

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF
MONTREAL

No.: 500-11-036133-094

SUPERIOR COURT

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

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

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

And

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

And

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

And

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

Petitioners

And

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

Monitor

**SUPPLEMENTAL FIFTEENTH REPORT OF THE MONITOR
SEPTEMBER 3, 2009**

INTRODUCTION AND PURPOSE OF THIS REPORT

1. This is a supplemental report to the Fifteenth Report of the Monitor dated September 2, 2009 (the “**Fifteenth Report**”) in the CCAA Proceedings (the “**Supplemental Fifteenth Report**”). The purpose of this Supplemental Fifteenth Report is to report to this Honourable Court with respect to the Motion filed on behalf of the Syndicat Canadien des Communications, de L’Energie et du Papier (the “**SCEP**”), Locale 142 (the “**SCEP Motion**”).
2. The background with respect to the CCAA Proceedings is set forth in the Fifteenth Report.

TERMS OF REFERENCE

3. In preparing this Supplemental Fifteenth 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 Supplemental Fifteenth Report. Some of the information referred to in this Supplemental Fifteenth 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 Supplemental Fifteenth 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.

4. Capitalized terms not defined in this Supplemental Fifteenth 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.

THE SCEP MOTION

5. The SCEP is seeking an order authorizing the Petitioners to continue arbitration proceedings with respect to a grievance filed on behalf of Mr. Bouthotte, a former employee of Bowater Canadian Forest Products Inc. (“**BCFPI**”). As part of the grievance, the SCEP is seeking reinstatement of Mr. Bouthotte as an employee of BCFPI.
6. The Petitioners have advised the Monitor that approximately 800 grievances have been filed against the Petitioners (collectively, the “**Employee Grievances**”). The Petitioners have also advised the Monitor that approximately 12 of the Employee Grievances include a demand of reinstatement.
7. The Petitioners are in the process of cataloguing the Employee Grievances and estimating the amounts in issue. As at the date hereof, the Petitioners have reviewed the financial implications of approximately 157 of the Employee Grievances and they estimate the potential cost of these 157 grievances to be approximately \$44 million.
8. On August 26, 2009, this Honourable Court issued an order establishing a claims procedure to call for claims of certain creditors and to establish a claims bar date by which these creditors must file a claim in these CCAA Proceedings (the “**Claims Procedure**”). The Claims Procedure includes a call for claims against the Petitioners and the Partnerships by employees who were no longer employed by the Petitioners or the Partnerships after April 16, 2009.
9. The Petitioners have advised the Monitor that they are considering establishing a specialized process for dealing with employee claims within the Claims Procedure which would include a special claims officer or officers with employment law experience to deal with such claims. Determining employee claims within the

Claims Procedure would allow such claims to then be dealt with in the Petitioners' plan of compromise or arrangement.

10. The grievance filed on behalf of Mr. Bouthotte is scheduled to be heard by an arbitrator on September 21, 2009, June 17, 2010 and June 18, 2010. It is not clear to the Monitor whether this claim could be determined quickly enough in the ordinary arbitration process so as to allow the claim to be captured within any proposed plan. It appears to the Monitor that it is possible that the determination of this claim, and other similar claims, if adjudicated in the ordinary course, could extend beyond the length of the CCAA Proceedings.
11. To allow the Employee Grievances to be adjudicated in the ordinary course while the Petitioners are engaged in a restructuring process will add to the burden upon the Petitioners' financial and human resources, including the costs to the Petitioners. By determining the employee claims within the Claims Procedure, the claims can be determined efficiently and the Petitioners will be better able to focus their efforts on their restructuring process to develop and submit a plan which is in the best interest of their stakeholders.
12. It is the view of the Monitor that a specialized employee claims process would likely be faster, more efficient and less expensive than adjudicating employee claims outside of the CCAA Proceedings. The Monitor is prepared to work with the Petitioners and stakeholders to create such a specialized employee claims process.

All of which is respectfully submitted.

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

Per:

A handwritten signature in black ink, appearing to read 'Alex Morrison', with a stylized flourish extending to the right.

Alex Morrison, CA, CIRP
Senior Vice President

Greg Adams, CA, CIRP
Senior Vice President

John Barrett, CA, CIRP
Senior Manager

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.

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. Canixel 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