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| **CANADA** | **SUPERIOR COURT** |
| **PROVINCE OF QUEBEC**<br>**DISTRICT OF MONTRÉAL** | Commercial Division<br>*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**

# FIFTY-SIXTH REPORT OF THE MONITOR

**AUGUST 30, 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 (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 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 extended until September 8, 2010 pursuant to further Orders of this Honourable Court.

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

4. BCHI, Bowater Canada Finance Corporation, Bowater Canadian Limited, AbitibiBowater Canada Inc., BCFPI, Bowater LaHave Corporation and Bowater Maritimes Inc. have commenced both CCAA Proceedings and Chapter 11

Proceedings and are referred to herein collectively as the **"Cross-Border Petitioners"** and are also included in the definition of **"Petitioners"**.

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

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

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

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

**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.

14. 4513541 Canada Inc. ("**4513541**") is a wholly-owned indirect subsidiary of ABH and was incorporated in 2009 under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.

15. Samson Belair/Deloitte & Touche Inc was appointed as the receiver of 4513541 (the "**Receiver**") by virtue of the Order of this Honourable Court dated July 21, 2010.

**PURPOSE**

16. This is the fifty-sixth report of the Monitor (the "**Fifty-Sixth Report**") in the CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to the amended second motion (the "**Motion**") brought by the Petitioners for an Order:

    (a) authorizing and approving the execution by various Petitioners (referred to herein as the "**Vendors**") and the Receiver (the "**Purchaser**") of:

        (i) various deeds of sale as outlined in the Petitioners' motion (the "**Deeds of Sale**") in respect of the sale of the Non-Core Properties (as defined herein), copies of which are attached to the Motion as Exhibits R-15 to R-20;

(ii) two global hypothecs with respect to property located in the Province of Quebec, copies of which are attached to the Motion as Exhibit R-21; and

(iii) various debentures, general security agreements and mortgages with respect to certain of the Non-Core Properties, copies of which are attached to the Motion as Exhibit R22-R26;

(b) vesting the Vendors' right, title and interest in and to the Non-Core Properties in and with the Purchaser.

**TERMS OF REFERENCE**

17. In preparing this Fifty-Sixth 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 and its advisers (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 Fifty-Sixth Report. Some of the information referred to in this Fifty-Sixth 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 Fifty-Sixth 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.

18. Capitalized terms not defined in this Fifty-Sixth Report are as defined in the previous reports of the Monitor and the Initial Order. All references to dollars are in U.S. currency unless otherwise noted.

19. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Fifty-Sixth 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.

20. 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 NON-CORE PROPERTIES

21. The Petitioners currently own a number of properties situated in Quebec, Ontario, British Columbia and New-Brunswick that are subject to environmental liability and not required for future operations (the "**Non-Core Properties**"). The Non-Core Properties constitute closed and/or partially dismantled sawmills, vacant lots, and/or former or current wood residue and other landfill sites which have not been involved in the Petitioners' active operations in a material way for many years.

### The Quebec Properties

Pointe-aux-Outardes

22. The Petitioners have advised the Monitor that ACCC owns two wood residue landfill sites located at Pointe-aux-Outardes in the city of Baie Comeau, PQ

(referred to as the "**Former Outardes Property**" and "**Current Outardes Property**" respectively).

23. The Petitioners have advised the Monitor that the Former Outardes Property is a landfill site consisting of approximately 600-700 tons of bark residue which has been capped and re-vegetated. The Petitioners have advised the Monitor that the potential environmental exposure to ACCC in respect of this site consists of soil and groundwater contamination from the leachate discharge resulting from the accumulation of bark in the landfill site. In addition, the Former Outardes Property is adjacent to a steep decline which creates a risk of a possible landslide which, the Monitor understands, could result in a discharge of the bark into a nearby creek. The Petitioners have advised that they have no obligations to the Ministry of the Environment such as monitoring or other compliance requirements with respect of the Former Outardes Property. This site is also potentially impacted by a former regional solid wastes landfill site that is adjacent.

24. The Petitioners have advised the Monitor that the Current Outardes Property is a large landfill site that contains approximately 25,000 tons of bark which is lined preventing leachate from being absorbed into the ground. The site is not capped. However, the Monitor understands that the Petitioners are required to pump the leachate from the landfill, transport it and treat the leachate at a cost of approximately $100,000 per year. The Petitioners have advised the Monitor that, should the leachate withdrawal cease, it could result in potential soil and groundwater contamination. The Petitioners advise that the potential environmental exposure including future remediation costs in respect of the Current Outardes Property is estimated to be approximately $2 million.

<u>Saguenay</u>

25. The Petitioners have advised the Monitor that Les Produits Forestier Saguenay Inc. ("**PFSI**") owns a sawmill situated in the City of Saguenay, PQ that has been partially dismantled, known as the "**La Baie Property**". A garage still remains

on the La Baie Property. The Petitioners have advised that the potential environmental exposure on this property consists of possible soil and groundwater contamination resulting from industrial activities that occurred prior to the CCAA filings. An environmental site assessment (phase one and phase two) was conducted on the site and identified areas of concern and soil contamination. The Petitioners have advised that they estimate the potential cost to clean the La Baie Property is approximately $800,000.

Parc des Pionniers

26. The Petitioners have advised the Monitor that ACCC currently owns a parcel of land which is adjacent to the newsprint mill located in Baie Comeau, PQ. The site was a former industrial landfill site for the newsprint mill. The Monitor understands that the landfill site has been closed, capped and landscaped into parkland currently used and maintained by the city of Baie Comeau.

27. The Monitor understands that the Parc des Pionniers site has a retaining wall that abuts the St. Lawrence River. The Petitioners have advised that the retaining wall gave way as a result of erosion in 2005. The cost to repair the wall was approximately $1.5 million. The Petitioners have advised the Monitor that they are not aware of any potential environmental liability in respect of this site, however, the Petitioners are concerned that future costs may need to be incurred to repair the retaining wall should it again erode.

Terrains-en-aiguilles and Terrains-en-carre

28. The Petitioners have advised the Monitor that ACCC has three small parcels of land located near the newsprint mill in Baie Comeau, PQ. Two of the sites are referred to as "**Terrains-en-aiguilles**" and the third site is referred to as "**Terrains-en-carre**".

29. The Monitor understands that the Terrains-en-aiguilles properties were not used by the Petitioners. One of the parcels of land was leased to Societe Canadienne de Metaux Reynolds Limitee (which was a predecessor corporation of Alcoa Inc.) to

be used in the construction of a railway in order to move its product. The Petitioners have advised that the railway tracks are still located on the land. On the second property, a servitude was granted to install petroleum pipes on the property. The Monitor understands that such pipes are no longer in use. The Petitioners estimate the potential environmental exposure including future remediation costs to be approximately $500,000 in respect of the Terrains-en-aiguilles properties.

30. The Monitor has been advised by the Petitioners that the Terrains-en-carre property was also not used by the Petitioners but that neighbouring properties support petroleum handling activities. The Petitioners have advised the Monitor that they have not conducted environmental site assessment studies, however, the Petitioners estimate the possible environmental exposure including future remediation costs in respect of the Terrains-en-carre property to be approximately $500,000.

**The New Brunswick Property**

31. The Monitor has been advised by the Petitioners that BCFPI owns a former wood residue landfill site situated in the parish of Baker Brook, county of Madawaska, Province of New Brunswick consisting of approximately 300,000 - 400,000 tons of bark residue. The landfill site is capped and seeded. The Petitioners have advised that the landfill site is located at the bottom portion of a large incline and, as a result, groundwater and surface water run through the bark pile. As a result, the Petitioners are required to capture the leachate and transport it to the Edmunston municipal treatment plant for discharge. The Monitor understands that, on average, five trucks a day of leachate are pumped and treated from this site at an annual cost of approximately $280,000. The Petitioners have advised that the Province of New Brunswick is looking for a permanent solution to the leachate problem in order to avoid the continual pump and treat system currently in place.

32. The Petitioners have advised the Monitor that if the leachate collection is stopped, the leachate discharge may potentially reach and impact a nearby river, and possibly impacting the soil and groundwater. The Petitioners have advised that one way to remedy the current situation is to reconstruct the leachate treatment ponds and re-route upgradient surface water run-offs to isolate the landfill from groundwater flow. The Petitioners have not currently estimated the cost to implement this possible solution.

**The British Columbia Properties**

33. The Monitor has been advised by the Petitioners that BCFPI owns an active landfill site located in the Province of British Columbia (referred to as the "**Highway 28 Property**") which has granted dumping rights to certain third parties. The Petitioners repudiated those rights during the course of the CCAA Proceedings. The Monitor has been advised by the Petitioners the estimated cost to cap and re-vegetate the Highway 28 Property and monitor the groundwater thereon for a fifteen-year period is approximately $500,000.

34. The Petitioners have advised the Monitor that they also own a former wood waste landfill site that has been covered and vegetated. The site was closed in the 1970s and no active monitoring is required by the Petitioners. The Petitioners have advised that they have noticed that certain vegetation appears to be stressed which may be a result of increased wastewater accumulating on the site. The Petitioners are currently in the process of reviewing the flow of wastewater over the site to determine if a different configuration will resolve the potential problem.

**The Ontario Properties**

Dryden

35. The Petitioners have advised the Monitor that BCFPI owns an industrial waste site located in Dryden, Ontario used to dump mercury sludge. The site has been closed and the mercury is bound in concrete. The Petitioners have advised that they are required to monitor the site and report to the Ontario Ministry of

Environment every two years with respect to groundwater and surface water. The Monitor understands that there has been some mercury found in groundwater under the site, but it is within acceptable limits of the standards set by the Ontario Ministry of the Environment and the mercury is not migrating. The Petitioners have advised that the cost for monitoring the site is approximately $15,000 annually and that the potential environmental liability is estimated to be $250,000 for ongoing monitoring and maintenance.

<u>Kenora - Mud Lake</u>

36. The Petitioners have advised the Monitor that they own two landfill sites located in Kenora, Ontario. The first landfill site is known as Mud Lake and was closed and capped more than 10 years ago. The Monitor understands that landfill site has a leachate problem and that currently, the Petitioners pump the leachate into a pipe that runs to the city of Kenora where the leachate is treated. The Petitioners estimate the cost to treat the effluent and maintain the collection and pumping equipment to be approximately $50,000 annually.

37. The Petitioners have advised the Monitor that the second site is known as the Margach property which was a former industrial waste landfill site that has not been used since October 2009. The Petitioners estimate that the cost to close and cap the Margach property would be approximately $4.0 million. The Monitor understands that ongoing monitoring of the site will also be required for approximately thirty years. The Monitor has been advised that the Margach property has the same leachate problems as the Mud Lake site, however, some of the leachate is migrating off-site. The Petitioners have advised that the Margach property is pumping the leachate to the City of Kenora for treatment. On July 2, 2010, the Ontario Ministry of the Environment informed the Petitioners that, following an inspection of the Margach landfill and the future closure of the site, the Petitioners would be required to submit a closure plan and an application to amend the certificate of approval. The Monitor understands that the Petitioners have yet to provide a response to the Ontario Ministry of the Environment.

The Environmental Liabilities

38. The Petitioners have advised the Monitor that the Non-Core Properties are subject to potential environmental liability and, as a result, are of very little or no value to the Petitioners and their stakeholders. The Monitor has been advised by the Petitioners that such potential environmental liability relates to events which occurred prior to the Initial Order. The Monitor has not performed any independent assessment of the potential remediation costs that might be applicable in respect of any of the Non-Core Properties.

39. In addition, the Petitioners have advised the Monitor that the Non-Core Properties are not required for future operations.

## THE SALE OF THE NON-CORE PROPERTIES

The Deeds of Sale

40. The Deeds of Sale contemplate the sale of all of the Vendors' right, title and interest in and to the Non-Core Properties to the Purchaser, on an "as is, where is" basis.

41. The purchase price for each of the Non-Core Properties will be satisfied by the issuance of a non-interest bearing promissory note in the amount of $1,000 (the "**Purchaser Note**"), subject to adjustments in the event of a subsequent sale. The Purchaser Note shall be secured by the security to be obtained as part of the transactions as outlined in the Motion.

42. In the event that the Non-Core Properties (or any portion thereof) are subsequently sold to a third party by the Purchaser, the net proceeds generated by such a sale will be used to repay the Purchaser Note, subject to the limitations noted below.

43. Recourse for any amount owed under the Purchaser Note shall be limited to the Non-Core Properties (or the proceeds generated by the sale thereof) and shall be subordinated to:

(a) the costs of complying with any order issued in respect of the Non-Core Properties (or which may hereafter be issued in respect of any conditions existing at the time of transfer) under the relevant environmental legislation;

(b) any costs which would have priority pursuant to Section 18.1 of the CCAA or Section 14.06(7) of the *Bankruptcy and Insolvency Act* (Canada); and

(c) the costs of the Receiver.

Treatment of Environmental Claims

44. The Monitor understands that the applicable environmental authorities have been advised by the Petitioners of their potential claims pursuant to the Claims Order issued by this Honourable Court dated February 23, 2010 and have been invited to submit proofs of claim in the CCAA Proceedings. Any claims filed by the environmental authorities in respect of the Non-Core Properties will be reviewed and determined in the same manner as other claims against the Petitioners and such claims will maintain their secured status as against the relevant properties under Section 11.8(8) of the CCAA.

45. The Monitor has been in contact with a representative from each of the Ministries of the Environment for Ontario, New Brunswick, British Columbia and Quebec. The Quebec Ministry of the Environment has advised the Monitor that it does not oppose the relief being sought by the Petitioners and has filed claims with the Monitor.

46. As outlined in the correspondence from Mario Faieta of the Ontario Ministry of the Attorney General (Legal Services Branch - Environment) and from Leonard Marsello of the Ontario Ministry of the Attorney General (Crown Law Office – Civil Law), the Attorney General for Ontario and the Attorney General for New Brunswick have requested a brief adjournment of the Motion until after September 8, 2010 on the basis that they need additional time to consider their

position and to participate, if necessary, at the hearing of the Motion. Copies of the correspondence from the Attorney General for Ontario are attached hereto as Appendix "E".

47. The Ministry of Environment for British Columbia served and filed a Contestation of and Cross-Motion in Response to the Petitioners' Amended Second Motion for the Issuance of Various Orders Authorizing the Sale of Non-Core Properties and an Issuance of an Amended Receivership Order in Respect of 4513541 with this Honourable Court on August 26, 2010.

**FUNDING THE RECEIVER**

48. The Petitioners have agreed to increase the financing to cover the costs associated with the additional Non-Core Properties. The Petitioners have agreed to advance up to $1,700,000 to the Receiver (as compared to the original $600,000 for the costs associated with the Newfoundland properties), which shall be used to cover (i) estimated fees and disbursements of the Receiver for an initial period of 12 months; and (ii) the reasonable costs of conservation, environmental studies and any urgent, currently unforeseen, remediation work required to stabilize the Non-Core Properties while negotiations are undertaken by the Receiver for the long term remediation and disposition of such properties in consultation with the relevant environmental authorities. The Monitor understands that there is no specific allocation of the funds to each property.

**RECOMMENDATIONS**

49. The Monitor is of the view that the sale of the Non-Core Properties to the Purchaser is consistent with the Petitioners' overall restructuring initiatives, including disposing of non-strategic assets and reducing carrying-costs and is consistent with the Order dated April 27, 2010 granted by this Honourable Court in respect of the sale of properties located in Newfoundland.

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

**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 Quebec 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 Quebec 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"

**Ministry of the Attorney General**

Legal Services Branch
Environment

10th Floor
135 St. Clair Avenue West
Toronto, ON M4V 1P5
Telephone: (416) 314-6482
Facsimile: (416) 314-6579

**Direct Line : 416-314-6482**

**Ministère du Procureur général**

Direction des services juridiques
Environnement

10e étage
135, avenue St. Clair Ouest
Toronto, ON M4V 1P5
Téléphone: (416) 314-6482
Télécopieur: (416) 314-6579

**Email: Mario.Faieta@Ontario.ca**

Ontario

August 24, 2010

Leanne M. Williams
ThorntonGroutFinnigan LLP
Canadian Pacific Tower
100 Wellington Street West, Suite 3200 P.O. Box
329 Toronto Dominion Centre
Toronto (Ontario) M5K 1K7

Sean F. Dunphy
Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto (Ontario) M5L 1B9

Dear Counsel:

**RE: Request for Adjournment**

Further to our teleconference call this afternoon, this is to confirm that the Attorney General for Ontario seeks a short adjournment of Abitibibowater's *Amended Second Motion for the Issuance of Various Orders Authorizing the Sale of Non-Core Properties and for the Issuance of a Re-Amended Receivership Order in Respect of 4513541 Canada Inc.* presently scheduled to be heard on September 1, 2010. This short adjournment is sought to any date after September 6, 2010 as Ontario needs additional time to consider its position and to participate, if necessary, at the hearing of this motion. The Attorney General for New Brunswick also seeks a short adjournment of this motion. The Attorney General for British Columbia supports these requests.

I understand that Abitibibowater does not oppose this request for an adjournment so long as other motions before the court related to this matter can be accommodated. I also understand that you or a member of your office will bring this request to the attention of the court's administrative staff tomorrow. If necessary, we are available to speak to this request by teleconference with The Honourable Mr. Justice Gascon and interested parties tomorrow.

Yours truly,

Mario Faieta
Counsel

cc: Natalie H. LeBlanc, Attorney General for New Brunswick
Richard Butler, Attorney General for British Columbia
Victoria Kondo/Edmund Huang, Attorney General for Ontario

**Ministry of the Attorney General**
Crown Law Office
Civil Law
720 Bay Street
8th Floor
Toronto ON M5G 2K1

**Ministère du Procureur général**
Bureau des avocats
de la Couronne Droit civil
720 rue Bay
8$^{e}$ étage
Toronto ON M5G 2K1

Ontario

Leonard F. Marsello
Tel/Tél: (416) 326-4939
Fax/Téléc.: (416) 326-4181
Leonard.Marsello@Ontario.ca

**DELIVERED BY E-MAIL**

August 26, 2010

The Honourable Clément Gascon, J.C.S.
Palais de Justice
1 Notre-Dame Street East
Room 1251
Montréal, Québec H2Y 1B6

Dear Justice Gascon:

**Re: Abitibibowater Inc. et al matters scheduled to be heard September 1, 2010**
**- Request For An Adjournment**

I am counsel to the Attorney General for the Province of Ontario in respect of the above-noted matter. I write in follow-up to a letter from Mr. Faieta dated August 24$^{th}$.

As you are aware, the Attorney General for Ontario is seeking an adjournment of Abitibibowater's *Amended Second Motion for the Issuance of Various Orders Authorizing the Sale of Non-Core Properties and for the Issuance of a Re-Amended Receivership Order in Respect of 4513541 Canada Inc.*, the reasons for which are addressed in Mr. Faieta's letter.

We have canvassed future available dates with the offices of the Attorney General for the Province of New Brunswick, who also seeks an adjournment, and the Attorney General for the Province of British Columbia, which supports Ontario's adjournment request. We are advised that that counsel from each of the aforementioned is available to deal with the motion on or after September 8$^{th}$ as is counsel for the Attorney General for the Province of Ontario. It is our understanding as well that Abitibibowater does not oppose the request for an adjournment so long as other motions before the Court related to this matter can still be accommodated.

We have, by e mail, copied those that we believe it reasonable to copy on this letter. If you wish us to copy the entire service list, we would be pleased to do so. We are also available to discuss the matter with you via teleconference if you consider it advisable.

In light of the filing deadline, tomorrow, we look forward to and thank you for your attention to this request.

Yours truly,

Leonard F. Marsello,
Counsel

LM:ca