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

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

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

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

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

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

Petitioners

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

Monitor

FORTY-SEVENTH REPORT OF THE MONITOR
July 6, 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 July 9, 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 the "**U.S. Debtors**"), filed voluntary petitions (collectively, the "**Chapter 11 Proceedings**") for relief under Chapter 11 of the U.S. Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the "**U.S. Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**").

4. BCHI, Bowater Canada Finance Corporation, 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. The Petitioners' United Kingdom subsidiary, Bridgewater Paper Company Ltd. ("**Bridgewater**"), filed for administration, pursuant to the United Kingdom's Insolvency Act of 1986 on February 2, 2010. The UK administrator announced on May 19, 2010 that it had sold the property formerly owned by Bridgewater.

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.

12. 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.

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

PURPOSE

14. This is the forty-seventh report of the Monitor (the "**Forty-Seventh Report**") in these CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to:

(i) the Petitioners' motion (the "**Late Claims Motion**") for an order declaring that, notwithstanding the Claims Bar Dates (as defined herein), the claims which have been identified by the Monitor as being Late Claims, Inactive Employee Late Claims and Scheduled Claims (each as defined herein) shall be deemed to be timely filed claims for the purposes of the Claims Process;

(ii) the Petitioners' motion (the "**Motion**") for an order (collectively referred to herein as the "**Creditors' Meeting Order**"):

(a) accepting for filing the Plan of Reorganization and Compromise under the CCAA and under Section 191 of the *Canada Business Corporations Act* (as may be amended, re-amended or supplemented from time to time) (the "**CCAA Plan**") and the Notice of Meeting and Information Circular attached as Exhibit R-2 to the Motion (the "**Information Circular**");

(b) approving the Cross-Border Claims Voting Protocol (as defined herein);

(c) authorizing the Petitioners to convene, hold and conduct the Creditors' Meeting (as defined herein);

(d) establishing the procedures with respect to the convening, holding and conduct of the Creditors' Meeting;

(e) authorizing the Monitor to deliver the applicable Meeting Materials to the Affected Unsecured Creditors (each as defined herein) in accordance with the terms set out in the Creditors' Meeting Order;

(f) authorizing the Monitor to deliver the Notice of Rights Offering and the Subscription Form to the Eligible Holders (each as defined herein), which documents will set forth the procedure by which creditors can participate in the Rights Offering; and

(g) establishing record dates for the purpose of determining creditors entitled to (a) vote at the Creditors' Meeting and (b) participate in the Rights Offering;

(iii) the Petitioners' settlement of various claims with World Color Press Inc., formerly known as Quebecor World Inc., and related entities (collectively, "**QWI**"); and

(iv) the Petitioners' motion for an Order extending the Stay Period to September 15, 2010 (the "**Stay Extension Motion**"), including:

(a) the revised cash flow forecasts for the ACI Group and BCFPI for the thirteen-week period ended September 26, 2010; and

(b) the Monitor's recommendation in respect of the Stay Extension Motion.

15. As part of the Motion, the Petitioners have also filed (or will be filing) copies of the following draft documents:

(i) the Notice to Creditors;

(ii) Affected Unsecured Creditors' Proxy and Non-Registered Noteholder Proxy (the "**Proxies**"), as well as a copy of the Joint Proxy/Ballot (as defined herein); and

(iii) the Notice of Rights Offering and the Subscription Form (each as defined herein) (attached as Schedules "J" and "K" to the Creditors' Meeting Order).

TERMS OF REFERENCE

16. In preparing this Forty-Seventh Report the Monitor has been provided with and, in making comments herein, has relied upon unaudited financial information, the ABH Group's books and records, financial information and projections prepared by the ABH Group and discussions with management of the ABH Group (the "**Management**"). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or

completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Forty-Seventh Report. Some of the information referred to in this Forty-Seventh 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 Forty-Seventh Report was prepared by the ABH Group based on Management's estimates and assumptions. Readers are cautioned that, since these projections are based upon assumptions about future events and conditions the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

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

18. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Forty-Seventh 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.

19. 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.

THE CLAIMS PROCESS

Background

20. A cross-border insolvency protocol (the **"Cross-Border Insolvency Protocol"**) was approved by the U.S. Bankruptcy Court on July 27, 2009 and by this Honourable Court on July 28, 2009. The purpose of the Cross-Border Insolvency Protocol is to facilitate cross-border coordination between the CCAA Proceedings and the Chapter 11

Proceedings and to effectuate an orderly and efficient administration of the CCAA Proceedings and the Chapter 11 Proceedings while maintaining the respective independent jurisdictions of each of the Courts.

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

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

23. On January 18, 2010, this Honourable Court issued an order (the "**Claims Determination Order**") approving the methodology applicable to the review and determination of claims filed against the Petitioners, the Partnerships and the Cross-Border Petitioners. In addition, under the Claims Determination Order a cross-border claims protocol (the "**Cross-Border Claims Protocol**") was approved. The Cross-Border Claims Protocol specifically addresses certain cross-border issues with respect to claims filed against the Cross-Border Petitioners only.

24. On February 23, 2010 this Honourable Court issued an Order (the "**Second Claims Procedure Order**") setting out the procedures for the filing of certain claims (primarily claims of employees who were active as of 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 initial Claims Procedure Order, subject to a 30-day rolling bar date for restructuring claims (the "**Second Claims Bar Date**").[1] 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.

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[1] The Monitor continues to receive claims in accordance with the Second Claims Procedure Order. In addition, the Petitioners continue to review and repudiate agreements.

25. The Claims Procedure Order and the Second Claims Procedure Order are hereinafter referred to collectively as the "**Claims Procedure Orders**" and the Claims Bar Date and the Second Claims Bar Date are hereinafter collectively referred to as the "**Claims Bar Dates**".

Claims Update

26. A draft of the Information Circular was attached as Appendix "H" to the Forty-Second Report of the Monitor dated May 24, 2010 (the "**Forty-Second Report**"). It included a table summarizing the filed claims and the status of those claims by each class of unsecured creditor as defined in the CCAA Plan.

27. In addition, in the Forty-Fourth Report of the Monitor dated June 7, 2010 (the "**Forty-Fourth Report**"), the Monitor reported to this Honourable Court in respect of all proofs of claim that it had received against the Canadian Petitioners and the Cross-Border Petitioners as at that date. A copy of the Forty-Fourth Report (with Appendices "G", "H" and "I" only) is attached hereto as Appendix "E".

28. A table providing an update on the claims filed and the status of those claims is attached hereto as Appendix "F" (the "**Claims Chart**"). The Monitor has been updating the Claims Chart on a weekly basis since June 7, 2010 and posts an updated Claims Chart on its website every Wednesday.

29. The claims determination and reconciliation process is ongoing. The Monitor continues to review, revise and disallow claims, as appropriate.

Late Claims

30. As set forth in the Forty-Fourth Report, the Monitor has received 109 claims subsequent to the Claims Bar Dates (the "**Late Claims**"). The Late Claims can be divided into two categories: Late Trade Claims and Late Employee Claims, which are summarized by entity in Appendices "H" and "I", respectively, to the Forty-Fourth Report (attached hereto).

31. The above total 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 of the Monitor dated December 9, 2009 (the "**Twenty Seventh Report**"), the Monitor mailed out pre-populated proof of claim forms to the Inactive Employees who had not filed a claim by the First Claims Bar Date and advised them to complete and submit their claim by January 15, 2010. As set forth in the Forty-Fourth Report, the Monitor has received 289 claims for a total of CDN$6 million from the Inactive Employees (the "**Inactive Employee Late Claims**") as set forth in the table below:

Inactive Employee Late Claims
CDN $

	Number of Claims	Total Value
Abitibi-Consolidated Company of Canada	8	$352,379
Abitibi-Consolidated Inc.	186	58,916
Bowater Canadian Forest Products Inc.	92	5,743,427
Bowater Maritimes Inc.	2	27,244
Saguenay Forest Products Inc.	1	1,529
	289	$6,183,495

32. All of the Late Claims and the Inactive Employee Late Claims are already included in the Claims Chart referred to in paragraph 28 of this Report.

33. The Monitor has reviewed the Late Claims and the Inactive Employee Late Claims and recommends that such claims be accepted for filing purposes under the Claims Process, provided that such claims remain subject to the Claims Determination Order. As set forth in the Forty-Fourth Report, the reasons for this recommendation are:

(i) the Monitor is of the view that the claimants in respect of the Late Claims and the Inactive Employee Late Claims have acted in good faith and did not "lie in the weeds" with an intent to gain an advantage over the other creditors; and

(ii) the Monitor is of the view that the other creditors will not suffer any prejudice as a result of the late filing of the Late Claims and the Inactive Employee Late Claims.

34. Notwithstanding the above, the Monitor and the Petitioners wish to reserve the right to review and consider any additional late claims received prior to recommending whether they should be accepted for the purposes of the Claims Process.

Scheduled Claims in the Chapter 11 Proceedings

35. The background and details with respect to the Scheduled Claims (as defined below) are described in the Forty-Fourth Report.

36. In summary, pursuant to the U.S. Bankruptcy Code, each U.S. Debtor is required to publish a list of their creditors and the amount owed to each (the "**Scheduled Claims**"). The amount owed to a creditor may be categorized as a disputed, contingent or unliquidated claim and, in all such cases, no amount is listed. Pursuant to the U.S. claims process, if a Scheduled Claim is not listed as disputed, contingent or unliquidated and the creditor does not contest the amount listed on the schedule, the creditor is not required to file a proof of claim in the Chapter 11 Proceedings and the claim will be deemed allowed in Chapter 11 Proceedings for the scheduled amount.

37. In addition, under the U.S. Bankruptcy Code, the U.S. Debtors can file amended schedules to correct any errors to the Scheduled Claims as initially listed at the commencement of the Chapter 11 Proceedings. In the event a creditor disagrees with the amount so amended, it is able to file a proof of claim within a prescribed time period to dispute the amended amount and such claim will be dealt with in the U.S. claims process (this process is referred to herein as the "**Amended Schedule Process**").

38. Under the Claims Procedure Orders, creditors of the Cross-Border Petitioners were required to file a proof of claim with the Monitor in accordance with the Claims Process and Scheduled Claims were not permitted to be automatically accepted for the purposes of the CCAA Proceedings. However, certain of the creditors of the Cross-Border Petitioners with Scheduled Claims did not file a proof of claim with the Monitor. Unless

relief is given, such claims would be forever barred in accordance with the Claims Procedure Orders.

39. As a result, when the Cross-Border Petitioners' claims are finally determined pursuant to the Claims Determination Order, the total claims against the Cross-Border Petitioners in the Chapter 11 Proceedings will be greater than the total claims against the Cross-Border Petitioners in the CCAA Proceedings (the "**Claims Delta**").

40. The Monitor has conducted a review of the Scheduled Claims in respect of the Cross-Border Petitioners. As at the date hereof, the Monitor has identified 799 creditors with Scheduled Claims totalling approximately CDN$9.9 million against BCFPI and 12 creditors with Scheduled Claims totalling CDN$1.1 million against Bowater Maritimes Inc.

41. In order to rectify this difference and to ensure that the Claims Process is fair to all of the creditors, the Monitor recommends that the Scheduled Claims identified in the Claims Delta be deemed to be filed and accepted claims for the purposes of the CCAA Proceedings, subject to any amendments by the Cross-Border Petitioners of the Scheduled Claims as a result of the Amended Schedule Process.

42. This will be administratively less burdensome upon the estates as it will eliminate the need to continually reconcile the claims register in the Chapter 11 Proceedings with the Monitor's claims database for the Cross-Border Petitioners for purposes of voting on the CCAA Plan, will make distributions under the Plans easier and will also facilitate the implementation of the Rights Offering (as defined herein).

THE CCAA PLAN

43. A copy of the CCAA Plan is attached as Exhibit R-2 to the Motion, a copy of which is posted on the Monitor's website. A previous draft of the CCAA Plan was attached as an appendix to the Forty-Second Report. Since the date of the Forty-Second Report, the Petitioners have been engaged in ongoing negotiations and discussions with various advisors and stakeholders, including government agencies and unions, with respect to the structure of the CCAA Plan.

44. The Petitioners and the Monitor believe that the most likely alternative to the implementation of a CCAA Plan would be a liquidation of the Petitioners' assets under the CCAA, the *Bankruptcy and Insolvency Act* (Canada) or other statutes and the distribution of the net proceeds to the creditors of the Petitioners in accordance with their respective priorities.

45. Accordingly, the Monitor, with the assistance of the Petitioners, has prepared an illustrative estimate of the net realizable value of each the Petitioners' assets and operations (the "**Assets**") assuming liquidation proceedings, based on the assets and liabilities as shown in the Petitioners' financial records as at March 31, 2010 (the "**Liquidation Analysis**"). The Liquidation Analysis, including the key assumptions related thereto, is contained in Appendix F to the Information Circular.

46. In the Monitor's view, such realization proceedings would likely result in the sale of a limited number of the Petitioners' select operations on a going concern basis, an orderly wind down of the remaining operations and the liquidation of the remaining assets. As set out in the Information Circular, the Petitioners believe the CCAA Plan will produce a more favourable result for the affected unsecured creditors of the Petitioners (the "**Affected Unsecured Creditors**") than a liquidation of the Petitioners' Assets and will provide the Petitioners with the opportunity to continue as a going concern with a recapitalized balance sheet.

47. The Monitor continues to review and discuss the CCAA Plan with the Petitioners and their stakeholders and will continue to do so in advance of the Creditors' Meeting (as defined herein).

48. Set forth below is a summary of the key elements of the CCAA Plan. The Monitor will provide a more detailed analysis of the CCAA Plan in a report to be filed with this Honourable Court on or before August 18, 2010.

Overview of the CCAA Plan

49. The CCAA Plan is designed to:

(i) provide for a co-ordinated restructuring and compromise of the Petitioners' debt obligations; and

(ii) reorganize and simplify the Petitioners' corporate and capital structure, in a way that is co-ordinated with the restructuring of the U.S. Debtors.

50. The CCAA Plan contemplates that the currently outstanding shares of ABH will be cancelled and that, upon emergence from the CCAA Proceedings, the Affected Unsecured Creditors of each of the Petitioners will receive their *pro rata* shares of the new common stock (the "**New ABH Common Stock**") of a new parent holding company ("**Reorganized ABH**") under which the reorganized Petitioners will be directly or indirectly held. Reorganized ABH will also be the parent holding company under which the reorganized U.S. Debtors will be directly or indirectly held and the affected unsecured creditors of each of the U.S. Debtors will be similarly treated under the U.S. Plan (as defined below).

51. An exception applies to those Affected Unsecured Creditors with claims of less than CDN$6,073 (US$5,000 equivalent using the exchange rate of US$1.00=CDN$1.2146, being the rate in effect as of the date of the Initial Order) or who elect to reduce their Claim to CDN$6,073 (US$5,000 equivalent) for distribution purposes only who will receive a cash distribution (as described in greater detail at paragraphs 57 to 60 of this Report). Similar treatment is provided under the U.S. Plan (as defined below) for creditors whose claims are less than US$5,000, or who elect to reduce their claim to US$5,000.

52. The New ABH Common Stock to be allocated to the Affected Unsecured Creditors of each of the Petitioners is based upon a fixed number of shares allocated to each of the Petitioners. Schedules C and D of the CCAA Plan set out the number of shares and percentage of New ABH Common Stock allocated to each of the Petitioners and are attached hereto as Appendix "G". Based on these schedules, the ACI Petitioners will

receive approximately 30.1% and the Bowater Petitioners will receive approximately 7.2% of the New ABH Common Stock. The remainder of the New ABH Common Stock will be allocated to the U.S. Debtors.

53. Accordingly, the number of New ABH Common Stock to be received by individual Affected Unsecured Creditors of each of the Petitioners will be determined on a *pro rata* basis by the final quantification of the allowed claims for each of the Petitioners. The number of New ABH Common Stock attributable to each Petitioner is fixed under the CCAA Plan (as it is with each U.S. Debtor under the U.S. Plan (as defined below)) but the total allowed claims against each debtor is not yet finally determined. The final determination of the amount of the allowed claims is subject to the Claims Process as set forth in the Claims Procedure Orders and will likely differ from the preliminary estimates contained in the Information Circular.

54. For the purpose of voting on and receiving distributions pursuant to the CCAA Plan, the Claims are presently divided into twenty (20) classes, including one for each Petitioner, as set forth in the CCAA Plan.

55. In accordance with the Cross-Border Claims Protocol, any claims against the ACI Petitioners and the Bowater Petitioners are to be dealt with in accordance with the Claims Procedure Orders in the CCAA Proceedings. In addition, any claims against the U.S. Debtors are to be dealt with in accordance with Orders of the U.S. Bankruptcy Court in the Chapter 11 Proceedings.

56. In addition, all claims against any of the Cross-Border Petitioners shall be dealt with in accordance with the Cross-Border Voting Protocol and the Claims Procedures Orders, the CCAA Plan, the U.S. Plan (as defined below)and the Creditors' Meeting Order.

Treatment of Affected Unsecured Creditors

57. Each creditor in an Affected Unsecured Creditor Class who is owed CDN$6,073 *or less* will receive, if eligible, in full and final satisfaction of its proven claim, a cash distribution in an amount equal to 50% of the face amount of its proven claim (the "**Cash Distribution**").

58. However, each creditor in an Affected Unsecured Creditor Class who is owed CDN$6,073 or less, may file an Election Notice[2] with the Monitor by the Election Deadline[3], wherein such creditor may elect to receive New ABH Common Stock rather than the Cash Distribution.

59. In addition, each creditor in an Affected Unsecured Creditor Class who is owed *more than* CDN$6,073 has the option to file an Election Notice with the Monitor by the Election Deadline, wherein such creditor may elect to receive a cash distribution of 50% of CDN$6,073 (US$5,000 equivalent) rather than the New ABH Common Stock.

60. Each creditor comprised in an Affected Unsecured Creditor Class who is owed more than CDN$6073 and who has not filed an Election Notice by the Election Deadline (or who is not eligible to do so) and each creditor comprised in an Affected Unsecured Creditor Class who is owed CDN$6073 or less who has filed an Election Notice by the Election Deadline will receive, in full and final satisfaction of its proven claim in respect of such Affected Unsecured Creditor Class, its *pro rata* share of the number of shares of New ABH Common Stock (subject to dilution as described in the CCAA Plan) as set forth in the CCAA Plan.

Claims Not Subject to the CCAA Plan

61. The CCAA Plan does not affect "**Excluded Claims**" which include Administrative Claims, Secured Claims, Securitization Claims, Post-Filing Claims, Allowed Insured Claims and Government Priority Claims (each as defined in the CCAA Plan). Creditors with Excluded Claims will not be entitled to attend or vote at the Creditors' Meeting or receive any distribution under the CCAA Plan in respect of the portion of their claim which is an Excluded Claim.

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[2] "Election Notice" is defined herein to mean the election notice included in the form of Proxy which permits Affected Unsecured Creditors to make an election, if eligible, to receive the Cash Distribution or New ABH Shares.
[3] "Election Deadline" is the deadline for filing a Proxy.

Treatment of Unaffected Creditors

62. Generally, Unaffected Creditors will be repaid in full by the Petitioners on, or as soon as practicable after, the Implementation Date[4]. "**Unaffected Creditors**" are those creditors with Excluded Claims in respect of and to the extent of such Excluded Claims.

Chapter 11 Priority Claims

63. As set out in the Thirty-Second Report of the Monitor dated February 19, 2010, the U.S. Bankruptcy Code establishes certain priorities with respect to creditor claims that are not recognized under the CCAA. Creditors of the Cross-Border Petitioners are impacted by these differences. Examples of priorities afforded under the U.S. Bankruptcy Code that are not provided for under the CCAA are as follows:

(a) pursuant to Section 503(b)(9) of the U.S. Bankruptcy Code, a supplier may seek administrative expense claim treatment (which claims are entitled to payment in full upon emergence of the Petitioners from the Chapter 11 Proceedings) for monies owed to the supplier of goods received by the Petitioners within twenty days before the filing of the Chapter 11 Proceedings and sold in the ordinary course of the Petitioners' business (the "**503(b)(9) Claim**");

(b) employees have a priority claim under Section 507(a)(4) of the U.S. Bankruptcy Code for wages, salaries or commissions including vacation, severances and sick leave earned during the 180 days before the filing up to a limit of $10,950 less any pre-filing amounts paid by the Petitioners after the filing date (the "**Wage Priority Claim**");

(c) claims for contributions made to an employment benefit plan arising from services rendered during the 180 day period before the filing may also be subject to priority treatment under Section 507(a)(5) of the U.S. Bankruptcy Code, subject to certain caps and deductions (the "**Priority Benefit Claim**"); and

[4] "Implementation Date" is defined in the CCAA Plan as the business day on which all conditions to implementation of the CCAA Plan have been satisfied or (to the extent legally permissible) waived and the Monitor has filed a certificate with the Court confirming the foregoing.

(d) wages, salaries and commissions for services rendered to a Petitioner after the filing may qualify as administrative expenses under Section 503(b)(1)(A)(i) of the U.S. Bankruptcy Code. Claims for such administrative expenses are accorded priority status ("**Administrative Expense Claims**"), if allowed. Pursuant to the Second U.S. Claims Order, employees can assert Administrative Expense Claims against the U.S. Debtors for the period from April 16, 2009 through and including February 28, 2010 (but excluding amounts owed for ordinary course payroll obligations that are scheduled to be paid on the next pay date occurring after February 28, 2010 or for the reimbursement of employee expenses scheduled to be paid in the ordinary course).

64. The 503(b)(9) Claim, the Wage Priority Claim, the Priority Benefit Claim and the Administrative Expense Claim are collectively referred to herein as the "**Priority Claims**".

65. The U.S. Plan (as defined below) for the Cross-Border Petitioners contemplates the payment in full in cash of the Priority Claims. As such, the employees of the Cross-Border Petitioners will receive cash payments for their Priority Claims, whereas the employees of the Petitioners' that are not Cross-Border Petitioners are not entitled to such treatment in the CCAA Proceedings.

66. Recognizing this inequity amongst the Petitioners' Canadian employees, in order to treat all employees equally, the Petitioners (other than the Cross-Border Petitioners) will, as soon as practicable after the Implementation Date, make a supplemental distribution (the "**Supplemental Distribution**") in cash in a maximum individual amount to be determined by the Petitioners, in consultation with the Monitor, to such present and former employees (i) who were employed by the Petitioners (other than the Cross-Border Petitioners) on or after the date of the Initial Order, and (ii) who are holding an Affected Unsecured Claim that is a proven claim, provided, however, that the aggregate amount payable shall not exceed CDN$5 million. The Supplemental Distribution is to be individually determined based on the same calculations as those used to determine the Priority Claims.

The U.S. Plan and the Disclosure Statement

67. The U.S. Debtors have also filed with the U.S. Bankruptcy Court a First Amended Joint Plan of Reorganization (the "**U.S. Plan**") and accompanying Disclosure Statement (the "**Disclosure Statement**"), both related to the joint reorganization of the U.S. Debtors under the U.S. Bankruptcy Code.

68. The U.S. Plan and the CCAA Plan are collectively referred to herein as the "**Plans**".

69. On July 15, 2010, the U.S. Bankruptcy Court is expected to hear, among other things, a Motion by the U.S. Debtors for an order approving the U.S. Plan, the Disclosure Statement, the Rights Offering and the Cross-Border Voting Protocol.

THE RIGHTS OFFERING

70. As set out in the Forty-Fourth Report, the Plans contemplate that ABH will finance distributions to secured creditors and ongoing business operations after emergence from Chapter 11 Proceedings and CCAA Proceedings by raising, among other things, exit financing.

71. In particular, as set out in Article 6.1(a)(viii) of the CCAA Plan, one of the transactions required to be consummated and effected by ABH is the securing of exit loan facilities, in an aggregate amount up to $2.3 billion less cash on hand and proceeds from the Rights Offering (as defined below), in order to make all cash distributions required under the Plans and to provide on-going financing to the restructured organization.

72. In order to raise the required exit loan facilities, ABH has entered into a work fee letter (the "**Work Fee Letter**") with J.P. Morgan Securities Inc., Barclays Capital and Citigroup Global Markets, Inc. (collectively, the "**Arrangers**"). The U.S. Debtors have filed a motion in the Chapter 11 Proceedings seeking authorization to enter into the Work Fee Letter (the "**Work Fee Motion**"). The Work Fee Motion is scheduled to be heard on July 15, 2010.

73. The Petitioners have advised the Monitor that ABH has determined that the best way to seek suitable exit financing was to retain the Arrangers to provide capital structuring

services. In exchange for this assistance, ABH has agreed to pay the Arrangers a work fee of $1.2 million, reimburse the Arrangers' reasonable and documented fees, make an advance payment of $300,000 with respect to those fees and provide certain indemnities.

74. As part of the exit financing, ABH also intends to raise up to $500 million through the issuance of $500 million of unsecured subordinated convertible notes (the "**Notes**") pursuant to a rights offering to be made available to unsecured creditors under both of the CCAA Plan and the U.S. Plan (the "**Rights Offering**"). All eligible unsecured creditors (the "**Eligible Holders**") will receive *pro rata* rights to participate in the Rights Offering enabling them to elect to subscribe for the Notes, if they so choose.

75. To ensure that the Rights Offering is successful in raising the required funds, on May 24, 2010 ABH entered into an agreement with certain investors (the "**Backstop Investors**")[5] concerning their commitment to purchase any notes that are not subscribed by the unsecured creditors in the Rights Offering (the "**Backstop Commitment Agreement**"). The Backstop Commitment Agreement was subsequently amended and was approved by this Honourable Court on June 23, 2010 and by the U.S. Bankruptcy Court on June 25, 2010.

76. It may be that the Petitioners will be able to raise the requisite amount of financing through appropriate exit financing facilities, in which case ABH will not require proceeds from the Rights Offering. The Petitioners have advised that the Rights Offering is an alternative financing source that they intend to utilize only to the extent necessary to supplement the exit financing package available to ABH. Therefore, while the Plans presently contemplate that unsecured creditors will be provided with the opportunity to purchase their *pro rata* share of the Notes through the Rights Offering, the Petitioners have the ability to reduce the size of the Rights Offering or cancel it altogether if the Petitioners raise the necessary exit financing from other sources.

77. The Plans provide that subscription rights for the Notes will be allocated to each Eligible Holder as of June 30, 2010 (the "**First Record Date**") based on that Eligible Holder's

[5] The Backstop Investors include Fairfax Financial Holdings Limited ("**Fairfax**"), Avenue Capital Management II, L.P., Paulson Credit Opportunities Master Ltd., Barclays Bank plc, Steelhead Navigator Master, L.P., J.P. Morgan Securities Inc. and Whitebox Advisors, LLC.

proportionate share of the New ABH Common Stock, if the Plans are implemented, and the Eligible Holder's claim based on the amount allowed for voting purposes under the Plans. In the event that an Eligible Holder's claim amount increases or decreases by order of the U.S. Bankruptcy Court with respect to the U.S. Debtors or the Canadian Court with respect to the Petitioners, or is modified on or before August 17, 2010 (the "**Second Record Date**") in the context of the Claims Process, including as a result of Notices of Revision or Disallowance issued by the Monitor, which will continue after the First Record Date, then the subscription rights allocable to such Eligible Holder may increase or decrease accordingly. There will be no further adjustment in the subscription rights allocable to the Eligible Holder following the Second Record Date.

78. The Petitioners intend to conduct the Rights Offering subscription process contemporaneously with the voting solicitation process to provide Eligible Holders with sufficient information to make an informed decision about whether to participate in the Rights Offering and a sufficient opportunity to do so.

79. Accordingly, the Petitioners propose that when the Monitor distributes the Meeting Materials to the Affected Unsecured Creditors, the Monitor will also distribute the Notice of Rights Offering and the Subscription Form in accordance with the terms set out in the Creditors' Meeting Order.

THE CROSS-BORDER VOTING PROTOCOL

80. As part of the Motion, the Petitioners are also seeking approval of a protocol (the "**Cross-Border Voting Protocol**") which establishes efficient and consistent procedures for the creditors of the Cross-Border Petitioners only (the "**Cross-Border Voting Creditors**"). A copy of the Cross-Border Voting protocol is attached as Exhibit R-3 to the Motion.

81. The Cross-Border Voting Protocol sets forth the procedures to be applied with respect to the voting of claims against the Cross-Border Petitioners in both the Chapter 11 Proceedings and the CCAA Proceedings.

82. The Cross-Border Voting Protocol was negotiated among the Petitioners, the U.S. Debtors and the Monitor and was designed to ensure that the Claims Process is fair and

facilitates a simplified voting process under the Plans. If there are differences in the eligibility of creditors for voting purposes under each of the CCAA Plan and the U.S. Plan, the voting process will be more complicated and cumbersome.

83. The Cross-Border Voting Protocol provides, in essence, that a Cross-Border Voting Creditor's vote to accept or reject the U.S. Plan shall be deemed a vote to accept or reject the CCAA Plan, and conversely, that a vote to accept or reject the CCAA Plan shall be deemed a vote to accept or reject the U.S. Plan. Voting by the creditors of the Cross-Border Petitioners will be facilitated by a joint proxy/ballot that provides for both the appointment of a proxyholder and a vote on the Plans (the "**Joint Proxy/Ballot**").

84. The Monitor will send certain of the Meeting Materials (as defined below) to all creditors with claims against the Cross-Border Petitioners who are entitled to vote as of June 30, 2010 by pre-paid first-class mail or courier to the address appearing on their Proof of Claim filed pursuant to the Claims Procedure Orders.

85. The Petitioners shall call, hold and conduct a meeting in respect of each Affected Unsecured Creditor Class, for the purpose of considering and, if deemed advisable, adopting, with or without variation, a resolution in respect of each Affected Unsecured Creditor Class to approve the CCAA Plan.

86. Following the vote, the Monitor shall tally the votes and determine whether the CCAA Plan has been accepted by the requisite majority of each class of Affected Creditors. The Monitor will provide a certified report to Epiq with respect to the results of the vote with respect to the Cross-Border Petitioners.

87. It is currently expected that on July 15, 2010, the U.S. Bankruptcy Court will hear a Motion by the U.S. Debtors seeking of an order approving the Cross-Border Voting Protocol in the Chapter 11 Proceedings.

THE CREDITORS' MEETING

Overview

88. The Petitioners have requested an order authorizing them to convene, hold and conduct separate meetings of the Affected Unsecured Creditors in each Affected Unsecured Creditor Class on August 26, 2010, in Montréal, Québec, to consider and, if thought advisable, adopt a resolution in respect of each such Affected Unsecured Creditor Class approving the CCAA Plan, with or without variation (the "**Creditors' Meeting**").

89. In connection with the Creditors' Meeting Order, the Petitioners also request that the Petitioners and the Monitor be authorized to proceed with the following:

(i) the publication and transmission of the applicable Meeting Materials;

(ii) the publication of the Shareholder Notice Materials (as defined in the Creditors' Meeting Order);

(iii) the filing of a Monitor's report on the CCAA Plan;

(iv) the procedure to be followed at the Creditors' Meeting;

(v) the voting procedure, including the procedure for determining the Voting Claims and the voting procedure with respect to Non-Registered Noteholders;

(vi) the procedure with respect to the Rights Offering; and

(vii) the notice of the Sanction Hearing (as defined below).

90. The Petitioners intend to bring a motion (the "**Sanction Hearing**") on September 8, 2010 to request that this Honourable Court consider and, if determined to be appropriate, to grant an order approving the CCAA Plan (the "**Sanction Order**").

The Meeting Materials

91. On or before July 26, 2010, the Monitor will publish copies of the following documents on its website (collectively, the "**Meeting Materials**"):

(i) the Notice to Creditors (in English and French);

(ii) the Information Circular (in English and French);

(iii) the Proxies (in English and French);

(iv) the CCAA Plan (in English and French);

(v) the Disclosure Statement, Confirmation Hearing Notice, U.S. Solicitation Order and a statement of support for the U.S. Plan from the U.S. Debtors' Unsecured Creditors Committee (in English only);

(vi) the U.S. Plan (in English only);

(vii) the Notice of Rights Offering (in English and French);

(viii) the Subscription Form (in English and French);

(ix) the Cross-Border Voting Protocol (in English and French);

(x) the form of proxy for Creditors of Cross-Border Debtors and accompanying instructions (in English and French); and

(xi) a copy of the Creditors' Meeting Order (in English and French).

92. In addition, the Notice to Creditors shall be published, in its short form, by the Monitor in *The Globe and Mail* (National Edition), the *Gazette*, the *Wall Street Journal* and *La Presse* as soon as possible following the issuance of the Creditors' Meeting Order, but in any event no later than July 26, 2010.

93. Further, the Monitor shall send to each Affected Unsecured Creditor of record on June 30, 2010, by prepaid regular mail, courier, fax or e-mail, at the address appearing on such Affected Unsecured Creditor's Proof of Claim filed pursuant to the Claims Procedure Orders, a copy of certain of the Meeting Materials by no later than 5:00 p.m. (Montréal time) on July 26, 2010 and advising that all Meeting Materials may be obtained from the Monitor's website or provided upon written request.

The Canadian Unsecured Noteholders

94. In order to facilitate the delivery of the Meeting Materials to the beneficial bondholders, the Creditors' Meeting Order directs that, promptly following the date of the Creditors' Meeting Order, the Monitor shall request and the trustees of each Canadian unsecured note ("**Canadian Unsecured Notes**") issued by any of the Petitioners (other than the 0% Unsecured Note[6] which shall be solicited in the same manner as other Affected Unsecured Creditors as the process described herein is not applicable to the lender under the 0% Unsecured Note) shall each provide the Monitor with a list of all the holders (the "**Registered Noteholders List**") of the applicable Canadian Unsecured Notes (the "**Canadian Unsecured Noteholders**") who are registered in the trustees' records as owners or holders of record of the relevant Canadian Unsecured Notes on June 30, 2010, together with their addresses.

95. Upon receipt by the Monitor of the Registered Noteholder List, the Monitor shall send, by prepaid regular mail, courier, fax or e-mail, to each person shown on the Registered Noteholder List, including CDS Clearing and Depository Services Inc. ("**CDS**") and Depository Trust Company ("**DTC**"), a copy of the Creditors' Meeting Materials and the Affected Unsecured Creditor Proxy.

96. The Creditors' Meeting Order also directs that each of CDS and DTS shall provide the Monitor, within one business day of the Monitor's request, with a list (the "**Participant Noteholders List**") of each of its participants (who generally are investment dealers and brokers who hold investments on behalf of their clients) in respect of each Canadian Unsecured Note (the "**Participant Noteholders**") of record on June 30, 2010, showing the Participant Noteholders and their respective addresses.

97. Upon receipt by the Monitor of the Participant Noteholders List, the Monitor shall be entitled to contact each Participant Noteholder listed on the Participant Noteholders List who appears to the Monitor to hold Canadian Unsecured Notes on behalf of other beneficial owners (generally being the clients of the investment dealers and brokers) of

[6] The 0% Unsecured Notes due 2012 issued by ACCC to Investissement Quebec pursuant to the 0% Unsecured Notes Agreement.

the Canadian Unsecured Notes (other than the 0% Unsecured Notes) to determine the amount of Canadian Unsecured Notes held by the Participant Noteholder on behalf of non-registered noteholders ("**Non-registered Noteholders**") and the number of packages of Creditors' Meeting Materials and Non-registered Noteholder Proxies such Participant Holder requires in order to provide a copy of the Creditors' Meeting Materials and the Non-registered Noteholder Proxy to each of its customers or principals who are Non-registered Noteholders.

98. The purpose of these provisions is to ensure that the beneficial owners of the various debt instruments issued by the Petitioners obtain the relevant and necessary information in respect of the Creditors' Meeting.

The Creditors' Meeting

99. The Creditors' Meeting to consider and, if thought advisable, adopt a resolution in respect of each Affected Unsecured Creditor Class approving the CCAA Plan, with or without variation, will be held on August 26, 2010, in Montréal, Québec, subject to any adjournments. The Canadian voting record date is August 17, 2010 which is the date used to determine the holders of claims who are entitled to vote.

100. The voting record date for the purposes of determining which creditors are entitled to receive the U.S. voting materials and vote on the U.S. Plan in the Chapter 11 Proceedings is June 30, 2010, but this deadline does not apply to the Cross-Border Creditors as such creditors will be permitted to vote at the Creditors' Meeting.

SETTLEMENT OF CLAIMS WITH QWI

101. QWI has historically been and continues to be one of ABH's most important clients for paper products, in both Canada and the United States.

102. In January 2008, QWI filed for and obtained protection from its creditors under the CCAA and Chapter 11 of the U.S. Bankruptcy Code. At that time, QWI was indebted to both the Petitioners and the U.S. Debtors for paper volumes primarily purchased in the months leading up to QWI's CCAA and the Chapter 11 filings. In total ABH filed claims

in excess of US$104 million, including duplicate claims against different QWI entities, as follows:

(i) $36 million on account of claims for products delivered in the 20 days prior to the commencement of the Chapter 11 proceedings, as provided by Section 503(b)(9) of the U.S. Bankruptcy Code;

(ii) $23 million on account of reclamation claims under United States state law to reclaim certain goods delivered to QWI; and

(iii) $45 million on account of unsecured non-priority claims.

103. With respect to the Petitioners' CCAA Proceedings and the Claims Process, five QWI related entities each filed individual duplicate claims against each of the Petitioners (200 claims in aggregate) and the U.S. Debtors (160 claims in aggregate) for amounts in excess of US$25 million, for a total of 360 claims, aggregating US$9 billion, including US$5 billion against the Petitioners and $4 billion against the U.S. Debtors. QWI has acknowledged that all 360 claims are duplicates of each other and that the true aggregate claim sought totals US$25 million against all of the ABH entities. The QWI claims are principally attributable to monthly rebates, volume incentive rebates, paper rebates and open credits.

104. Over the last few months, both ABH and QWI have exchanged supporting documentation with respect to each others' claims in order to perform a detailed assessment of such claims, and to identify the net residual claim between the parties.

105. Representatives of ABH and QWI attended meetings on June 2, 2010 in Montreal in order to identify residual items of contention and exchange further supporting information. The meetings culminated in the negotiation of a draft agreement, the terms of which are summarized as follows:

(i) QWI will withdraw all of its claims against the relevant Petitioners and U.S. Debtors in the CCAA Proceedings and Chapter 11 Proceedings except for (iv) below;

(ii) Abitibi-Consolidated U.S. Funding Corporation, BI, BCFPI and Bowater Mersey Paper Company Limited (a non-filing partnership) will share residual unsecured claims under QWI's plans of arrangement totalling US$5.5 million;

(iii) Abitibi-Consolidated U.S. Funding Corporation and Bowater America Inc. will share an aggregate 503(b)(9) priority claim against QWI totalling US$7.7 million; and

(iv) all 2009 accrued and unpaid volume and incentive rebates totalling US$2.444 million owing by ABH entities to QWI will be paid in the ordinary course and allowed as an administrative expense claim in the Chapter 11 Proceedings.

106. In light of ABH having previously assigned certain of its QWI accounts receivables to Export Development Corporation and Compagnie Francaise d'Assurance pour le commerce Exterieur – Canada Branch, these entities will also be parties to the proposed settlement agreement between ABH and QWI.

107. The proposed settlement agreement is subject to the approval of:

(i) the Petitioners' and QWI's respective Court-appointed Monitors;

(ii) the U.S. Debtors' Unsecured Creditor Committee; and

(iii) this Honourable Court and the U.S. Bankruptcy Court.

108. The Monitor has participated in the ongoing analysis and assessment of the QWI claims filed against the Petitioners, the June 2, 2010 negotiations and the ongoing discussions between the parties with respect to the proposed settlement agreement. The Monitor supports the proposed settlement agreement.

THE STAY EXTENSION MOTION

Actual Receipts and Disbursements for the ACI Group and BCFPI for the Four-Week Period Ended June 27, 2010

109. In the Forty-Sixth Report of the Monitor dated July 5, 2010 (the "**Forty-Sixth Report**"), the Monitor reported on the Petitioners' four-week cash flow results for the period from May 3, 2010 to May 30, 2010 and the revised weekly cash flow forecast for the ACI Group (the "**ACI Forecast**") and BCFPI (the "**BCFPI Forecast**") through the week ending August 29, 2010.

110. Below is a summary of the ACI Group's actual receipts and disbursements for the four-week period ending June 27, 2010 with a comparison to the ACI Forecast presented in the Forty-Sixth Report.

The ACI Group

	US$000			
	Actual	Forecast	Variance	
Opening Cash	$ 188,942	$ 188,942	$ -	-
Receipts	176,339	179,218	(2,879)	(2%)
Disbursements				
Net Trade Disbursements	(123,409)	(123,812)	403	0%
Intercompany	(2,115)	-	(2,115)	N/A
Other	(77,433)	(71,906)	(5,527)	(8%)
	(202,957)	(195,718)	(7,239)	(4%)
Financing				
Securitization Inflows/ (Outflows)	(1,235)	(1,277)	42	3%
Securitization Fees	(3,800)	(2,700)	(1,100)	(41%)
Financing Fees	(370)	-	(370)	N/A
Restructuring & Other Items	(4,850)	(4,650)	(200)	(4%)
Foreign Exchange Translation	(1,011)	-	(1,011)	N/A
	(11,266)	(8,627)	(2,639)	(31%)
Net Cash Flow	(37,884)	(25,127)	(12,757)	(51%)
Ending Cash	$ 151,058	$ 163,815	$ (12,757)	(8%)
Immediately Available Liquidity	$ 235,250	$ 240,678	$ (5,428)	(2%)
Total Available Liquidity	$ 333,570	$ 338,998	$ (5,428)	(2%)

111. In the chart above, "**Immediately Available Liquidity**" includes cash on hand plus liquidity available pursuant to the ULC DIP Facility Available Upon Notice (CDN$50.0 million that is available as liquidity to the ACI Group subject to providing notice to certain creditors) and amounts available through the ACI Group's Securitization Program. "**Total Available Liquidity**" includes Immediately Available Liquidity plus the portion of the ULC DIP Facility Available Upon Court Approval (CDN$50.0 million is available to the ACI Group subject to Court approval for the use of such funds) and also includes various proceeds from asset sales either held by the Monitor or deposited in a designated account.

112. Below is a summary of BCFPI's actual receipts and disbursements for the four-week period ending June 27, 2010 with a comparison to the BCFPI Forecast presented in the Forty-Sixth Report.

	BCFPI			
		US$000		
	Actual	Forecast	Variance	
Receipts	$ 44,045	$ 49,201	$ (5,156)	(10%)
Disbursements				
Net Trade Disbursements	(25,876)	(33,618)	7,742	23%
Intercompany	(3,461)	-	(3,461)	N/A
Other	(15,335)	(14,472)	(863)	(6%)
	(44,672)	(48,090)	3,418	7%
Financing				
Interest	(1,238)	(1,222)	(16)	(1%)
Restructuring Costs	(792)	(1,276)	484	38%
Foreign Exchange Translation	385	-	385	N/A
	(1,645)	(2,498)	853	34%
Net Cash Flow	(2,272)	(1,387)	(885)	(64%)
Opening Cash	11,720	11,720	-	-
Ending Cash	$ 9,448	$ 10,333	$ (885)	(9%)

Revised Cash Flow Forecasts

113. Attached as Appendices "H" and "I" are cash flow forecasts for the ACI Group and BCFPI, respectively, for the 13-week period ended September 26, 2010 (the "**Revised Forecasts**").

114. The ACI Group's forecast Immediately Available Liquidity at September 26, 2010, which is the end of the 13-week period in the forecast in Appendix "H", is projected to be approximately $192.4 million.

115. BCFPI's forecast liquidity at September 26, 2010, which is the end of the 13-week period in the forecast in Appendix "I", is projected to be approximately $16.7 million. The Monitor has been advised by Management that the cash requirements of BCFPI will be supported by intercompany advances from BI, if necessary.

Extension of the Stay of Proceedings

116. The Petitioners have filed the Stay Extension Motion seeking to extend the Stay Period to September 15, 2010. The Monitor is of the view that the extension of the Stay Period to September 15, 2010 will allow the Petitioners to continue to develop their restructuring plans, will allow the Petitioners to continue to quantify claims filed by creditors and will also allow the Petitioners to engage in further discussions and negotiations with their stakeholders. In particular, it will provide the Petitioners with sufficient time to hold the Creditors' Meeting and file motion materials seeking an order with respect to the Sanction Order. As previously mentioned, it is presently anticipated that the Sanction Hearing will be held on September 8, 2010.

117. The Revised Forecasts indicate that the Petitioners will have sufficient liquidity through the extension of the Stay Period to September 15, 2010.

RECOMMENDATION

118. The Monitor has reviewed the CCAA Plan and Creditors' Meeting Order, together with the Meeting Materials incorporated therein, and supports the Petitioners' request for the issuance of the Creditors' Meeting Order.

119. As noted above, the Monitor continues to review proofs of claim received by creditors of the Petitioners and will provide an updated report as to the status of the claims together with a more fulsome analysis of the CCAA Plan on or before August 18, 2010.

120. 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 September 15, 2010 is in the best interest of the Petitioners' stakeholders. The Monitor recommends that this Honourable Court grant the Petitioners' Motion for an extension of the Stay Period to September 15, 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"

FORTY-FOURTH REPORT OF THE MONITOR

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

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

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

And

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

And

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

And

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

Petitioners

And

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

Monitor

FORTY-FOURTH REPORT OF THE MONITOR

June 7, 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 June 18, 2010 pursuant to further Orders of this Honourable Court.

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

4. BCHI, Bowater Canada Finance Corporation, 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. The Petitioners' United Kingdom subsidiary, Bridgewater Paper Company Ltd. ("**Bridgewater**"), filed for administration, pursuant to the United Kingdom's Insolvency Act of 1986 on February 2, 2010. The UK administrator announced on May 19, 2010 that it had sold the property formerly owned by Bridegwater.

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.

12. 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.

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

PURPOSE

14. This is the forty-fourth report of the Monitor (the "**Forty-Fourth Report**") in these CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to the following:

(i) the revised cash flow forecasts for the ACI Group and BCFPI for the thirteen-week period ended August 29, 2010;

(ii) an update on the Claims Process (as defined herein) and the Monitor's recommendations with respect to the Late Claims and the Scheduled Claims (each as defined herein)[1];

(iii) the restructuring initiatives undertaken by the Petitioners since March 9, 2010, the date of the Thirty-Fifth Report of the Monitor (the "**Thirty-Fifth Report**"), which was filed in support of the Petitioners' Motion to extend the Stay Period to June 18, 2010;

(iv) the Monitor's recommendation regarding the Petitioners' Motion to extend the Stay Period to July 30, 2010;

(v) the Petitioners' Motion for approval of the Securitization Amendments (as defined herein);

(vi) the Petitioners' Motion for authorization to enter into the Backstop Commitment Agreement (as defined herein), with respect to a rights offering for the issuance of unsecured convertible notes, in an amount not to exceed $500 million, that will be made available to affected unsecured creditors pursuant to the CCAA Plan and the U.S. Plan (each as defined herein), and to make certain payments thereunder, and to approve the Bid Procedures (as defined herein) in connection therewith; and

[1] The Monitor understands that the Petitioners will be filing a motion in the near future with respect to the treatment of the Late Claims and the Scheduled Claims.

(vii) the Monitor's comments in respect of the Backstop Commitment Agreement, the payments thereunder and the Bid Procedures.

TERMS OF REFERENCE

15. In preparing this Forty-Fourth 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 Forty-Fourth Report. Some of the information referred to in this Forty-Fourth 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 Forty-Fourth 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.

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

17. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Forty-Fourth 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.

18. 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 MAY 30, 2010

19. In the Forty-Third of the Monitor dated June 4, 2010 (the "**Forty-Third Report**"), the Monitor reported on the Petitioners' four-week cash flow results for the period from April 5, 2010 to May 2, 2010 and the revised weekly cash flow forecast for the ACI Group (the "**ACI Forecast**") and BCFPI (the "**BCFPI Forecast**") through the week ending August 1, 2010.

20. Below is a summary of the ACI Group's actual receipts and disbursements for the four-week period ending May 30, 2010 with a comparison to the ACI Forecast presented in the Forty-Third Report.

The ACI Group

	US$000			
	Actual	Forecast	Variance	
Opening Cash	$ 212,798	$ 212,798	$ -	-
Receipts	186,273	178,646	7,627	4%
Disbursements				
Net Trade Disbursements	(110,165)	(101,924)	(8,241)	(8%)
Intercompany	(15,664)	-	(15,664)	N/A
Other	(77,233)	(79,528)	2,295	3%
	(203,062)	(181,452)	(21,610)	(12%)
Financing				
Securitization Inflows/ (Outflows)	(1,276)	(1,272)	(4)	(0%)
Adequate Protection by Dcorp to ACCC Term Lenders	(2,968)	-	(2,968)	N/A
Restructuring & Other Items	(4,964)	(4,400)	(564)	(13%)
Foreign Exchange Translation	2,141	-	2,141	N/A
	(7,067)	(5,672)	(1,395)	(25%)
Net Cash Flow	(23,856)	(8,478)	(15,378)	(181%)
Ending Cash	$ 188,942	$ 204,320	$ (15,378)	(8%)
Immediately Available Liquidity	$ 241,216	$ 272,635	$ (31,419)	(12%)
Total Available Liquidity	$ 311,826	$ 342,745	$ (30,919)	(9%)

21. In the chart above, "**Immediately Available Liquidity**" includes cash on hand plus liquidity available pursuant to the ULC DIP Facility Available Upon Notice (CDN$50.0 million that is available as liquidity to the ACI Group subject to providing notice to certain creditors) and amounts available through the ACI Group's Amended Securitization Program. "**Total Available Liquidity**" includes Immediately Available Liquidity plus the portion of the ULC DIP Facility Available Upon Court Approval (CDN$50.0 million is available to the ACI Group subject to Court approval for the use of such funds) and also includes various proceeds from asset sales either held by the Monitor or deposited in a designated account.

22. Below is a summary of BCFPI's actual receipts and disbursements for the four-week period ending May 30, 2010 with a comparison to the BCFPI Forecast presented in the Forty-Third Report.

	BCFPI			
		US$000		
	Actual	Forecast	Variance	
Receipts	$ 50,811	$ 43,799	$ 7,012	16%
Disbursements				
Net Trade Disbursements	(32,913)	(29,928)	(2,985)	(10%)
Intercompany	4,185	-	4,185	N/A
Other	(19,387)	(11,345)	(8,042)	(71%)
	(48,115)	(41,273)	(6,842)	(17%)
Financing				
Interest	(1,169)	(1,411)	242	17%
Restructuring Costs	(615)	(1,276)	661	52%
Foreign Exchange Translation	682	-	682	N/A
	(1,102)	(2,687)	1,585	59%
Net Cash Flow	1,594	(161)	1,755	1,090%
Opening Cash	10,126	10,126	-	-
Ending Cash	$ 11,720	$ 9,965	$ 1,755	18%

REVISED CASH FLOW FORECASTS

23. Attached as Appendices "E" and "F" are cash flow forecasts for the ACI Group and BCFPI, respectively, for the 13-week period ended August 29, 2010 (the "**Revised Forecasts**").

24. The ACI Group's forecast Immediately Available Liquidity at August 29, 2010, which is the end of the 13-week period in the forecast in Appendix "E", is projected to be approximately $206 million.

25. BCFPI's forecast liquidity at August 29, 2010, which is the end of the 13-week period in the forecast in Appendix "F", is projected to be approximately $12 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

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

27. 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.

28. 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 (the "**U.S. Claims Order**").

29. 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 "**Claims Determination Order**").

30. On February 23, 2010 this Honourable Court issued an Order (the "**Second Claims Procedure Order**") setting out the procedures for the filing of certain claims (primarily claims of employees who were active as of 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**").

31. 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.

32. The Claims Procedure Order and the Second Claims Procedure Order are hereinafter referred to collectively as the "**Claims Procedure Orders**" and the Claims Bar Date and the Second Claims Bar Date are hereinafter collectively referred to as the "**Claims Bar Dates**".

Claims Update

33. In the Forty-First Report of the Monitor dated May 5, 2010, the Monitor reported to this Honourable Court in respect of all proofs of claim that it had received against the Canadian Petitioners and the Cross-Border Petitioners as at that date.

34. Attached as Appendix "H" to the Forty-Second Report of the Monitor dated May 24, 2010 was a draft Information Circular with respect to the CCAA Plan (as defined herein). Included in the Information Circular was a table summarizing the claims and the current status of those claims by each class of unsecured creditor as defined in the CCAA Plan.

35. A table providing an update on the status of claims is attached hereto as Appendix "G" (the "**Claims Chart**"). The Monitor intends to update the Claims Chart on a weekly basis and post an updated Claims Chart on its website every Wednesday.

36. The claims reconciliation process is ongoing and progressing. The Monitor continues to review, revise and disallow claims, as applicable, and will report to this Honourable Court further on this process in subsequent reports.

Late Claims

37. The Monitor has received 109 claims subsequent to the Claims Bar Dates (the "**Late Claims**"). The Late Claims can be divided into two categories: Late Trade Claims and Late Employee Claims, which are summarized by entity in Appendices "H" and "I", respectively.

38. The above total 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 of the Monitor dated December 9, 2009 (the "**Twenty Seventh Report**"), the Monitor mailed out pre-populated proof of claim forms to the Inactive Employees who had not filed a claim by the First Claims Bar Date and advised them to complete and submit their claim by January 15, 2010. The Monitor has received 289 claims for a total of CDN$6 million from the Inactive Employees (the "**Inactive Employee Late Claims**") as set forth in the table below:

Inactive Employee Late Claims
CDN $

	Number of Claims	**Total Value**
Abitibi-Consolidated Company of Canada	8	$352,379
Abitibi-Consolidated Inc.	186	58,916
Bowater Canadian Forest Products Inc.	92	5,743,427
Bowater Maritimes Inc.	2	27,244
Saguenay Forest Products Inc.	1	1,529
	289	$6,183,496

39. All of the Late Claims and the Inactive Employee Late Claims are already included in the Claims Chart attached as Appendix G.

40. The Monitor has reviewed the Late Claims and the Inactive Employee Late Claims and recommends that such claims be accepted for the purposes of the Claims Process,

provided that such claims be subject to the Claims Determination Order. The reasons for this recommendation are:

(i) the Monitor is of the view that the claimants in respect of the Late Claims and the Inactive Employee Late Claims have acted in good faith and did not "lie in the weeds" with an intent to gain an advantage over the other creditors; and

(ii) the Monitor is of the view that the other creditors will not suffer any prejudice as a result of the late filing of the Late Claims and the Inactive Employee Late Claims.

Scheduled Claims in the Chapter 11 Proceedings

41. 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 (or the Second 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 Claims Procedure Order with the Monitor on or before the Claims Bar Date (or the Second 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.

42. The Claims Procedure Orders 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 Claims Procedure Order.

43. Pursuant to the U.S. Bankruptcy Code, each U.S. Debtor is required to publish a listing of their creditors and the amount owed to each creditor (the "**Scheduled Claims**"). The amount owed to a creditor may be categorized as a disputed, contingent or unliquidated claim and, in such case, no amount may be listed. Pursuant to the U.S. claims process, if a Scheduled Claim is not listed as disputed, contingent or unliquidated and the creditor

does not contest the amount listed on the schedule, the creditor is not required to file a proof of claim in the Chapter 11 Proceedings and the claim will be deemed allowed in Chapter 11 Proceedings for the scheduled amount.

44. Under the U.S. Bankruptcy Code, the U.S. Debtors can file amended schedules to correct any errors to the Scheduled Claims as initially listed at the commencement of the Chapter 11 Proceedings. In the event a creditor disagrees with the amount so amended, it is able to file a proof of claim within a prescribed time period to dispute the amended amount and such claim will be dealt with in the U.S. claims process (this process is referred to herein as the "**Amended Schedule Process**").

45. Under the Claims Procedure Orders, creditors of the Cross-Border Petitioners were required to file a proof of claim with the Monitor in accordance with the Claims Process and Scheduled Claims were not permitted to be automatically accepted for the purposes of the CCAA Proceedings. However, certain of the creditors of the Cross-Border Petitioners with Scheduled Claims did not file a proof of claim with the Monitor and, under the Claims Procedure Orders, such claims are forever barred (the "**Claims Delta**").

46. As a result, when the Cross-Border Petitioners' claims are finally determined pursuant to the Claims Determination Order, the total claims against the Cross-Border Petitioners under the Chapter 11 Proceedings will be greater than the total claims against the Cross-Border Petitioners under the CCAA Proceedings by the amount of the Claims Delta.

47. In order to rectify this difference and to ensure that the Claims Process is fair to all of the creditors, the Monitor will be recommending that the Scheduled Claims identified in the Claims Delta be deemed to be filed and accepted claims for the purposes of the CCAA Proceedings, subject to any amendments by the Cross-Border Petitioners of the Scheduled Claims as a result of the Amended Scheduled Process.

48. This will be administratively less burdensome upon the estates as it will eliminate the need to continually reconcile the claims register in the Chapter 11 Proceedings with the Monitor's claims database for the Cross-Border Petitioners for purpose of voting on the

CCAA Plan, making distributions under the Plans and facilitating the Rights Offering (each as defined herein).

49. In the interest of ensuring that the Claims Process is fair, the Petitioners, with the assistance of the Monitor and their counsel, are developing a claims voting protocol with respect to the Cross-Border Petitioners to facilitate a simplified voting process under the Plans. If there are differences in the number of creditors eligible to vote under each of the CCAA Plan and the U.S. Plan (each as defined herein), the voting process will be more complicated and cumbersome.

50. The Monitor has conducted a preliminary review of the Scheduled Claims in respect of the Cross-Border Petitioners and has identified, to date, numerous claims totalling approximately CDN$10.2 million for BCFPI and approximately 16 claims totalling approximately CDN$1 million for Bowater Maritimes Inc. that were listed on the schedules in the Chapter 11 Proceedings, but in respect of which claims were not filed with the Monitor in the CCAA Proceedings. The Monitor will continue to refine this list and report further to this Honourable Court when the Petitioners bring their motion for recognition of the Scheduled Claims.

Claims Filed in the Wrong Jurisdiction

51. As at the date of this Forty-Fourth Report, the Monitor has identified numerous proofs of claim that 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. These claims will be disallowed by the Monitor for the purposes of the CCAA Proceedings and copies of such claims will be sent to Epiq so that Epiq may address such claims in the Chapter 11 Proceedings.

52. In addition, the Petitioners and the Monitor have identified numerous proofs of claim filed with Epiq pursuant to the U.S. Claims Order that should have been filed against the Petitioners pursuant to the Claims Procedure Order in the CCAA Proceedings (the "**Misfiled Claims**").

53. While the Claims Procedure Orders provide 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 Claims Procedure Orders do not provide that proofs of claim filed in the Chapter 11 Proceedings against the Petitioners (including the Cross-Border Petitioners) or the Partnerships are deemed to be timely filed in the CCAA Proceedings.

54. The Monitor, in consultation with the Petitioners and U.S. Debtors and their respective legal counsel, has drafted a letter to be sent to the creditors who filed Misfiled Claims. A copy of the letter is attached as Appendix "J". The purpose of the letter is to advise each creditor that it has filed a Misfiled Claim and to encourage it to voluntarily withdraw their claim in the Chapter 11 Proceedings and to authorize the transfer of the Misfiled Claim to the CCAA Proceedings. The Misfiled Claim will be considered a late claim and the Monitor will recommend to this Honourable Court that such claims be allowed in the CCAA Proceedings. If so allowed, the Misfiled Claim will then be subject to the Claims Determination Order.

55. The purpose of the letter is to present a fair solution to each creditor involved while attempting to resolve claims efficiently in the Chapter 11 Proceedings in accordance with the U.S. claims process. In the event that the creditor does not voluntarily withdraw its Misfiled Claim, the U.S. Debtors will file the necessary objections to disallow the Misfiled Claim.

56. The Monitor will report further to this Honourable Court on its progress in resolving issues associated with the Misfiled Claims in due course.

SUMMARY OF RESTRUCTURING ACTIVITIES

57. Since the issuance of the Thirty-Fifth Report, the Petitioners have made progress on a number of restructuring initiatives. Below is a summary of the key activities since those reported in the Thirty-Fifth Report:

(i) on March 23, 2010 this Honouarable Court authorized and approved the Petitioners' sale of certain sawmills, planer mills and a newsprint mill located in Mackenzie, British Columbia (the "**Mackenzie Assets**"). The sale of the

Mackenzie Assets closed on June 4, 2010 and the Monitor is holding the proceeds in trust;

(ii) on March 23, 2010, the Petitioners obtained an order from this Honourable Court authorizing the appointment of certain claims officers and grievance claims officers;

(iii) on April 16, 2010, this Honourable Court granted the Petitioner's motion, with the consent of the BI/BCFPI DIP Lender, to extend the maturity date under the BI/BCFPI Facility to May 5, 2010. On April 14, 2010 the U.S. Bankruptcy Court granted a similar extension;

(iv) on April 26, 2010, the Petitioners obtained a vesting order from this Honourable Court in respect of the sale of land located in Saguenay, Quebec;

(v) on April 27, 2010, this Honourable Court (a) approved the sale of certain non-core assets located in Botwood and Stephenville in the Province of Newfoundland and Labrador to 4513541 Canada Inc., and (b) appointed Ernst & Young Inc. as the receiver of 4513541 Canada Inc. (subject to certain conditions being met);

(vi) on May 3, 2010, this Honourable Court approved the sale by the Petitioners of certain pulp and paper mills located in Dalhousie (New Brunswick), Donnacona (Quebec), Fort William (Ontario) and Beaupre (Quebec), including the real property, buildings and machinery and equipment located at these sites;

(vii) on May 4, 2010, the Petitioners filed a draft plan of arrangement in the CCAA Proceedings (the "**CCAA Plan**") and a draft plan in the Chapter 11 Proceedings (the "**U.S. Plan**") (the CCAA Plan and the U.S. Plan are collectively referred to herein as the "**Plans**")[2];

(viii) on May 12, 2010, the Quebec Court of Appeal heard the Motion of the Province of Newfoundland and Labrador for leave to appeal the decision of this

[2] Together, the Plans contemplate repayment in full in cash of all of the prepetition and postpetition secured debt and recoveries for unsecured creditors in the form of equity in the reorganized entity, which is defined herein as the "**New ABH Stock**".

Honourable Court dated March 31, 2010 regarding orders issued pursuant to the *Environmental Protection Act* (Newfoundland and Labrador) (to which the Attorney General of the Province of British Columbia intervened). Leave to appeal was denied on May 18, 2010;

(ix) on May 24, 2010, the Petitioners filed revised drafts of the CCAA Plan and the U.S. Plan, after consultation with their stakeholders;

(x) on May 24, 2010, the Petitioners also filed a draft Information Circular in respect of the CCAA Plan and a Disclosure Statement in respect of the U.S. Plan;

(xi) the Petitioners have closed the sales of the ACI Group's Belgo paper mill and ACCC's St-Raymond sawmill, which were previously approved by this Honourable Court; and

(xii) ABH has commenced the process to raise exit financing to meet one of the closing conditions with respect to the Plans.

58. As reported in the Thirty-Fifth Report, the Petitioners advised the Monitor that, on March 6, 2010, the Petitioners and the Syndicate des communications, l'energie et du papier ("**SCEP**") announced that they had reached an agreement concerning the renewal of the SCEP collective bargaining agreements (the "**SCEP Agreement**"). The Petitoners have advised the Monitor that the members of the SCEP who work in the pulp and paper mills and who work in all but one sawmill have ratified the SCEP Agreement.

59. The Petitioners have also advised the Monitor that they reached an agreement in principle with the Confederation des Syndicats Nationaux ("**CSN**") (the "**CSN Agreement**"), which was subsequently ratified by its members, with the exception of one local that has yet to hold its vote.

60. The SCEP Agreement and the CSN Agreement are subject to the resolution of multi-party discussions regarding pension deficits that are ongoing between the Petitioners and various governments and unions in Canada. The Petitioners have advised the Monitor that they have made progress in the pension deficit funding discussions.

EXTENSION OF THE STAY OF PROCEEDINGS

61. The Petitioners have filed a Motion to extend the Stay Period to July 30, 2010. The Monitor is of the view that the extension of the Stay Period to July 30, 2010 will allow the Petitioners to continue to develop their restructuring plans, will allow the Petitioners to continue to quantify claims filed by creditors and will also allow the Petitioners to engage in further discussions and negotiations with their stakeholders. In particular, it will provide the Petitioners with sufficient time to file motion materials seeking an order with respect to the creditors' meeting to be called for the purposes of considering and voting on the CCAA Plan. It is presently anticipated that such a motion will be heard in the first half of July, 2010.

62. The Revised Forecasts indicate that the Petitioners will have sufficient liquidity through the extension of the Stay Period to July 30, 2010.

SECURITIZATION PROGRAM

63. As described in the Monitor's First and Fifth Reports, dated April 16, 2009 and May 13, 2009, respectively, the ACI Group participates in a securitization program (the "**Securitization Program**") with Citibank, N.A. (London Branch) ("**Citibank**"), as the lead arranger and administrative agent, to help fund the working capital requirements of the ACI Group and the DCorp Group. Under the Securitization Program, Citibank agreed to purchase receivables in an aggregate amount of up to $210 million.

64. An overview of the ACI Group's sales and accounts receivable collection processes under the Securitization Program is set forth in the Sixth Report of the Monitor dated May 21, 2009 (the "**Sixth Report**"). To summarize, the Securitization Program provides funding for the accounts receivable of both the ACI Group and the DCorp Group. However, as most of DCorp Group's mill operations are idle, the vast majority of the receivables financed by the Securitization Program are generated by the ACI Group.

65. As set forth in the Sixth Report, the Securitization program was amended (the "**Amended and Restated Securitization Program**") to provide the ACI Group and the DCorp Group with up to $300 million of liquidity and to extend the maturity date to June 16,

2010, with the option to further extend the maturity date upon payment of various extension fees. The Amended and Restated Securitization Program was approved by this Honourable Court on June 15, 2009 (the "**Existing Securitization Order**").

66. The ACI Group has filed a motion in the CCAA Proceedings seeking an Order from this Honourable Court authorizing the petitioners to (i) further extend the maturity date under the Amended and Restated Securitization Program, (ii) enter into certain amendments with respect to the Amended and Restated Securitization Program, and (iii) cause the payment of certain fees in connection with such amendments (the "**Securitization Amendments**"). In addition, the DCorp Group has filed a motion in the Chapter 11 Proceedings seeking the same relief from the U.S. Bankruptcy Court, which is scheduled to be heard on June 11, 2010.

67. The Monitor has been advised by the Petitioners that the Securitization Amendments do not materially alter the Amended and Restated Securitization Program, subject to certain exceptions. The material terms of the Securitization Amendments are summarized below:

TERM	DESCRIPTION
Maturity Date	Extended for an additional 364 days from the date the order approving the Securitization Amendments becomes effective. Fifteen month extension and eighteen month extension provisions are deleted.
Commitment	Purchase Limit is reduced from \$270 million to \$180 million in the aggregate.[3]
Interest Expense	Interest cost is reduced from LIBOR + 750 basis points (with a 3% LIBOR floor) to LIBOR + 400 basis points (with a 2% LIBOR floor).
Unused Commitment Fee	Reduced from 1.5% to 0.75%.
Financial Covenants	Adding covenant levels for the fiscal quarters ending after September 30, 2010 (ie. for the new duration of the Amended and Restated Securitization Program).[4]

[3] The previous commitment to purchase accounts receivable was up to a maximum amount of \$270 million, which amount is now being reduced to \$180 million.

68. The Petitioners have advised the Monitor that, although not part of the Securitization Amendments, Abitibi-Consolidated U.S. Funding Corp. ("**ACI Funding**"), which is not a Petitioner or a U.S. Debtor, has agreed to pay certain fees in the aggregate amount of $3.8 million (collectively, the "**Amendment Fees**"). The Amendment Fees are due and payable upon closing of the Securitization Amendments.

69. The Petitioners have advised the Monitor that the Securitization Amendments will result in net cash savings of approximately $4 million (even after payment of the Amendment Fees) over the next five months by, among other things, waiving the existing extension fees and reducing the aggregate commitment thereunder and the related interest and fee expense.

70. Further, the Petitioners have also advised the Monitor that the Securitization Amendments do not in any way alter or amend the adequate protection package provided to the ACCC Term Lenders, as described in greater detail in the Sixth Report.

71. The Monitor has reviewed the Securitization Amendments and is of the view that they are fair and reasonable. The reduction in the aggregate size of the facility and the amendment to the maturity date will result in a reduction in fees, while continuing to support the Petitioners' ability to continue to have access to sufficient liquidity to maintain business relationships with their vendors, suppliers and customers, to pay their employees, to purchase and supply new inventory and to otherwise finance their operations.

THE BACKSTOP COMMITMENT AGREEMENT

72. As set out in the Supplemental Forty-Second Report of the Monitor dated May 25, 2010, the Plans contemplate that ABH will finance distributions to secured creditors and ongoing business operations after emergence from Chapter 11 Proceedings and CCAA Proceedings by, among other things, raising exit financing.

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[4] This amendment changes two covenants given by the Guarantors and ACI: (i) s. 5.14 of the Guaranty is amended to add minimum cumulative consolidated EBITDAR requirements for (a) the period of 4 consecutive fiscal quarters ending Dec. 31, 2010 (minimum EBITDAR of $180M); and (b) the period of 4 consecutive fiscal quarters ending March 31, 2011(minimum EBITDAR of $180M); and (ii) s. 5.16 of the Guaranty is amended to add a maximum combined capital expenditure limit of $90M for the fiscal year 2011.

73. In particular, as set out in Article 6.1(a)(viii) of the CCAA Plan, one of the transactions required to be consummated and effected (the "**CCAA Plan Transactions**") by ABH is the securing of exit loan facilities, in an aggregate amount up to $2.3 billion less cash on hand and proceeds from the rights offering (described below), in order to make all cash distributions required under the Plans and to provide adequate on-going financing to the restructured organization.

74. In order to raise the required exit loan facilities, ABH has requested proposals from various lenders for exit financing and is currently in the process of reviewing the proposals. The exit loan facilities will include a combination of asset based loans, term debt and/or publicly issued notes.

75. As part of the exit financing, ABH also intends to raise up to $500 million through the issuance of convertible notes pursuant to a rights offering to be made available to unsecured creditors under both of the CCAA Plan and the U.S. Plan (the "**Rights Offering**"). All eligible unsecured creditors will receive a *pro rata* right to participate in the Rights Offering enabling them to elect to subscribe for the unsecured subordinated convertible notes, if they so choose.

76. To ensure that the Rights Offering is successful in raising the required funds, on May 24, 2010 ABH entered into an agreement with certain investors (the "**Backstop Investors**")[5] concerning their commitment to purchase any notes that are not subscribed by the unsecured creditors in the Rights Offering (the "**Backstop Commitment Agreement**"). The Monitor understands that the Backstop Investors hold a significant amount of the unsecured bond debt of the ACI Group, the DCorp Group and the BI Group. The material terms of the Backstop Commitment Agreement are outlined in detail in the Petitioners' motion materials and are reproduced in the table set forth in Appendix "K" attached hereto.

77. It may be that the Petitioners will be able to raise the requisite amount of financing through appropriate exit financing facilities, in which case ABH will not require proceeds

[5] The Backstop Investors include Fairfax Financial Holdings Limited ("**Fairfax**"), Avenue Capital Management II, L.P., Paulson Credit Opportunities Master Ltd., Barclays Bank plc, Steelhead Navigator Master, L.P., J.P. Morgan Securities Inc. and Whitebox Advisors, LLC.

from the Rights Offering. The Petitioners have advised that the Rights Offering is an alternative financing source that they intend to utilize only to the extent necessary to supplement the exit financing package available to ABH. Therefore, while the Plans presently contemplate that unsecured creditors will be provided with the opportunity to purchase their *pro rata* share of up to $500 million of unsecured subordinated convertible notes (the "**Notes**") through the Rights Offering, the Petitioners have the ability to reduce the size of the Rights Offering or cancel it altogether if the Petitioners raise the necessary exit financing from other sources.

78. It is also intended that the Backstop Commitment Agreement will serve as a "stalking horse" bid in a formal process (the "**Bid Procedures**") designed to test the terms of the backstop arrangement in the market to ensure that the terms of the Backstop Commitment Agreement and the Notes to be issued under the Plans pursuant to the Rights Offering (the "**Issuance Terms**") are as competitive and favourable to the Petitioners as possible.

79. In connection with their motion for the approval of the Backstop Agreement, the Petitioners are also requesting that this Honourable Court approve the Bid Procedures, which are described in greater detail below. The deadline for submitting bids under the Bid Procedures is June 18, 2010. As proposed, both the Monitor and the U.S. Unsecured Creditor's Committee (the "**UCC**") will be consulted in the bidding process, including the determination of whether a better alternative becomes available as a result of the Bid Procedures.

80. The Monitor notes that, so long as the Backstop Commitment Agreement is outstanding, no amendments can be made to the drafts of the CCAA Plan and the U.S. Plan filed on May 24, 2010, without the prior written consent of a majority of the Backstop Investors.

The Notes

81. The Backstop Commitment Agreement sets forth the principal terms of the Notes to be issued under the Plans in a term sheet annexed thereto. The Notes will be convertible at the option of the holder into shares of new common stock of ABH, being the same stock to be distributed under the Plans based essentially on a conversion price equal to $1.8

billion divided by the number of new ABH shares (the "**New ABH Stock**") issued pursuant to the Plans (with certain adjustments as more fully described in the Backstop Commitment Agreement). The final terms of the Notes will be determined through the auction process (as described below).

82. The Petitioners have advised the Monitor that the proceeds from the issuance and sale of the Notes shall be used to fund the Petitioners' and the U.S. Debtors' cash requirements in connection with consummation of the Plans and to provide liquidity to the restructured enterprise.

The Termination Payment

83. In exchange for the ability to conduct the auction process and in consideration for the Backstop Investors' willingness to serve as a "stalking horse bidder", ABH has agreed to make a payment to the Backstop Investors (the "**Termination Payment**") if the Backstop Commitment Agreement terminates because, among other events, ABH obtains superior Issuance Terms to those set forth in the Backstop Commitment Agreement. The Termination Payment will be payable only in circumstances where the Backstop Payment (as defined below) is not earned.

84. The amount of the Termination Payment depends on the timing of termination as follows:

(i) after the date on which the Termination Payment is approved by the U.S. Bankruptcy Court but on or before the earlier of: (x) the date on which this Backstop Commitment Agreement is approved by the U.S. Bankruptcy Court and (y) the later date on which an alternative transaction is approved by the U.S. Bankruptcy Court or this Honourable Court (the "**Approval Date**"), the Termination Payment shall be in the aggregate amount equal to the lesser of (x) \$15 million and (y) 5% of the total capital raised in any alternative transaction, but not less than \$7.5 million;

(ii) after the Approval Date, but on or before October 15, 2010, the Termination Payment shall be an aggregate amount equal to \$15 million; or

(iii) after October 15, 2010, the Termination Payment shall be an aggregate amount equal to the greater of (x) $15 million and (y) 6% of the amount of total capital raised on October 15, 2010.

The Bid Procedures

85. The Bid Procedures are set forth in detail in the Petitioners' motion materials and, in summary, provide as follows:

(i) all potential bidders must execute a form of confidentiality agreement that is acceptable to the Petitioners and the U.S. Debtors;

(ii) binding bids must be received by 5:00 pm EST on June 18, 2010 (the "**Bid Deadline**");

(iii) if one or more "Qualified Bids" are received by the Bid Deadline, an auction shall commence on June 21, 2010 at 10:00 am EST;

(iv) if an auction is conducted, the U.S. Debtors, in consultation with the Monitor and the UCC, will select the highest or otherwise best bid to serve as the starting bid in the auction process;

(v) the Monitor and the UCC will also be consulted in the selection of the highest or otherwise "best" offer (the "**Successful Bid**"); and

(vi) a hearing to consider the Successful Bid shall take place in the U.S. Bankruptcy Court on June 22, 2010 at 11:00 am EST.

The Commitment Payments

86. In exchange for the Backstop Investors' commitment to purchase any Notes that are not subscribed for in the Rights Offering, ABH has agreed to:

(i) pay the Backstop Investors a commitment fee (the "**Backstop Payment**") equal to the greater of $15 million and 6% of the total size of the Rights Offering, which percentage is payable half in cash and half in New ABH Stock (subject to a

Backstop Investor's election to receive the total payment in New ABH Stock) to be paid on the effective date of the Plans, provided that the Backstop Commitment Agreement has not terminated by its terms prior to the effective date;

(ii) reimburse the reasonable expenses incurred by the Backstop Investors and their professionals in connection with the contemplated transaction (the "**Transaction Expenses**"); and

(iii) indemnify the Backstop Investors (the "**Indemnification**") against any and all losses, claims, damages, liabilities and expenses to which any of the Backstop Investors may become subject in connection with or arising out of the proposed transaction.

Fairfax Release

87. In connection with Fairfax's commitment to participate as a backstop investor and provide substantial new financing to the company through the Backstop Commitment Agreement, the U.S. Debtors and the UCC have resolved a potential outstanding dispute with Fairfax. Specifically, the UCC previously alleged that the U.S. Debtors' estates may have potential avoidance action claims with respect to certain convertible notes issued to Fairfax by ABH prior to the issuance of the Initial Order and guaranteed by BI. The Petitioners have advised the Monitor that, to induce Fairfax to participate in the Backstop Commitment Agreement as a significant backstop investor, the UCC and the U.S. Debtors have agreed, upon the occurrence of certain Release Conditions (as defined below), to release and discharge any and all claims the U.S. Debtors or the UCC may have against Fairfax related to BI's guarantee of the convertible notes (the "**Fairfax Release**").

88. The Release Conditions mean the occurrence of both the following events:

(i) entry of a final order by the U.S. Bankruptcy Court approving a backstop agreement and the Rights Offering process; and

(ii) the earliest to occur of (x) consummation of the Backstop Commitment Agreement and Fairfax's performance thereunder; (y) the U.S. Debtors entry into a higher, better or alternative backstop agreement with a third party which is approved by order of the U.S. Bankruptcy Court; or (z) Fairfax's termination or non-performance of the Backstop Commitment Agreement for a reason other than the existence of a material adverse effect or the unintentional breach by the U.S. Debtors of any of the representations and warranties set forth therein.

89. The Monitor was not involved in the negotiations with respect to the Fairfax Release. As the parties to the potential dispute and the applicable law are all U.S. based and because this issue has few or no potential ramifications for the Canadian estates, the Monitor has not conducted an independent review of this aspect of the proposed transaction.

The Plan Support Agreement

90. Attached as an exhibit to the Backstop Commitment Agreement is a form of Plan Support Agreement (the "**Plan Support Agreement**") that ABH has agreed to enter into with each backstop investor (called, for the purposes of the Plan Support Agreement, an "**Undersigned Holder**" and, collectively with all unsecured noteholders/backstop investors who have executed similar agreements with ABH, each a "**Plan Support Party**" and collectively the "**Plan Support Parties**"). The Plan Support Agreement provides the terms pursuant to which the Plan Support Parties commit to support and vote to accept the Plans. As mentioned in paragraph 76, the Backstop Investors hold a significant amount of the ABH Group's unsecured bonds.

91. The Petitioners have advised the Monitor that they intend to seek approval of the Plan Support Agreement by separate motion at a later date.

92. The Monitor notes that the Termination Events (as defined below) set forth in the Plan Support Agreement, which relieve the Plan Support Parties from supporting the Plans, include a material change to the Plans pursuant to which (a) general unsecured creditors will receive a distribution of securities other than the New ABH Stock proposed to be distributed pursuant to the drafts of the Plans as issued on May 24, 2010, or (b) the New

ABH Stock to be distributed to general unsecured creditors, as allocated between the separate entity groupings within ABH's corporate structure (such groupings, as defined in the Disclosure Statement, the "**Abitibi/D-Corp Companies**" and the "**Bowater Companies**", respectively), will be distributed other than 60% of the New ABH Stock to be distributed to unsecured creditors of the Bowater Companies and 40% of the New ABH Stock to be distributed to unsecured creditors of the Abitibi/D-Corp Companies (which is reflective of the share allocations which were included in the drafts of the Plans issued on May 24, 2010) and, in each case, such change is not acceptable to the Plan Support Parties.

93. The key terms of the Plan Support Agreement are summarized in Appendix "L" attached hereto.

The Monitor's Comments on the Backstop Commitment Agreement

94. The business terms of the Rights Offering, the Backstop Commitment Agreement and the Bid Procedures were negotiated primarily by ABH and the other U.S. Debtors, as well as the CCAA Ad Hoc Committee of Unsecured Noteholders (the "**Ad Hoc Committee**"). The Monitor had no involvement in those negotiations.

The Termination Payment

95. In order to consider the reasonableness of the Termination Payment, the Monitor has compared it to termination payments/break fees that have been agreed upon or approved in other insolvency sale transactions or rights offerings, including: (i) Canadian rights offerings in CCAA proceedings or reorganizations under the *Canada Business Corporations Act* (the "**CBCA**"), (ii) Canadian rights offerings outside of reorganization proceedings, (iii) U.S. rights offerings in Chapter 11 proceedings, and (iv) recent CCAA asset sale transactions.

96. The Monitor compiled transaction comparables, attached as Appendix "M", for various rights offerings and financings in Canada and the United States. The first set of comparables includes Canadian companies that were (i) in CCAA proceedings or (ii) undergoing a recapitalization further to a plan of arrangement under the CBCA or (iii)

undertaking refinancing through a rights offering (the "**Canadian Comparables**"). The second set of comparables includes U.S. companies that were under Chapter 11 proceedings that implemented a rights offering (the "**U.S. Comparables**"). The mean average and median for termination fees is as follows:

	Mean Average	**Median**
Canadian Comparables	5.0%	3.5%
U.S. Comparables	3.9%	3.2%

97. The Monitor has also compiled a list of termination payments in recent insolvent "stalking horse" asset transactions from the Nortel Networks CCAA proceedings and the Pope and Talbot CCAA proceedings which are set forth in Appendix "N" attached hereto. The mean average for termination payments is 2.8% and the median is 1.8%.

98. As set out in paragraph 84 above, prior to the approval of the Backstop Commitment Agreement by the U.S. Bankruptcy Court, the Termination Payment is the lesser of: $15 million and 5% of any alternative financing raised. This would give rise to a break fee of 3% (based on a total Rights Offering of $500 million) increasing to 5% (if the total Rights Offering drops below $300 million). These percentage termination fees would appear to be within a range of reasonableness based on the comparable transactions described in Appendices "M" and "N".

99. If the Backstop Commitment Agreement is terminated after the approval by the U.S. Bankruptcy Court but prior to October 15, 2010, then the Termination Payment equals $15 million. This represents 3% of the maximum size of the Rights Offering of $500 million but could be a higher percentage if the ultimate Rights Offering is reduced to lower amount. A 3% Termination Fee appears to be within a range of reasonableness based on the comparable transactions, but the percentage of the Termination Fee will increase if the size of the Rights Offering is ultimately reduced.

100. If the Backstop Commitment Agreement is terminated after October 15, 2010, then the Termination Payment will equal the greater of $15 million or 6% of the total capital raised. This implies that the Termination Fee will be 6%, assuming that the total capital raised is equal to or greater than $250 million ($15 million being 6% of $250 million). The Termination Payment in percentage terms will increase in the event the total capital raised is less than $250 million (as the Termination Fee will not be less than $15 million).

101. The Monitor is of the view that a termination fee that increases depending upon how long the commitment is outstanding is commercially justifiable because of the cost associated with an on-going requirement to make available a significant amount of capital to support the commitment.

102. Further, the Backstop Commitment Agreement and the structure of the Termination Payment provide optionality to ABH through the completion of the exit financing process as, if more attractive financing can ultimately be raised in the capital markets, the Rights Offering and the Backstop Commitment Agreement can be terminated at a cost of approximately $15 million.

The Backstop Payment

103. The Monitor has also reviewed and considered the Backstop Payment and compared it with other rights offering transactions of a similar nature. Such comparables are set forth in Appendix "M" (referred to as the "Standby Fees" in the Appendix). The mean average and median for commitment fees is as follows:

	Mean Average	**Median**
Canadian Comparables	3.6%	3.8%
U.S. Comparables	3.8%	3.8%

104. The Backstop Payment, as described in paragraph 86(i) above, is the greater of $15 million and 6% of the Rights Offering. This implies that the Backstop Payment in percentage terms is 6% unless the Rights Offering drops below $250 million, in which case the Backstop Payment in percentage terms will rise accordingly.

105. Based on the analysis contained in Appendix "M", it would appear that the Backstop Payment in percentage terms is greater than that which has been paid in most similar situations, although consideration must be given to the size and nature of the financing raised. In this case, the Notes are relatively high risk subordinated convertible debt. As well, the nature of the Petitioners' business and industry must be considered in comparing the risk factors that financing sources will take into consideration when pricing standby fees in a rights offering. As described further below, the auction process will provide an opportunity for interested parties to submit proposals on more attractive terms, if they choose to do so. Through this process, the ultimate size of the Backstop Payment should be determined by the market.

106. The Monitor notes that the calculation of percentages is based upon the gross amount to be raised by the proposed Rights Offering and does not take into account the *pro rata* share of the Rights Offering to be taken up by the parties to the Backstop Commitment Agreement. The Monitor does not have the information on the amount of unsecured debt held by the Backstop Investors but notes that if the percentages were to be calculated after taking into account the *pro rata* share of the Rights Offering available to these parties, the percentages would be higher.

The Auction Process and Other Comments

107. With respect to the auction process, the Monitor notes that, although the proposed auction process will be conducted within a very short time period and is to be completed by June 18, 2010, there is nevertheless a form of auction process contemplated to test the market. The Monitor also notes that the Petitioners' stakeholders have had copies of the Backstop Commitment Agreement since it was filed on May 25, 2010, meaning that any other interested party will have approximately three weeks to submit a competing bid.

108. The Monitor understands that ABH did not test the market before entering into the Backstop Commitment Agreement. However, the Monitor has been advised by the Petitioners that their financial advisors are of the view that there are very few parties that are likely to be willing to commit, at this point in the proceedings, to provide the Petitioners and the U.S. Debtors with a backstop commitment for an additional $500 million of subordinated note financing. If any such parties exist, they will have an opportunity to participate in the auction process.

109. The Monitor also notes that the draft Plans filed on May 4, 2010 referred to the concept of the Rights Offering and that, since that date, ABH and its financial advisors have received only one inquiry as to the Rights Offering. Further, as part of the exit financing process, ABH has approached all of the major Wall Street banks in the United States and none of these banks have, to date, expressed interest to ABH in backstopping the Rights Offering.

110. The Monitor is of the view that the Rights Offering and the Backstop Commitment Agreement are beneficial to the Petitioners and the U.S. Debtors in that they provide $500 million in committed subordinated financing, thereby increasing the likelihood of success in achieving the amount of exit financing that they need to emerge from insolvency proceedings.

111. Further, as set forth above, the Petitioners have the ability to reduce the size of the Rights Offering or cancel it altogether if the Petitioners raise the necessary exit financing from other sources.

112. In evaluating the Backstop Commitment Agreement, the Monitor has considered the potential advantages that might have been achieved had a broader canvassing of the market been undertaken and has weighed that against the importance of obtaining a substantial convertible note financing commitment to better ensure the successful emergence of the Petitioners and the U.S. Debtors from insolvency proceedings.

113. The Monitor notes that, as at the date hereof, no stakeholders, other than trustee under the 7.95% bonds issued by BCFC (and guaranteed by BI) and certain bondholders in that

group, have expressed any concern to the Monitor with respect to the Backstop Commitment Agreement. Rather, the Monitor has been informed that the UCC and the Ad Hoc Committee, which represent the major stakeholders on both sides of the border, support the Rights Offering and the Backstop Commitment Agreement. The Monitor understands that the Backstop Investors include many of ABH's largest noteholders.

114. The Monitor cannot state whether there are better alternatives to the Backstop Commitment Agreement available as it has not done an independent review of the market. However, the Monitor is of the view that the Rights Offering and the Backstop Commitment Agreement are beneficial to the Petitioners and the U.S. Debtors in that they significantly increase the likelihood of their being successful in their efforts to raise the requisite exit financing necessary to emerge from insolvency proceedings.

RECOMMENDATION

115. 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 July 30, 2010 is in the best interest of the Petitioners' stakeholders. The Monitor recommends that this Honourable Court grant the Petitioners' Motion for an extension of the Stay Period to July 30, 2010.

116. The Monitor is also of the view that the Securitization Amendments are fair and reasonable. As stated herein, the reduction in the aggregate size of the facility and the amendment to the maturity date will, primarily, result in a reduction in fees, while continuing to support the Petitioners' ability to continue to operate.

117. The Monitor is of the view that, despite the lack of a prior market canvass and the compressed timing of the Bid Procedures, the Backstop Commitment Agreement ensures the success of the Rights Offering, if required, and thereby significantly reduces the financing risks associated with consummating the Plans and exiting from insolvency protection. Although the Termination Payment is significant, the ability of ABH to cancel the Backstop Commitment Agreement does provide it with significant flexibility

in arranging the most attractive and cost effective exit financing should capital markets present better financing alternatives.

118. The Monitor notes that the Backstop Payment appears to exceed the range of fees payable in other transactions of this nature, but the Monitor also notes that, notwithstanding the factors noted above, the UCC and the Ad Hoc Committee have indicated to the Monitor that they support the Rights Offering and the Backstop Commitment Agreement.

119. Without a backstop arrangement, the ability of the Petitioners and the U.S. Debtors to raise financing from a rights offering would be uncertain and would heighten the risk associated with their ability to raise sufficient financing to implement the CCAA Plan and the U.S. Plan and successfully emerge from insolvency protection.

120. The Monitor also notes that the Petitioners and the U.S. Debtors have achieved this significant financing commitment in a period of considerable market uncertainty and a period of significant currency volatility. They have advised the Monitor that, in the exercise of their business judgment, the certainty provided by the Rights Offering is worth the cost. They have also noted that the support of the creditors who are Backstop Investors is critical to their ability to present a CCAA Plan and a U.S. Plan that are capable of achieving the requisite level of support from the creditors generally.

121. As such, the Petitioners and the U.S. Debtors are of the view that the Rights Offering is a significant milestone toward the goals of both raising the financing required to exit and of creditor support for their draft CCAA Plan and U.S. Plan, all with a view to achieving an exit from insolvency protection as quickly as possible.

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 "G"

UPDATE ON THE STATUS OF THE CLAIMS

ABITIBIBOWATER CLAIMS SUMMARY
In Millions of Canadian Dollars as at May 27, 2010

Legal Entities	Total: Claims Filed (Net of Claims Withdrawn)	Less: Secured Claims: Secured Lender Claims (1)	Less: Secured Claims: Construction Lien Claims (1)	Net Unsecured Claims Filed	Unsecured Claims Review Status: Claims Under Review	Subject to Cross-Border Protocol Notice Period (2)	Subject to Revision or Disallowance Notice Periods (3)	Claims in Dispute (4)	Claims Accepted To Date	Revised, Amended and Disallowed Portion (5)
ACI Affected Unsecured Creditor Class	7,876.4	440.8	19.1	7,416.4	911.2	0.0	6,245.6	254.6	0.9	4.2
ACCC Affected Unsecured Creditor Class	8,396.7	1,030.0	17.2	7,349.5	736.8	23.6	6,240.5	247.4	35.1	66.1
15.5% Guarantor Applicant Affected Unsecured Creditor Classes in respect of each of the following:										
3224112 Nova Scotia Limited	3,641.4	440.8	0.0	3,200.5	0.7	0.0	2,927.9	271.9	0.0	0.0
Marketing Donohue Inc.	3,610.9	440.8	0.0	3,170.1	153.1	0.0	2,927.9	89.1	0.0	0.0
Abitibi-Consolidated Canadian Office Products Holding Inc.	3,610.9	440.8	0.0	3,170.1	153.1	0.0	2,927.9	89.1	0.0	0.0
3834328 Canada Inc.	3,610.9	440.8	0.0	3,170.1	0.7	0.0	2,927.9	241.5	0.0	0.0
6169678 Canada Inc.	3,610.9	440.8	0.0	3,170.1	0.7	0.0	2,927.9	241.5	0.0	0.0
Donohue Recycling Inc.	3,611.4	440.8	0.0	3,170.6	153.1	0.0	2,927.9	89.1	0.2	0.3
1508756 Ontario Inc.	3,614.7	440.8	0.0	3,173.8	1.5	0.0	2,927.9	241.5	0.0	3.0
The Jonquiere Pulp Company	3,610.9	440.8	0.0	3,170.1	0.7	0.0	2,927.9	241.5	0.0	0.0
The International Bridge and Terminal Company	3,610.9	440.8	0.0	3,170.1	0.7	0.0	2,927.9	241.5	0.0	0.0
Scramble Mining Ltd.	3,610.9	440.8	0.0	3,170.1	0.7	0.0	2,927.9	241.5	0.0	0.0
Terra Nova Explorations Ltd.	3,610.9	440.8	0.0	3,170.1	0.7	0.0	2,927.9	241.5	0.0	0.0
Saguenay Forest Products Affected Unsecured Creditor Class	3,615.6	440.8	0.0	3,174.8	4.6	0.0	2,928.1	241.5	0.2	0.4
BCFPI Affected Unsecured Creditor Class	1,268.6	159.3	0.1	1,109.1	594.6	388.1	2.1	106.6	2.6	15.2
BCFC Affected Unsecured Creditor Class	1,496.4	0.0	0.0	1,496.4	5.5	753.1	0.0	241.5	0.0	496.5
Bowater Canadian Limited Affected Unsecured Creditor Class	242.3	0.0	0.0	242.3	0.8	0.0	0.0	241.5	0.0	0.0
AbitibiBowater Canada Affected Unsecured Creditor Class	421.8	0.0	11.6	410.3	158.0	0.0	0.0	243.1	0.0	9.1
Bowater Maritimes Affected Unsecured Creditor Class	249.5	0.0	0.0	249.5	155.9	0.1	0.7	92.8	0.0	0.0
Abitibi-Consolidated Nova Scotia Incorporated	3,580.4	440.8	0.0	3,139.6	0.7	0.0	2,927.9	211.0	0.0	0.0
Others (6)	9,348.6	1,959.6	0.0	7,389.0	153.7	0.0	2,558.1	4,677.2	0.0	0.0
Estimated Net Consolidated Claims	**76,251.0**	**9,320.5**	**48.0**	**66,882.5**	**3,187.5**	**1,164.9**	**53,109.7**	**8,786.7**	**39.0**	**594.7**

(1) Secured Lender claims, which total $9,320.5 million, include guarantee claims filed against multiple entities. Total secured claims filed, excluding duplicate guarantee claims, total $1.2 billion prior to any payments applied thereon, including from the allocation of the MPco sale proceeds. These claims include the Senior Secured Notes, the ACCC Term Loan, and the Bank of Nova Scotia.

(2) Notice of the determination of certain claims by the Monitor are to be provided to the Unsecured Creditors' Committee or the Ad Hoc Unsecured Noteholders Committee under the Cross-border Claims Protocol and are subject to a fifteen (15) business days period before the Monitor proceeds with acceptance, revision or disallowance.

(3) The claim amount represents the full amount of claims that have been revised or disallowed by the Monitor, but for which the 10 business days period during which a claimant may dispute the Monitor's revision or disallowance has yet to expire.

(4) Represents claims for which the Monitor has issued a Notice of Revision or Disallowance and for which the Affected Unsecured Creditor has filed a Notice of Dispute in respect thereof. Claim amounts are shown herein at the original filed amount.

(5) Includes claims reductions on account of amended claims filed, withdrawn claims, and disallowed claims.

(6) "Other CCAA Filed Entities" represents claims filed against various Applicants, which are expected to be disallowed in full. This data remains subject to change as individual claims are reviewed and analyzed.

APPENDIX "H"

LATE TRADE CLAIMS

AbitibiBowater CCAA Claims
Late Claims - Trade ($CDN)

Stratification	1508756 Ontario Inc. Count	1508756 Ontario Inc. Amount	AbitibiBowater Canada Inc. Count	AbitibiBowater Canada Inc. Amount
$0	0	-	0	-
$0 - $1,000	0	-	1	546.52
$1,000 - $2,500	0	-	0	-
$2,500 - $5,000	0	-	1	3,578.37
$5,000 - $10,000	1	5,232.57	0	-
$10,000 - $25,000	0	-	1	19,950.00
$25,000 - $100,000	0	-	0	-
$100,000 - $250,000	0	-	0	-
$250,000 - $1,000,000	0	-	0	-
$1,000,000 -	0	-	0	-
	1	5,232.57	3	24,074.89

Stratification	Abitibi-Consolidated Company of Canada Count	Abitibi-Consolidated Company of Canada Amount	Abitibi-Consolidated Inc. Count	Abitibi-Consolidated Inc. Amount
$0	1	-	0	-
$0 - $1,000	5	1,299.24	0	-
$1,000 - $2,500	4	5,362.74	2	3,277.24
$2,500 - $5,000	6	23,785.87	2	8,174.15
$5,000 - $10,000	5	34,028.09	4	26,923.42
$10,000 - $25,000	6	95,957.35	1	21,315.08
$25,000 - $100,000	7	354,815.68	7	313,432.57
$100,000 - $250,000	3	373,822.71	2	309,067.68
$250,000 - $1,000,000	0	-	0	-
$1,000,000 -	0	-	0	-
	37	889,071.68	18	682,190.14

Stratification	Bowater Canadian Forest Products Inc. Count	Bowater Canadian Forest Products Inc. Amount	Bowater Canadian Limited Count	Bowater Canadian Limited Amount
$0	0	-	0	-
$0 - $1,000	2	805.33	0	-
$1,000 - $2,500	3	4,373.02	0	-
$2,500 - $5,000	3	10,513.55	0	-
$5,000 - $10,000	1	6,000.00	0	-
$10,000 - $25,000	4	62,672.55	0	-
$25,000 - $100,000	3	117,744.74	0	-
$100,000 - $250,000	0	-	1	180,000.00
$250,000 - $1,000,000	1	445,741.66	0	-
$1,000,000 -	0	-	0	-
	17	647,850.85	1	180,000.00

Stratification	Bowater Maritimes Inc. Count	Bowater Maritimes Inc. Amount	Saguenay Forest Products Inc. Count	Saguenay Forest Products Inc. Amount
$0	0	-	0	-
$0 - $1,000	1	478.73	0	-
$1,000 - $2,500	0	-	1	1,517.14
$2,500 - $5,000	0	-	0	-
$5,000 - $10,000	0	-	0	-
$10,000 - $25,000	0	-	0	-
$25,000 - $100,000	0	-	0	-
$100,000 - $250,000	1	108,721.60	0	-
$250,000 - $1,000,000	1	400,000.00	0	-
$1,000,000 -	0	-	0	-
	3	509,200.33	1	1,517.14

Stratification	OVERALL TOTAL Count	OVERALL TOTAL Amount
$0	1	-
$0 - $1,000	9	3,129.82
$1,000 - $2,500	10	14,530.14
$2,500 - $5,000	12	46,051.94
$5,000 - $10,000	11	72,184.08
$10,000 - $25,000	12	199,894.98
$25,000 - $100,000	17	785,992.99
$100,000 - $250,000	7	971,611.99
$250,000 - $1,000,000	2	845,741.66
$1,000,000 -	0	-
	81	2,939,137.60

APPENDIX "I"

LATE EMPLOYEE CLAIMS

AbitibiBowater CCAA Claims
Late Claims - Employee Claims ($CDN)

Stratification	Abitibi-Consolidated Company of Canada Count	Abitibi-Consolidated Company of Canada Amount	Bowater Canadian Forest Products Inc. Count	Bowater Canadian Forest Products Inc. Amount
$0	1	-	0	-
$0 - $1,000	5	1,394.22	0	-
$1,000 - $2,500	2	4,444.44	1	2,029.46
$2,500 - $5,000	1	3,353.00	1	4,876.10
$5,000 - $10,000	4	28,072.51	1	5,933.00
$10,000 - $25,000	2	27,700.00	0	-
$25,000 - $100,000	4	261,468.24	1	33,000.00
$100,000 - $250,000	3	338,625.35	1	159,495.63
$250,000 - $1,000,000	0	-	0	-
$1,000,000 -	0	-	0	-
	22	665,057.76	5	205,334.19

Stratification	Abitibi-Consolidated Inc. Count	Abitibi-Consolidated Inc. Amount	TOTAL Count	TOTAL Amount
$0	0	-	1	-
$0 - $1,000	0	-	5	1,394.22
$1,000 - $2,500	0	-	3	6,473.90
$2,500 - $5,000	0	-	2	8,229.10
$5,000 - $10,000	0	-	5	34,005.51
$10,000 - $25,000	0	-	2	27,700.00
$25,000 - $100,000	0	-	5	294,468.24
$100,000 - $250,000	0	-	4	498,120.98
$250,000 - $1,000,000	1	268,682.33	1	268,682.33
$1,000,000 -	0	-	0	-
	1	268,682.33	28	1,139,074.28

APPENDIX "F"

CLAIMS CHART

ABITIBIBOWATER CLAIMS SUMMARY

In Millions of Canadian Dollars as at July 4, 2010

	Total										
		Less: Secured Claims			Unsecured Claims Review Status						
Legal Entities	Claims Filed (Net of Claims Withdrawn)	Secured Lender Claims (1)	Construction Lien Claims (1)	Property Tax Claims (1)	Net Unsecured Claims Filed	Claims Under Review	Subject to Cross-Border Protocol Notice Period (2)	Subject to Revision or Disallowance Notice Periods (3)	Claims in Dispute (4)	Claims Accepted To Date	Revised, Amended and Disallowed Portion (5)
ACI Affected Unsecured Creditor Class	7,941.2	472.5	19.1	2.3	7,447.2	155.0	0.0	735.4	3,183.3	3,307.9	65.6
ACCC Affected Unsecured Creditor Class	8,429.7	1,061.7	17.4	5.8	7,344.9	163.5	0.0	240.0	3,211.5	3,394.0	335.8
15.5% Guarantor Applicant Affected Unsecured Creditor Classes in respect of each of the following:											
3224112 Nova Scotia Limited	3,641.4	441.5	0.0	0.0	3,199.8	0.0	0.0	0.0	3,199.8	0.0	0.0
Marketing Donohue Inc.	3,580.4	441.5	0.0	0.0	3,138.9	0.0	0.0	121.9	3,017.0	0.0	0.0
Abitibi-Consolidated Canadian Office Products Holding Inc.	3,613.4	441.5	0.0	0.0	3,171.9	2.5	0.0	152.3	3,017.0	0.0	0.0
3834328 Canada Inc.	3,610.9	441.5	0.0	0.0	3,169.4	0.0	0.0	0.0	3,169.4	0.0	0.0
6169678 Canada Inc.	3,610.9	441.5	0.0	0.0	3,169.4	0.0	0.0	0.0	3,169.4	0.0	0.0
Donohue Recycling Inc.	3,611.4	441.5	0.0	0.0	3,169.9	0.0	0.0	152.3	3,017.0	0.2	0.3
1508756 Ontario Inc.	3,614.7	441.5	0.0	0.7	3,172.4	0.1	0.0	0.0	3,169.4	0.0	3.0
The Jonquiere Pulp Company	3,610.9	441.5	0.0	0.0	3,169.4	0.0	0.0	0.0	3,169.4	0.0	0.0
The International Bridge and Terminal Company	3,610.9	441.5	0.0	0.0	3,169.4	0.0	0.0	0.0	3,169.4	0.0	0.0
Scramble Mining Ltd.	3,610.9	441.5	0.0	0.0	3,169.4	0.0	0.0	0.0	3,169.4	0.0	0.0
Terra Nova Explorations Ltd.	3,610.9	441.5	0.0	0.0	3,169.4	0.0	0.0	0.0	3,169.4	0.0	0.0
Abitibi Consolidated (UK) Inc.	3,368.7	440.8	0.0	0.0	2,927.9	369.9	0.0	0.0	2,557.9	0.0	0.0
Saguenay Forest Products Affected Unsecured Creditor Class	3,615.7	440.8	0.0	0.0	3,174.8	4.6	0.0	0.0	3,169.4	0.4	0.5
BCFPI Affected Unsecured Creditor Class	1,242.2	159.3	0.1	1.0	1,081.8	153.0	117.0	660.1	127.8	7.4	16.6
BCFC Affected Unsecured Creditor Class	1,496.3	0.0	0.0	0.0	1,496.3	0.0	753.1	5.3	241.5	0.0	496.5
Bowater Canadian Limited Affected Unsecured Creditor Class	241.9	0.0	0.0	0.0	241.9	0.4	0.0	0.0	241.5	0.0	0.0
AbitibiBowater Canada Affected Unsecured Creditor Class	420.4	0.0	11.6	0.0	408.8	4.1	0.0	152.5	243.1	0.0	9.1
Bowater Maritimes Affected Unsecured Creditor Class	249.4	0.0	0.0	0.0	249.4	3.0	0.0	152.7	92.9	0.6	0.1
Abitibi-Consolidated Nova Scotia Incorporated	3,580.4	441.5	0.0	0.0	3,138.9	0.0	0.0	0.0	3,138.9	0.0	0.0
Others (6)	6,319.6	1,518.8	0.0	0.2	4,800.6	1.4	0.0	121.9	4,677.2	0.1	0.1
Estimated Net Consolidated Claims	**76,632.1**	**9,392.5**	**48.2**	**10.0**	**67,181.4**	**857.5**	**870.0**	**2,494.5**	**55,321.2**	**6,710.5**	**927.5**

(1) Secured Claims include guarantee claims filed against multiple entities, construction lien claims and property tax claims. Total secured claims filed, excluding duplicate guarantee claims, total $1.2 billion prior to any payments applied thereon, including from the allocation of the MPCo sale proceeds. These claims include the Senior Secured Notes, the ACCC Term Loan, and the Bank of Nova Scotia.

(2) Notice of the determination of certain claims by the Monitor are to be provided to the Unsecured Creditors' Committee or the Ad Hoc Unsecured Noteholders Committee under the Cross-border Claims Protocol and are subject to a fifteen (15) business days period before the Monitor proceeds with acceptance, revision or disallowance.

(3) The claim amount represents the filed amount of claims that have been revised or disallowed by the Monitor, but for which the 10 business days period during which a claimant may dispute the Monitor's revision or disallowance has yet to expire.

(4) Represents claims for which the Monitor has issued a Notice of Revision or Disallowance and for which the Affected Unsecured Creditor has filed a Notice of Dispute in respect thereof. Claim amounts are shown herein at the original filed amount.

(5) Includes claims reductions on account of amended claims filed, withdrawn claims, and disallowed claims.

(6) "Other CCAA Filed Entities" represents claims filed against various Applicants, which are expected to be disallowed in full. This data remains subject to change as individual claims are reviewed and analyzed.

APPENDIX "G"

ALLOCATION OF NEW ABH COMMON STOCK

SCHEDULE C
Affected Unsecured Claims Shares Allocation

Affected Unsecured Creditor Class	Shares of New ABH Common Stock(1)(2)(3)	Percentage of New ABH Equity(1)(4)
1. ACI Affected Unsecured Creditor Class	4,292,279	4.4%
2. ACCC Affected Unsecured Creditor Class	20,498,391	21.1%
3. Saguenay Forest Products Affected Unsecured Creditor Class	5,947	0.0%
4. BCFPI Affected Unsecured Creditor Class	6,845,106	7.0%
5. BCFC Affected Unsecured Creditor Class	233,714	0.2%
6. AbitibiBowater Canada Affected Unsecured Creditor Class	2	0.0%
7. Bowater Maritimes Affected Unsecured Creditor Class	44,806	0.0%
8. ACNSI Affected Unsecured Creditor Class	46,882	0.1%

(1) Claims estimates are subject to change due to ongoing claims resolution.
(2) Subject to dilution from management incentive plan and Rights Offering.
(3) Only includes shares of New ABH Common Stock allocated to Affected Unsecured Claims, other than the 15.5% Senior Unsecured Notes Claims.
(4) Assumes no holder of Affected Unsecured Claims have elected to receive shares of New ABH Common Stock.

SCHEDULE D
15.5% Senior Unsecured Notes Claims Share Allocation

Name of Applicants	Shares of New ABH Common Stock[(1)(2)(3)]	Percentage of New ABH Equity[(1)(4)]
1. Abitibi-Consolidated Inc.	409,436	0.4%
2. Abitibi-Consolidated Company of Canada	2,076,508	2.1%
3. Saguenay Forest Products	326,435	0.3%
4. 3224112 Nova Scotia Limited	0	0.0%
5. Marketing Donohue Inc.	0	0.0%
6. Abitibi-Consolidated Canadian Office Products Holdings Inc.	0	0.0%
7. 3834328 Canada Inc.	0	0.0%
8. 6169678 Canada Inc.	443	0.0%
9. Donohue Recycling Inc.	277	0.0%
10. 1508756 Ontario Inc.	0	0.0%
11. The Jonquière Pulp Company	6,203	0.0%
12. The International Bridge and Terminal Company	7,315	0.0%
13. Scramble Mining Ltd.	0	0.0%
14. Terra Nova Explorations Ltd.	1,933	0.0%
15. Abitibi-Consolidated (U.K.) Inc.	1,672,107	1.7%

(1) Claims estimates are subject to change due to ongoing claims resolution.
(2) Subject to dilution from management incentive plan and Rights Offering.
(3) Only includes shares of New ABH Common Stock allocated to the 15.5% Senior Unsecured Notes Claims.
(4) Assumes no holder of Affected Unsecured Claims have elected to receive shares of New ABH Common Stock.

APPENDIX "H"

ACI CASH-FLOW FORECAST

Abitibi Consolidated Inc. and its subsidiaries (the "ACI Group")
Weekly Cash Flow Forecast
13 Weeks Ending September 26, 2010
US$000

Week ended	Notes	4-Jul-10	11-Jul-10	18-Jul-10	25-Jul-10	1-Aug-10	8-Aug-10	15-Aug-10	22-Aug-10	29-Aug-10	5-Sep-10	12-Sep-10	19-Sep-10	26-Sep-10	Total
Opening Cash	1	151,054	148,673	146,773	128,158	127,111	132,493	138,293	121,941	122,767	133,543	127,914	132,836	112,701	151,054
Receipts															
Total A/R Collections	3	46,645	29,863	38,019	46,085	43,084	41,683	39,029	40,525	47,560	43,279	46,131	37,062	43,477	542,442
Collections on Behalf of Joint Ventures	4	4,737	4,612	4,612	4,612	4,636	4,777	4,777	4,777	4,777	4,963	5,037	5,037	5,037	62,392
Other Inflows	5	4,750	5,288	5,312	2,750	10,665	2,822	5,642	2,822	6,465	4,824	2,826	6,367	5,893	66,426
Total Receipts		56,131	39,763	47,943	53,447	58,384	49,282	49,448	48,124	58,802	53,067	53,994	48,467	54,407	671,260
Disbursements															
Trade Payables	6	(27,725)	(25,674)	(25,674)	(25,674)	(24,930)	(26,463)	(26,463)	(26,463)	(25,463)	(28,919)	(29,901)	(29,901)	(29,901)	(354,153)
Capital Expenditures	7	(850)	(838)	(838)	(838)	(838)	(838)	(838)	(838)	(838)	(858)	(866)	(866)	(866)	(11,013)
Marine Freight Payments	8	(1,600)	(1,600)	(1,600)	(3,400)	(1,600)	(1,600)	(1,600)	(1,600)	(3,400)	(1,600)	(1,600)	(1,600)	(3,400)	(26,200)
Utility Payments	9	(6,810)	(6,696)	(6,696)	(10,528)	(8,525)	(6,696)	(6,696)	(10,511)	(6,696)	(6,239)	(6,696)	(6,696)	(10,396)	(99,882)
Payroll & Benefits	10	(13,906)	(6,755)	(8,704)	(9,755)	(11,856)	(6,784)	(8,751)	(6,784)	(6,334)	(15,509)	(8,908)	(7,358)	(8,208)	(119,612)
Joint Venture Remittances, Net	11	(1,846)	-	(20,945)	(3,197)	-	-	(20,353)	-	(3,195)	-	-	(21,081)	(3,191)	(73,807)
Restructuring & Other Items	12	(1,350)	(1,100)	(1,100)	(1,100)	(1,350)	(1,100)	(1,100)	(1,100)	(1,100)	(1,350)	(1,100)	(1,100)	(1,100)	(15,050)
Total Disbursements		(54,087)	(42,664)	(66,558)	(54,493)	(49,099)	(43,482)	(65,801)	(47,297)	(48,026)	(54,476)	(49,072)	(68,602)	(57,062)	(699,717)
Financing															
Repayment / Interest Under Securitization Program	13	(636)	-	-	-	(636)	-	-	-	-	(636)	-	-	-	(1,909)
Adequate Protection and Fees by DCorp to ACCC Term Lenders	14	(3,789)	-	-	-	(3,268)	-	-	-	-	(3,586)	-	-	-	(10,642)
Total Financing		(4,425)	-	-	-	(3,904)	-	-	-	-	(4,222)	-	-	-	(12,551)
Total Change in Cash		(2,381)	(2,900)	(17,615)	(1,046)	5,381	5,801	(16,353)	827	10,776	(5,630)	4,922	(20,135)	(2,655)	(41,008)
Ending Cash Balance		148,673	146,773	128,158	127,111	132,493	138,293	121,941	122,767	133,543	127,914	132,836	112,701	110,046	110,046
Ending Cash Balance		148,673	146,773	128,158	127,111	132,493	138,293	121,941	122,767	133,543	127,914	132,836	112,701	110,046	110,046
ULC DIP Facility Available Upon Notice	15	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Availability Under Securitization Program	13	33,423	31,467	37,405	44,257	28,887	27,233	27,514	28,076	28,737	25,267	31,190	27,010	33,401	33,401
Immediately Available Liquidity		231,096	226,240	214,563	220,369	210,380	214,527	198,454	199,843	211,280	202,180	213,026	188,711	192,446	192,446
ULC DIP Facility Available Upon Court Approval	15	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
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	4,051	4,051	4,051	4,051	4,051
Belgo Proceeds Held in Trust	16	1,734	1,734	1,734	1,734	1,734	1,734	1,734	1,734	1,734	1,734	1,734	1,734	1,734	1,734
Recycling Proceeds Held in Trust	16	11,765	11,765	11,765	11,765	11,765	11,765	11,765	11,765	11,765	11,765	11,765	11,765	11,765	11,765
Mackenzie Proceeds Held in Trust	16	27,710	27,710	27,710	27,710	27,710	27,710	27,710	27,710	27,710	27,710	27,710	27,710	27,710	27,710
St. Raymond Proceeds Held in Trust	16	2,810	2,810	2,810	2,810	2,810	2,810	2,810	2,810	2,810	2,810	2,810	2,810	2,810	2,810
Alabama River Equipment Proceeds Held in Trust	16	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Total Available Liquidity	15, 16	329,416	324,560	312,883	318,689	308,700	312,846	296,774	298,163	309,600	300,500	311,346	287,031	290,766	290,766
Securitization Schedule	17														
Availability Based on Receivable Pool Balance		153,128	151,173	157,111	163,963	148,593	146,939	147,219	147,781	148,442	144,972	150,896	146,715	153,106	153,106
Amount Drawn Under Facility		119,706	119,706	119,706	119,706	119,706	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		33,423	31,467	37,405	44,257	28,887	27,233	27,514	28,076	28,737	25,267	31,190	27,010	33,401	33,401
Interest and Repayments	18	(636)	-	-	-	(636)	-	-	-	-	(636)	-	-	-	(1,909)
Restricted ULC Reserve Deposit	19	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254

The above forecast uses an exchange rate of CDN$1.00=US$0.98.

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.

APPENDIX "I"

BCFPI CASH-FLOW FORECAST

Bowater Canadian Forest Products Inc.
Chapter 11/CCAA Cash Flow
13 Week Period Ending September 26, 2010
US$000s

Week Ended	Notes	4-Jul-10	11-Jul-10	18-Jul-10	25-Jul-10	1-Aug-10	8-Aug-10	15-Aug-10	22-Aug-10	29-Aug-10	5-Sep-10	12-Sep-10	19-Sep-10	26-Sep-10	Total
Receipts															
Trade Receipts	1, 2	13,331	19,466	16,572	14,321	11,665	10,337	9,226	9,319	12,544	10,040	10,078	10,517	9,155	156,57
Advances/(Repayments) from Bowater Inc.	3	-	(12,000)	(5,000)	-	-	-	-	-	-	-	-	-	-	(17,00
Other Receipts	4	350	1,771	350	350	350	895	350	350	350	350	902	350	350	7,06
Total Receipts		13,681	9,237	11,922	14,671	12,015	11,231	9,576	9,669	12,894	10,390	10,980	10,867	9,505	146,63
Disbursements															
Trade Payables	5	(6,202)	(5,875)	(5,875)	(5,875)	(5,898)	(6,035)	(6,035)	(6,035)	(6,035)	(6,878)	(7,215)	(7,215)	(7,215)	(82,38
Freight	6	(1,073)	(1,006)	(1,006)	(1,006)	(1,015)	(1,073)	(1,073)	(1,073)	(1,073)	(1,096)	(1,105)	(1,105)	(1,105)	(13,80
Payroll and Benefits	7	(3,824)	(1,992)	(1,840)	(1,952)	(3,007)	(2,659)	(1,867)	(1,902)	(492)	(4,531)	(1,270)	(3,305)	(529)	(29,17
Capital Expenditures	8	(458)	(452)	(452)	(452)	(452)	(452)	(452)	(452)	(452)	(462)	(467)	(467)	(467)	(5,93
Total Disbursements		(11,557)	(9,325)	(9,173)	(9,285)	(10,372)	(10,218)	(9,426)	(9,462)	(8,051)	(12,967)	(10,056)	(12,092)	(9,315)	(131,30
Net Cash Flow From Operations		**2,124**	**(88)**	**2,749**	**5,386**	**1,643**	**1,013**	**150**	**207**	**4,843**	**(2,577)**	**923**	**(1,225)**	**190**	**15,33**
Financing and Restructuring															
Interest	9	(810)	-	-	(681)	(831)	-	-	(391)	-	(831)	-	-	(391)	(3,93
Restructuring Costs	10	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(4,14
Cash Flow From Financing/Restructuring		**(1,129)**	**(319)**	**(319)**	**(999)**	**(1,150)**	**(319)**	**(319)**	**(709)**	**(319)**	**(1,150)**	**(319)**	**(319)**	**(709)**	**(8,07**
Net Cash Flow		**995**	**(406)**	**2,431**	**4,386**	**493**	**695**	**(169)**	**(502)**	**4,524**	**(3,727)**	**605**	**(1,543)**	**(519)**	**7,26**
Opening Bank Balance		9,446	10,441	10,035	12,466	16,852	17,345	18,040	17,872	17,370	21,894	18,167	18,772	17,228	9,44
Cash Flow		995	(406)	2,431	4,386	493	695	(169)	(502)	4,524	(3,727)	605	(1,543)	(519)	7,26
Closing Bank Balance	2	**10,441**	**10,035**	**12,466**	**16,852**	**17,345**	**18,040**	**17,872**	**17,370**	**21,894**	**18,167**	**18,772**	**17,228**	**16,709**	**16,70**
Settlement Proceeds Held in Trust by Monitor	11	**28,167**	**28,167**	**28,167**	**28,167**	**28,167**	**28,167**	**28,167**	**28,167**	**28,167**	**28,167**	**28,167**	**28,167**	**28,167**	**28,16**
Closing Bank Balance Including Settlement Proceeds		**38,609**	**38,202**	**40,633**	**45,019**	**45,513**	**46,207**	**46,039**	**45,537**	**50,061**	**46,334**	**46,939**	**45,395**	**44,876**	**44,87**
Intercompany A/R Balance	11														
Ending Balance		25,372	29,313	32,504	33,366	34,039	34,842	35,968	36,888	36,903	37,490	38,044	38,344	39,020	39,02
Cumulative Advances from Bowater Inc.															
Opening Advance Balance		17,000	17,000	5,000	-	-	-	-	-	-	-	-	-	-	17,00
Advance / (Repayment)	3	-	(12,000)	(5,000)	-	-	-	-	-	-	-	-	-	-	(17,00
Closing Advance Balance		**17,000**	**5,000**	-	-	-	-	-	-	-	-	-	-	-	-

The above forecast uses an exchange rate of CDN$1.00=US$0.98

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
13 Week Period Ending September 26, 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 the sale of woodchips, sundry mill level deposits and sales tax refunds.

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

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

7. **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.

8. **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.

9. **Interest** represents interest costs and renewal fees 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%.

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

11. **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.

12. 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.