CANADA

PROVINCE OF QUÉBEC
DISTRICT OF
MONTRÉAL

No.: 500-11-036133-094

SUPERIOR COURT

Commercial Division
Sitting as a court designated pursuant to the Companies' Creditors Arrangement Act, R.S.C., c. C-36, as amended

---

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

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

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

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

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

Petitioners

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

Monitor

THIRTY-FIFTH REPORT OF THE MONITOR
MARCH 9, 2010

INTRODUCTION

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

2. Pursuant to the Initial Order, Ernst & Young Inc. ("**EYI**") was appointed as monitor of the Petitioners (the "**Monitor**") under the CCAA and a stay of proceedings in favour of the Petitioners was granted until May 14, 2009 (the "**Stay Period**"). The Stay Period has been subsequently extended to March 15, 2010 pursuant to further Orders of this Honourable Court.

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

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

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

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

7. On April 16, 2009, ACI and ACCC filed petitions for recognition under Chapter 15 of the U.S. Bankruptcy Code. On April 21, 2009, the U.S. Bankruptcy Court granted the recognition orders under Chapter 15 of the U.S. Bankruptcy Code.

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

BACKGROUND

9. ABH is one of the world's largest publicly traded pulp and paper manufacturers. It produces a wide range of newsprint and commercial printing papers, market pulp and wood products. The ABH Group owns interests in or operates pulp and paper facilities, wood products facilities and recycling facilities located in Canada, the United States, the United Kingdom and South Korea.

10. Incorporated in Delaware and headquartered in Montreal, Quebec, ABH functions as a holding company and its business is conducted principally through four direct subsidiaries: BI, Bowater Newsprint South LLC ("**Newsprint South**") (BI, Newsprint South and their respective subsidiaries are collectively referred to as the "**BI Group**"), ACI (ACI and its subsidiaries are collectively referred to as the "**ACI Group**") and AbitibiBowater US Holding LLC ("**ABUSH**") (ABUSH and its respective subsidiaries are collectively referred to as the "**DCorp Group**").

11. ACI is a direct and indirect wholly-owned subsidiary of ABH. ABH wholly owns BI which in turn, wholly owns BCHI which, in turn, indirectly owns BCFPI which carries on the main Canadian operations of BI.

12. ACCC, a wholly-owned subsidiary of ACI, and BCFPI hold the majority of ABH's Canadian assets and operations.

PURPOSE

13. This is the thirty-fifth report of the Monitor (the "**Thirty-Fifth Report**") in these CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to the following:

    (i) the actual receipts and disbursements of the ACI Group and BCFPI for the four-week period ended February 28, 2010;

    (ii) the cash flow forecasts for the ACI Group and BCFPI for the 16-week period ending June 20, 2010;

    (iii) an update on the Claims Process (as defined herein);

    (iv) the restructuring initiatives undertaken by the Petitioners since December 9, 2009, the date of the twenty-seventh report of the Monitor (the "**Twenty-Seventh Report**") which was filed in support of the Petitioners' Motion to extend the Stay Period to March 15, 2010; and

    (v) the Monitor's recommendation regarding the Petitioners' Motion to extend the Stay Period to June 18, 2010.

TERMS OF REFERENCE

14. In preparing this Thirty-Fifth Report, the Monitor has been provided with and, in making comments herein, has relied upon unaudited financial information, the ABH Group's books and records, financial information and projections prepared by the ABH Group and discussions with management of the ABH Group (the "**Management**"). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Thirty-Fifth Report. Some of the information referred to in this Thirty-Fifth Report consists of forecasts and

projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future-oriented financial information referred to in this Thirty-Fifth Report was prepared by the ABH Group based on Management's estimates and assumptions. Readers are cautioned that, since these projections are based upon assumptions about future events and conditions the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

15. Capitalized terms not defined in this Thirty-Fifth Report are as defined in the previous reports of the Monitor and the Initial Order. All references to dollars are in U.S. currency and are translated at a rate of CDN$1.00=US$0.90 unless otherwise noted.

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

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

ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE ACI GROUP AND BCFPI FOR THE FOUR-WEEK PERIOD ENDED FEBRUARY 28, 2010

18. In the thirty-third report of the Monitor dated February 19, 2010 (the "**Thirty-Third Report**"), the Monitor reported on the Petitioners' four-week cash flow results for the period from January 4, 2010 to January 31, 2010 and the revised weekly cash flow forecast for the ACI Group (the "**ACI Forecast**") and BCFPI (the "**BCFPI Forecast**") through the week ending May 2, 2010.

19. Below is a summary of the ACI Group's actual receipts and disbursements for the four week period ending February 28, 2010 with a comparison to the ACI Forecast presented in the Thirty-Third Report.

The ACI Group							
	US$000						
		Actual		Forecast		Variance	
Opening Cash	$	247,774	$	247,774	$	-	-
Receipts		192,619		154,661		37,958	25%
Disbursements							
Net Trade Disbursements		(118,151)		(114,098)		(4,053)	(4%)
Intercompany		7,390		-		7,390	N/A
Other		(83,469)		(74,229)		(9,240)	(12%)
		(194,230)		(188,327)		(5,903)	(3%)
Financing							
Securitization Inflows / (Outflows)		(6,080)		(9,745)		3,665	38%
Adequate Protection by DCorp to ACCC Term Lenders		(2,968)		(2,969)		1	0%
Bridgewater Funding		-		-		-	N/A
Restructuring & Other Items		(6,318)		(4,250)		(2,068)	(49%)
Foreign Exchange Translation		(6,067)		-		(6,067)	N/A
		(21,433)		(16,964)		(4,469)	(26%)
Net Cash Flow		(23,044)		(50,630)		27,586	(54%)
Ending Cash	$	224,730	$	197,144	$	27,586	14%
Immediately Available Liquidity	$	269,730	$	242,144	$	27,586	11%
Total Available Liquidity	$	330,046	$	298,409	$	31,637	11%

20. The Monitor continues to hold the following amounts related to the sale of the ACCC MPCo Interest pursuant to an order of this Honourable Court dated November 16, 2009:

(i) $45.0 million that is available as liquidity to the ACI Group subject to providing notice to certain creditors (the "**ULC DIP Facility Available Upon Notice**");

(ii) $45.0 million that is available to the ACI Group subject to Court approval for the use of such funds (the "**ULC DIP Facility Available Upon Court Approval**"); and

(iii) approximately $47.1 million that is not available to the ACI Group (the "**Restricted ULC Reserve Deposit**").

21. The Monitor will continue to hold these funds until further order of this Honourable Court.

22. "**Immediately Available Liquidity**" in the table at paragraph 19 above includes cash on hand plus liquidity available via the ULC DIP Facility Available Upon Notice. "**Total Available Liquidity**" includes Immediately Available Liquidity plus the ULC DIP Facility Available Upon Court Approval plus the funds received pursuant to the sale of DCorp's recycling assets (approximately $11.3 million) and the West Tacoma sawmill (approximately $4.0 million).

23. Below is a summary of BCFPI's actual receipts and disbursements for the four-week period ending February 28, 2010 with a comparison to the BCFPI Forecast presented in the Thirty-Third Report.

BCFPI	US$000			
	Actual	Forecast	Variance	
Receipts	$ 52,892	$ 45,760	$ 7,132	16%
Disbursements				
Net Trade Disbursements	(33,535)	(28,896)	(4,639)	(16%)
Intercompany	(427)	-	(427)	N/A
Other	(17,229)	(18,073)	844	5%
	(51,191)	(46,969)	(4,222)	(9%)
Financing				
Interest	(1,115)	(1,829)	714	39%
Restructuring Costs	(1,923)	(1,172)	(751)	(64%)
Foreign Exchange Translation	(1,703)	-	(1,703)	N/A
	(4,741)	(3,001)	(1,740)	58%
Net Cash Flows	(3,040)	(4,210)	1,170	(28%)
Opening Cash	14,075	14,075	-	-
Ending Cash	$ 11,035	$ 9,865	$ 1,170	12%

24. The Monitor will provide a variance analysis once it issues its regular four-week cash flow report for the four-week period ending February 28, 2010, which will be issued shortly.

25. Attached as Appendices "E" and "F" are cash flow forecasts for the ACI Group and BCFPI for the 16-week period ended June 20, 2010 (the "**Revised Forecasts**").

26. The ACI Group's Immediately Available Liquidity at June 20, 2010, which is the end of the 16-week period in the forecast in Appendix "E", is projected to be approximately $214.9 million.

27. BCFPI's liquidity at June 20, 2010, which is the end of the 16-week period in the forecast in Appendix "F", is projected to be approximately $10.5 million. The Monitor has been advised by Management that the cash requirements of BCFPI will be supported by intercompany advances from BI, if necessary.

CLAIMS PROCESS UPDATE

Background

28. On August 26, 2009 this Honourable Court issued an Order (the "**First Claims Procedure Order**") setting out the procedures for the filing of certain claims against the Petitioners (the "**Claims Process**").

29. Pursuant to the Claims Procedure Order, November 13, 2009 was established as the claims bar date (the "**Claims Bar Date**") with respect to the filing of claims with the Monitor, with the exception of creditors holding certain specifically excluded claims.

30. By order dated September 3, 2009, the U.S. Bankruptcy Court entered an order establishing the same Claims Bar Date in the Chapter 11 Proceedings and approving the form and manner of notice thereof (the "**U.S. Claims Order**").

31. On January 18, 2010, this Honourable Court approved the methodology applicable to the review and determination of claims filed against the Petitioners, the Partnerships and the Cross-Border Petitioners, as well as the Cross-Border Claims Protocol which specifically

addresses certain cross-border issues with respect to claims filed against the Cross-Border Petitioners (the "**Second Claims Procedure Order**").

32. On February 23, 2010 this Honourable Court issued an Order (the "**Third Claims Procedure Order**") setting out the procedures for the filing of certain claims (primarily being claims of active employees as at April 17, 2009 and restructuring claims) against the Petitioners and setting April 7, 2010 as the bar date for certain claims that were excluded from the Claims Procedure Order (the "**Second Claims Bar Date**").

33. By order dated February 18, 2010, the U.S. Bankruptcy Court issued an order establishing the same Second Claims Bar Date in the Chapter 11 Proceedings and approving the form and manner of notice thereof.

<u>The Filing of Claims</u>

34. Pursuant to the First Claims Procedure Order, claims asserted against the Petitioners or the Partnerships were required to be filed in the CCAA Proceedings. This included any claims asserted against the Cross-Border Petitioners.

35. Pursuant to the U.S. Claims Order, subject to certain exceptions, any person or entity asserting a claim against a U.S. Debtor in the Chapter 11 Proceedings was required to file a proof of claim so that it was actually received by Epiq, as the U.S. claims agent, on or before the Claims Bar Date. However, any person or entity asserting a claim against a Cross-Border Petitioner in the Chapter 11 Proceedings was required to file a proof of claim pursuant to the First Claims Procedure Order with the Monitor on or before the Claims Bar Date. The U.S. Claims Order further provided that proofs of claim timely filed against any Cross-Border Petitioner with the Monitor shall be deemed timely filed against the applicable Cross-Border Petitioner(s) in the Chapter 11 Proceedings.

36. The First Claims Procedure Order also provided that a proof of claim timely filed against a Cross-Border Petitioner in accordance with the U.S. Claims Order is deemed to be a proof of claim that has been timely delivered to the Monitor in the CCAA Proceedings in accordance with the First Claims Procedure Order.

Claims Filed by the Claims Bar Date

37. The Petitioners and the Monitor are currently reviewing the proofs of claim filed with the Monitor on or before the Claims Bar Date and are segregating duplicate claims that may have been filed against multiple Petitioners and/or Partnerships. The Petitioners and the Monitor are also reviewing the claims received by Epiq with respect to the Cross-Border Petitioners. In addition, the Petitioners have commenced the process of reconciling the proofs of claim with the assistance of the Monitor.

38. As at the date of this Thirty-Fifth Report, the Monitor has identified numerous proofs of claim which have been filed with the Monitor against the Petitioners or the Cross-Border Petitioners that should have been filed in respect of the U.S. Debtors.

39. In addition, the Petitioners and the Monitor have identified numerous proofs of claim filed with Epiq pursuant to the U.S. Claims Order which should likely have been filed against the Petitioners pursuant to the First Claims Procedure Order in the CCAA Proceedings. While the First Claims Procedure Order provides that claims filed with the Monitor against the Cross-Border Petitioners are deemed to be timely filed proofs of claim in the Chapter 11 Proceedings, the First Claims Procedure Order does not provide that proofs of claim filed in the Chapter 11 Proceedings against the Petitioners or the Partnerships are deemed to be timely filed in the CCAA Proceedings.

40. The Petitioners, in consultation with their legal and financial advisors and the Monitor, are currently developing a formal process to address this and other similar issues and the Monitor expects to report and make a recommendation to this Honourable Court in due course.

41. Based on the Monitor's preliminary review of the proofs of claim, the following table summarizes the claims filed with the Monitor to date:

Category (see note below)	ACI Petitioners*		Bowater Petitioners**		Total	
	Count	CDN $	Count	CDN $	Count	CDN $
Bondholder Claim	12	4,267,002,485	10	1,519,214,025	22	5,786,216,510
Subsequent / Restructuring Claims	27	583,190,887	9	124,845,401	36	708,036,287
Employee Claims	931	165,380,390	557	97,721,010	1,488	263,101,400
Trade Claims	2,348	181,400,816	938	56,376,733	3,286	237,777,548
Other	34	255,425,207	6	36,245,901	40	291,671,108
Construction Lien Claims	11	20,245,738	1	25,489	12	20,271,227
Secured Debt Claims	57	8,495,032	8	787,991	65	9,283,023
Tax / Government Claims	28	5,886,054	17	2,798,979	45	8,685,032
Late Claims (see note below)	73	1,789,242	28	1,832,057	101	3,621,299
503(b)(9) Claims	3	179,104	15	1,351,167	18	1,530,270
Total	3,524	5,488,994,954	1,589	1,841,198,751	5,113	7,330,193,705
Unliquidated Claims	75	-	60	-	135	-
Guarantor Claims	24	8,486,979,398	-	-	24	8,486,979,398
Likely Duplicate Claims (see note below)	350	4,738,657,093	421	5,313,829,370	771	10,052,486,462
Grand Total	3,973	18,714,631,444	2,070	7,155,028,121	6,043	25,869,659,565

* Includes claims received by the Monitor for the partnership Abitibi-Consolidated Finance LP.
** Includes claims filed against the partnerships Bowater Canada Finance Limited Partnership and Bowater Pulp and Paper Canada Limited Partnership.

42. Based on the Monitor's preliminary review, it has identified 771 claims for a total of approximately CDN$10 billion of likely duplicate claims that have been filed against multiple Petitioners, excluding several bond guarantee claims and unliquidated damage claims. The Monitor's estimate of the likely duplicate claims will be further refined as the claims reconciliation and determination process progresses.

43. The categorization of claims is based on a preliminary analysis conducted by the Monitor and remains subject to change.

44. In addition, the Monitor has received 101 claims subsequent to the Claims Bar Date (the "**Late Claims**"). This does not include any late claims filed by former employees who were not employed as of April 16, 2009 (the "**Inactive Employees**"). As reported in the Twenty-Seventh Report, the Monitor mailed out pre-populated proof of claim forms to the Inactive Employees who had not filed a claim and advised them to complete and submit the claim by January 15, 2010. These claims have been included in Employee Claims in the chart above.

45. As set forth in the thirty-second report of the Monitor dated February 19, 2010 (the "**Thirty-Second Report**"), the U.S. Bankruptcy Code establishes certain priorities with respect to creditor claims that are not recognized under the CCAA. In this respect, the Monitor has also received claims filed against both the Petitioners and the Cross-Border

Petitioners seeking administrative relief under section 503(b)(9) of the U.S. Bankruptcy Code for goods delivered to the Petitioners and/or the Cross-Border Petitioners in the twenty days prior to the date of the Initial Order (a "**503(b)(9) Claim**").

46. In accordance with the Third Claims Procedure Order, the Monitor has mailed letters to the creditors of the Cross-Border Petitioners who filed a proof of claim in the CCAA Proceedings to provide such creditors with an opportunity to amend their proofs of claim in the event they believe they have a 503(b)(9) Claim under the U.S. Bankruptcy Code. As reported in the Thirty-Second Report, with respect to the potential 503(b)(9) Claims against the Cross-Border Petitioners, the Monitor has been advised by the Cross-Border Petitioners that the Cross-Border Petitioners do not intend to challenge the applicability of Section 503(b)(9) in the Chapter 11 Proceedings and will assess individual 503(b)(9) Claims based on their merit and will only object if warranted.

47. The Monitor has commenced the process of issuing notices of revision and disallowance of proofs of claim and will report further on this process in subsequent reports.

48. In accordance with the Third Claims Procedure Order, on or before March 2, 2010, the Monitor mailed a claims package to each creditor that, to the Monitor's knowledge, is a holder of a claim against the Petitioners or the Partnerships which was not included under the First Claims Procedure Order (primarily being claims of active employees as at April 17, 2009 and restructuring claims) ("**Known Creditors**"). In addition, the Monitor has caused a joint instruction letter to be sent along with the claims package to those Known Creditors who are holders of such claims against any of the Cross-Border Petitioners.

SUMMARY OF RESTRUCTURING ACTIVITIES

49. Since the issuance of the Twenty-Seventh Report on December 9, 2009, the Petitioners have made progress on a number of restructuring initiatives. Below is a summary of a number of key activities since those reported in the Twenty-Seventh Report:

(i) on December 9, 2009 the ACI Group closed the sale of the ACCC MPCo Interest and drew on the ULC DIP Facility (as each is defined in the Twenty-Ninth Report of the Monitor dated December 16, 2009) in the amount of $117 million;

(ii) immediately following the closing of the sale of the ACCC MPCo Interest and in accordance with the Order of this Honourable Court dated November 23, 2009, the Petitioners made a distribution of $180 million to holders of the 13.75% notes due in 2011;

(iii) the ULC DIP Facility was established to provide the ACI Petitioners with adequate liquidity during these CCAA Proceedings;

(iv) the Petitioners continue to work to close the sales of the ACI Group's Belgo paper mill and St-Raymond sawmill, as well as DCorp's Lufkin facility in Texas;

(v) the Petitioners closed the sale of DCorp's West Tacoma mill;

(vi) the Second Claims Procedure Order was issued by this Honourable Court on January 18, 2010 which authorized the Petitioners to begin their review and determination of proofs of claim submitted as part of the Claims Process;

(vii) the Third Claims Procedure Order was issued by this Honourable Court on February 23, 2010 which authorized the Petitioners to call for claims of certain creditors that were excluded from the First Claims Procedure Order;

(viii) on February 24, 25 and 26, 2010, this Honourable Court heard the Motion of the Province of Newfoundland and Labrador for a declaration regarding orders issued pursuant to the *Environmental Protection Act* (Newfoundland and Labrador) (to which the Attorney General of the Province of British Columbia intervened) and has taken this matter under advisement;

(ix) on March 9, 2010, this Honourable Court issued an order authorizing the Petitioners to consult with certain committees of their stakeholders;

(x) the Petitioners continue to attempt to dispose of non-productive or redundant assets, including certain assets located in MacKenzie (British Columbia) and certain properties located in Botwood and Stephenville (Newfoundland and Labrador); and

(xi) the Petitioners are working with their advisors to prepare valuation estimates and recovery models to facilitate stakeholder negotiations with respect to the Petitioners' restructuring plan.

50. As reported in the Twenty-Seventh Report, the Petitioners completed their business plan and provided it to the financial advisors to their stakeholder groups, and also submitted a restructuring and recapitalization term sheet to the stakeholder advisors on December 15, 2009, in accordance with an Order issued by this Honourable Court on November 23, 2009.

51. The Petitioners have advised the Monitor that they have resumed talks with their unions with respect to the renewal of their collective bargaining agreements.

52. In this respect, the Petitioners have also advised the Monitor that, on March 7, 2010, the Petitioners and the Syndicate des communications, l'énergie et du papier ("**SCEP**") announced that they had reached a memorandum of agreement concerning the renewal of the SCEP collective bargaining agreements, which remains to be ratified by individual SCEP union members.

53. In addition, multi-party pension deficit discussions are continuing between the Petitioners and various governments and unions.

EXTENSION OF THE STAY OF PROCEEDINGS

54. The Petitioners have filed a Motion to extend the Stay Period to June 18, 2010. The Monitor is of the view that the extension of the Stay Period to June 18, 2010 will allow the Petitioners to continue to develop their restructuring plan and will also allow the Petitioners to continue to quantify claims filed by creditors and engage in discussions and negotiations with their stakeholders.

55. The Revised Forecasts indicate that the Petitioners will have sufficient liquidity through the extension of the Stay Period to June 18, 2010.

RECOMMENDATION

56. It is the Monitor's view that the Petitioners have acted and continue to act in good faith and with due diligence in their efforts to develop a restructuring plan for the benefit of all stakeholders. The Monitor is also of the view that an extension of the Stay Period to June 18, 2010 is in the best interest of the Petitioners' stakeholders.

57. As such, the Monitor recommends that this Honourable Court grant the Petitioners' Motion for an extension of the Stay Period to June 18, 2010.

All of which is respectfully submitted.

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

Per:

Alex Morrison, CA, CIRP
Senior Vice President

Greg Adams, CA ,CIRP
Senior Vice President

Martin Daigneault, CA, CIRP
Senior Vice President

APPENDIX "A"
ABITIBI PETITIONERS

1. Abitibi-Consolidated Company of Canada
2. Abitibi-Consolidated Inc.
3. 3224112 Nova Scotia Limited
4. Marketing Donohue Inc.
5. Abitibi-Consolidated Canadian Office Products Holding Inc.
6. 3834328 Canada Inc.
7. 6169678 Canada Inc.
8. 4042140 Canada Inc.
9. Donohue Recycling Inc.
10. 1508756 Ontario Inc.
11. 3217925 Nova Scotia Company
12. La Tuque Forest Products Inc.
13. Abitibi-Consolidated Nova Scotia Incorporated
14. Saguenay Forest Products Inc.
15. Terra Nova Explorations Ltd.
16. The Jonquière Pulp Company
17. The International Bridge and Terminal Company
18. Scramble Mining Ltd.
19. 9150-3383 Québec Inc.
20. Abitibi-Consolidated (U.K.) Inc.

APPENDIX "B"
BOWATER PETITIONERS

1. Bowater Canada Finance Corporation
2. Bowater Canadian Limited
3. Bowater Canadian Holdings. Inc.
4. 3231378 Nova Scotia Company
5. AbitibiBowater Canada Inc.
6. Bowater Canada Treasury Corporation
7. Bowater Canadian Forest Products Inc.
8. Bowater Shelburne Corporation
9. Bowater LaHave Corporation
10. St-Maurice River Drive Company Limited
11. Bowater Treated Wood Inc.
12. Canexel Hardboard Inc.
13. 9068-9050 Québec Inc.
14. Alliance Forest Products Inc. (2001)
15. Bowater Belledune Sawmill Inc.
16. Bowater Maritimes Inc.
17. Bowater Mitis Inc.
18. Bowater Guérette Inc.
19. Bowater Couturier Inc.

APPENDIX "C"
18.6 PETITIONERS

1. AbitibiBowater US Holding 1 Corp.
2. AbitibiBowater Inc.
3. Bowater Ventures Inc.
4. Bowater Incorporated
5. Bowater Nuway Inc.
6. Bowater Nuway Mid-States Inc.
7. Catawba Property Holdings LLC
8. Bowater Finance Company Inc.
9. Bowater South American Holdings Incorporated
10. Bowater America Inc.
11. Lake Superior Forest Products Inc.
12. Bowater Newsprint South LLC
13. Bowater Newsprint South Operations LLC
14. Bowater Finance II, LLC
15. Bowater Alabama LLC
16. Coosa Pines Golf Club Holdings, LLC

APPENDIX "D"

PARTNERSHIPS

1. Bowater Canada Finance Limited Partnership
2. Bowater Pulp and Paper Canada Holdings Limited Partnership
3. Abitibi-Consolidated Finance LP

APPENDIX “E”
ACI Group Cash Flow Forecast

Abitibi Consolidated Inc. and its subsidiaries (the "ACI Group")
Weekly Cash Flow Forecast
17 Weeks Ending June 20, 2010
US$000

Week ended	Notes	7-Mar-10	14-Mar-10	21-Mar-10	28-Mar-10	4-Apr-10	11-Apr-10	18-Apr-10	25-Apr-10
Opening Cash	1	224,731	224,276	214,369	194,180	189,490	183,402	191,914	179,695
Receipts									
Total A/R Collections	3	35,357	31,147	35,642	35,537	36,429	40,428	39,156	37,448
Collections on Behalf of Joint Ventures	4	3,978	3,978	3,978	3,978	4,391	4,700	4,700	4,700
Other Inflows	5	2,810	2,810	2,750	2,750	4,816	2,821	6,137	6,755
Total Receipts		42,144	37,934	42,370	42,264	45,636	47,949	49,994	48,903
Disbursements									
Trade Payables	6	(23,637)	(25,527)	(23,637)	(23,637)	(23,791)	(21,906)	(21,906)	(21,906)
Capital Expenditures	7	(736)	(736)	(736)	(736)	(810)	(866)	(866)	(866)
Marine Freight Payments	8	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Utility Payments	9	(7,320)	(7,320)	(10,549)	(7,320)	(6,034)	(7,320)	(7,320)	(10,319)
Payroll & Benefits	10	(6,821)	(10,954)	(7,171)	(9,821)	(15,052)	(6,846)	(11,276)	(6,846)
Joint Venture Remittances, Net	11	-	-	(17,965)	(2,940)	-	-	(17,545)	(2,929)
Restructuring & Other Items	12	(1,000)	(1,000)	(1,000)	(1,000)	(1,250)	(1,000)	(1,000)	(1,000)
Total Disbursements		(41,014)	(47,037)	(62,559)	(46,954)	(48,437)	(39,437)	(61,413)	(45,365)
Financing									
Repayment / Interest Under Securitization Program	13	(1,585)	(803)	-	-	-	-	(800)	-
Adequate Protection and Fees by DCorp to ACCC Term Lenders	14	-	-	-	-	(3,287)	-	-	-
Total Financing		(1,585)	(803)	-	-	(3,287)	-	(800)	-
Total Change in Cash		(455)	(9,906)	(20,189)	(4,690)	(6,088)	8,511	(12,219)	3,538
Ending Cash Balance		224,276	214,369	194,180	189,490	183,402	191,914	179,695	183,233
Ending Cash Balance		224,276	214,369	194,180	189,490	183,402	191,914	179,695	183,233
ULC DIP Facility Available Upon Notice	15	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Availability Under Securitization Program	13	-	3,016	7,262	8,922	10,642	12,701	13,097	16,328
Immediately Available Liquidity		269,276	262,386	246,442	243,412	239,045	249,614	237,792	244,561
ULC DIP Facility Available Upon Court Approval	15	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
West Tacoma Proceeds Held in Trust	16	4,051	4,051	4,051	4,051	4,051	4,051	4,051	4,051
Lufkin Proceeds Held in Trust	16	-	20,500	20,500	20,500	20,500	20,500	20,500	20,500
Recycling Proceeds Held in Trust	16	11,265	11,265	11,265	11,265	11,265	11,265	11,265	11,265
Total Available Liquidity	15, 16	329,592	343,202	327,258	324,228	319,861	330,430	318,608	325,377
Securitization Schedule	17								
Availability Based on Receivable Pool Balance		119,706	122,722	126,967	128,627	130,348	132,406	132,803	136,033
Amount Drawn Under Facility		121,291	119,706	119,706	119,706	119,706	119,706	119,706	119,706
Available Liquidity Before Interest, Fees and Repayments		-	3,016	7,262	8,922	10,642	12,701	13,097	16,328
Interest, Fees and Repayments	18	(1,585)	(803)	-	-	-	-	(800)	-
Restricted ULC Reserve Deposit	19	47,070	47,070	47,070	47,070	47,070	47,070	47,070	47,070
West Tacoma Proceeds Held in Trust	16	4,051	4,051	4,051	4,051	4,051	4,051	4,051	4,051
Lufkin Proceeds Held in Trust	16	-	20,500	20,500	20,500	20,500	20,500	20,500	20,500
Recycling Proceeds Held in Trust	16	11,265	11,265	11,265	11,265	11,265	11,265	11,265	11,265

The above forecast uses an exchange rate of CDN$1.00=US$0.90.

Note: The above totals are subject to rounding adjustments in the underlying balances.

The information and analysis in this document have not been audited or reviewed and, accordingly, no assurances are provided thereon. In addition, because forecasts are dependent upon numerous assumptions regarding future events, actual results will be different than forecast, and such differences may be material.

Abitibi Consolidated Inc. and its subsidiaries (the "ACI Group")
Weekly Cash Flow Forecast
17 Weeks Ending June 20, 2010
US$000

Week ended	Notes	2-May-10	9-May-10	16-May-10	23-May-10	30-May-10	6-Jun-10	13-Jun-10	20-Jun-10	Total
Opening Cash	1	183,233	181,424	186,812	166,488	166,294	163,525	165,931	163,746	224,731
Receipts										
Total A/R Collections	3	39,773	38,051	37,800	35,590	40,061	35,905	32,726	36,059	587,108
Collections on Behalf of Joint Ventures	4	4,620	4,419	4,419	4,419	4,419	4,880	4,957	4,957	71,494
Other Inflows	5	4,819	2,816	2,750	2,816	2,750	8,823	6,824	2,750	65,997
Total Receipts		49,212	45,287	44,969	42,826	47,230	49,608	44,507	43,766	724,598
Disbursements										
Trade Payables	6	(22,091)	(22,555)	(22,555)	(22,555)	(22,555)	(24,580)	(24,537)	(24,537)	(371,911)
Capital Expenditures	7	(858)	(838)	(838)	(838)	(838)	(861)	(865)	(865)	(13,152)
Marine Freight Payments	8	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(24,000)
Utility Payments	9	(7,177)	(7,320)	(7,320)	(10,440)	(7,320)	(4,891)	(7,320)	(10,704)	(125,995)
Payroll & Benefits	10	(14,964)	(6,686)	(11,203)	(6,686)	(13,853)	(10,833)	(10,670)	(7,110)	(156,794)
Joint Venture Remittances, Net	11	-	-	(20,078)	-	(2,933)	-	-	(19,498)	(83,888)
Restructuring & Other Items	12	(1,250)	(1,000)	(1,000)	(1,000)	(1,000)	(1,250)	(1,000)	(1,000)	(16,750)
Total Disbursements		(47,841)	(39,899)	(64,494)	(43,019)	(50,000)	(43,916)	(45,893)	(65,213)	(792,490)
Financing										
Repayment / Interest Under Securitization Program	13	-	-	(799)	-	-	-	(799)	-	(4,786)
Adequate Protection and Fees by DCorp to ACCC Term Lenders	14	(3,181)	-	-	-	-	(3,287)	-	-	(9,755)
Total Financing		(3,181)	-	(799)	-	-	(3,287)	(799)	-	(14,640)
Total Change in Cash		(1,809)	5,388	(20,324)	(193)	(2,769)	2,406	(2,185)	(21,448)	(82,432)
Ending Cash Balance		181,424	186,812	166,488	166,294	163,525	165,931	163,746	142,299	142,299
Ending Cash Balance		181,424	186,812	166,488	166,294	163,525	165,931	163,746	142,299	142,299
ULC DIP Facility Available Upon Notice	15	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Availability Under Securitization Program	13	18,161	18,389	18,936	19,998	21,949	21,321	23,496	27,569	27,569
Immediately Available Liquidity		244,585	250,201	230,424	231,292	230,474	232,252	232,243	214,867	214,867
ULC DIP Facility Available Upon Court Approval	15	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
West Tacoma Proceeds Held in Trust	16	4,051	4,051	4,051	4,051	4,051	4,051	4,051	4,051	4,051
Lufkin Proceeds Held in Trust	16	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500
Recycling Proceeds Held in Trust	16	11,265	11,265	11,265	11,265	11,265	11,265	11,265	11,265	11,265
Total Available Liquidity	15, 16	325,401	331,017	311,240	312,108	311,290	313,068	313,059	295,683	295,683
Securitization Schedule	17									
Availability Based on Receivable Pool Balance		137,867	138,095	138,642	139,703	141,655	141,027	143,202	147,274	147,274
Amount Drawn Under Facility		119,706	119,706	119,706	119,706	119,706	119,706	119,706	119,706	119,706
Available Liquidity Before Interest, Fees and Repayments		18,161	18,389	18,936	19,998	21,949	21,321	23,496	27,569	27,569
Interest, Fees and Repayments	18	-	-	(799)	-	-	-	(799)	-	(4,786)
Restricted ULC Reserve Deposit	19	47,070	47,070	47,070	47,070	47,070	47,070	47,070	47,070	47,070
West Tacoma Proceeds Held in Trust	16	4,051	4,051	4,051	4,051	4,051	4,051	4,051	4,051	4,051
Lufkin Proceeds Held in Trust	16	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500
Recycling Proceeds Held in Trust	16	11,265	11,265	11,265	11,265	11,265	11,265	11,265	11,265	11,265

The above forecast uses an exchange rate of CDN$1.00=US$0.90.

Note: The above totals are subject to rounding adjustments in the underlying balances.

The information and analysis in this document have not been audited or reviewed and, accordingly, no assurances are provided thereon. In addition, because forecasts are dependent upon numerous assumptions regarding future events, actual results will be different than forecast, and such differences may be material.

Abitibi Consolidated Inc. and its subsidiaries (the "ACI Group")
Notes to Weekly Cash Flow Forecast
17 Weeks Ending June 20, 2010
US$000

1. **Opening Cash** in the forecast includes cash on hand.

2. The cash flow forecast includes mills owned by the ACI Group and its subsidiaries and includes the operations of the DCorp Group. This weekly cash flow forecast may differ from the ACI Monthly Forecast as the underlying assumptions are updated weekly and will vary with the ongoing operations of the ACI Group, whereas the ACI Monthly Forecast is based on longer-term assumptions used to forecast future monthly cash flow.

3. **Total A/R Collections** represent amounts estimated to be collected from the ACI Group's customers. The timing of collections is based on the ACI Group's collection terms with its customers and the latest sales forecast.

4. **Collections on Behalf of Joint Ventures** represent amounts estimated to be collected by the ACI Group on behalf of its joint venture partners. The ACI Group has agreements with its joint venture partners whereby the ACI Group collects the joint venture partners' accounts receivable (for a fee) and remits these funds to the joint venture in accordance with their agreement.

5. **Other Inflows** represent miscellaneous receipts including, but not limited to, such items as tax refunds, insurance proceeds or collection/management fees received from Joint Ventures, as estimated by the ACI Group.

6. **Trade Payables** represent amounts estimated to be paid to suppliers for the purchase of the ACI Group's raw materials, repairs and maintenance and other goods and services related to production. This line also includes amounts necessary to fund the DCorp Group's recycling operations and a disbursement of $1.8 million in the week ending March 14, 2010 representing the settlement of intercompany SG&A incurred during Q2, 2009.

7. **Capital Expenditures** represent amounts estimated to be paid pursuant to the ACI Group's most recent capital expenditure budget.

8. **Marine Freight Payments** represent amounts estimated to be paid to the ACI Group's outbound marine freight suppliers.

9. **Utility Payments** represent amounts estimated to be payable to the ACI Group's utility suppliers.

10. **Payroll and Benefits** represent estimated amounts for salaries, wages, benefits and current service pension costs.

11. **Joint Venture Remittances, Net** represent the estimated payment of accounts receivable funds collected by the ACI Group on behalf of the respective joint venture, net of any collection/management fees.

12. **Restructuring and Other Items** represent amounts estimated by the ACI Group for restructuring costs and other miscellaneous payments.

13. Under the Amended Securitization Program, the ACI Group will not draw on the available capital unless such a draw is required for liquidity purposes. However, borrowing availability under the Amended Securitization Program is still immediately available as liquidity. The **Repayment/Interest Under the Securitization Program** represents the estimated repayment (including interest and/or fees) of funds. **Availability Under the Securitization Program** represents the amount of immediately available liquidity under the ACI Group's Amended Securitization Program.

14. **Adequate Protection and fees by DCorp to ACCC Term Lenders** represents an estimate of payments pursuant to the adequate protection order issued by the U.S. Bankruptcy Court.

15. **Immediately Available Liquidity** is calculated as cash on hand, amounts available under the Amended Securitization Program and the portion of the ULC DIP Facility that is available upon notice ($45 million). **Total Available Liquidity** includes an additional $45 million of the ULC Reserve, which availability is subject to Court approval, as well as the **Lufkin Proceeds Held in Trust**, **Recycling Proceeds Held in Trust** and the **West Tacoma Proceeds Held in Trust**, available upon 10 days' notice to the agent for the ACCC Term Lenders.

16. The estimated net proceeds from the sale of the Lufkin mill, the recycling assets, and the West Tacoma mill are approximately $20.5 million, $11.3 million and $4.1 million, respectively. These proceeds will be held in escrow or a designated account and are only available upon 10 days' notice to the agent for the ACCC Term Lenders.

17. The **Securitization Summary** represents the ACI Group's estimated calculation of amounts owing or available under the Amended Securitization Program based on the eligible accounts receivable (net of any fees, interest or allowances).

18. The **Interest, Fees and Repayments** represent interest and fees related to the Amended Securitization Program, as well as repayments of funds.

19. Of the $254.1 million paid to the ULC Reserve, the Company drew $117 million as of the date of closing of the MPCo sale and has $45 million immediately available for liquidity purposes, with an additional $45 million availability subject to Court approval. The remaining $47.1 million of the ULC Reserve will be held in cash, but will not be made available to the Company.

APPENDIX "F"
BCFPI Cash Flow Forecast

Bowater Canadian Forest Products Inc.
Chapter 11/CCAA Cash Flow
16 Week Period Ending June 20, 2010
US$000s

Week Ended	Notes	7-Mar-10	14-Mar-10	21-Mar-10	28-Mar-10	4-Apr-10	11-Apr-10	18-Apr-10	25-Apr-10	2-May-10
Receipts										
Trade Receipts	1, 2	5,805	18,330	11,397	13,111	12,629	19,923	9,609	10,658	13,246
Advances/(Repayments) from Bowater Inc.	3	8,000	(13,000)	2,000	(3,000)	3,000	(10,000)	5,000	-	3,000
Other Receipts	4	1,803	3,207	350	350	350	1,548	350	350	350
Total Receipts		15,608	8,537	13,747	10,461	15,979	11,471	14,959	11,008	16,596
Disbursements										
Trade Payables	5	(7,620)	(7,620)	(7,620)	(7,620)	(7,918)	(8,142)	(8,142)	(8,142)	(7,766)
Intercompany SG&A Allocation	6	-	(400)	-	-	-	-	-	-	-
Freight	7	(1,134)	(1,134)	(1,134)	(1,134)	(1,186)	(1,225)	(1,225)	(1,225)	(1,157)
Payroll and Benefits	8	(3,521)	(1,226)	(3,993)	(1,196)	(5,337)	(1,247)	(4,067)	(1,079)	(5,997)
Capital Expenditures	9	(452)	(452)	(452)	(452)	(460)	(467)	(467)	(467)	(462)
Total Disbursements		(12,726)	(10,831)	(13,199)	(10,402)	(14,901)	(11,080)	(13,900)	(10,912)	(15,382)
Net Cash Flow From Operations		2,882	(2,294)	548	60	1,078	392	1,059	96	1,214
Financing and Restructuring										
Interest	10	(677)	-	-	(337)	(831)	-	-	(374)	(810)
Restructuring Costs	11	(293)	(293)	(293)	(293)	(293)	(293)	(293)	(293)	(293)
Cash Flow From Financing/Restructuring		(970)	(293)	(293)	(630)	(1,124)	(293)	(293)	(666)	(1,103)
Net Cash Flow		1,912	(2,586)	255	(570)	(45)	99	766	(570)	111
Opening Bank Balance		11,036	12,948	10,362	10,617	10,047	10,002	10,101	10,867	10,297
Cash Flow		1,912	(2,586)	255	(570)	(45)	99	766	(570)	111
Closing Bank Balance	2	12,948	10,362	10,617	10,047	10,002	10,101	10,867	10,297	10,408
Settlement Proceeds Held in Trust by Monitor	12	25,868	25,868	25,868	25,868	25,868	25,868	25,868	25,868	25,868
Closing Bank Balance Including Settlement Proceeds		38,816	36,230	36,485	35,915	35,870	35,969	36,735	36,165	36,276
Current Revolving Credit Facility										
Current Credit Facility Balance, Opening		94,576	94,576	94,576	94,576	94,576	94,576	94,576	94,576	94,576
Current Balance, Closing		94,576	94,576	94,576	94,576	94,576	94,576	94,576	94,576	94,576
Intercompany A/R Balance	13									
Ending Balance		48,356	50,823	51,745	51,265	50,803	51,522	52,629	53,151	50,184
Cumulative Advances from Bowater Inc.										
Opening Advance Balance		26,000	34,000	21,000	23,000	20,000	23,000	13,000	18,000	18,000
Advance / (Repayment)	3	8,000	(13,000)	2,000	(3,000)	3,000	(10,000)	5,000	-	3,000
Closing Advance Balance		34,000	21,000	23,000	20,000	23,000	13,000	18,000	18,000	21,000

The above forecast uses an exchange rate of CDN$1.00=US$0.90

Amounts in the above table are subject to rounding adjustments from the underlying balances

The information and analysis in this document have not been audited or reviewed and, accordingly, no assurances are provided thereon. In addition, because forecasts are dependent upon numerous assumptions regarding future events, actual results will be different than forecast, and such difference may be material.

Bowater Canadian Forest Products Inc.
Chapter 11/CCAA Cash Flow
16 Week Period Ending June 20, 2010
US$000s

Week Ended	Notes	9-May-10	16-May-10	23-May-10	30-May-10	6-Jun-10	13-Jun-10	20-Jun-10	Total
Receipts									
Trade Receipts	1, 2	10,517	19,885	10,290	10,819	10,185	20,136	10,087	206,629
Advances/(Repayments) from Bowater Inc.	3	(2,000)	(8,000)	(1,000)	1,000	1,000	(8,000)	2,000	(0,000)
Other Receipts	4	1,600	350	350	350	1,600	350	350	13,608
Total Receipts		10,117	12,235	9,640	12,169	12,785	12,486	12,437	200,237
Disbursements									
Trade Payables	5	(6,826)	(6,826)	(6,826)	(6,826)	(7,629)	(7,763)	(7,763)	(121,046)
Intercompany SG&A Allocation	6	-	-	-	-	-	-	-	(400)
Freight	7	(989)	(989)	(989)	(989)	(1,177)	(1,208)	(1,208)	(18,104)
Payroll and Benefits	8	(1,051)	(3,965)	(996)	(2,647)	(3,576)	(2,627)	(2,443)	(44,968)
Capital Expenditures	9	(452)	(452)	(452)	(452)	(465)	(467)	(467)	(7,333)
Total Disbursements		(9,317)	(12,232)	(9,262)	(10,914)	(12,847)	(12,065)	(11,880)	(191,851)
Net Cash Flow From Operations		**799**	**4**	**378**	**1,255**	**(62)**	**422**	**557**	**8,386**
Financing and Restructuring									
Interest	10	-	-	(362)	(831)	-	-	-	(4,222)
Restructuring Costs	11	(293)	(293)	(293)	(293)	(293)	(293)	(293)	(4,680)
Cash Flow From Financing/Restructuring		**(293)**	**(293)**	**(654)**	**(1,124)**	**(293)**	**(293)**	**(293)**	**(8,902)**
Net Cash Flow		**507**	**(289)**	**(276)**	**131**	**(354)**	**129**	**264**	**(516)**
Opening Bank Balance		10,408	10,915	10,627	10,350	10,482	10,127	10,256	11,036
Cash Flow		507	(289)	(276)	131	(354)	129	264	(516)
Closing Bank Balance	2	**10,915**	**10,627**	**10,350**	**10,482**	**10,127**	**10,256**	**10,520**	**10,520**
Settlement Proceeds Held in Trust by Monitor	12	**25,868**	**25,868**	**25,868**	**25,868**	**25,868**	**25,868**	**25,868**	**25,868**
Closing Bank Balance Including Settlement Proceeds		**36,783**	**36,495**	**36,218**	**36,350**	**35,995**	**36,124**	**36,388**	**36,388**
Current Revolving Credit Facility									
Current Credit Facility Balance, Opening		94,576	94,576	94,576	94,576	94,576	94,576	94,576	94,576
Current Balance, Closing		**94,576**	**94,576**	**94,576**	**94,576**	**94,576**	**94,576**	**94,576**	**94,576**
Intercompany A/R Balance	13								
Ending Balance		50,582	51,338	51,977	52,181	52,721	53,191	53,737	52,181
Cumulative Advances from Bowater Inc.									
Opening Advance Balance		21,000	19,000	11,000	10,000	11,000	12,000	4,000	26,000
Advance / (Repayment)	3	(2,000)	(8,000)	(1,000)	1,000	1,000	(8,000)	2,000	(20,000)
Closing Advance Balance		**19,000**	**11,000**	**10,000**	**11,000**	**12,000**	**4,000**	**6,000**	**6,000**

The above forecast uses an exchange rate of CDN$1.00=US$0.90

Amounts in the above table are subject to rounding adjustments from the underlying balances

The information and analysis in this document have not been audited or reviewed and, accordingly, no assurances are provided thereon. In addition, because forecasts are dependent upon numerous assumptions regarding future events, actual results will be different than forecast, and such difference may be material.

Bowater Canadian Forest Products Inc. ("BCFPI")
Notes to CCAA Cash Flow
16 Week Period Ending June 20, 2010
US$000s

1. **Trade Receipts** are based on BCFPI's estimate of collection terms and BCFPI's latest sales forecast.

2. The cash flows included in the forecast include only those BCFPI mills in Canada. No funding or dividends from foreign subsidiaries are included in the forecast.

3. **Advances/(Repayments) from Bowater Inc.** represents amounts received pursuant to the BI/BCFPI DIP Facility to maintain sufficient liquidity.

4. **Other Receipts** include sundry mill level deposits and sales tax refunds.

5. **Trade Payables** represent payments for raw materials, repairs and maintenance, utilities and other production items.

6. **Intercompany SG&A Allocation** represents expenses incurred by BCFPI's parent company on behalf of BCFPI which are charged to BCFPI in the week ended March 14, 2010, pursuant to its normal process for the allocation of such costs.

7. **Freight** represents disbursements in respect of costs to deliver product to customers.

8. **Payroll and Benefits** represent amounts paid to employees for salaries and wages (including the related withholdings), pension payments and other benefits due under employee benefit programs. The forecast assumes that only those pension payments in respect of current service costs will be paid.

9. **Capital Expenditures** are costs scheduled to be made in accordance with agreements with BCFPI's various capital equipment suppliers and reflect requirements pursuant to BCFPI's most recent capital expenditure budget.

10. **Interest** represents interest costs for the company's senior secured revolving facility, the existing secured term loan and the BI/BCFPI DIP facility. Interest on Advances from Bowater Inc. are accrued at the 1 month LIBOR rate plus 2%.

11. **Restructuring Costs** represent costs related to the restructuring including transaction fees related to the new DIP facility.

12. **Settlement Proceeds Held in Trust** represent funds received by BCFPI pursuant to an agreement it had with Smurfit-Stone Container Canada Inc. The amount held in trust by the Monitor does not form part of the Closing Bank Balance.

13. The **Intercompany A/R Balance** represents pre-filing and post-filing sales to paper customers in the United States by BCFPI through Bowater America Inc. This amount is assumed not to be stayed and is collected by BCFPI from Bowater America Inc. in the normal course. This balance represents trade A/R only and does not represent any amounts funded from BI to BCFPI pursuant to the BI/BCFPI DIP Facility.