

EXHIBIT A
COMMITMENT LETTER

**CITIGROUP GLOBAL
MARKETS INC.**

390 Greenwich Street
New York, NY 10013

BARCLAYS BANK PLC

745 Seventh Avenue
New York, New York 10019

J.P. MORGAN SECURITIES INC.

383 Madison Avenue
New York, New York 10179

August 6, 2010

AbitibiBowater Inc.
1155 Metcalfe Street, Suite 800
Montreal, Quebec, Canada H3B5H2

Attention: William Harvey
Chief Financial Officer

AbitibiBowater Inc. - Exit Financing
Asset-Based Facility Commitment Letter

Ladies and Gentlemen:

You have advised Citigroup, Barclays, JPMSI and JPMCB (each as defined below) that AbitibiBowater Inc. (the “**Company**”) and certain of its subsidiaries (collectively, the “**US Debtors**”) currently are debtors in possession in jointly-administered cases (the “**US Bankruptcy Cases**”) voluntarily commenced under Chapter 11 of the United States Bankruptcy Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the District of Delaware (the “**US Bankruptcy Court**”), and certain of the US Debtors and certain non-US Debtor subsidiaries (collectively, the “**Canadian Debtors**”) are debtors in cases (the “**Canadian Cases**”) under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36 (the “**CCAA**”) pending in the Quebec Superior Court, Commercial Division, for the Judicial District of Montreal (the “**Canadian Bankruptcy Court**”), and that the US Debtors plan to reorganize pursuant to the First Amended Joint Chapter 11 Plan of Reorganization for the US Debtors filed with the US Bankruptcy Court on May 24, 2010, as may be amended, supplemented or otherwise modified from time to time (the “**Plan**”) and the Canadian Debtors plan to reorganize pursuant to the plan of reorganization and compromise of the Canadian Debtors filed with the Canadian Bankruptcy Court on May 4, 2010, as amended on May 24, 2010, and as further amended on July 8, 2010, and as may be further amended, supplemented or otherwise modified from time to time (the “**CCAA Plan**”) (collectively, such reorganizations hereinafter referred to as the “**Reorganization**”).

For purposes of this commitment letter, “**Citigroup**” shall mean Citigroup Global Markets, Inc. (“**CGMI**”), Citibank, N.A., Citicorp USA, Inc., Citicorp North America, Inc. and/or any of their affiliates as Citigroup shall determine to be appropriate and notify to the Company in writing to provide the services contemplated herein; “**Barclays**” shall mean Barclays Bank PLC (“**Barclays Bank**”), Barclays Capital, the investment banking division of Barclays Bank, and/or any of their affiliates as Barclays shall determine to be appropriate and notify to the Company in writing to provide the services contemplated herein; “**JPMSI**” shall mean J.P. Morgan Securities Inc. and/or any of its affiliates as JPMSI shall determine to be appropriate and notify to the Company in writing to provide the services contemplated herein; “**JPMCB**” shall mean

JPMorgan Chase Bank, N.A., and/or any of its affiliates as JPMCB shall determine to be appropriate and notify to the Company in writing to provide the services contemplated herein; and “we” or “us” shall mean, collectively, Citigroup, Barclays, JPMSI and JPMCB. “You” shall mean the Company and its subsidiaries, collectively or, if the context requires, individually. This **“Commitment Letter”** shall mean, collectively, this letter and Exhibit A hereto. The Commitment Letter and the Fee Letters (defined below), each dated on or about the date hereof, are referred to collectively as the **“Commitment Documents”**.

You have further advised the Joint Lead Arrangers (as defined below) and the Joint Bookrunners (as defined below) that, in connection with the Reorganization, you are seeking an asset-based revolving credit facility (the **“Asset-Based Facility”**) with aggregate commitments of up to \$600,000,000 (apportioned between the U.S. and Canada in amounts to be mutually agreed upon) as described in the Senior Secured Asset-Based Credit Facility Summary of Principal Terms and Conditions attached hereto as Exhibit A (the **“Term Sheet”**; capitalized terms defined therein shall have the same meaning when used in this Commitment Letter) for payment of amounts payable under the Plan and the CCAA Plan, for working capital and for general corporate purposes.

Each of Citigroup, Barclays and JPMCB is pleased to advise you of its commitment to provide \$100,000,000 of the Asset-Based Facility (each such commitment, an **“Exit Commitment”**), subject to the terms and conditions of the Commitment Documents. It is understood and agreed that the Exit Commitments are several and not joint. In addition, each Joint Lead Arranger is pleased to inform you of its agreement to use its best efforts to arrange a syndicate of lenders for the Asset-Based Facility, subject to the terms and conditions of the Commitment Documents. It is a condition to the respective Exit Commitments of Citigroup, Barclays and JPMCB that you receive commitments from the other Lenders referred to below in an aggregate amount no less than \$300,000,000.

It is agreed that Citigroup, Barclays and JPMSI will act as exclusive joint lead arrangers (the **“Joint Lead Arrangers”**) and as exclusive joint bookrunners (the **“Joint Bookrunners”**), in each case for the Asset-Based Facility. It is further agreed that (i) Citigroup will act as sole and exclusive Administrative Agent (in such capacity, the **“Administrative Agent”**), (ii) Citigroup will act as Collateral Agent (the **“Collateral Agent”**), (iii) Citigroup will appear on the top left of the cover page for any marketing materials for the Asset-Based Facility and Barclays will appear immediately to the right of Citigroup on the cover page of such marketing materials, (iv) Barclays will act as Syndication Agent (the **“Syndication Agent”**), (v) JPMSI will act as Documentation Agent (the **“Documentation Agent”** and collectively with the Administrative Agent, the Collateral Agent and the Syndication Agent, the **“Agents”**) and (vi) each of them will hold the roles and responsibilities conventionally understood to be associated with such name placement. You agree that no additional agents, co-agents or arrangers will be appointed with respect to the Asset-Based Facility, or other titles conferred with respect to the Asset-Based Facility, without the consent of the Joint Lead Arrangers, such consent not to be unreasonably withheld or delayed.

The proceeds of the Asset-Based Facility will be used as set forth in the **“Use of Proceeds”** section of the Term Sheet.

Section 1. **Conditions Precedent with Respect to the Asset-Based Facility.** The Exit Commitments and the Joint Lead Arrangers’, the Joint Bookrunners’ and their respective affiliates’ other agreements and undertakings hereunder with respect to the Asset-Based Facility are subject to (but not limited to) the following conditions:

- (a) Satisfaction or waiver of the conditions to the Effective Date set forth in the Term Sheet not later than December 31, 2010.
- (b) The Company's compliance in all material respects with the terms of this Commitment Letter and the Work Fee Letter dated as of June 23, 2010 between the Joint Lead Arrangers and the Company.
- (c) None of the Joint Lead Arrangers becoming aware after the date hereof of any information or other matter affecting you or the transactions contemplated hereby which is inconsistent in a material and adverse way with the information or other matters, taken as a whole, disclosed to us prior to the date hereof.

Section 2. Commitment Termination. The Exit Commitments and the other agreements hereunder, except as expressly provided herein, shall automatically terminate on the earliest of (a) the Effective Date, (b) the completion of the Reorganization without the closing of the Asset-Based Facility, (c) the dismissal or conversion to proceedings under Chapter 7 of the Bankruptcy Code of any of the U.S. Bankruptcy Cases with respect to any Material Debtor, or the appointment in any of the U.S. Bankruptcy Cases with respect to any Material Debtor of a trustee or examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code) (d) the dismissal or conversion of the Canadian Cases to proceedings under the Bankruptcy and Insolvency Act (Canada) with respect to any Material Debtor or the appointment in any of the Canadian Cases with respect to any Material Debtor of a trustee in bankruptcy, receiver, interim receiver or similar official (e) a material breach by you, or a failure of a condition, under any of the Commitment Documents, (f) 11:59 p.m. New York City time on August 31, 2010 if the Commitment Letter Approval Date (as defined below) has not occurred on or prior to such date, (g) the date on which the Commitment Letter Approval Order (as defined below) shall have been reversed, vacated, or amended, supplemented or otherwise modified without consent of the Joint Lead Arrangers and the Joint Bookrunners and (h) 11:59 p.m. New York City time on December 31, 2010 if the Effective Date has not occurred on or prior to such date. The "**Commitment Letter Approval Date**" shall mean the date on which the US Bankruptcy Court shall have entered an order (the "**Commitment Letter Approval Order**"), in form and substance satisfactory to the Joint Lead Arrangers and Joint Bookrunners, approving the entry by the US Debtors into the Commitment Documents and the payment of all fees and expenses when due thereunder (with any unpaid fees and expenses being entitled to priority as administrative expenses claims under Sections 503(b)(1) and 507(a)(1) of the Bankruptcy Code whether or not the Asset-Based Facility is entered into or funded junior to (a) all superpriority and administrative claims arising under the Final Order (1) Approving Postpetition Financing; (2) Authorizing Use of Cash Collateral; (3) Granting Liens and Providing Superpriority Expense Status; (4) Granting Adequate Protection; and (5) Modifying the Automatic Stay (dated June 4, 2009 and conformed on June 16, 2009) and the Carve Out as defined therein and (b) all superpriority and administrative liens and claims arising under the Final Order (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 ACCSC 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 and the Carve Out (as defined therein)). "**Material Debtor**" means (i) the Company and (ii) any US Debtor or Canadian Debtor that (x) owns assets of a type that would be eligible for inclusion in the Borrowing Base or (y) together with all other subsidiaries that are subject to such dismissal or conversion, owns assets having a fair market or book value greater than 2% of the fair market or book value of the property, plant and equipment, inventory and receivables of the Company and its subsidiaries, on a consolidated basis.

Section 3. Syndication. The Joint Lead Arrangers and Joint Bookrunners intend to syndicate all or a portion of the Asset-Based Facility, including all or a portion of the Exit Commitments, to one or more

other financial institutions that will become parties to the Credit Documents, pursuant to a syndication to be managed by the Joint Lead Arrangers (the financial institutions becoming parties to the Credit Documents, together with the Joint Lead Arrangers and the Joint Bookrunners, being collectively referred to herein as the “**Lenders**”).

The Joint Lead Arrangers will commence syndication efforts promptly upon the execution of this Commitment Letter. Citibank will manage all aspects of the syndication in consultation with Barclays, JPMSI, JPMCB and the Company, including the timing of all offers to potential Lenders, the determination of the amounts offered to potential Lenders, the acceptance of commitments of the Lenders, the assignment of any titles and the compensation to be provided to the Lenders.

You will take all action as the Joint Lead Arrangers may reasonably request to assist the Joint Lead Arrangers in forming a syndicate acceptable to them. Such assistance in forming such a syndicate will include, without limitation (i) making senior management and representatives available to participate in information meetings with potential Lenders and rating agencies at such times and places as the Joint Lead Arrangers may reasonably request; (ii) using your commercially reasonable efforts to ensure that the syndication efforts benefit from your existing lending relationships; (iii) assisting (including using its best efforts to cause its affiliates and advisors to assist) in the preparation of a confidential information memorandum for the Asset-Based Facility and other marketing and rating agency materials to be used in connection with syndication of the Asset-Based Facility; and (iv) promptly as practicable providing the Joint Lead Arrangers with all information reasonably deemed necessary by them to successfully complete the syndication of the Asset-Based Facility.

You acknowledge that (i) the Joint Lead Arrangers may make available any Information and Projections (each as defined in Section 9) (collectively, the “**Materials**”) to potential Lenders by posting Materials on IntraLinks, SyndTrak or another similarly secured electronic system (the “**Platform**”) and (ii) certain of the potential Lenders may be public side Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to you or your respective securities) (each, a “**Public Lender**”). You agree that (A) at the request of the Joint Lead Arrangers, you will prepare a version of the information package and presentation to be provided to potential Lenders that does not contain material non-public information concerning you or your respective securities for purposes of United States federal and state securities laws; (B) all Materials that are to be made available to Public Lenders will be clearly and conspicuously marked “PUBLIC” which, at a minimum, will mean that the word “PUBLIC” will appear prominently on the first page thereof; (C) by marking Materials “PUBLIC,” they will be deemed to have authorized the Joint Lead Arrangers and the proposed Lenders to treat such Materials as not containing any material non-public information (although such Materials may be confidential or proprietary) with respect to you or your respective securities for purposes of United States federal and state securities laws; (D) all Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Lender;” and (E) the Joint Lead Arrangers will be entitled to treat any Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Lender.”

Section 4. Non-Solicitation; Clear Market.

To ensure an effective syndication of the Asset-Based Facility, you agree that until the earlier of December 31, 2010 and (y) the termination of the Exit Commitments and the other agreements pursuant to Section 2 of this Commitment Letter, you will not, and will not permit any of your affiliates to, syndicate or announce or authorize the announcement of the syndication of, any debt facility or debt security (including any renewals thereof but excluding (i) any debt facility or debt security contemplated by the Plan and/or the CCAA Plan, including, but not limited to, the Senior Secured Notes and any term loan facilities entered into

in lieu of all or any portion of the Senior Secured Notes and (ii) debt facilities for the Company's joint ventures with Bowater Mersey Paper Company Ltd. and Ponderay Newsprint Company), without the prior written consent of the Joint Lead Arrangers and the Joint Bookrunners.

The agreements contained in this Section 4 shall terminate upon the termination of the Exit Commitments and the agreements of the Joint Lead Arrangers hereunder with respect to the Asset-Based Facility.

Section 5. Fees. As consideration for the several commitments of the Joint Lead Arrangers and Joint Bookrunners hereunder and their respective agreements to perform the services described herein, you agree to pay the fees set forth in this Commitment Letter and in each of the Joint Lead Arranger Fee Letter and the Administrative Agency Fee Letter (collectively, the "Fee Letters"). Once paid, such fees shall not be refundable under any circumstances, except as otherwise contemplated by the Fee Letters.

Section 6. Indemnification. You will, jointly and severally, indemnify and hold harmless each Joint Lead Arranger, each Joint Bookrunner, each Agent and each other agent or co-agent (if any) designated by the Joint Lead Arrangers with respect to the Asset-Based Facility, and each Lender (including in any event each of Citigroup, Barclays and JPMCB) and each of their respective affiliates and each of their respective officers, directors, employees, agents, advisors and representatives (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including without limitation, fees and disbursements of counsel), that may be incurred by or asserted or awarded against any Indemnified Party (including, without limitation, in connection with any investigation, litigation or proceeding or the preparation of a defense in connection therewith), in each case, arising out of or in connection with or by reason of this Commitment Letter or the Asset-Based Facility or the transactions contemplated hereby or thereby or any actual or proposed use of the proceeds of the Asset-Based Facility, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's bad faith, gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this paragraph applies, such indemnity will be effective whether or not such investigation, litigation or proceeding is brought by you or any of your respective directors, security holders or creditors, an Indemnified Party or any other person or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated.

No Indemnified Party will have any liability (whether in contract, tort or otherwise) to you or any of your affiliates or any of their respective security holders or creditors for or in connection with the transactions contemplated hereby, except to the extent such liability is determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's bad faith, gross negligence or willful misconduct. In no event, however, will any Indemnified Party be liable on any theory of liability for any special, indirect, consequential or punitive damages (including without limitation, any loss of profits, business or anticipated savings).

You acknowledge that information and other materials relative to the Asset-Based Facility and the transactions contemplated hereby may be transmitted through the Platform. No Indemnified Person will be liable to you or any of your affiliates or any of their respective security holders or creditors for any damages arising from the use by unauthorized persons of information or other materials sent through the Platform that are intercepted by such persons.

Section 7. Cost and Expenses. You will pay, or reimburse each Joint Lead Arranger on or prior to the earlier of (i) the fifth business day following the delivery of an invoice or (ii) the Effective Date, for all reasonable and documented out-of-pocket costs and expenses incurred by it (whether incurred before or

after the date hereof) in connection with the Asset-Based Facility and the preparation, negotiation, execution and delivery of this Commitment Letter, including without limitation, the reasonable fees and expenses of one U.S. counsel, one Delaware counsel, one Canadian and, if necessary, of one local counsel in any relevant jurisdiction for all Joint Lead Arrangers and arrangers of the Senior Secured Notes (unless, in the reasonable opinion of any Joint Lead Arranger, representation of all Joint Lead Arrangers (and, where applicable, the underwriters for the Senior Secured Notes) by one such U.S., Delaware or Canadian counsel would be inappropriate due to the existence of an actual or potential conflict of interest) regardless of whether any of the transactions contemplated hereby are consummated. You will also pay all costs and expenses of each Joint Lead Arranger (including without limitation, the reasonable fees and disbursements of counsel) incurred in connection with the enforcement of any of its rights and remedies under this Commitment Letter.

Section 8. Confidentiality. By accepting delivery of this Commitment Letter, you agree that this Commitment Letter is for your confidential use only and that neither its existence nor its terms will be disclosed to any person other than your affiliates and their respective officers, directors, employees, advisors, agents and representatives (the “**Representatives**”), and then only on a confidential and “need to know” basis in connection with the transactions contemplated hereby; *provided, however*, that you may make such public disclosure of the terms and conditions hereof as is required to obtain the Commitment Letter Approval Order (including filing of the Commitment Letter with the Bankruptcy Court and the disclosure of the Commitment Letter to the Office of the United States Trustee and any official committee of creditors appointed in the Bankruptcy Case) or is required by law, in the opinion of your counsel, to make; *provided further*, that the confidentiality of each of the Fee Letters (and the fees provided for therein) shall be governed by the confidentiality provisions of the respective Fee Letters. It is understood and agreed that the foregoing restrictions (other than restrictions relating to the Fee Letters) shall cease to apply after this Commitment Letter has been accepted by you and had become publicly available as a result of its disclosure in accordance with the terms of this Section 8. Notwithstanding any other provision in this Commitment Letter, we hereby confirm that you and Representatives will not be limited from disclosing the U.S. tax treatment or U.S. tax structure of the Asset-Based Facility.

Section 9. Representations and Warranties. You represent and warrant that (i) all information, other than Projections (as defined below), that has been or will hereafter be made available to the Joint Lead Arrangers, and Lender or any potential Lender by you or any Representatives in connection with the transactions contemplated hereby (the “**Information**”) is and will be, taken as a whole, complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made and (ii) all financial projections, if any, that have been or will be prepared by you or any Representatives and made available to the Joint Lead Arrangers and Joint Bookrunners, any Lender or any potential Lender (the “**Projections**”) have been or will be prepared in good faith based upon assumptions that are or were reasonable as of the date of the preparation of such Projections (it being understood that the Projections (x) do not reflect the application of “fresh start” accounting principles for the Company and its subsidiaries and (y) are subject to significant uncertainties and contingencies, many of which are beyond your control, and that no assurance can be given that the Projections will be realized). If, at any time from the date hereof until the termination of this Commitment Letter, any of the representations and warranties in the preceding sentence would not be accurate and complete in any material respect if the Information or Projections were being furnished, and such representations and warranties were being made, at such time, then you agree to promptly supplement the Information and/or Projections from time to time so that the representations and warranties contained in this paragraph remain accurate and complete in all material respects under those circumstances.

In providing this Commitment Letter and in arranging the Asset-Based Facility, each of the Joint Lead Arrangers and Joint Bookrunners is relying on the accuracy of the Information furnished to it by you or any Representatives or on your or any Representatives' behalf without independent verification thereof.

Section 10. No Third Party Reliance, Not a Fiduciary, Etc. The agreements of the Joint Lead Arrangers and the Joint Bookrunners hereunder and of any Lender that issues a commitment to provide financing under the Asset-Based Facility are made solely for your benefit and may not be relied upon or enforced by any other person. Please note that those matters that are not covered or made clear herein are subject to mutual agreement of the parties. You may not assign or delegate any of your rights or obligations hereunder without each Joint Lead Arranger and the Joint Bookrunner's prior written consent. This Commitment Letter may not be amended or modified, or any provision hereof waived, except by a written agreement signed by all parties hereto.

You hereby acknowledge that the Joint Lead Arrangers and the Joint Bookrunners are acting pursuant to a contractual relationship on an arm's length basis, and the parties hereto do not intend that the Joint Lead Arrangers and the Joint Bookrunners act or be responsible as a fiduciary to you or your respective management, stockholders or creditors or any other person. You and we hereby expressly disclaim any fiduciary relationship and agree we are each responsible for making our own independent judgments with respect to any transactions entered into between each of us. You also hereby acknowledge that none of the Joint Lead Arrangers or the Joint Bookrunners have advised and are not advising you as to any legal, accounting, regulatory or tax matters, and that you are consulting your own advisors concerning such matters to the extent deemed appropriate.

You understand that each Joint Lead Arranger and each Joint Bookrunner, and its respective affiliates (collectively, each a "Group") are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research). Members of a Group and businesses within a Group generally act independently of each other, both for their own account and for the account of clients. Accordingly, there may be situations where parts of a Group and/or their clients either now have or may in the future have interests, or take actions, that may conflict with your interests. For example, a Group may, in the ordinary course of business, engage in trading in financial products or undertake other investment businesses for their own account or on behalf of other clients, including without limitation, trading in or holding long, short or derivative positions in securities, loans or other financial products of yours or other entities connected with the Asset-Based Facility or the transactions contemplated hereby.

In recognition of the foregoing, you agree that no Group is required to restrict its activities as a result of this Commitment Letter and that any Group may undertake any business activity without further consultation with or notification to you. Neither this Commitment Letter nor the receipt by the Joint Lead Arrangers or Joint Bookrunners of confidential information nor any other matter will give rise to any fiduciary, equitable or contractual duties (including without limitation, any duty of trust or confidence) that would prevent or restrict any Group from acting on behalf of other customers or for its own account. Furthermore, you agree that neither any Group nor any member or business of any Group is under a duty to disclose to you or use on your behalf any information whatsoever about or derived from those activities or to account for any revenue or profits obtained in connection with such activities. However, consistent with each Group's long-standing policy to hold in confidence the affairs of its customers, no Group will use confidential information obtained from you except in connection with its services to, and its relationship with, you, *provided however*, that the Group will be free to disclose

information in any manner as required by law, regulation, regulatory authority or other applicable judicial or government order.

Section 11. Governing Law; Jurisdiction. This Commitment Letter, and any claim, controversy or dispute arising under or related to this Commitment Letter, shall be governed by, and construed in accordance with, the law of the State of New York. This Commitment Letter sets forth the entire agreement between the parties with respect to the matters addressed herein and supersedes all prior communications, written or oral, with respect hereto. This Commitment Letter may be executed in any number of counterparts, each of which, when so executed, will be deemed to be an original and all of which, taken together, will constitute one and the same Commitment Letter. Delivery of an executed counterpart of a signature page to this Commitment Letter by telecopier or electronic transmission (e.g., "pdf" or "tiff") will be as effective as delivery of an original executed counterpart of this Commitment Letter.

Section 12. Waiver of Jury Trial. Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to the Commitment Documents or the transactions contemplated hereby or the actions of the parties hereto in the negotiation, performance or enforcement hereof.

Section 13. Consent to Jurisdiction, Etc. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the U.S. Bankruptcy Court (or, if the U.S. Bankruptcy Court does not have or abstains from jurisdiction, any state or federal court sitting in the City of New York, Borough of Manhattan) with respect to any suit, action or proceeding arising out of or relating to this Commitment Letter and waives any objection to the laying of venue of any such suit, action or proceeding brought in any such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. A final judgment in any such suit, action or proceeding brought in any such court may be enforced in any other courts to whose jurisdiction the Company is or may be subject, by suit upon judgment. The Company further agrees that nothing herein shall affect our right to effect service of process in any other manner permitted by law or bring a suit, action or proceeding (including a proceeding for enforcement of a judgment) in any other court or jurisdiction in accordance with applicable law.

Section 14. Survival. The provisions contained in Sections 6, 10 and this Section 14 of this Commitment Letter and the confidentiality provisions contained in the Fee Letters shall remain in full force and effect regardless of whether the Credit Documents shall be executed and delivered and notwithstanding the termination of this Commitment Letter or the commitments of the initial Lenders hereunder.

Section 15. Effectiveness of this Commitment Letter. Notwithstanding anything to the contrary in this Commitment Letter, your obligation under this Commitment Letter shall not have any force or effect unless and until the Bankruptcy Court has approved entry into this Commitment Letter.

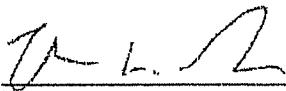
Section 16. Patriot Act Compliance. We hereby notify you that pursuant to the requirements of the USA PATRIOT ACT (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the obligors under the Asset-Based Facility, which information includes names and addresses and other information that will allow us to identify the obligors in accordance with the Patriot Act. In that connection, we may also request corporate formation documents, or other forms of identification, to verify information provided.

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Please indicate your acceptance of the provisions hereof by signing the enclosed copy of this Commitment Letter and the Fee Letter and returning them to our counsel, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (fax: 212-701-5949) before 5:00 p.m. (New York City time) on August 6, 2010, the time at which the Exit Commitment of each Joint Lead Arranger, each Joint Bookrunner and the other agreements and undertakings of the Joint Lead Arrangers, the Joint Bookrunners and their affiliates with respect to the Asset-Based Facility (if not so accepted prior thereto) will terminate. If you elect to deliver this Commitment Letter electronically, please arrange for the executed original to follow by next-day courier.

Very truly yours,

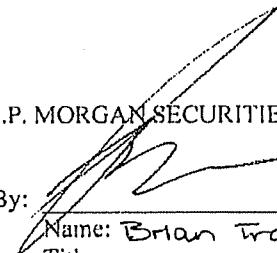
CITIGROUP GLOBAL MARKETS INC.

By: 
Name: Thomas M. Halsch
Title: Director

BARCLAYS BANK PLC

By: 
Name: Mark Shaprio
Title: Managing Director

J.P. MORGAN SECURITIES INC.

By: 

Name: Brian Tramontozzi
Title: Managing Director

JPMORGAN CHASE BANK, N.A.

By: Peter S. Predun

Name: Peter S. Predun
Title: Executive Director

ACCEPTED AND AGREED
on August 6, 2010:

ABITIBIBOWATER INC.

By: William G. Harvey
Name: WILLIAM G. HARVEY
Title: EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

EXHIBIT A

[attached]

EXHIBIT A
PRIVILEGED & CONFIDENTIAL

AbitibiBowater Inc.
Senior Secured Asset-Based Credit Facility
Summary of Principal Terms and Conditions

Borrowers:

AbitibiBowater Inc. (the “*Company*”) and each of the Company’s wholly owned U.S. subsidiaries that is a material subsidiary (the “*U.S. Borrowers*”). The U.S. Borrowers are jointly and severally liable for all of the obligations of the U.S. Borrowers under the Asset-Based Facility (as defined below). In addition, each of the Company’s wholly owned Canadian subsidiaries that is a material subsidiary (the “*Canadian Borrowers*”) shall be designated as a borrower for the Canadian Sub-Facility (as defined below). The Canadian Borrowers are jointly and severally liable for all of the obligations of the Canadian Borrowers under the Canadian Sub-Facility.

The U.S. Borrowers and the Canadian Borrowers are collectively referred to herein as the “*Borrowers*”.

Guarantees:

All obligations of the Borrowers under the Asset-Based Facility including, if applicable, obligations of the Borrowers arising under the Secured Hedging Agreements (as defined below) and the Secured Cash Management Agreements (as defined below), will be unconditionally guaranteed, jointly and severally on a senior secured basis (the “*U.S. Guarantees*”) by the U.S. Borrowers (the “*U.S. Guarantors*,” and, together with the U.S. Borrowers, the “*U.S. Credit Parties*”).

All obligations of the Canadian Borrowers under the Asset-Based Facility including, if applicable, obligations of the Canadian Borrowers arising under the Secured Hedging Agreements and the Secured Cash Management Agreements, will be unconditionally guaranteed, jointly and severally on a senior secured basis (the “*Canadian Guarantees*” and, together with the U.S. Guarantees, the “*Guarantees*”) by the Canadian Borrowers (the “*Canadian Guarantors*” and, together with the Canadian Borrowers, the “*Canadian Credit Parties*”).

The U.S. Credit Parties and the Canadian Credit Parties are collectively referred to herein as the “*Credit Parties*”. Each such entity providing a guarantee is referred to herein as a “*Guarantor*”.

Administrative Agent:

Citibank, N.A. or an affiliate thereof will act as sole and exclusive administrative agent (in such capacity, the “*Administrative Agent*”) for the Lenders (as defined below).

Collateral Agent:

Citibank, N.A., will act as collateral agent (the “*Collateral Agent*”) for the Lenders.

Joint Lead Arrangers:

Citigroup Global Markets, Inc., Barclays Capital, the investment banking division of Barclays Bank PLC (“*Barclays Capital*”) and

J.P. Morgan Securities Inc., will act as exclusive joint lead arrangers (collectively, together with their affiliates, the “*Joint Lead Arrangers*”).

Syndication Agent:

Barclays Capital, together with one or more other persons reasonably selected by the Joint Lead Arrangers in consultation with the Company, will act as syndication agents (collectively, the “*Syndication Agent*”) for the Asset-Based Facility.

Documentation Agent:

J.P. Morgan Securities Inc., together with one or more other persons reasonably selected by the Joint Lead Arrangers in consultation with the Company, will act as documentation agents (collectively, the “*Documentation Agent*”) for the Asset-Based Facility.

Joint Bookrunners:

Citigroup Global Markets, Inc., Barclays Capital and J.P. Morgan Securities Inc. will act as joint bookrunners (collectively, together with their affiliates, the “*Joint Bookrunners*”).

Lenders:

Citibank, N.A., Barclays Bank PLC (“*Barclays*”), JPMorgan Chase Bank, N.A. (“*JPMCB*”) and other financial institutions or entities acceptable to the Joint Lead Arrangers (as defined below) and selected in consultation with the Company (the “*Lenders*”).

Fronting Banks:

Citibank, N.A., Barclays and JPMCB (or affiliates thereof) and other mutually satisfactory Lenders or their affiliates, in each case subject to individual issuance limits to be mutually agreed (collectively, the “*Fronting Banks*”).

Asset-Based Facility:

A non amortizing revolving credit facility, subject to Maximum Facility Availability (as defined below), will be made available to the Borrowers in a principal amount of up to \$600,000,000 (the “*Asset-Based Facility*”) during the period from (and including) the Effective Date (as defined below) to (but excluding) the Termination Date (as defined below). Subject to the Maximum U.S. Borrower Availability (as defined below), the Asset-Based Facility will be available to the U.S. Borrowers (denominated in U.S. dollars); *provided* that subject to Maximum Canadian Borrower Availability (as defined below), up to \$400,000,000 of the Asset-Based Facility, will be available to the Canadian Borrowers (denominated in U.S. dollars or Canadian dollars) (the “*Canadian Sub-Facility*”). All loans outstanding under the Asset-Based Facility (the “*Loans*”) shall become due and payable on the Termination Date.

A. *Letters of Credit:* Up to \$150,000,000 of the Asset-Based Facility, subject to Maximum Facility Availability, will be available for the issuance of letters of credit by the Fronting Banks for the account of the Borrowers (the “*Letters of Credit*”). No Letter of Credit will be issued or shall expire after the 30th day preceding the Termination Date (as defined below) and none shall have a term of more than one year; *provided* that any Letter of Credit may provide for renewal thereof for additional periods of up to twelve months.

- B. **Swingline Loans:** Up to \$20,000,000 of the Asset-Based Facility, subject to Maximum Facility Availability, will be available at the discretion of Citibank, N.A. (or an affiliate thereof) as swingline lender (the “**Swingline Lender**”) to the Borrowers for swingline loans from the Swingline Lender.
- C. **Increase Option:** The Asset-Based Facility may from time to time, at the option of the Borrowers, be increased through the addition of new Lenders or increases in the commitments of existing Lenders, subject to the satisfaction of customary conditions; *provided* that no existing Lender will be obligated to provide any such increase. The aggregate amount of all increases in the Asset-Based Facility may not exceed \$100,000,000 and each individual increase(s) shall be in an amount greater than or equal to \$25,000,000.

Use of Proceeds:

The proceeds of the Asset-Based Facility will be used by the Borrowers for funding amounts payable under the Plan and the CCAA Plan and for working capital and general corporate purposes.

Credit Documents:

The documents governing the Asset-Based Facility and the rights and obligations of the Borrowers, the Guarantors and Lenders with respect to the Asset-Based Facility and any security therefor (the “**Credit Documents**”).

Termination Date:

The fourth anniversary of the Effective Date (the “**Termination Date**”).

Maximum Facility Availability:

Availability under that portion of the Facility that may be made available to U.S. Borrowers (the “**Maximum U.S. Borrower Availability**”) will be at any date an amount equal to the lesser of (a) the then effective commitments under the Asset-Based Facility on such date and (b) the aggregate amount of the Borrowing Base (as defined below) attributable to the U.S. Credit Parties on such date.

Availability under the Canadian Sub-Facility (the “**Maximum Canadian Borrower Availability**”) will be at any date an amount equal to the lesser of (a) \$400,000,000 and (b) the aggregate amount of the Borrowing Base attributable to the Canadian Credit Parties on such date.

Notwithstanding the foregoing, aggregate availability under the Asset-Based Facility (the “**Maximum Facility Availability**”) will be at any date an amount equal to the lesser of (a) the then effective commitments under the Asset-Based Facility on such date and (b) the aggregate amount of the Borrowing Base (as defined below) on such date.

Borrowing Base:

“**Borrowing Base**” means, at any time, an amount equal to the sum of (i) 85% of the eligible accounts receivable *plus* (ii) the lesser of (x) 65% of eligible inventory and (y) 85% of the net orderly liquidation value of such eligible inventory, *minus* (iii) the sum of (x) aggregate

net exposure under Secured Hedging Agreements (as defined below) which are pari passu in right of payment with the Asset-Based Facility, (y) aggregate net exposure under Secured Cash Management Agreements (as defined below) which are pari passu in right of payment with the Asset-Based Facility and (z) reserves established by the Administrative Agent in its reasonable credit judgment; *provided* that the methodology for deriving Borrowing Base will not be materially different than that reflected in the spreadsheet furnished by the Administrative Agent to the Company on August 3, 2010 (the “*Spreadsheet*”).

“*Secured Hedging Agreements*” means certain interest rate, foreign currency and commodity hedging agreements entered into by the Credit Parties with the Lenders (as defined below) or their affiliates and designated as such by the Company.¹

“*Secured Cash Management Agreements*” means certain cash management agreements entered into by the Credit Parties with the Lenders or their affiliates and designated as such by the Company.²

Eligibility:

Eligibility of accounts receivable for purposes of computing “*Borrowing Base*” will be determined by the Administrative Agent in accordance with criteria substantially similar to those contained in the Administrative Agent’s credit agreements for similar asset-based financings; *provided* that the eligibility criteria will not be materially different than the criteria reflected in the *Spreadsheet*.

Borrowing Base Calculations:

The Borrowing Base will be computed monthly (or weekly in the case of receivables during an event of default or upon Excess Availability (as defined below) falling below 20% of the then effective commitments under the Asset-Based Facility), by the Company and a borrowing base certificate (a “*Borrowing Base Certificate*”) presenting the Company’s computation of the Borrowing Base will be delivered to the Administrative Agent promptly, but in no event later than (i) during the three-month period following the Effective Date, the 25th day following the end of each month and (ii) thereafter, the 20th day following the end of each month, (or third business day following the end of each week, when weekly Borrowing Base Certificates are required); *provided, however* that the Company shall have the option to deliver a Borrowing Base Certificate with respect to Eligible Receivables on a weekly basis.

Cash Management:

“*Concentration Account*” means, collectively, the accounts into which all proceeds of the ABL Collateral (as defined below) will be deposited. The Concentration Account will be subject to control agreements in favor of the Administrative Agent.

¹ Cap TBD.

² Cap TBD.

During a Cash Dominion Period, all amounts collected in the Concentration Account will be automatically applied to the repayment of Loans in accordance with a waterfall that will be set forth in the definitive Credit Documents. “***Cash Dominion Period***” means any period during which Excess Availability is less than 17.5% of the then effective commitments under the Asset-Based Facility or during which an Event of Default shall have occurred. Once Excess Availability is equal to or greater than 17.5% of the then effective commitments under the Asset-Based Facility for a period of 45 consecutive days, the Cash Dominion Period shall end (unless an Event of Default shall be continuing).

“***Excess Availability***” means an amount equal to (i) the Maximum Facility Availability *less* (ii) the sum of the outstanding principal amounts of all revolving Loans, Letter of Credit exposures and swingline exposure under the Asset-Based Facility (“***Total Outstanding***”). Total Outstanding shall be determined as of the close of business on each business day giving effect to all changes in Total Outstanding during such business day.

Optional Prepayments:

The Borrowers may ratably prepay the Loans under either tranche at any time in whole or in part without premium or penalty (other than breakage costs, if applicable), subject to customary notice and minimum denomination requirements.

Commitment Reductions:

The Borrowers may at any time in whole permanently terminate, or from time to time in part permanently and ratably reduce, the commitments, subject to customary notice and minimum denomination requirements.

Mandatory Prepayments:

Mandatory prepayments of the Asset-Based Facility shall be required upon receipt of net cash proceeds from (i) sales of ABL Collateral (as defined below) not in the ordinary course of business and (ii) insurance and condemnation awards with respect to ABL Collateral, in each case received by the Company or any of its subsidiaries in excess of \$5,000,000.

On any date that (i) the Total Outstanding owed by the U.S. Borrowers exceed the Maximum U.S. Borrower Availability, (ii) the Total Outstanding owed by the Canadian Borrowers exceed the Maximum Canadian Borrower Availability or (iii) the Total Outstanding exceed the Maximum Facility Availability, then in each case, not later than the next business day, the Borrowers must prepay the Loans so that the Total Outstanding no longer exceed the Maximum U.S. Borrower Availability, the Maximum Canadian Borrower Availability or the Maximum Facility Availability, as applicable.

Security:

All amounts owing by the U.S. Credit Parties under the Asset-Based Facility will be secured by (i) a first priority perfected lien on all now owned or hereafter acquired inventory, accounts receivable, cash and other related rights to payment, deposit and securities accounts,

books and records, intangibles to the extent necessary to sell the U.S. ABL Collateral (as defined below), and contracts and assets of the U.S. Credit Parties evidencing or relating to the inventory or accounts receivable, together with proceeds of the foregoing (collectively, the “*U.S. ABL Collateral*”) and (ii) a second priority perfected lien on all other now owned or hereafter acquired assets of the U.S. Credit Parties pledged to secure the Senior Secured Notes (as defined below) (other than the U.S. ABL Collateral) (collectively, the “*Other U.S. Collateral*” and together with the U.S. ABL Collateral, the “*U.S. Tranche Collateral*”).

All amounts owing by the Canadian Credit Parties under the Asset-Based Facility will be secured by (i) a first priority perfected lien on all now owned or hereafter acquired inventory, accounts receivable, cash and other related rights to payment, deposit and securities accounts, books and records, intangibles to the extent necessary to sell the Canadian ABL Collateral (as defined below), and contracts and assets of the Canadian Credit Parties evidencing or relating to the inventory or account receivable, together with proceeds of the foregoing (collectively, the “*Canadian ABL Collateral*”) and (ii) a second priority perfected lien on all other now owned or hereafter acquired assets of the Canadian Credit Parties pledged to secure the Senior Secured Notes (other than the Canadian ABL Collateral) (collectively, the “*Other Canadian Collateral*” and together with the Canadian ABL Collateral, the “*Canadian Tranche Collateral*”). The Canadian ABL Collateral and the U.S. ABL Collateral are collectively referred to herein as the “*ABL Collateral*”.

“*Senior Secured Notes*” means the senior first lien notes to be issued by the Company in connection with its exit from Chapter 11 or any term loan financing entered into by the Company in lieu of all or any portion thereof.

Intercreditor Agreement:

The lien priority, relative rights and other creditors’ rights issues in respect of the Asset-Based Facility, the Secured Hedging Agreements and the Secured Cash Management Agreements on the one hand, and the Senior Secured Notes, on the other, will be set forth in an intercreditor agreement, which shall be customary for transactions of this type and acceptable to the Joint Lead Arrangers (the “*Intercreditor Agreement*”).

Conditions Precedent to Effective Date:

The conditions precedent to the Effective Date shall be those customarily found in the Administrative Agent’s agreements for similar financings and other conditions deemed by the Administrative Agent to be appropriate to the specific transaction and in any event include without limitation:

- A. entry by the US Bankruptcy Court of an order (which order may be the confirmation order) approving the Asset-Based

Facility and all related documentation, in form and substance satisfactory to the Joint Lead Arrangers and Joint Bookrunners, which order shall be in full force and effect, unstayed, final and non-appealable, and shall not have been amended, supplemented or otherwise modified without the written consent of the Joint Lead Arrangers and the Joint Bookrunners.

- B. the US Disclosure Statement (as defined below) shall be reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners (it being understood that the US Disclosure Statement filed with the US Bankruptcy Court on August 2, 2010 is satisfactory to the Joint Lead Arrangers and Joint Bookrunners) and shall have been approved by the US Bankruptcy Court (as defined below).
- C. the US Plan (as defined below) and all other related documentation (a) shall be satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such US Plan that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects (it being understood that the US Plan filed with the US Bankruptcy Court on August 2, 2010 is satisfactory to the Joint Lead Arrangers and Joint Bookrunners) (b) shall have been confirmed by an order of the US Bankruptcy Court satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such order that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects, which order shall be in full force and effect, unstayed, final and non-appealable, and shall not have been modified or amended without the written consent of the Joint Lead Arrangers and the Joint Bookrunners, reversed or vacated, and (c) all conditions precedent to the effectiveness of the US Plan as set forth therein shall have been satisfied or waived (the waiver thereof having been approved by the Joint Lead Arrangers), and the substantial consummation (as defined in Section 1101 of the Bankruptcy Code) of the US Plan in accordance with its terms shall have occurred contemporaneously with the closing of the Asset-Based Facility.
- D. the CCAA Plan (as defined below) and all other related documentation (a) shall be satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such CCAA Plan that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects (it being understood that the CCAA Plan filed with the Canadian Bankruptcy Court on May 4, 2010, as amended on May 24, 2010 and as further amended on July 8, 2010 is satisfactory to the Joint Lead Arrangers and Joint Bookrunners) (b) shall have been

approved by a Sanction Order issued by the Canadian Bankruptcy Court satisfactory to the Joint Lead Arrangers and the Joint Bookrunners with respect to any portions of such order that directly relate to the Asset-Based Facility, and reasonably satisfactory to each of the Joint Lead Arrangers and Joint Bookrunners in all other respects, which order shall be in full force and effect, unstayed, final and non-appealable, and shall not have been modified or amended without the written consent of the Joint Lead Arrangers and the Joint Bookrunners, reversed or vacated, and (c) all conditions precedent to the effectiveness of the CCAA Plan as set forth therein shall have been satisfied or waived (the waiver thereof having been approved by the Joint Lead Arrangers), and the implementation of the CCAA Plan in accordance with its terms shall have occurred contemporaneously with the closing of the Asset-Based Facility.

- E. except as disclosed in the US Disclosure Statement, since December 31, 2009 there has not been any event, occurrence, development or state of circumstances or facts that has had or would reasonably be expected to have, individually or in the aggregate a Material Adverse Effect (as defined below).
- F. the satisfactory negotiation, execution and delivery of customary definitive documentation relating to the Asset-Based Facility, including without limitation, a credit agreement, guarantees, security agreements, pledge agreements, real property security agreements, opinions of counsel and other related definitive documents to be based upon and substantially consistent with the terms set forth in this Term Sheet and otherwise satisfactory to the Joint Lead Arrangers.
- G. payment of all costs, fees and expenses then due.
- H. the repayment in full of all amounts owing to the lenders and agents under the existing securitization facility in cash and the termination of such facility.
- I. delivery of an inventory appraisal report and a field examination report with respect to the Borrowing Base, which in each case shall be dated no earlier than August 2010 and shall be satisfactory to the Collateral Agent.
- J. delivery of a completed borrowing base certificate with respect to the Borrowers, calculated in the same manner as the Spreadsheet, as of a date no earlier than 30 days preceding the Effective Date satisfactory to the Joint Lead Arrangers.
- K. Excess Availability plus unrestricted cash on hand of not less than \$480,000,000.

- L. minimum EBITDA (as defined below) of the Company and its subsidiaries of (i) in the event the Effective Date occurs prior to October 20, 2010, \$72,000,000 and (ii) if the Effective Date occurs thereafter, \$90,000,000, in each case, for the most recent three month period ended not less than 20 days prior to the Effective Date.
- M. the Company shall have received minimum aggregate gross proceeds of (i) \$600,000,000 in cash from the issuance of Senior Secured Notes and (ii) \$900,000,000 in cash from the issuance of Senior Secured Notes, term loans, the issuance of convertible notes pursuant to the Rights Offering, asset sales (other than cash applied to prepay convertible notes issued pursuant to the Rights Offering), the settlement of the Company's NAFTA claim against the Government of Canada, or other third party debt financing, in each case, on terms and conditions reasonably satisfactory to the Joint Lead Arrangers.
- N. delivery of evidence that all required insurance has been maintained and that the Collateral Agent has been named as loss payee and additional insured.
- O. compliance with customary documentation conditions, including the delivery of customary legal opinions and a customary solvency certificate from the chief financial officer of the Company as to the solvency of U.S. Credit Parties and of the Canadian Credit Parties, in each case, taken as a whole, good standing certificates, certified organizational documents and customary officer's certificates (including evidence of authority), in each case, in form and substance reasonably satisfactory to the Joint Lead Arrangers.
- P. delivery of all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including without limitation the Patriot Act, in each case at least five (5) business days prior to the Effective Date.
- Q. credit insurance programs with Economic Development Company of Canada (the "*Credit Insurance Programs*") with respect to all non-U.S. and non-Canadian accounts receivable shall continue to be in effect.

The first date on which all of the foregoing conditions have been satisfied shall be referred to herein as the "*Effective Date*".

"Canadian Debtors" means certain of the US Debtors and certain non-debtor subsidiaries that are debtors in cases under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 pending in the Quebec Superior Court, Commercial Division, for

the Judicial District of Montreal (the “**Canadian Bankruptcy Court**”).

“**CCAA Plan**” means the plan of reorganization and compromise of the Canadian Debtors filed with the Canadian Bankruptcy Court on May 4, 2010, as amended on May 24, 2010, and further amended on July 8, 2010, and as may be further amended, supplemented or otherwise modified from time to time.

“**US Debtors**” means the Company and its subsidiaries that are debtors in possession in jointly-administered cases commenced in the United States Bankruptcy Court for the District of Delaware (the “**US Bankruptcy Court**”).

“**US Disclosure Statement**” means that certain First Amended Disclosure Statement of the US Debtors filed with the US Bankruptcy Court on May 24, 2010, as may be amended, supplemented or otherwise modified from time to time.

“**US Plan**” means the First Amended Joint Chapter 11 Plan of Reorganization for the US Debtors filed with the US Bankruptcy Court on May 24, 2010, as may be amended, supplemented or otherwise modified from time to time.

“**Rights Offering**” means the rights offering for the issuance of convertible unsecured subordinated notes by the Company.

“**EBITDA**” means, for any period, net income, calculated before interest expense, provision for income taxes, depreciation, depletion and amortization expense, non-cash income or charges, extraordinary gains or losses, non-recurring non-cash charges, non-recurring cash charges (subject to a cap to be agreed), reorganizational charges (subject to a cap to be agreed) and net gain or loss on asset dispositions (in each case, for such period and to the extent included in determining net income for such period), determined on a consolidated basis for the Company and its subsidiaries.

Conditions Precedent to Each Credit Event:

On the date of each Credit Event (i) there shall exist no default under the Credit Documents and the representations and warranties in the Credit Documents shall be true and correct in all material respects (unless such representations and warranties are qualified as to materiality, in which case they shall be true and correct in all respects), in each case, immediately prior to, and after giving effect to, such Credit Event; (ii) after giving effect to such Credit Event, Total Outstanding owed by the U.S. Borrowers will not exceed the Maximum U.S. Borrower Availability, (iii) after giving effect to such Credit Event, Total Outstanding owed by the Canadian Borrowers will not exceed the Maximum Canadian Borrower Availability, (iv) after giving effect to such Credit Event, the Total

Outstandings will not exceed Maximum Facility Availability; and (v) the making of such Loan (or the issuance of such Letter of Credit) shall not violate any requirement of law and shall not be enjoined, temporarily, preliminarily or permanently.

Credit Event means the funding date of each Loan and the date of issuance, amendment or extension of any Letter of Credit.

Material Adverse Effect:

Means the following: (a) material adverse effect on the business, operations, prospects (taking into account the cyclical nature of the pulp and paper industry) or assets of the Credit Parties and their subsidiaries (taken as a whole), (b) material adverse effect on ability of the Credit Parties and their subsidiaries (taken as a whole) to perform their respective obligations under the Asset-Based Facility or (c) a material adverse effect on the legality, validity or enforceability of the Credit Documents (including, without limitation, the validity, enforceability or priority of the security interests granted thereunder).

Interest Rates, Yields and Fees:

As set forth on Annex I attached hereto.

Representations and Warranties:

The Credit Documents will contain representations and warranties customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other representations and warranties deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation with respect to: valid existence, compliance with law, requisite power, due authorization, no conflict with agreements or applicable law, enforceability of the Credit Documents, ownership of subsidiaries, accuracy of financial statements and all other information provided, absence of Material Adverse Effect, solvency, absence of material litigation, taxes, margin regulations, no burdensome restrictions, no default under material agreements or the Credit Documents, inapplicability of Investment Company Act, use of proceeds, insurance, labor matters, ERISA, environmental matters, necessary rights to intellectual property and ownership of properties.

Affirmative Covenants:

The Credit Documents will contain affirmative covenants customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other affirmative covenants reasonably deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation, the following:

- A. Preservation of existence.
- B. Compliance with laws (including ERISA and applicable environmental laws).
- C. Conduct of business.

- D. Payment of taxes.
- E. Maintenance of insurance.
- F. Access to books and records and visitation rights.
- G. Maintenance of books and records.
- H. Maintenance of properties.
- I. Use of proceeds.
- J. Provision of additional collateral, guarantees and mortgages.
- K. Further assurances.
- L. Maintenance of cash management as set forth above.
- M. Field audits, examinations and appraisals of receivables and inventory at any time at the reasonable request of the Administrative Agent; *provided* that if no Event of Default has occurred and is continuing, such audits and examinations shall be limited to 2 in any 12 month period plus one additional field audit, examination and appraisal during the 12 months following any date on which Excess Availability is less than 17.5% of the then effective commitments under the Asset-Based Facility.
- N. Delivery of Borrowing Base Certificates as set forth above.
- O. Delivery of audited and unaudited consolidated financial statements, annual budget and other customary information and notices.

Negative Covenants:

The Credit Documents will contain negative covenants customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other negative covenants reasonably deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation, the following (in each case, subject to customary exceptions and baskets to be mutually agreed):

- A. Limitations on debt and guarantees provided that the following debt and guarantees shall be permitted:
 - (1) Intercompany loans and advances among the Credit Parties.
 - (2) Debt incurred by a majority owned subsidiary or joint venture that is, except for a pledge of the equity of such subsidiary on a non-recourse basis, without recourse to the Credit Parties.

B. Limitations on liens provided that liens on the equity interests or assets of a majority owned subsidiary or joint venture, securing indebtedness permitted under clause A.(2) above shall be permitted.

C. Limitations on loans and investments provided that:

(1) An acquisition basket in an amount to be agreed shall be permitted, subject to customary conditions including minimum Excess Availability of 25% of the then effective commitments under the Asset-Based Facility and the Fixed Charge Coverage Ratio (determined on a pro forma basis) not less than 1.10 to 1.00.

(2) Investments in connection with the acquisition of the minority joint venture interest in Augusta Newsprint Company shall be permitted; *provided* that the consideration for such acquisition shall be equity or cash generated by Augusta Newsprint Company.

D. Limitations on asset dispositions, including, without limitation, the issuance and sale of capital stock of subsidiaries provided that the following asset sales shall be permitted:

(1) The sale of the equity or assets of (I) Abitibi-Consolidated Hydro, Inc. and/or ACH Limited Partnership or (II) Bowater-Korea Ltd.

(2) The sale of timberlands.

(3) The sale of closed mills.

(4) Other asset sales in an aggregate amount to be agreed.

E. Limitations on dividends, redemptions and repurchases with respect to capital stock.

F. Limitations on cancellation of debt and on prepayments, redemptions and repurchases of debt (other than the Loans) provided that the following cancellation and prepayments of debt shall be permitted subject to customary conditions including minimum Excess Availability of 25% of the then effective commitments under the Asset-Based Facility and the Fixed Charge Coverage Ratio (determined on a pro forma basis) not less than 1.10 to 1.00:

(1) Cancellations and prepayments made pursuant to the Plan or the CCAA Plan.

(2) Prepayment of the convertible notes issued pursuant to the Rights Offering from the proceeds of asset sales (other than sales of ABL Collateral) and the proceeds of Escrowed Notes (as defined in and subject to the terms specified in the

First Amendment to the Backstop Commitment Agreement dated as of July 20, 2010 and the exhibits thereto).

- G. Limitations on mergers, consolidations, acquisitions, joint ventures or creation of subsidiaries provided that the following shall be permitted:
 - (1) Mergers, consolidations and amalgamations among the Credit Parties (subject to customary restrictions).
 - (2) Joint ventures and acquisitions that comply with the investments covenants.
 - (3) Creation of new subsidiaries; *provided* that if such subsidiary is organized under the laws of the United States or Canada and such subsidiary is a material subsidiary, then such subsidiary shall become a U.S. Borrower or Canadian Borrower, as the case may be.
- H. Limitations on changes in business.
- I. Limitations on transactions with affiliates.
- J. Limitations on restrictions on distributions from subsidiaries and granting of negative pledges.
- K. Limitations on amendment of constituent documents and material debt instruments, except for modifications that could not reasonably be expected to materially affect the interests of the Lenders.
- L. Limitations on changes in accounting treatment and reporting practices or the fiscal year; *provided* that the Company shall be permitted a one time change from generally accepted accounting principles to international financial reporting standards.
- M. Limitations on hedging transactions except for the sole purpose of hedging risks in the normal course of business and consistent with industry practices.

Notwithstanding the foregoing, it is understood and agreed that the negative covenants shall permit assets and funds to be transferred between Credit Parties without a cap.

Financial Covenant:

A Fixed Charge Coverage Ratio of no less than 1.10 to 1.00, applicable if Excess Availability on any day is less than 15% of the then effective commitments under the Asset-Based Facility.

“Fixed Charge Coverage Ratio” means, the ratio of (a) EBITDA minus capital expenditures (except those financed with borrowed money (other than Loans), asset sales or equity proceeds) and cash taxes paid in the ordinary course, to (b) the sum of cash interest

expense, scheduled principal payments on indebtedness (including capital lease obligations), dividends or distributions paid in cash (excluding items eliminated in consolidation) by the Company and its subsidiaries and cash contributions to any pension plans in excess of expense or to the extent not otherwise included in the calculation of EBITDA, determined on a consolidated basis for the Company and its subsidiaries.

Events of Default:

The Credit Documents will contain events of default customarily found in the Administrative Agent's loan agreements for similar asset-based financings and other events of default reasonably deemed by the Joint Lead Arrangers appropriate to the specific transaction (which will be applicable to the Credit Parties and their respective subsidiaries), including, without limitation, the following:

- A. Failure to pay principal, interest or any other amount when due (subject to grace periods for interest or other amounts to be agreed).
- B. Representations and warranties incorrect in any material respect when given.
- C. Failure to comply with covenants (with grace periods as applicable).
- D. Cross-default to payment defaults, or default or event of default if the effect is to accelerate or permit acceleration in excess of amounts to be agreed.
- E. Failure to satisfy or stay execution of judgments in excess of specified amounts.
- F. Bankruptcy or insolvency.
- G. The existence of certain materially adverse employee benefit or environmental liabilities.
- H. Actual and asserted invalidity or impairment of any Credit Document (including the failure of any lien to remain perfected).
- I. Change of ownership or control.
- J. Termination of the Credit Insurance Programs.

Indemnification:

The Credit Documents will contain customary indemnification provisions (including coverage of environmental liabilities) by the Credit Parties (jointly and severally) in favor of the Administrative Agent and any other agents or co-agents appointed in respect of the Asset-Based Facility, the Joint Lead Arrangers, each Lender and each of their respective affiliates and the respective officers,

directors, employees, agents, advisors, attorneys and representatives of each of them.

Expenses:

The Credit Parties shall jointly and severally pay or reimburse the Administrative Agent, any other agents or co-agents appointed in respect of the Asset-Based Facility and the Joint Lead Arrangers for all reasonable and documented costs and expenses incurred by the Administrative Agent, any other agents or co-agents appointed in respect of the Asset-Based Facility and the Joint Lead Arrangers (including reasonable attorneys' fees and expenses) in connection with (i) the preparation, negotiation and execution of the Credit Documents; (ii) the syndication and funding of the Loans and any issuance of Letters of Credit; (iii) the creation, perfection or protection of the liens under the Credit Documents (including all search, filing and recording fees); (iv) the on-going administration of the Credit Documents (including the preparation, negotiation and execution of any amendments, consents, waivers, assignments, restatements or supplements thereto); and (v) the reasonable and documented initial and ongoing field audits, examinations and appraisals in respect of the ABL Collateral; *provided* that if no Event of Default has occurred and is continuing, such audits and examinations shall be limited to 2 in any 12 months period plus an one additional field audit, examination and appraisal during the 12 months following any date on which Excess Availability is less than 17.5% of the then effective commitments under the Asset-Based Facility.

The Credit Parties further agree to jointly and severally pay or reimburse the Administrative Agent, any other agents or co-agents appointed in respect of the Asset-Based Facility and each of the Lenders for all costs and expenses, including reasonable attorneys' fees and expenses, incurred by the Administrative Agent or such Lenders in connection with (i) the enforcement of the Credit Documents; (ii) any refinancing or restructuring of the Asset-Based Facility in the nature of a "work-out" or any insolvency or bankruptcy proceeding; and (iii) any legal proceeding relating to or arising out of the Asset-Based Facility or the other Credit Documents.

Assignments and Participations:

Assignments must be in a minimum amount of \$2,500,000 and are subject to the approval of the Administrative Agent, each Fronting Bank and the Company, which in the case of the Company, shall not be unreasonably withheld or delayed or required (x) during the primary syndication of the Asset-Based Facility, (y) during the continuance of an event of default under the Credit Documents, or (z) with respect to any assignment to a Lender, an affiliate of a Lender or a fund engaged in investing in commercial loans that is advised or managed by a Lender. Consent of the Company shall be deemed to have been given if the Company has not responded within five business days of a request for such consent. No participation shall

include voting rights, other than for matters requiring consent of 100% of the Lenders.

Requisite Lenders:

Lenders holding more than 50% of the outstanding commitments and/or exposure under the Asset-Based Facility (the “**Requisite Lenders**”).

Amendments:

Requisite Lenders, except for provisions customarily requiring approval by all affected Lenders; *provided* that amendments to the Borrowing Base definitions that would result in an increase in availability shall require the approval of Lenders holding at least 66 $\frac{2}{3}$ % of the outstanding commitments and/or exposure under the Asset-Based Facility.

Defaulting Lenders:

The Credit Documents will contain customary provisions relating to Defaulting Lenders.

Miscellaneous:

The Credit Documents will include (i) standard yield protection provisions (including, without limitation, provisions relating to compliance with risk-based capital guidelines, increased costs and payments free and clear of withholding taxes), (ii) a waiver of consequential damages and (iii) normal agency, set-off and sharing language.

Governing Law and Forum:

State of New York.

Counsel to Administrative Agent:

Davis Polk & Wardwell LLP.

ANNEX I to
AbitibiBowater Inc.
Senior Secured Asset-Based Credit Facility
Summary of Principal Terms and Conditions

INTEREST RATES AND FEES

Interest Rates:

Loans will bear interest, at the option of the Borrowers, at one of the following rates:

- (a) in the case of U.S. dollar denominated Loans:
 - (i) the Applicable Margin (as defined below) *plus* the Alternate Base Rate (as defined below), calculated on a 365/366-day basis and payable monthly in arrears; or
 - (ii) the Applicable Margin *plus* the current LIBO rate as quoted by Reuters LIBOR01 page, adjusted for reserve requirements, if any, and subject to customary change of circumstance provisions, for interest periods of one month (the "**LIBO Rate**"), calculated on a 360-day basis and payable at the end of the relevant interest period; and
- (b) in the case of Canadian dollar denominated Loans:
 - (i) the Applicable Margin (as defined below) *plus* the Canadian Prime Rate (as defined below), calculated on a 365/366-day basis and payable monthly in arrears; or
 - (ii) the Applicable Margin *plus* the BA Rate (as defined below), adjusted for reserve requirements, if any, and subject to customary change of circumstance provisions, for contract periods of one month, calculated on a 365/366-day basis and payable at the end of the relevant contract period, but in any event at least quarterly.

“Applicable Margin” means:

- (i) until the completion of the second full fiscal quarter commencing after the Effective Date, 2.00% per annum, in the case of Loans bearing interest based on the Alternate Base Rate ("**ABR Loans**") or the Canadian Prime Rate ("**Canadian Prime Loans**"), and 3.00% per annum, in the case of Loans bearing interest at a rate based on the LIBO Rate ("**LICBOR Loans**") or the BA Rate ("**BA Loans**"); and
- (ii) thereafter, a per annum rate equal to the rate set forth below opposite the then applicable average monthly Excess Availability:

<u>AVERAGE MONTHLY EXCESS AVAILABILITY</u>	<u>ABR LOANS AND CANADIAN PRIME LOANS</u>	<u>LIBOR LOANS AND BA LOANS</u>
Greater than or equal to 66.7%	1.75%	2.75%
Less than 66.7% and greater than or equal to 33.3%	2.00%	3.00%
Less than 33.3%	2.25%	3.25%

"Alternate Base Rate" means the highest of (i) Citibank, N.A.'s base rate, (ii) one-month LIBO Rate *plus* 1% , (iii) the three-month certificate of deposit rate plus 1/2 of 1% and (iv) the Federal Funds Effective Rate *plus* 1/2 of 1%.

"BA Rate" means, with respect to a BA loan being made by a Lender on any day for a particular contract period, (a) for a Lender named on Schedule I to the *Bank Act* (Canada), the CDOR Rate on such day for such contract period, and (b) for any other Lender, the lesser of (i) the percentage discount rate quoted by such Lender as the percentage discount rate at which such Lender would, in accordance with its normal practices, at or about 10:00 a.m. on such date, be prepared to purchase bankers' acceptances or make BA loans having a face amount and term comparable to the face amount and term of such bankers' acceptance, and (ii) the CDOR Rate on such day for such contract period plus 0.10%.

"Canadian Prime Rate" means, on any day, the highest of (i) the annual rate of interest announced by the Administrative Agent and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Canadian dollar denominated commercial loans in Canada, and (ii) the annual rate of interest equal to the sum of (A) the one-month CDOR Rate in effect on such day, plus (B) 1.00%.

"CDOR Rate" means, on any day and for any period, an annual rate of interest equal to the average rate applicable to Canadian Dollar bankers' acceptances for the applicable period appearing on the ***"Reuters Screen CDOR Page"*** (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time), rounded to the nearest 1/100th of 1% (with .005% being rounded up), at approximately 10:00 a.m., on such day, or if such day is not a business day, then on the immediately preceding business day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then the CDOR Rate on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) which are also Lenders as of 10:00 a.m.,

on such day or, if such day is not a business day, then on the immediately preceding business day.

Default Interest:

Following notice in writing from the Required Lenders, during the continuance of an event of default under the Credit Documents, Loans will bear interest at an additional 2% per annum; *provided* such increase in interest rates shall apply automatically without the requirement for such notice in the event of a payment or bankruptcy default.

Unused Commitment Fee:

From and after the Effective Date, a non-refundable unused commitment fee will accrue at the Applicable Commitment Fee Rate on the daily average unused portion of the Asset-Based Facility and during, and computed at the end of, each month (whether or not then available), payable quarterly in arrears and on the Termination Date. Swingline usage will not count for purposes of calculating this fee.

“Applicable Commitment Fee Rate” means (i) until the completion of the second full fiscal quarter commencing after the Effective Date, 0.75% per annum and (ii) thereafter, 0.75% for any day on which Total Outstandings are less than or equal to 50% of the amount of the commitments, and 0.50% for any day on which Total Outstandings exceed 50% of the amount of the commitments.

Letter of Credit Fees:

A percentage per annum equal to the Applicable L/C Margin to the Lenders, and 0.25% per annum to the Fronting Bank, will accrue on the outstanding undrawn amount of any Letter of Credit, payable quarterly in arrears and computed on a 360-day basis. The ***“Applicable L/C Margin”*** means the Applicable Margin for LIBOR Loans and BA Loans, as applicable, as in effect from time to time.

Following notice in writing from the Required Lenders, during the continuance of an event of default under the Credit Documents, the Letter of Credit Fees will bear interest at an additional 2% per annum; *provided* such increase in interest rates shall apply automatically without the requirement for such notice in the event of a payment or bankruptcy default.

***** The Debtors have requested that the Arranger Fee Letter and the Agent Fee Letter be filed under seal. *****