taxable sale and transfer, without recourse and subject to liabilities, substantially all of the assets owned by it and used in connection with the Company's business and operations, other than any retained assets (the "**Business Assets**") to a newly established company ("**NewCo**") as an alternative to the steps described above. NewCo would be formed as a wholly-owned second-tier subsidiary of another newly established holding company ("**NewCo Holdings**"). The Unsecured Creditors of the Company would then receive stock of NewCo Holdings in partial satisfaction of their claims. As a result of the taxable sale, NewCo would obtain an aggregate tax basis in its Business Assets (including any stock of subsidiaries) equal to their fair market value as of the Effective Date and would not succeed to any tax attributes of the Company. The Company would recognize gain (or loss) upon the transfer to NewCo in an amount equal to the difference between the fair market value of its Business Assets and its tax basis in such assets. In addition, the Company (but not NewCo) would be subject to the attribute reduction rules described above. To the extent the Company recognizes any gain from this transaction, net operating loss carryforwards may be available to offset such gains. Because the Company's Business Assets will have been sold to NewCo, the Company does not anticipate holding any Business Assets that would be subject to tax basis reduction in the year following the COD income realization.

Applicable High-Yield Discount Obligations

It is expected that the Rights Offering Notes issued pursuant to the terms of the Rights Offering will be issued with significant original issue discount ("**OID**") and will be considered "applicable high yield discount obligations" ("**AHYDOs**"). If the Rights Offering Notes are AHYDOs, the Company will not be allowed a deduction for interest (including OID) accrued on the Rights Offering Notes for U.S. federal income tax purposes until such time as the Company actually pays such interest (including OID) in cash or in other property (other than stock or debt issued by the Company or by a person deemed to be related to the Company under Section 453(f)(1) of the Tax Code, which are considered paid only when the stock or debt is redeemed for cash or property other than such stock or debt). In addition, depending upon the yield to maturity on the Rights Offering Notes, the Company may not be entitled to deduct the portion of the OID corresponding to the disqualified yield at any time. The deferral or disallowance of deductions for payments of interest or OID on the Rights Offering Notes may reduce the amount of cash available to the Company to meet its obligations under the Rights Offering Notes.

U.S. Federal Income Tax Considerations for U.S. Holders

The following discussion describes certain U.S. federal income tax consequences of the transactions contemplated by the Plans to U.S. Holders of New ABH Common Stock, Subscription Rights and Rights Offering Notes issued upon the Exercise of any Subscription Rights. U.S. Holders should consult their own tax advisors for

information that may be relevant to their particular situation and circumstances and the particular tax consequences of the transactions contemplated by the Plans.

The U.S. federal income tax consequences to a U.S. Holder (including the character, timing and amount of income, gain or loss recognized) will depend on, among other factors: (a) the manner in which the Holder acquired the Claim; (b) the length of time the Holder has held the Claim; (c) whether the Holder acquired the Claim at a discount; (d) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in current or prior years; (e) whether the Holder has previously included in taxable income accrued but unpaid interest with respect to the Claim; (f) the treatment of the Rights Offering; and (g) the Holder's method of accounting.

Consequences with respect to Affected Unsecured Claims Assigned to ABH

Under Section 351 of the Tax Code, no gain or loss shall be recognized if property is transferred to a corporation by a group of persons solely in exchange for stock in such corporation and immediately after the exchange such persons hold 80% of the stock of the transferee corporation. However, indebtedness of the transferee corporation which is not evidenced by a security shall not constitute acceptable property for purposes of these rules. Accordingly, the 80% test will be met only if less than 20% of the New ABH Common Stock is received in exchange for debt of ABH that is not evidenced by a security. In general, debt instruments with an initial term of less than five years are not treated as securities, whereas debt instruments with initial terms of greater than ten years are treated as securities. Debt instruments with terms between five years and ten years raise more complex issues. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security. The Company believes that the amount of New ABH Common Stock received in exchange for Affected Unsecured Claims of ABH that do not constitute securities for U.S. federal income tax purposes will be below the 20% threshold above which non-recognition treatment would be jeopardized.

Subject to the discussion above, Holders of the Affected Unsecured Claims that assign all or a portion of such Affected Unsecured Claims to ABH and receive New ABH Common Stock generally should not recognize gain and will not be permitted to recognize loss for U.S. federal income tax purposes as a result of the assignment of such portion of the Affected Unsecured Claims to ABH. Holders may, however, recognize gain, but not loss, with respect to the Subscription Rights received, as applicable, in an amount equal to the lesser of (x) the excess of the fair market value of the New ABH Common Stock and Subscription Rights received by the Holder over the Holder's adjusted tax basis in its Affected Unsecured Claims surrendered, and (y) the fair market value of the Subscription Rights received by the Holder. Holders generally will take a basis in New ABH Common Stock and Subscription Rights equal to the sum of (i) the adjusted basis Holders had in the Affected Unsecured Claims assigned to ABH, (ii) any gain recognized with respect to the receipt of Subscription Rights, and (iii) any cash paid to exercise the Subscription Rights. The aggregate basis should initially be allocated among the New ABH Common Stock and Subscription Rights – first to the Subscription Rights to the extent of fair market value and the remaining balance to the New ABH Common Stock. The holding period of the New ABH Common Stock received should generally be the same as the holding period of the Affected Unsecured Claims contributed to ABH.

NOTE THAT IN CONNECTION WITH THE ASSIGNMENT OF AFFECTED UNSECURED CLAIMS TO ABH, HOLDERS WILL BE REQUIRED TO PROVIDE ABH WITH INFORMATION REGARDING THE HOLDERS' TAX BASIS AND HOLDING PERIOD IN THE AFFECTED UNSECURED CLAIMS. ABH IS REQUIRED TO OBTAIN THIS INFORMATION SO THAT ABH CAN COMPLY WITH ITS OWN TAX REPORTING AND RETURN FILING OBLIGATIONS, WHICH, IN THE CASE OF A SECTION 351 TRANSACTION SUCH AS THE ONE DESCRIBED ABOVE, DEPEND ON CERTAIN INFORMATION RELATED TO THE HOLDERS' TAX BASIS AND HOLDING PERIOD.

(a) Accrued Interest

A portion of the consideration (whether stock or other consideration) received by Holders of the Claims may be attributable to accrued but unpaid interest with respect to such Claims. Such amount should be taxable to a Holder as ordinary interest income if the accrued interest has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, a Holder generally recognizes a deductible loss to the extent that any accrued interest was previously included in income and is not paid in full. If the fair value of the

consideration received by Holders of the Claims is not sufficient to satisfy fully all principal and interest on the Claims, the extent to which such consideration will be attributable to accrued but untaxed interest is unclear.

The Company will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest, pursuant to the Plans. Certain legislative history indicates that an allocation of consideration between principal and interest provided for in a bankruptcy plan of reorganization is binding for U.S. federal income tax purposes. However, no assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is allocated entirely to the principal amount of such Claim, a Holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the Holder's gross income. Holders of Claims should consult their tax advisors regarding the proper allocation of the consideration received by them under the Plans, as well as the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(b) Market Discount

The market discount provisions of the Tax Code may apply to certain Holders. In general, a debt obligation other than a debt obligation with a fixed maturity of one year or less that is acquired by a holder in the secondary market (or, in certain circumstances, upon original issuance) is a "market discount bond" as to that holder if its stated redemption price at maturity (or, in the case of a debt obligation having OID, its revised issue price) exceeds the holder's adjusted tax basis in the debt obligation immediately after such holder's acquisition of the debt obligation by more than a statutory *de minimis* amount. Gain recognized by a holder upon a disposition of a "market discount bond" generally will be treated as ordinary interest income to the extent of the market discount accrued on such bond during the holder's period of ownership, unless the holder elected to include accrued market discount in taxable income currently. Absent such an election, a holder of a market discount bond is required under the market discount rules of the Tax Code to defer deduction of all or a portion of the interest on indebtedness incurred or maintained to acquire or carry the bond. In such circumstances, the holder will be allowed to deduct such interest, in whole or in part, on the disposition of such bond.

To the extent the debt instruments held by a Holder had been acquired with market discount and are exchanged for New ABH Common Stock in a Section 351 exchange, any market discount that accrued on such debt instruments but was not recognized by the Holder may cause any gain recognized on the subsequent sale, exchange, redemption or other disposition of the New ABH Common Stock to be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instruments.

Ownership and Disposition of New ABH Common Stock

(a) Distributions of Cash or Property on New ABH Common Stock

Generally, the gross amount of any distribution of Cash or property made with respect to New ABH Common Stock will be includible by a Holder in gross income as dividend income to the extent that such distributions are paid out of the current or accumulated "earnings and profits" of ABH as determined under U.S. federal income tax principles. A distribution that is treated as a dividend for U.S. federal income tax purposes may qualify for the seventy percent (70%) dividends-received deduction if such amount is distributed to a Holder that is a corporation and that satisfies certain holding period and taxable income requirements, and may qualify for an eighty percent (80%) dividend-received deduction if such corporate Holder holds twenty percent (20%) or more of the outstanding stock (by voting power and value) of the distributing corporation.

A distribution in excess of ABH's current and accumulated earnings and profits will first be treated as a return of capital to the extent of a Holder's adjusted tax basis in New ABH Common Stock and will be applied against and reduce such basis dollar-for-dollar (thereby increasing the amount of gain and decreasing the amount of loss recognized on a subsequent taxable disposition of the New ABH Common Stock). To the extent that such distribution exceeds a Holder's adjusted tax basis in New ABH Common Stock the distribution generally will be treated as capital gain, subject to the "Market Discount" rules discussed above, and will be treated as long-term capital gain if the Holder's holding period in such stock exceeds one year as of the date of the distribution. Dividends received by non-corporate holders in taxable years beginning before January 1, 2011 may qualify for a reduced rate of taxation if certain holding period and other requirements are met.

(b) Sale, Exchange or Other Taxable Disposition of New ABH Common Stock

Upon the sale, retirement or other taxable disposition of a share of New ABH Common Stock, a Holder generally will recognize gain or loss in an amount equal to the difference between the sum of cash plus the fair market value of any property received and the Holder's adjusted tax basis in such New ABH Common Stock, subject to the "Market Discount" rules discussed above. Such gain or loss generally will constitute capital gain or loss, and will be long-term capital gain or loss if at the time of the sale, exchange, retirement or other taxable disposition, the Holder held the share of New ABH Common Stock, for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to certain limitations, as discussed below in "Limitations on Use of Capital Losses".

Limitations on Use of Capital Losses

A Holder who recognizes capital losses as a result of consummation of the Plans or upon a subsequent disposition of New ABH Common Stock, will be subject to limitations on the use of such capital losses. For a non-corporate taxpayer, capital losses may be used to offset any capital gains (without regard to holding periods), and also to offset ordinary income to the extent of the lesser of (1) \$3,000 (\$1,500 for married individuals filing separate returns), or (2) the excess of the capital losses over the capital gains. A non-corporate taxpayer may carry over unused capital losses and apply them against future capital gains and, as set forth in the preceding sentence, a portion of such taxpayer's ordinary income for an unlimited number of years. For corporate holders, capital losses may only be used to offset capital gains. A corporate holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year, and may carry over unused capital losses for the five years following the capital loss year.

Exercise or Expiration of the Subscription Rights

A U.S. Holder generally will not recognize gain or loss upon the exercise of a Subscription Right. Rights Offering Notes that a U.S. Holder acquires pursuant to the exercise of the Subscription Rights will have a tax basis equal to the Holder's adjusted basis in the Subscription Rights so exercised, increased by any amount paid to exercise the Subscription Rights. The holding period for the Rights Offering Notes that a U.S. Holder acquires pursuant to the exercise of the Subscription Rights will commence on the date following the date of exercise (or possibly on the date of exercise). If the Subscription Rights are allowed to lapse unexercised, a U.S. Holder will have a capital loss equal to such holder's adjusted basis in the Subscription Rights, which will be treated as a long-term capital loss if the Holder's holding period in the Subscription Rights exceeds one year as of the date of the expiration. The deductibility of capital losses is subject to certain limitations, as discussed above in "Limitations on Use of Capital Losses".

Treatment of Upfront Payment under Backstop Agreement

At the time the Rights Offering Notes are issued, pursuant to the Backstop Commitment, the Company shall cause the Upfront Payment to be paid back to Eligible Holders from the proceeds of the sale of such Rights Offering Notes. The tax treatment of this Upfront Payment is not entirely clear, and the amount of the Upfront Payment received [may] be treated as fee income to an Eligible Holder.

Ownership, Conversion and Disposition of Rights Offering Notes received upon Exercise of Subscription Rights

(a) Payments of Interest on Rights Offering Notes

Each payment of qualified stated interest (as defined below) on a New Note (including any amount withheld as backup withholding tax) will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

(b) Original Issue Discount

(i) Generally

A note with a term that exceeds one year will be treated as issued with OID if it has a term of more than one year and the "stated redemption price at maturity" of the note exceeds its "issue price" by more than the *de minimis* amount of $\frac{1}{4}$ of 1 percent of the "stated redemption price at maturity" multiplied by the number of complete years from the issue date of the note to its maturity.

The "stated redemption price at maturity" of the Rights Offering Notes will exceed the "issue price" of the Rights Offering Notes by more than a *de minimis* amount, and the Rights Offering Notes will therefore constitute discount notes issued with OID. Following is a summary of the OID rules and their application to the Rights Offering Notes.

The "issue price" of a note generally is the first price at which a substantial amount of the issue of which the note is a part is sold to persons other than bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers.

The "stated redemption price at maturity" of a note generally is the total amount of payments provided by the note other than "qualified stated interest" payments. Generally, an interest payment on a note is "qualified stated interest" if it is paid in cash (or property of the issuer other than debt) and is one of a series of stated interest payments on a note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the note. Qualified stated interest payable on the Rights Offering Notes will be taxable to a U.S. Holder when accrued or received in accordance with such holder's normal method of accounting.

Interest is considered unconditionally payable only if reasonable legal remedies exist to compel timely payment or the note otherwise provides terms and conditions that make the likelihood of late payment (other than a late payment within a reasonable grace period) or non-payment a remote contingency. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between stated interest payments. Thus, if the interval between payments varies during the term of a note, the value of the fixed rate on which payment is based generally must be adjusted to reflect a compounding assumption consistent with the length of the interval between payments.

Because the Rights Offering Notes will be issued with OID, a U.S. Holder will be required to include OID in gross income for U.S. federal income tax purposes as it accrues (regardless of a holder's method of accounting), which may be in advance of receipt of the cash attributable to that income. OID accrues under the constant-yield method, based on a compounded yield to maturity, as described below. Accordingly, a U.S. Holder generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

The annual amounts of OID includible in income by a U.S. Holder will equal the sum of the "daily portions" of the OID with respect to the Rights Offering Notes for each day on which a U.S. Holder owns the Rights Offering Notes during the taxable year. Generally, a U.S. Holder determines the daily portions of OID by allocating to each day in an "accrual period" a pro rata portion of the OID that is allocable to that accrual period. The term "accrual period" means an interval of time with respect to which the accrual of OID is measured and which may vary in length over the term of a note provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on either the first or last day of an accrual period.

The amount of OID allocable to an accrual period will be the excess of:

- the product of the "adjusted issue price" of the Rights Offering Note at the beginning of the accrual period and its "yield to maturity"

over

- the aggregate amount of any qualified stated interest payments allocable to the accrual period.

The adjusted issue price of a Rights Offering Note at the beginning of the first accrual period is its issue price, and, on any day thereafter, it is the sum of the issue price and the amount of OID previously included in gross income, reduced by the amount of any payment (other than a payment of qualified stated interest) previously made on the Rights Offering Notes. If an interval between payments of qualified stated interest on a Rights Offering Note contains more than one accrual period, then, when a U.S. Holder determines the amount of OID allocable to an accrual period, such U.S. Holder must allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, a U.S. Holder must increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. If all accrual periods are of equal length except for a shorter initial and/or final accrual period, a U.S. Holder can compute the amount of OID allocable to the initial period using any reasonable method; however, the OID allocable to the final accrual period will always be the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period.

OID will be calculated based on the assumption that interest on the Rights Offering Notes will be paid in Cash. It is not entirely clear what adjustments would be required if the Company were to pay interest in kind instead of in Cash.

(ii) Election to Treat All Interest as OID (Constant Yield Method)

A U.S. Holder may elect to include in gross income all interest that accrues on a Rights Offering Note using the constant-yield method described above, with the modifications described below. For purposes of this election, interest will include stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest. If a U.S. Holder makes this election in respect of its Rights Offering Notes, when such holder applies the constant-yield method:

- the issue price of a Rights Offering Note will equal its cost;
- the issue date of a Rights Offering Note will be the date it is acquired; and
- no payments on a Rights Offering Note will be treated as payments of qualified stated interest.

Generally, this election will apply only to the Rights Offering Note for which it is made. A U.S. Holder may not revoke an election to apply the constant-yield method to all interest on a Rights Offering Note without IRS consent.

(iii) Applicable High Yield Discount Obligations

As indicated above, the Company expects that the Rights Offering Notes will constitute AHYDOs for U.S. federal income tax purposes. Consequently, to the extent the Company has current or accumulated earnings and profits, the disqualified portion of OID, as defined above, generally will be treated as a dividend to a U.S. Holder that may be subject to a dividends received deduction for corporate U.S. Holders. The dividends-received deduction is subject to a number of complex limitations. U.S. Holders are urged to consult their own tax advisor regarding the U.S. federal income tax consequences of holding Rights Offering Notes that are considered AHYDOs.

(c) Treatment of New Rights Offering Notes issued in respect of Rights Offering Notes

A newly distributed Rights Offering issued in respect of an existing Rights Offering Note received in lieu of Cash interest on the existing Rights Offering Note is aggregated with the existing Rights Offering Note and will

be treated as part of the existing Rights Offering Note with respect to which it was issued. Thus, the initial issue price of a newly distributed Rights Offering Note issued in respect of an existing Rights Offering Note likely will be determined by allocating the adjusted issue price, at the time of distribution, of the underlying Rights Offering Note between the newly distributed Rights Offering Note and the underlying Rights Offering Note in proportion to their respective principal amounts. A portion of the basis of such Rights Offering Note will be allocated to such newly issued Rights Offering Note and OID on such newly issued Rights Offering Note will accrue in the same manner as described above in the case of such Rights Offering Note. A U.S. Holder's holding period for any newly issued Rights Offering Notes issued with respect to an original Rights Offering Note will likely be identical to its holding period for the original Rights Offering Note.

(d) Conversion of Rights Offering Notes

In general, a U.S. Holder will not recognize income, gain or loss upon conversion of Rights Offering Notes into shares of New ABH Common Stock, except that the receipt of cash in lieu of a fractional share of New ABH Common Stock will result in capital gain or loss (as described below).

A U.S. Holder's tax basis in New ABH Common Stock received upon conversion of Rights Offering Notes (other than in respect of accrued interest) will equal its adjusted basis in the Rights Offering Notes so converted, less any portion of such holder's tax basis allocable to Cash received in lieu of a fractional share. The holding period will include the period during which a U.S. Holder held the Rights Offering Notes prior to conversion. Cash received in lieu of a fractional share of New ABH Common Stock should be treated as a payment in exchange for the fractional share, and a U.S. Holder generally will recognize taxable gain or loss on the receipt of Cash in lieu of a fractional share in an amount equal to the difference between the amount of Cash received and such holder's tax basis in the fractional share.

(e) Constructive Dividends

An increase in the conversion rate of the Rights Offering Notes may, depending on the circumstances, be deemed to be a distribution to a U.S. Holder. Any deemed distribution will be taxed in the same manner as an actual distribution. A U.S. Holder may be deemed to receive a taxable dividend if the conversion rate of the Rights Offering Notes is adjusted as described under the terms of the Rights Offering. A U.S. Holder's tax basis in a Note would be increased by the amount of any such deemed dividend.

(f) Sale, Exchange or Retirement of the Rights Offering Notes

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the sum of cash plus the fair market value of any property received (other than any amount received that is attributable to accrued but unpaid interest not previously included in income, which will be taxable as ordinary interest income) and its adjusted tax basis in the Note. A U.S. Holder's tax basis in a Note generally will be the amount that such holder paid for the Subscription Right, increased by the amount of the price paid to convert the Subscription Right and any OID previously included in income, decreased by the amount of any payments (other than payments of qualified stated interest) on the Note. Any capital gain or loss will be long-term capital gain or loss if at the time of the sale, exchange, retirement or other taxable disposition of the Note, a holder held the Note for more than one year. Long-term capital gains of an individual taxpayer for taxable dispositions prior to January 1, 2011 will be taxed at a maximum rate of 15%. For taxable dispositions on or after January 1, 2011, such long-term capital gains will be taxed at a maximum rate of 20%. The deductibility of capital losses is subject to certain limitations, as discussed above in "*Limitations on Use of Capital Losses*".

Information Reporting and Backup Withholding

Certain payments ("**Reportable Payments**") generally are subject to information reporting by the payor to the IRS. Moreover, Reportable Payments are subject to backup withholding (currently at a rate of twenty eight percent (28%)) under certain circumstances. Under the backup withholding rules set forth in the Tax Code, a Holder receiving a payment or distribution of cash or other property pursuant to the Plans, pursuant to distributions on New

ABH Common Stock or certain payments of principal of, and interest on, a Note, and the proceeds of disposition of a Note before maturity may be subject to backup withholding with respect to such payment or distribution unless it: (i) is an exempt recipient, such as a corporation, and when required, demonstrates this exemption, or (ii) timely provides a correct U.S. taxpayer identification number and makes certain certifications under penalties of perjury.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against the Holder's U.S. federal income tax liability, and it may obtain a refund of excess amounts withheld under the backup withholding tax rules by timely filing an appropriate claim for refund with the IRS.

U.S. Federal Income Tax Considerations for Non-U.S. Holders

This subsection applies to a Holder who is a Non-U.S. Holder. The rules governing U.S. federal income taxation of Non-U.S. Holders are complex. Each non-U.S. Holder should consult with its own tax advisor to determine the effect of U.S. federal, state, local and foreign income tax laws, as well as treaties, with regard to its participation in the transactions contemplated by the Plans and its ownership of New ABH Common Stock, Subscription Rights and any Rights Offering Notes issued upon the Exercise of the Subscription Rights, including any reporting requirements.

Tax Consequences of Ownership of the New ABH Common Stock and Subscription Rights.

As discussed above, it is expected that the assignment of a portion of the Affected Unsecured Claims to ABH and the receipt by Holders of New ABH Common Stock and Subscription Rights should constitute a Section 351 transaction under the Tax Code, and accordingly, no gain or loss for U.S. federal income tax purposes should be realized or recognized by Non-U.S. Holders transferring such Claims to ABH, except to the extent of the value of the Subscription Rights received, as discussed in more detail above.

Subject to the discussion below in "*Information Reporting and Backup Withholding*," any gain or loss realized by a Non-U.S. Holder in connection with the assignment of the Claim to ABH, receipt of New ABH Common Stock and Subscription Rights, as applicable, pursuant to the Plans should not be subject to U.S. federal income tax unless:

- the gain or loss is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the U.S. (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment that such Non-U.S. Holder maintains within the U.S.), in which case the gain or loss will be treated in the manner described below in "*Effectively Connected Income and Loss*;"
- the Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more during the taxable year that includes the date of the assignment of the Claim to the Debtors, and certain other conditions are met, in which case the gain (reduced by any U.S.-source capital losses) will be subject to thirty percent (30%) tax (subject to possible reduction if provided by treaty); or
- the Non-U.S. Holder is subject to the Tax Code provisions applicable to certain former citizens or residents.

Distributions on New ABH Common Stock

Distributions of cash and property that ABH makes in respect of New ABH Common Stock will constitute dividends for U.S. federal income tax purposes to the extent of its current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions of cash and property that constitute dividends for U.S. federal income tax purposes generally will be subject to U.S. federal withholding at a thirty percent (30%) rate unless a reduced rate is prescribed by an applicable income tax treaty. If the amount of a distribution exceeds ABH's current and accumulated earnings and profits, such excess first will be treated as a return of capital to the extent of a Non-U.S. Holder's tax basis in the New ABH Common Stock and thereafter will be treated as gain from the disposition of such share of New ABH Common Stock, subject to tax as described below in "*Sale, Exchange or Disposition of New ABH Common Stock, Subscription Rights and Rights Offering Notes*".

In order to obtain a reduced rate of U.S. withholding tax under an applicable income tax treaty, a Non-U.S. Holder will be required to provide a properly executed IRS Form W-8BEN certifying its entitlement to benefits under the treaty. If a Non-U.S. Holder is eligible for a reduced rate of U.S. withholding tax under a treaty, the Non-U.S. Holder may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. Each Non-U.S. Holder should consult its own tax advisor regarding its possible entitlement to benefits under a treaty.

The U.S. federal withholding tax described above will not apply to dividends paid to a Non-U.S. Holder if such dividends represent U.S. trade or business income for the Non-U.S. Holder and the Non-U.S. Holder provides a properly executed IRS Form W-8ECI certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S., as the dividends will be subject to tax as described below under "*Effectively Connected Income and Loss*".

Ownership of the Rights Offering Notes Issued upon Exercise of the Subscription Rights

Subject to the discussion below in "*Information Reporting and Backup Withholding*," payments of interest on a Note (including OID) to a Non-U.S. Holder that are not effectively connected with the conduct of a U.S. trade or business generally will not be subject to U.S. federal income tax if:

- the Non-U.S. Holder does not own, actually or constructively, for U.S. federal income tax purposes, 10% or more of the total combined voting power of all classes of the Company's voting stock;
- the Non-U.S. Holder is not, for U.S. federal income tax purposes, a controlled foreign corporation related, directly or indirectly, to the Company through stock ownership under applicable rules of the Tax Code;
- the Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code; and
- the certification requirement, as described below, is fulfilled with respect to the beneficial owner of the Note.

The certification requirement described above will be fulfilled if either (A) a Non-U.S. Holder provides to the Company or its paying agent an IRS Form W-8BEN (or successor form), signed under penalties of perjury, that includes such holder's name and address and a certification as to such holder's non-U.S. status, or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business holds the Note on behalf of the beneficial owner and provides a statement to the Company or its paying agent, signed under penalties of perjury, in which the organization, bank or financial institution certifies that it has received an IRS Form W-8BEN (or successor form) from the non-U.S. beneficial owner or from another financial institution acting on behalf of such beneficial owner and furnishes the Company or its paying agent with a copy thereof and otherwise complies with the applicable IRS requirements. Other methods might be available to satisfy the certification requirements described above, depending on a holder's particular circumstances.

The gross amount of payments of interest that do not qualify for the exception from withholding described above (the "portfolio interest exemption") will be subject to United States withholding tax at a rate of 30% unless (A) a Non-U.S. Holder provides a properly completed IRS Form W-8BEN (or successor form) claiming an exemption from or reduction in withholding under an applicable tax treaty, or (B) such interest is effectively connected with such Non U.S. Holder's conduct of a United States trade or business and such holder provides a properly completed IRS Form W-8ECI (or successor form).

Effectively Connected Income and Loss

If a Non-U.S. Holder is engaged in a trade or business in the U.S. and if dividends received in respect of New ABH Common Stock; gain or loss realized on the disposition of a share of New ABH Common Stock, Subscription Rights or Rights Offering Notes; or fee income received for participating in the Rights Offering are

"effectively connected" with the conduct of such U.S. trade or business, any such dividends, gain or loss realized by a Non-U.S. Holder will be subject to full net-basis U.S. federal income tax in the same manner as if the Non-U.S. Holder were a U.S. Holder, unless an applicable income tax treaty provides otherwise. In addition, if the Non-U.S. Holder is a foreign corporation, the Non-U.S. Holder may also be subject to a "branch profits tax" on earnings and profits effectively connected with such U.S. trade or business (subject to certain adjustments) at a rate of thirty percent (30%), unless the branch profits tax is reduced or eliminated by an applicable income tax treaty. Even though any such effectively connected income would be subject to income tax, and might also be subject to branch profits tax, it would not be subject to withholding tax if the Non-U.S. Holder satisfied the applicable certification requirements described above. Non-U.S. Holders should discuss the applicability of the "effectively connected" rules with their tax advisors.

Sale, Exchange or Disposition of New ABH Common Stock, Subscription Rights and Rights Offering Notes

Subject to the discussion below concerning backup withholding, if a Non-U.S. Holder owns New ABH Common Stock and Subscription Rights (or Rights Offering Notes issued upon conversion of Subscription Rights), the Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain or loss realized on the sale, exchange or other taxable disposition of such New ABH Common Stock and Subscription Rights (or Rights Offering Notes), unless:

- the Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more in the taxable year of disposition, and certain other conditions are met;
- such gain represents accrued but unpaid interest not previously included in income, in which case the rules regarding interest would apply; or
- such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (see "*Effectively Connected Income and Loss*").

Information Reporting and Backup Withholding

Unless certain exceptions apply, the Company must report annually to the IRS and to each Non-U.S. Holder the amount of any dividends and interest paid to the Non-U.S. Holder (whether such dividend income is subject to U.S. withholding tax or is exempt from such tax pursuant to an income tax treaty). Copies of these information returns may also be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which a Non-U.S. Holder resides.

Under current U.S. federal income tax law, backup withholding tax will not apply to payments of dividends and interest by the Company or its paying agent if the Non-U.S. Holder provides a properly executed IRS Form W-8BEN (or successor form), or otherwise establishes its eligibility for an exemption, provided that the Company or its paying agent, as the case may be, does not have actual knowledge or reason to know that the payee Non-U.S. Holder is a U.S. person.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a Non-U.S. Holder under the backup withholding rules will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the holder furnishes the required information to the IRS. A Non-U.S. Holder should consult its tax advisor regarding the application of information reporting and backup withholding in such holder's particular situation, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

XI. OTHER CONSIDERATIONS

A. NEW ABH COMMON STOCK AND RIGHTS OFFERING NOTES

The definitive terms of the Rights Offering Notes and the New ABH Common Stock will be made available on the website of the Monitor, at www.ey.com/ca/abtibowater, no later than ●, 2010. The Applicants

will announce by way of press release the posting of such documents on the website maintained by the Monitor concurrently with such posting.

B. CANADIAN SECURITIES LAW CONSIDERATIONS

Canadian securities Laws provide for a specific statutory exemption from the prospectus requirements when securities are issued or distributed in connection with either (i) a reorganization or arrangement that is under a statutory procedure, or (ii) a reorganization or arrangement that (a) is described in an information circular made pursuant to applicable regulations or in a similar disclosure record and the information circular or similar disclosure record is delivered to each security holder whose approval of the reorganization or arrangement is required before it can proceed and (b) is approved by the security holders referred to in (a). The Applicants believe that the issuance and distribution of the New ABH Common Stock under the CCAA Plan to any Canadian resident and of Subscription Rights to Rights Offering Participants pursuant to the Rights Offering fall within one of the statutory exemptions under Canadian securities Laws described in this paragraph and are thus exempt from the prospectus requirements under Canadian securities Laws.

The issuance and distribution of Rights Offering Notes upon the exercise of the Subscription Rights by the Rights Offering Participants and of New ABH Common Stock upon the conversion of such Rights Offering Notes in accordance with their respective terms also fall within statutory exemptions under Canadian securities Laws and are thus exempt from the prospectus requirements. For the purposes herein, the New ABH Common Stock (including the New ABH Common Stock issuable upon the conversion of Rights Offering Notes) and the Rights Offering Notes issuable upon the exercise of the Subscription Rights are referred to as the "**New Securities**".

Under Canadian securities Laws, once issued, the New Securities will, except for "control distributions" described below, be generally freely tradeable in Canada without the need for the holder of such New Securities to prepare and file a prospectus or rely on an exemption from the prospectus requirements, provided (i) the issuer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade, (ii) no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade, (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade, and (iv) if the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation. Reorganized ABH will not have been a reporting issuer for any period prior to the Implementation Date. However, ABH is currently a reporting issuer in each of the provinces of Canada and it is currently anticipated that, at the Implementation Date, it will remain a reporting issuer and will have been a reporting issuer for the four months preceding the Implementation Date in each of the provinces of Canada. Under Canadian securities Laws, a holder of New Securities may include the period of time that ABH was a reporting issuer in a jurisdiction of Canada immediately prior to the Implementation Date in determining the period of time that Reorganized ABH was a reporting issuer in a jurisdiction of Canada immediately preceding the trade by such holder.

If the resale or trade of the New Securities constitutes a "control distribution", then any resale or trade of the New Securities would require either (i) the preparation and filing of a prospectus in the relevant Canadian jurisdiction(s) in order to qualify such resale or trade for public distribution in Canada and render the subject New Securities freely tradeable in such Canadian jurisdiction(s), (ii) in the absence of a Canadian prospectus, the reliance on a separate statutory or discretionary exemption from the applicable prospectus requirements for the resale or trade of the New Securities, or (iii) the giving of notice and filing of a prescribed form with the CSA at least seven days before the first resale or trade that is part of the control distribution indicating the selling security holder's intention to distribute securities and particulars of the proposed trade, including the number and class of securities proposed to be sold and whether the sale will occur privately or on an exchange or market.

In general terms, a "control distribution" is a distribution effected by a "control person", being (i) a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and, if a person or company holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the person or company is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer, or (ii) each person or company in a combination of persons or companies, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights

attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and, if a combination of persons or companies holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the combination of persons or companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer.

Given the complex and subjective nature of the question of whether a particular holder may be a "control person" under Canadian securities Laws, the Applicants make no representation concerning the right of any Person to trade in the New Securities in Canada. The Applicants recommend that potential recipients of the New Securities consult their own counsel concerning whether they may freely trade the New Securities in Canada in compliance with applicable Canadian securities Laws.

C. UNITED STATES SECURITIES LAW CONSIDERATIONS

Federal

The New ABH Common Stock to be issued under the CCAA Plan to any person subject to the U.S. securities laws and the exercise of the Subscription Rights by Eligible Holders has provided in the CCAA Plan but not the Unsubscribed Rights Offering Notes, Excluded Rights Offering Notes or Rights Offering Notes received by Persons deemed to be "underwriters", as defined in Section 1145(b) of the Bankruptcy Code will be issued in reliance upon Section 3(a)(10) of the U.S. Securities Act which, among other things, exempts from the registration requirements thereof securities issued in exchange for one or more outstanding securities, claims or property interests where the terms and conditions of the issuance and exchange have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom such securities will be issued have the right to appear. The Court is required by the CCAA to conduct a hearing to determine the fairness of the terms and conditions of the CCAA Plan, including the proposed issuance of securities thereunder. The Court has granted the Creditors' Meeting Order, as set out in Appendix D to this Circular, and subject to the approval of the CCAA Plan by the Affected Unsecured Creditors, the Court will hold a hearing on the fairness of the CCAA Plan on or about ●, 2010 prior to entering the Sanction Order.

The New ABH Common Stock received under the CCAA Plan and the exercise of the Subscription Rights by Eligible Holders as provided in the CCAA Plan, but not the Unsubscribed Rights Offering Notes or Excluded Rights Offering Notes, will be freely transferable under United States federal securities Laws, except that the New ABH Common Stock and the Rights Offering Notes received by Persons who are deemed to be "underwriters", including holders who are deemed to be "affiliates" (as such terms are defined under the U.S. Securities Act) of ABH within 90 days before, or after, the Implementation Date, or "control persons" may be resold by them only in transactions permitted by the resale provisions of Rule 144 or Regulation S promulgated under the U.S. Securities Act or as otherwise permitted under the U.S. Securities Act. Sales under Rule 144 require compliance, during prescribed periods following the acquisition of securities as a result of the implementation of the CCAA Plan, with certain holding periods, volume limitations and current public information and manner of sale requirements. Persons whom may be deemed to be "affiliates" of an issuer generally include individuals or entities that directly, or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, such issuer and may include officers and directors of such issuer as well as principal shareholders of such issuer. Parties who believe they may be statutory underwriters as defined in Section 1145 of the Bankruptcy Code are advised to consult with their own counsel concerning the availability of the exemptions provided by Rule 144 or Regulation S.

The Backstop Parties will also receive securities of Reorganized ABH. Reorganized ABH will rely on Section 4(2) of the U.S. Securities Act and, to the extent applicable, Regulation D promulgated thereunder, to exempt the offering, sale and issuance of the Rights Offering Notes to the Backstop Parties. Section 4(2) exempts from the registration requirements of the U.S. Securities Act any offering by an issuer not involving any public offering. Regulation D similarly exempts from the registration requirements of the U.S. Securities Act private offerings by an issuer of securities to "accredited investors", as such term is defined under Regulation D, and to certain other qualified investors.

State

The issuance and delivery of the New ABH Common Stock, pursuant to the CCAA Plan, the exercise of the Subscription Rights by Eligible Holders as provided by the CCAA Plan and the issuance of the Rights Offering Notes to the Backstop Parties will not be registered under the securities Laws of any state of the United States. Such securities will be issued in reliance upon applicable exemptions under state securities Laws. Affected Unsecured Creditors are advised that the resale of the New ABH Common Stock and the Rights Offering Notes may be subject to certain registration requirements or other restrictions imposed by various states' "blue sky" Laws. ABH does not provide any advice with respect to the applicability of, or compliance with, any such blue sky Laws and urges all Affected Unsecured Creditors to consult their own advisors concerning whether they may freely trade the New ABH Common Stock and the Rights Offering Notes in compliance with the blue sky Laws of the state in which they reside.

D. STOCK EXCHANGE LISTING

Reorganized ABH and the Applicants shall use their reasonable best efforts to cause the New ABH Common Stock to be listed on the New York Stock Exchange, the NASDAQ Global Market or NASDAQ Global Select Market and/or the Toronto Stock Exchange. See *"The CCAA Plan – Description of the CCAA Plan – Implementation of the CCAA Plan"*.

Any such listing will be conditional upon Reorganized ABH fulfilling all the initial requirements of these exchanges, including distribution of these securities to a minimum number of public holders. There can be no assurance that listing will be achieved and, if achieved, that such listing will continue or that a trading market will develop or be sustained for the listed securities.

XII. RECOMMENDATION OF THE MONITOR

[NTD: To follow.]

XIII. RECOMMENDATION OF THE APPLICANTS

[NTD: To follow.]

XIV. LEGAL MATTERS

Certain legal matters in connection with the CCAA Plan will be passed upon on behalf of ABH and the Applicants by Stikeman Elliott LLP, as to matters of Canadian law. ABH and the Applicants have been represented by Paul, Weiss, Rifkind, Wharton & Garrison LLP as to matters of U.S. law.

XV. QUESTIONS AND FURTHER ASSISTANCE

If you have any questions about the information contained in this Circular or require assistance in completing your form of proxy, please contact ● at:

●

DATED at Montreal, this ● day of ●, 2010.

●

XVI. AUDITORS, TRANSFER AGENTS AND REGISTRAR

[NTD: To be inserted.]

APPENDIX A APPLICANTS

Abitibi-Consolidated Inc.
Abitibi-Consolidated Company of Canada
3224112 Nova Scotia Limited
Marketing Donohue Inc.
Abitibi-Consolidated Canadian Office Products Holdings Inc.
3834328 Canada Inc.
6169678 Canada Incorporated.
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.
Abitibi-Consolidated (U.K.) Inc.
Bowater Canadian Holdings Incorporated.
Bowater Canada Finance Corporation
Bowater Canadian Limited
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 Drive Company Limited
Bowater Treated Wood Inc.
Canoxel Hardboard Inc.
9068-9050 Québec Inc.
Alliance Forest Products (2001) Inc.
Bowater Belledune Sawmill Inc.
Bowater Maritimes Inc.
Bowater Mitis Inc.
Bowater Guérette Inc.
Bowater Couturier Inc.

**APPENDIX B
RESOLUTION**

APPENDIX C
PLAN OF REORGANIZATION AND COMPROMISE

APPENDIX D
CREDITORS' MEETING ORDER

APPENDIX E
CLAIMS PROCEDURE ORDERS

APPENDIX F
LIQUIDATION ANALYSIS

[NTD: To be prepared by the Monitor.]

APPENDIX G FINANCIAL PROJECTIONS

Pursuant to section 1129(a)(11) of the Bankruptcy Code, among other things, the Bankruptcy Court must determine that confirmation of the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated May [24], 2010 (as may be amended and supplemented from time to time according to its terms, the "**Plan**") is not likely to be followed by the liquidation or need for further financial reorganization of the debtors or any successors to the debtors under the Plan. This condition is often referred to as the "feasibility" of the plan.

For purposes of determining whether the Plan meets this requirement, the financial advisors of the Company have analyzed the debtors' ability to meet their obligations under the Plan. As part of that analysis, the debtors have prepared consolidated projected financial results for each of the years ending December 31, 2010 through and including 2014. These financial projections, and the assumptions on which they are based, are annexed hereto for your reference. See "*Article VIII, Section B. Statutory Requirements for Confirmation of the Plan in Chapter 11 Cases – 3. Feasibility*" in the Plan.

The Financial Projections should be read in conjunction with the assumptions, qualifications, and explanations set forth in the Disclosure Statement and in the Plan in their entirety, and the historical consolidated financial statements (including the notes and schedules thereto) and other financial information set forth in ABH's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, as amended, and other reports filed by ABH with the SEC filed prior to the Bankruptcy Court's approval of the Disclosure Statement. These filings are available by visiting the SEC's website at <http://www.sec.gov>.

The debtors prepared the Financial Projections based upon, among other things, the anticipated future financial condition and results of operations of the Reorganized Debtors (as defined in the Plan and CCAA Plan). The debtors do not, as a matter of course, publish their business plans, strategies, projections, or their anticipated results of operations or financial condition. Accordingly, the debtors and the Reorganized Debtors do not intend to update or otherwise revise the Financial Projections, or to include such information in documents required to be filed with the SEC or otherwise make such information public to reflect events or circumstances existing or arising after the date of the Disclosure Statement or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error.

THE FINANCIAL PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE FINANCIAL ACCOUNTING STANDARDS BOARD. THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING FINANCIAL PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS. EXCEPT FOR PURPOSES OF THE DISCLOSURE STATEMENT, THE DEBTORS DO NOT PUBLISH FINANCIAL PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. EXCEPT AS MAY OTHERWISE BE PROVIDED IN THE PLAN OR THE DISCLOSURE STATEMENT, THE DEBTORS DO NOT INTEND TO UPDATE OR OTHERWISE REVISE THESE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE OF THE DISCLOSURE STATEMENT OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH WILL BE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE OR ARE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE PROJECTIONS WERE

PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. *SEE ARTICLE [X] OF THE PLAN "CERTAIN RISK FACTORS TO BE CONSIDERED" AND THE SECTION "RISK FACTORS" OF THIS CIRCULAR.*

IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN AND THE CCAA PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

Financial Projections

The Company¹ prepared the Reorganized ABH Pro Forma Balance Sheet, Reorganized ABH Projected Balance Sheet, Reorganized ABH Projected Income Statement, Reorganized ABH Projected Cash Flow Statement and ACI, Donohue (for the purposes of this Exhibit, "**D-Corp**"), Bowater (for the purposes of this Exhibit, "**BI**"), Bowater Newsprint South Operations LLC (for the purposes of this Exhibit, "**BNS**") and BCFPI Projected Financials (collectively, the "**Financial Projections**") for the years 2010 through 2014 (the "**Projection Period**"). The Financial Projections are based on a number of assumptions made by management with respect to the future performance of the Company's operations. Although management has prepared the Financial Projections in good faith and believes the assumptions to be reasonable, it is important to note that the Company can provide no assurance that such Financial Projections and assumptions will be realized. As described in detail in the Disclosure Statement, a variety of risk factors could affect the Company's actual financial results and must be considered. The Financial Projections should be reviewed in conjunction with a review of these assumptions, including the accompanying qualifications and footnotes. The Company did not prepare the Financial Projections with a view toward compliance with published guidelines of the Securities and Exchange Commission or guidelines established by the FASB, particularly for reorganization accounting.

All dollar amounts in the Financial Projections are U.S. dollars unless otherwise indicated and any reference to "**GAAP**" refers to the generally accepted accounting principles in the United States of America.

1. Accounting Policies

a. The Financial Projections have been prepared using accounting policies that are materially consistent with those applied in the Debtors' historical financial statements (GAAP consolidated basis). The Financial Projections do not reflect the formal implementation of reorganization accounting pursuant to Financial Accounting Standards Board ("**FASB**") Accounting Standards Codification ("**ASC**") 852 Reorganizations ("**FASB ASC 852**"). In addition, for comparative presentation purposes, the operations and cash flows for 2010 combine the predecessor company (January 1, 2010 through the Effective Date / Implementation Date) and successor company (assumed Effective Date / Implementation Date through December 31, 2010) to allow for a full year presentation.

2. General Assumptions

a. Methodology - The Financial Projections are based upon the Company's detailed operating forecast for 2010 – 2014 for the consolidated enterprise. The Financial Projections include the impact of the Company's operating restructuring initiatives in 2010 both prior to and after the Effective Date and Implementation Date (as defined in the CCAA Plan). The Company's Financial Projections have been updated where noted to match the projected cash flows used by Blackstone in the Company's Enterprise Valuation.

¹ Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan, as applicable.

b. Plan Consummation - The operating assumptions assume that the Effective Date / Implementation Date will be October 1, 2010.

c. Macroeconomic and Industry Environment - The Financial Projections are based on management's view of North American and international market supply and demand, corresponding operating rates and pricing, and changes in the major cost inputs for the key pulp and paper grades in which it produces. Management's view generally aligns with current industry information including RISI, a leading information provider for the global forest products industry, as well as general Wall Street equity research consensus views for major macroeconomic and industry cost drivers.

d. Exchange Rate - The CAD / USD exchange rate is assumed to be \$.99 for the balance of 2010, falling to \$.98 in 2011, \$.96 in 2012, \$.93 in 2013 and \$.91 in 2014. These exchange rates projections are consistent with the assumptions used by Blackstone in the Company's Enterprise Valuation.

3. Adjusted September 30, 2010 Balance Sheet and Reorganized ABH Pro Forma Balance Sheet

The Adjusted September 30, 2010 Balance Sheet was developed based upon the December 31, 2009 audited balance sheet and projected results of operations and cash flows over the projected period to the assumed emergence date of October 1, 2010. On the Effective Date / Implementation Date, actual cash may vary from cash reflected in the Adjusted September 30, 2010 Balance Sheet because of variances in the Financial Projections and potential changes in cash needed to consummate the Plan and the CCAA Plan. The Reorganized ABH Pro Forma Balance Sheet contains certain pro forma adjustments as a result of consummation of the Plan and the CCAA Plan. The Reorganized ABH Pro Forma Balance Sheet also includes the debt (related to non-filed subsidiaries) and other obligations that will continue to remain outstanding after the Effective Date / Implementation Date and will be paid in the ordinary course of operations. The estimated pro forma adjustments regarding the reorganized equity value of the Company, its assets, or estimates of its liabilities as of the Effective Date / Implementation Date will be based upon the fair value of its assets and liabilities as of that date, which could be materially different than the values assumed in the foregoing estimates.

Reorganized ABH - Pro Forma Balance Sheet						
In US\$ million unless otherwise noted	Adjusted September 30, 2010	Exit Financing (A)	Cash Settlement (B)	Non-Cash Settlement (C)	Accounting Adjustments (D)	Pro Forma September 30, 2010
ASSETS						
Current Assets:						
Cash and cash equivalents	\$707	(\$419)	(\$138)	-	-	\$150
Accounts receivable	879	-	-	-	-	879
Inventories, net	588	-	-	-	-	588
Other current assets	121	-	-	-	-	121
Total current assets	\$2,296	(\$419)	(\$138)	-	-	\$1,738
Fixed assets, net	\$3,763	-	-	-	(\$896)	\$2,866
Goodwill	53	-	-	-	(53)	-
Intangible assets, net	311	-	-	-	(311)	-
Other non-current assets	353	70	-	-	(47)	376
Pension assets	149	-	-	-	-	149
Total assets	\$6,925	(\$349)	(\$138)	-	(\$1,307)	\$5,130
LIABILITIES						
Current liabilities not subject to compromise:						
Accounts payable and accrued liabilities	\$297	-	-	-	-	\$297
Short-term bank debt	496	(496)	-	-	-	-
Debtor-in-possession financing	206	(206)	-	-	-	-
Liabilities associated with assets held for sale	35	-	-	-	-	35
Administrative Claims	138	-	(138)	-	-	-
Total current liabilities not subject to compromise	\$1,173	(\$702)	(\$138)	-	-	\$332
Debt not subject to compromise	1,079	(837)	-	-	-	241
Pension and OPEB	-	-	-	391	-	391
Other long-term liabilities	55	-	-	-	-	55
Exit Financing Facilities	-	1,191	-	-	-	1,191
Liabilities Subject to Compromise (E)						
A/P Trade subject to compromise	251	-	-	(251)	-	-
Rejected Exce Contracts subject to comp.	646	-	-	(646)	-	-
Pension and OPEB subject to compromise	391	-	-	(391)	-	-
Employee Claims and other LSTC	663	-	-	(663)	-	-
3rd party debt subject to compromise	5,685	-	-	(5,685)	-	-
Total LSTC	\$7,636	-	-	(\$7,636)	-	-
Total liabilities	\$9,942	(\$349)	(\$138)	(\$7,245)	-	\$2,210
Shareholders' equity / (deficit)	(\$3,133)	-	-	\$7,245	(\$1,577)	\$2,534
Non-controlling interests	\$116	-	-	-	\$270	\$386
Total liabilities and shareholders' equity	\$6,925	(\$349)	(\$138)	-	(\$1,307)	\$5,130

- A Represents the exit financing in connection with the Company's emergence from the Chapter 11 Cases and CCAA Proceedings and the associated repayment under the Plan and CCAA Plan, as applicable, of secured debt claims, including the Bowater Secured Bank Claims, BCFPI Secured Bank Claims, DIP Facility Claims, ACCC Term Loan Secured Claims, 13.75% Senior Secured Notes, Securitization Claims and Other Secured Claims. In connection with the Company's reorganization and new exit financing, we have estimated the related transaction costs for the exit financing and capitalized these costs in other non-current assets on the balance sheet. These estimated transaction costs will be amortized to interest expense over the term of the new exit financing. Any capitalized transaction costs associated with our repaid secured debt will be written off.
- B Cash settlement represents cash payments required pursuant to the Plan and the CCAA Plan, including payment of Administrative Claims which include professional fees and claims pursuant to section 503(b)(9) of the Bankruptcy Code.
- C Reflects the cancellation or reinstatement of remaining liabilities subject to compromise pursuant to the Plan and the CCAA Plan.
- D Represents illustrative adjustments to book value to reflect the pro forma Equity Value of the Company. The book value adjustments in connection with this Reorganized ABH Pro Forma Balance Sheet do not reflect the formal implementation of reorganization accounting pursuant to FASB ASC 852. The final adjustments will be based upon the fair value of the assets and liabilities as of the Effective Date / Implementation Date and could impact different balance sheet accounts or be materially different than the values assumed in the foregoing estimates.
- E Claims levels are as reflected in the Plan and CCAA Plan, as applicable.

4. Reorganized ABH Projected Income Statement

Reorganized ABH - Projected Income Statement						
In US\$ million unless otherwise noted	3 Months Ended December 31,	Projected Year Ending December 31				
	2010E	2010E Full-Year	2011E	2012E	2013E	2014E
Sales	\$1,222	\$4,663	\$5,341	\$5,480	\$5,416	\$5,474
Cost of sales, excluding depreciation, amortization and cost of timber harvested	(918)	(3,651)	(3,793)	(3,841)	(3,828)	(3,826)
Depreciation, amortization, and cost of timber harvested	(72)	(471)	(294)	(301)	(307)	(314)
Distribution costs	(140)	(544)	(563)	(568)	(570)	(572)
Selling and administrative expenses	(41)	(168)	(146)	(139)	(135)	(132)
Net gain on disposition of assets	-	55	-	-	-	-
Operating income / (loss)	\$52	(\$116)	\$546	\$631	\$575	\$631
Interest expense	(42)	(381)	(166)	(166)	(166)	(162)
Interest income	1	6	9	17	26	37
Partnership earnings (equity investments)	(0)	(2)	7	8	10	10
Income before reorganization items, income taxes and noncontrolling interests	\$11	(\$493)	\$396	\$489	\$445	\$516
Reorganization items, net	(4)	(141)	-	-	-	-
Income before income taxes and noncontrolling interests	\$7	(\$635)	\$396	\$489	\$445	\$516
Income tax benefit / (expense)	(31)	199	(89)	(91)	(51)	(62)
Net loss / (income) attributable to noncontrolling interests	(2)	3	(34)	(33)	(32)	(31)
Net (loss) income	(\$26)	(\$432)	\$273	\$364	\$361	\$423

a. **Sales** - Consolidated sales include sales from the Debtors' primary operating segments: coated and specialty papers ("**Commercial Printing Papers**", or "**CPP**"), market pulp, newsprint and wood products. The Financial Projections assume CPP demand is projected to increase over the next several years from its current low base, driving price increases from a cyclical trough in 2009. Pulp markets are assumed to remain volatile, with pricing rebounding to peak levels in 2012, then declining thereafter with global economic activity. Domestic newsprint demand is forecast to continue its secular decline over the projected period, partially mitigated by projected increases in export market demand. Newsprint prices are projected to improve from trough levels in 2009 and level off by 2012. Forecasted improvements in lumber demand assume a material recovery from trough levels in 2009 to peak levels in 2012 driven by a recovery in long-term U.S. housing starts.

b. **Cost of Sales** - Cost of Sales, including distribution costs, is projected to be approximately 89% of sales in 2010 and improve to approximately 80% of sales by 2014, driven primarily by the forecasted improvement in market demand and pricing as well as savings from negotiated labor cost reductions.

c. **Selling, General, & Administrative Expenses** - Selling, General & Administrative ("**SG&A**") expenses are projected to decline to \$132 million, or 2.4% of sales in 2014 from \$168 million, or 3.5% of sales in 2009. SG&A has declined substantially since the Merger in 2007 (\$332 million in 2008 and \$198 million in 2009), and further SG&A reductions will result from anticipated reductions in headcount and a simplification of the Company's organizational structure, amongst other efficiency gains.

d. **Net income (loss)** - The net income (loss) is expected to improve from a loss in 2010 to positive net income beginning in 2011. Improvements will be driven by the capital restructuring, which will result in lower interest expense, as well as cost reductions and improving market demand and pricing. These improvements will be partially offset by increased commodity inflation and expenses.

e. **Reorganization Items** - The 2010 Reorganization Items consist of actual and estimated postpetition fees for professional advisors, bank fees directly attributable to the bankruptcy filing and related capital restructuring. This amount excludes any gains or losses associated with the extinguishment of debt and revaluation of assets and liabilities under fresh-start reporting.

f. **Interest Expense** - For 4Q10 through 2014, interest expense projections are based on the Company's estimated post-emergence capital structure assumed to be effective on October 1, 2010. Interest expense in 2010 prior to the Effective Date / Implementation Date is based on interest as disclosed in the Company's financial

statements for the first fiscal quarter of 2010 and as estimated for the Predecessor Company debt in accordance with GAAP for the period from April 1 through the Effective Date.

g. Income Taxes - Income tax benefit / (expense) was calculated based on the projected applicable statutory tax rates in the countries in which the Company operates. For U.S. operations, the federal tax rate was assumed to be 35%. State taxes were deemed to not be material over the Projection Period. For Canadian operations, the federal tax rate was assumed to be 30% in 2010, stepping down to 28% in 2011 and 26% in each subsequent year of the Projection Period.

U.S. taxable income in each projected year is adjusted downwards for the use of available post-emergence tax attributes preserved by the Company's tax planning efforts. Post-emergence U.S. tax attributes such as net operating losses ("NOLs"), capital losses, tax credits, stock investments in subsidiaries and fixed assets take into account required attribute reduction due to discharge of indebtedness as a result of the chapter 11 restructuring proceedings. Projected taxable income after accounting for available tax shields is estimated to be approximately \$50-90 million per year over the projected period.

Canadian taxable income in each projected year is projected to be zero after accounting for usage of available post-emergence tax attributes. Post-emergence Canadian tax attributes take into account required attribute reduction due to discharge of indebtedness under the CCAA Plan. Post-emergence attributes are primarily comprised of undepreciated capital cost ("UCC"), and to a lesser extent, NOLs and Scientific Research and Experimental Development expenses.

All tax-related projections conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company based upon consideration of tax attribute estimates provided by the Debtors and their tax advisors.

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5. Reorganized ABH Projected Balance Sheets

The Reorganized ABH Projected Balance Sheets set forth the projected financial position of the Company, after giving effect to the Adjusted September 30, 2010 Balance Sheet, the proposed reorganization and related pro forma adjustments in Section 3. The Reorganized ABH Balance Sheets were developed based upon the projected results of operations and cash flows over the Projection Period.

Reorganized ABH - Projected Balance Sheet						
	Pro Forma September 30, 2010	Projected Year Ending December 31,				
		2010E	2011E	2012E	2013E	2014E
<i>In US\$ million unless otherwise noted</i>						
ASSETS						
Current Assets:						
Cash and cash equivalents	\$150	\$300	\$618	\$1,070	\$1,579	\$2,104
Accounts receivable	879	872	980	1,014	989	1,017
Inventories, net	588	608	621	620	618	617
Other current assets	121	115	115	115	115	115
Total current assets	\$1,738	\$1,895	\$2,335	\$2,820	\$3,301	\$3,854
Fixed assets, net	\$2,866	\$2,799	\$2,615	\$2,439	\$2,247	\$2,048
Unconsolidated Investments	66	65	65	66	70	75
Other non-current assets	311	306	269	260	250	244
Pension assets	149	159	227	297	377	453
Total assets	\$5,130	\$5,226	\$5,511	\$5,882	\$6,245	\$6,673
LIABILITIES						
Current liabilities not subject to compromise:						
Accounts payable and other accrued liabilities	\$297	\$422	\$428	\$431	\$431	\$434
Liabilities associated with assets held for sale	35	35	35	35	35	35
Total current liabilities not subject to compromise	\$332	\$456	\$463	\$466	\$466	\$469
Debt	241	241	241	241	241	241
Pension and OP&B	391	391	391	391	391	391
Other long-term liabilities	55	55	55	55	55	55
Exit Financing Facilities	1,191	1,191	1,191	1,191	1,191	1,191
Total liabilities	\$2,210	\$2,334	\$2,341	\$2,344	\$2,344	\$2,346
Shareholders' equity / (deficit)	\$2,534	\$2,509	\$2,782	\$3,146	\$3,508	\$3,931
Non-controlling interests	\$386	\$383	\$388	\$392	\$393	\$396
Total liabilities and shareholders' equity	\$5,130	\$5,226	\$5,511	\$5,882	\$6,245	\$6,673

6. Reorganized ABH Statement of Cash Flow

The Reorganized ABH Statement of Cash Flow sets forth the Company's forecasted changes in cash, after giving effect to the proposed reorganization.

Reorganized ABH - Projected Cash Flow Statement					
	3 Months Ended December 31,	Projected Year Ending December 31,			
	2010E	2011E	2012E	2013E	2014E
<i>In US\$ million unless otherwise noted</i>					
OPERATING ACTIVITIES					
Net income / (loss)	(\$26)	\$273	\$364	\$361	\$423
Adjustments to reconcile to net cash provided by / (used in) operating activities:					
Depreciation, amortization, and cost of timber harvested	72	294	301	307	314
Deferred income taxes	6	-	-	-	-
Net income / (loss) attributable to noncontrolling interests	2	34	33	32	31
Net pension contributions	8	(49)	(52)	(62)	(58)
Net OPEB contributions	(18)	(19)	(18)	(18)	(17)
Equity investments net income	0	(7)	(8)	(10)	(10)
Amortization of financing costs	4	18	18	18	13
Changes in working capital:					
Accounts receivable	6	(108)	(34)	25	(29)
Inventories	(19)	(13)	1	2	1
Accounts payable	124	7	3	(0)	3
Net cash provided by / (used in) operating activities	\$160	\$429	\$608	\$656	\$671
INVESTING ACTIVITIES					
Cash invested in fixed assets	(24)	(110)	(125)	(116)	(115)
Dispositions of assets	20	-	-	-	-
Other investing activities, net	(0)	27	(1)	(2)	(2)
Net cash provided by / (used in) investing activities	(\$5)	(\$83)	(\$126)	(\$117)	(\$117)
FINANCING ACTIVITIES					
Cash distributions attributable to non-controlling interests	(5)	(28)	(30)	(30)	(28)
Net cash provided by / (used in) financing activities	(\$5)	(\$28)	(\$30)	(\$30)	(\$28)
Net increase / (decrease) in cash and cash equivalents	\$150	\$318	\$452	\$508	\$526
Cash and cash equivalents:					
Beginning of period	\$150	\$300	\$618	\$1,070	\$1,579
End of period	\$300	\$618	\$1,070	\$1,579	\$2,104

a. Pension and Other Postretirement Benefit ("OPEB") Contributions

i. Pension

The Company has multiple contributory and non-contributory defined benefit pension plans covering substantially all of its employees. On an accounting basis, as of December 31, 2009 the qualified defined benefit retirement plans maintained by the Company had a funded status of approximately 93% (90% on a Pension Protection Act, or "PPA", basis) and were under-funded by approximately \$424 million. This includes a deficit under Canadian defined benefit plans of approximately CDN\$ 1.4 billion as calculated on a solvency basis. Assuming that the Plan and CCAA Plan confirmed by the Bankruptcy Court and the Court, respectively, provide for the assumption of the qualified defined benefit retirement plans, the Company will likely be required to make significant cash contributions to these plans under applicable U.S. and Canadian laws over the next several years following emergence from bankruptcy in order to amortize the existing under-funding and satisfy current service obligations under the plans. Pension contributions will materially impact future cash flows that might otherwise be available for repayment of debt, capital expenditures, and other corporate purposes. All projected contributions referenced below are the amounts in excess of expense embedded in COGS and SG&A and appear in the Debtors' projected Reorganized Statement of Cash Flow.

The projected contributions stated hereafter were provided by the Company's pension advisors and conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company. These contributions for United

States qualified plans are estimated to be approximately \$16-27 million per year from 2010-2014 reflecting payments for both current and past service. Projected contributions also appear net of associated tax savings.

In connection with the CCAA Proceedings, the Court approved certain restrictions on the required cash contributions for the Canadian pension plans such that only current service costs were funded. In the Financial Projections, suspended contributions for past service costs have been resumed at estimated levels currently being negotiated with the relevant government authorities. Projected contributions for Canadian qualified plans are estimated to be approximately \$35-44 million per year reflecting payments for both current and past service, net of associated tax savings.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and returns on pension plan assets, and could also be impacted by future changes in the laws and regulations applicable to pension plan funding as well as the ultimate conclusion of negotiations with the relevant government authorities.

ii. **OPEB**

The Company also sponsors a number of OPEB plans for retirees.

Projected contributions for U.S. OPEB plans are estimated to be \$7-8 million per year from 2010-2014 for both current and past service. These contribution levels assume an annual health care cost increase of 7.2% and a rate of compensation increase of 2.9%.

Projected contributions for Canadian OPEB plans are estimated to be approximately \$8-9 million per year from 2010-2014 for both current and past service. These contribution levels assume a health care cost trend rate of 6.5% and a rate of compensation increase of 2.9%.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and rates of compensation increase, among other factors.

b. **Capital Expenditures**

Capital expenditures are projected to range from \$110 to \$125 million per year. The projected capital plan is based on the Company's expectation for average capital requirements through the cycle. Capital expenditures in 2011 are slightly lower than subsequent years to preserve shorter term liquidity. Priorities for capital expenditure include critical government / business requirements, project returns, facility / business ranking, equipment reliability and business judgment. No spending has been budgeted for capacity increases in the newsprint and CPP segments.

c. **Working Capital**

i. Accounts receivable days sales outstanding ("DSOs") vary based upon product line and destination, averaging approximately 55-60 DSOs. Domestic newsprint, which is approximately 45% of total sales have DSOs range from 33-37 days, while export sales are longer at 120-130 days. Specialty and Pulp DSOs range from 40-57 days while Lumber has the shortest sales cycle at 12-15 days. Changes in trade accounts receivable at emergence reflect the assumption that ACT's accounts receivable securitization program is terminated at emergence and is not replaced.

ii. Accounts Payable: The current implied number of days for which trade accounts payable are outstanding is approximately 13 days. This is expected to rise gradually to approximately 30 days in the months after emergence from Chapter 11/ CCAA, as the Debtors begin to receive normalized trade terms from their trade creditors.

7. ACI and D-Corp Summary EBITDA and Unlevered Free Cash Flow

ACI - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 527	\$ 2,353	\$ 2,369	\$ 2,419	\$ 2,415
EBITDA	\$ 44	\$ 353	\$ 355	\$ 424	\$ 436
% Margin	8.4%	15.0%	15.0%	17.5%	18.1%
Capital Expenditures	(12)	(52)	(59)	(56)	(58)
Pension / OPEB Contributions	(6)	(32)	(34)	(39)	(38)
Change in Working Capital	(219)	(58)	(1)	(1)	(6)
Cash Dividends to Non-Controlling Interests	0	0	0	(4)	(4)
Interest Income	0	2	5	11	17
Taxes	0	0	0	0	0
Other Items	(2)	27	(1)	(1)	(1)
Unlevered Free Cash Flow	\$ (194)	\$ 239	\$ 265	\$ 335	\$ 347

D-Corp - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 64	\$ 290	\$ 290	\$ 287	\$ 286
EBITDA	\$ 9	\$ 82	\$ 74	\$ 76	\$ 81
% Margin	14.1%	28.3%	25.4%	26.6%	28.3%
Capital Expenditures	(1)	(4)	(5)	(6)	(7)
Pension / OPEB Contributions	6	(19)	(19)	(26)	(21)
Change in Working Capital	267	(23)	(2)	0	(2)
Cash Dividends to Non-Controlling Interests	(5)	(23)	(22)	(19)	(17)
Interest Income	1	7	7	8	9
Taxes	0	0	0	0	0
Other Items	(0)	0	0	0	0
Unlevered Free Cash Flow	\$ 277	\$ 21	\$ 34	\$ 33	\$ 43

8. BI, BNS and BCFPI Summary EBITDA and Unlevered Free Cash Flow

BI - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 346	\$ 1,491	\$ 1,514	\$ 1,473	\$ 1,495
EBITDA	\$ 51	\$ 290	\$ 287	\$ 233	\$ 245
<i>% Margin</i>	14.8%	19.4%	19.0%	15.8%	16.4%
Capital Expenditures	(5)	(29)	(32)	(26)	(28)
Pension / OPEB Contributions	(9)	(3)	(2)	0	(1)
Change in Working Capital	56	(31)	(12)	14	(7)
Cash Dividends to Non-Controlling Interests	0	(5)	(9)	(8)	(7)
Interest Income	0	4	7	11	14
Taxes	(21)	(71)	(66)	(42)	(49)
Other Items	(2)	(1)	(1)	(1)	(1)
Unlevered Free Cash Flow	\$ 71	\$ 153	\$ 173	\$ 182	\$ 166

BNS - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 114	\$ 456	\$ 487	\$ 446	\$ 465
EBITDA	\$ 12	\$ 69	\$ 98	\$ 51	\$ 62
<i>% Margin</i>	10.4%	15.0%	20.1%	11.5%	13.2%
Capital Expenditures	(3)	(14)	(16)	(12)	(8)
Pension / OPEB Contributions	(0)	(3)	(3)	(3)	(3)
Change in Working Capital	15	(2)	(8)	9	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	(9)	(18)	(26)	(9)	(13)
Other Items	0	0	0	0	0
Unlevered Free Cash Flow	\$ 15	\$ 33	\$ 47	\$ 37	\$ 36

BCFPI - EBITDA and Unlevered Free Cash Flow					
(\$ in millions)					
	3 Mos. Ended:	Projected Year Ending December 31,			
	Dec. 31, 2010	2011E	2012E	2013E	2014E
Revenue	\$ 174	\$ 751	\$ 820	\$ 791	\$ 813
EBITDA	\$ 15	\$ 73	\$ 145	\$ 123	\$ 147
<i>% Margin</i>	8.3%	9.7%	17.6%	15.6%	18.0%
Capital Expenditures	(3)	(10)	(13)	(15)	(15)
Pension / OPEB Contributions	(2)	(11)	(12)	(13)	(13)
Change in Working Capital	(5)	0	(8)	5	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	0	0	0	0	0
Other Items	(1)	0	0	0	0
Unlevered Free Cash Flow	\$ 4	\$ 53	\$ 113	\$ 103	\$ 117

APPENDIX H ENTERPRISE VALUATION

In conjunction with formulating the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated May [24], 2010 (as may be amended and supplemented from time to time according to its terms, the "**Plan**") and the CCAA Plan, the Company determined that it was necessary to estimate its consolidated value on a going-concern basis (the "**Enterprise Value**"). Accordingly, the Company, with the assistance of Blackstone, its financial advisors, has prepared the foregoing valuation.

In estimating the hypothetical range of the Enterprise Value of the Company, Blackstone:

- a. reviewed certain of the Company's recent historical financial information;
- b. reviewed certain of the Company's internal financial and operating data, which was prepared and provided to Blackstone by the Company's management and which relates to the Company's business and its prospects;
- c. met with the Company's senior management team and discussed the Company's operations and future prospects;
- d. considered certain economic and industry information relevant to the Company's operating business;
- e. conducted such other studies, analyses, inquiries and investigations as it deemed appropriate;
- f. reviewed certain publicly available financial data for, and considered the market value of, public companies that Blackstone deemed generally comparable to the operating business of the Company; and
- g. considered recent precedent transactions in the paper and forest products industry.

Although Blackstone reviewed the Company's business, operating assets and liabilities and business plan, Blackstone assumed that the Financials Projections prepared by the Company's management were reasonably prepared in good faith and on a basis reflecting the Company's most accurate currently available estimates and judgments as to the future operating and financial performance of the Company. In addition, Blackstone did not independently verify the Financial Projections in connection with preparing estimates of Enterprise Value, and no independent valuations or appraisals of the Debtors were sought or obtained in connection herewith. Such estimates were developed solely for purposes of the formulation and negotiation of the Plan and the analysis of implied relative recoveries to holders of Allowed Claims/Proven Claims (as defined in the CCAA Plan) thereunder.

Blackstone's estimated Enterprise Value of the Company does not constitute a recommendation to any holder of Allowed Claims / Proven Claims as to how such person should vote or otherwise act with respect to the Plan. Blackstone has not been asked to and does not express any view as to what the trading value of the Company's securities would be when issued pursuant to the Plan or the CCAA Plan or the prices at which they may trade in the future.

Blackstone's estimate of Enterprise Value reflects the application of standard valuation techniques and does not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan and delivered under the CCAA Plan, which may be significantly different than the amounts set forth herein. The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimated Enterprise Value range of the Company set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Neither the Company, nor Blackstone, nor any other person assumes responsibility for any differences between the Enterprise Value range and such actual outcomes. Actual market

prices of such securities at issuance will depend upon, among other things, the operating performance of the Company, prevailing interest rates, conditions in the financial markets, the anticipated holding period of securities received by prepetition creditors (some of whom may prefer to liquidate their investment rather than hold it on a long-term basis), developments in the Company's industry and economic conditions generally, and other factors which generally influence the prices of securities.

As noted above, the estimate of the hypothetical range of Enterprise Values was calculated on a going-concern basis. The Plan and CCAA Plan are premised upon complete deconsolidation of the Company's legal entities subject to those proceedings. As such, the values of the individual Debtors and Applicants (as defined in the CCAA Plan) and the Allowed Claims/Proven Claims against such Debtors and Applicants may affect what is available for distribution to the creditors of each such entity.

The following is a brief summary of certain financial analyses performed by Blackstone to arrive at its range of estimated Enterprise Values for the Company. Blackstone's valuation analysis must be considered as a whole. Reliance on only one of the methodologies used or portions of the analysis performed could create a misleading or incomplete conclusion as to Enterprise Value.

i. Discounted Cash Flow Analysis

The discounted cash flow ("DCF") analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the business' weighted average cost of capital (the "**Discount Rate**"). The Discount Rate reflects the estimated blended rate of return that would be required by debt and equity investors to invest in the business based upon its capital structure. The Enterprise Value of the firm is determined by calculating the present value of the Company's unlevered after-tax free cash flows based on the Financial Projections (with certain adjustments noted in the Financial Projections section) plus an estimate for the value of the Company beyond the Projection Period, known as the terminal value. The terminal value is derived by applying a perpetuity growth rate to the average free cash flow generated over the Projection Period, discounted back to the assumed date of emergence by the Discount Rate.

ii. Comparable Company Analysis

The comparable company valuation analysis estimates the value of a company based on a relative comparison with other publicly traded companies with similar operating and financial characteristics. Under this methodology, the enterprise value for each selected public company was determined by examining the trading prices for the equity securities of such company in the public markets and adding the aggregate amount of outstanding net debt for such company (at book value) and minority interest. Those enterprise values are commonly expressed as multiples of various measures of operating statistics, most commonly EBITDA. Blackstone also examined enterprise values for each selected public company by including the pension underfunding of each company in enterprise value and then expressing those enterprise values as multiples of EBITDAP. In addition, each of the selected public company's operational performance, operating margins, profitability, leverage and business trends were examined. Based on these analyses, financial multiples and ratios are calculated to apply to the Company's actual and projected operational performance.

iii. Precedent Transactions Analysis

The precedent transactions analysis estimates value by examining public merger and acquisition transactions. The valuations paid in such acquisitions or implied in such mergers are analyzed as ratios of various financial results. These transaction multiples are calculated based on the purchase price (including any debt assumed) paid to acquire companies that are comparable to the Company. Since precedent transaction analysis reflects aspects of value other than the intrinsic value of a company, there are limitations as to its applicability in determining the Enterprise Value. Nonetheless, Blackstone reviewed recent merger and acquisition transactions involving paper and forest products companies. Many of the transactions analyzed occurred in fundamentally different industry and credit market conditions from those prevailing in the marketplace and therefore may not be the best indication of value.

The valuation analysis assumes an Effective Date / Implementation Date of October 1, 2010 and is based on the Financial Projections provided by the Debtors' management for 2010 – 2014, which are attached to this Disclosure Statement as Exhibit [B]. Based on these Financial Projections and solely for purposes of the Plan, Blackstone estimates that the Enterprise Value of the Company falls within a range of approximately \$3,500 to \$3,850 million with a mid-point estimate of \$3,675 million. The Enterprise Valuation includes the proportionate share of value of investments in non-consolidated affiliates and the value of other assets.

Based on an assumed pro forma debt balance of approximately \$1,250 million at the Effective Date / Implementation Date, including the Rights Offering at face value, the funded portion of the Exit Financing Facilities and the proportionate share of debt and long-term liabilities at the Company's affiliates, Blackstone's mid-point estimate of Enterprise Value implies a mid-point value for the New ABH Common Stock (the "**Equity Value**") of approximately \$2,425 million. The mid-point Equity Value assumes that there are no material differences between the face value and the fair value of the Rights Offering or other pro forma debt.