

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

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

**STIPULATION REGARDING THE DEBTORS'
ASSUMPTION OF INSURANCE PROGRAM WITH TRAVELERS**

AbitibiBowater Inc., for itself and its affiliated debtors and debtors in possession in the captioned cases (“**Debtors**”), and The Travelers Indemnity Company and its affiliates (“**Travelers**”) stipulate and agree as follows:

RECITALS

A. On April 16, 2009, each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (“**Bankruptcy Code**”) with the United States Bankruptcy Court for the District of Delaware (“**Bankruptcy Court**”).

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

B. On April 17, 2009 the Bankruptcy Court entered an order authorizing the maintenance and continuation of the Debtors' workers' compensation insurance and other insurance policies and the payment of all related obligations.

C. For the policy period beginning July 1, 2000, Travelers issued certain commercial insurance policies, which provide, among other things, workers' compensation and employers liability, general liability, and automobile liability coverage to certain of the Debtors in various states ("**Policies**"). Coverage under the Policies continues through July 1, 2010. Travelers and the Debtors also entered into certain claim services agreements ("**Service Agreements**") by which Travelers administered certain liability claims that were self-insured by the Debtors. A list of the Policies and Service Agreements is attached as **Exhibit A** to this Stipulation.

D. Under the Policies, the Debtors have payment obligations and entered into corresponding premium agreements ("**Premium Agreements**," and with the Policies, Service Agreements and insurance-related agreements and documents, "**Insurance Program**"), which prescribe the calculation and payment of premium and reimbursement obligations. For certain coverages, payment obligations are based on the actual loss experience of the Debtors as insureds, subject to contractual maximum and minimum limits (if applicable) and loss limitations or deductible amounts, which set a ceiling on the amount of each loss arising out of a single occurrence that may be incorporated into the premium calculation. These loss-sensitive obligations are paid over an extended period. The premiums for certain other liability policies are subject to post-coverage audit and adjustment.

E. The Debtors are current on their premium and reimbursement obligations and their payment obligations under the Insurance Program or are paying such obligations in the ordinary course. Thus, no "cure" amount under Bankruptcy Code section 365 will be paid as

part of this assumption.

F. As required under the Insurance Program, Travelers is the beneficiary of two letters of credit (“LCs”): one issued by Wachovia Bank, no. SM235618W, in the amount of \$8,150,000, and one issued by Canadian Imperial Bank, no. SBGM742831, in the amount of \$2,121,000. Travelers also holds cash deposits in the amount of \$941,850 that, together with the LCs, back the Debtors’ obligations to Travelers under the Insurance Program.

G. The Travelers Insurance Program is subject to annual renewal on July 1 of each year.

H. By its proof of claim dated November 10, 2009, and identified by claim nos. 3476 and 4348 (the same claim appears to be entered twice) (“**Travelers Claim**”), Travelers asserted that the Debtors owed Travelers for obligations under the Insurance Program in an unliquidated amount.

I. The Debtors and Travelers agreed to renew certain of the insurance Policies and Service Agreements covered by the Travelers Insurance Program for the period from July 1, 2010 to July 1, 2011 (“**Renewal Agreement**”), including workers’ compensation and automobile liability coverages.

J. As a condition precedent to the entering into the Renewal Agreement, Travelers requires the Debtors to obtain an order authorizing the assumption of the Travelers Insurance Program, including the renewal period, pursuant to section 365 of the Bankruptcy Code. Further, Travelers has agreed to waive the requirement of additional collateral of \$975,000 to effect renewal if the assumption of the Insurance Program is timely obtained.

K. In their business judgment, the Debtors have determined it necessary and appropriate, and in the best interest of their estates, to enter into the Renewal Agreement and

request assumption of the Travelers Insurance Program.

THEREFORE, subject to Bankruptcy Court approval, the parties, by and through their respective counsel, agree as follows:

1. Recitals Incorporated. The foregoing Recitals are true and correct, and are incorporated by reference and are made a part of this Stipulation.

2. Assumption. Upon Final Approval (defined below), the Travelers Insurance Program, as renewed, will be deemed assumed by the Debtors pursuant to section 365 of the Bankruptcy Code and Rule 6006 of the Federal Rules of Bankruptcy Procedure.

3. Renewal. To the extent not previously renewed, upon Final Approval, Travelers shall permit the Debtors to enter into, and the Debtors shall be authorized to enter into, the Renewal Agreement, on the terms described above.

4. Claim Withdrawn. Upon Final Approval, the Travelers Claim is withdrawn and the registrar of claims may delete the Travelers Claim from the claims registry maintained in these cases.

5. Additional Documents. Each party agrees to execute and deliver such additional documents and instruments and take such actions as are reasonably necessary to effect the intent and purposes of this Stipulation.

6. Entire Agreement. This Stipulation is the entire agreement between the parties regarding the subject matter of the Stipulation and supersedes any and all agreements, whether written or oral, that may have previously existed between the parties with respect to the matters set forth in the Stipulation. No statements, promises, or representations have been made by any party to any other, or relied upon, and no consideration has been offered, promised, expected or held out other than as may be expressly provided in this Stipulation.

7. Authorization. Each person executing the Stipulation on behalf of a party represents that such person is duly authorized and empowered to execute and deliver the Stipulation on behalf of such party. Upon Final Approval, the Stipulation will be binding upon and will inure to the benefit of the parties and their respective representatives, successors, and assigns. Except as expressly provided in this Stipulation, the Stipulation is not intended for and will not be construed or enforced for the benefit of any other person. The parties and their attorneys have reviewed and participated in the drafting of this Stipulation, such that this Stipulation should be construed as having been equally drafted by the parties.

8. Only Written Amendments. This Stipulation cannot be changed or terminated without the written consent of each party.

9. Effectiveness and Final Approval. This Stipulation will be of no force and effect unless it is approved by a final, non-appealable order of the Bankruptcy Court (“Final Approval”) and Final Approval is obtained prior to June 30, 2010. The Debtors agree to seek prompt approval of this Stipulation on appropriate notice. If Final Approval is not obtained by June 30, 2010, then neither this Stipulation nor any negotiations and writings concerning or connected to this Stipulation will be in any way construed as or deemed to be evidence or an admission by or on behalf of any party of any liability, act, or matter or that any claim or defense has or lacks merit.

10. Retained Jurisdiction. The Bankruptcy Court retains jurisdiction over any disputes arising under this Stipulation.

11. Counterparts. This Stipulation may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which when taken together will constitute one

and the same Stipulation. A signature delivered by facsimile transmission or electronic mail in PDF will be deemed an original signature for purposes of this Stipulation.

June 4, 2010

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SCHEDULE A
ABITIBIBOWATER, INC
SUMMARY OF POLICY YEARS, POLICY NUMBER, AND LINES OF INSURANCE

Policy Year	Policy Number	Line
07/01/2000-07/01/2001	449J4818	AUTOMOBILE LIABILITY
07/01/2000-07/01/2001	449J482A	GENERAL LIABILITY
07/01/2000-07/01/2001	449J4867	WORKERS COMP
07/01/2000-07/01/2001	449J4831	WORKERS COMP
07/01/2000-07/01/2001	449J9710	AUTOMOBILE LIABILITY
07/01/2000-07/01/2001	449J4843	GARAGE POLICY
07/01/2001-07/01/2002	449J4843	GARAGE POLICY
07/01/2001-07/01/2002	449J9710	AUTOMOBILE LIABILITY
07/01/2001-07/01/2002	449J4831	WORKERS COMP
07/01/2001-07/01/2002	449J4867	WORKERS COMP
07/01/2001-07/01/2002	449J4818	AUTOMOBILE LIABILITY
07/01/2001-07/01/2002	449J482A	GENERAL LIABILITY
07/01/2002-07/01/2003	449J4818	AUTOMOBILE LIABILITY
07/01/2002-07/01/2003	449J9003	AUTOMOBILE LIABILITY
07/01/2002-07/01/2003	449J482A	GENERAL LIABILITY
07/01/2002-07/01/2003	449J4831	WORKERS COMP
07/01/2002-07/01/2003	449J4867	WORKERS COMP
07/01/2002-07/01/2003	449J4843	GARAGE POLICY
07/01/2003-07/01/2004	449J4831	WORKERS COMP
07/01/2003-07/01/2004	449J4867	WORKERS COMP
07/01/2003-07/01/2004	449J4843	GARAGE POLICY
07/01/2003-07/01/2004	449J4818	AUTOMOBILE LIABILITY
07/01/2003-07/01/2004	449J9003	AUTOMOBILE LIABILITY
07/01/2003-07/01/2004	449J482A	GENERAL LIABILITY
07/01/2004-07/01/2005	449J4818	AUTOMOBILE LIABILITY
07/01/2004-07/01/2005	449J7986	AUTOMOBILE LIABILITY
07/01/2004-07/01/2005	449J9003	AUTOMOBILE LIABILITY
07/01/2004-07/01/2005	449J7986	GARAGE POLICY
07/01/2004-07/01/2005	449J482A	GENERAL LIABILITY
07/01/2004-07/01/2005	449J4831	WORKERS COMP
07/01/2004-07/01/2005	449J4867	WORKERS COMP
07/01/2005-07/01/2006	449J4818	AUTOMOBILE LIABILITY
07/01/2005-07/01/2006	449J7986	AUTOMOBILE LIABILITY
07/01/2005-07/01/2006	449J9003	AUTOMOBILE LIABILITY
07/01/2005-07/01/2006	306T2727	AUTOMOBILE LIABILITY
07/01/2005-07/01/2006	449J482A	GENERAL LIABILITY
07/01/2005-07/01/2006	449J4831	WORKERS COMP
07/01/2005-07/01/2006	449J4867	WORKERS COMP
07/01/2006-07/01/2007	449J7986	AUTOMOBILE LIABILITY
07/01/2006-07/01/2007	449J4818	AUTOMOBILE LIABILITY
07/01/2006-07/01/2007	306T2727	AUTOMOBILE LIABILITY
07/01/2006-07/01/2007	449J482A	GENERAL LIABILITY
07/01/2006-07/01/2007	449J4867	WORKERS COMP
07/01/2006-07/01/2007	449J4831	WORKERS COMP
07/01/2007-07/01/2008	449J4818	AUTOMOBILE LIABILITY
07/01/2007-07/01/2008	449J482A	GENERAL LIABILITY

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ABITIBIBOWATER, INC
SUMMARY OF POLICY YEARS, POLICY NUMBER, AND LINES OF INSURANCE

07/01/2007-07/01/2008	306T2727	AUTOMOBILE LIABILITY
07/01/2007-07/01/2008	449J7986	AUTOMOBILE LIABILITY
07/01/2007-07/01/2008	449J4867	WORKERS COMP
07/01/2007-07/01/2008	449J4831	WORKERS COMP
07/01/2008-07/01/2009	234S1921	AUTOMOBILE LIABILITY
07/01/2008-07/01/2009	234D1933	AUTOMOBILE LIABILITY
07/01/2008-07/01/2009	234D1945	AUTOMOBILE LIABILITY
07/01/2008-07/01/2009	449J7740	AUTOMOBILE LIABILITY
07/01/2008-07/01/2009	306T2727	AUTOMOBILE LIABILITY
07/01/2008-07/01/2009	449J7415	AUTOMOBILE LIABILITY
07/01/2008-07/01/2009	449J7986	AUTOMOBILE LIABILITY
07/01/2008-07/01/2009	449J4867	WORKERS COMP
07/01/2008-07/01/2009	449J4831	WORKERS COMP
07/01/2008-07/01/2009	449J7427	WORKERS COMP
07/01/2008-07/01/2009	449J7439	WORKERS COMP
07/01/2008-07/01/2009	306T2727	AUTOMOBILE LIABILITY
07/01/2009-07/01/2010	449J7415	AUTOMOBILE LIABILITY
07/01/2009-07/01/2010	234S1921	AUTOMOBILE LIABILITY
07/01/2009-07/01/2010	234D1933	AUTOMOBILE LIABILITY
07/01/2009-07/01/2010	234D1945	AUTOMOBILE LIABILITY
07/01/2009-07/01/2010	449J7740	AUTOMOBILE LIABILITY
07/01/2009-07/01/2010	306T2727	AUTOMOBILE LIABILITY
07/01/2009-07/01/2010	449J7427	WORKERS COMP
07/01/2009-07/01/2010	449J7439	WORKERS COMP
07/01/2010-07/01/2011	TBD	AUTOMOBILE LIABILITY
07/01/2010-07/01/2011	TBD	AUTOMOBILE LIABILITY
07/01/2010-07/01/2011	TBD	WORKERS COMP
07/01/2010-07/01/2011	TBD	WORKERS COMP