

EXHIBIT N-1

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September 2, 2009

To the Directors of Bowater Canada Finance Corporation:

David J. Paterson
Alain Grandmont
Pierre Rougeau
William G. Harvey
Jacques P. Vachon
Bowater Canada Finance Corporation
1100 - 1959 Upper Water Street
Halifax, Nova Scotia
Canada, B3J 3E5

Re: Notes issued by Bowater Canada Finance Corporation ("BCFC") pursuant to the Indenture dated as of October 31, 2001

Gentlemen:

The funds that we manage are holders (the "Holders") of the 7.95% Notes due 2011 (the "Notes"). We are contacting you in your roles as the publically disclosed directors of BCFC to obtain your assurance that, consistent with your applicable fiduciary duties, all steps are being taken to preserve and maximize the value of BCFC.

BCFC is structured as an unlimited company formed under the laws of Nova Scotia (a "ULC"). It is a direct subsidiary of Bowater Incorporated ("Bowater"), which is BCFC's sole shareholder. According to the public disclosures made on behalf of BCFC and/or its affiliates, BCFC holds preferred shares in Bowater Canadian Holdings Incorporated ("BCHI"), which is also a direct subsidiary of Bowater. BCHI is the 100% owner of AbitibiBowater Canada Inc., which owns 100% of the equity of Bowater Canadian Forest Products Inc. ("BCFPI"), Bowater's primary Canadian operating entity. With the exception of the Notes, all of the external debt among the CCAA filers resides at BCFPI. The Notes are fully and unconditionally guaranteed by Bowater and are also entitled to distributions as unsecured debt from the proceeds of the liquidation of the assets of BCFC, including but not limited to recoveries from BCHI and any other parties that may have obligations to BCFC. Bowater also has obligations in its role as BCFC's sole shareholder; under section 135 of the *Companies Act* (Nova Scotia), the shareholder of a ULC is required to make contributions to the ULC to satisfy all creditor claims. In its role as a preferred shareholder and a creditor, BCFC is in an adversarial position to BCHI and Bowater, respectively.

BCFC is not an operating business and, as such, does not have a business to restructure. As a result, in addition to the guarantee of the Notes by Bowater, the recovery on the Notes will come from, among other assets and claims, maximizing the recoveries of BCFC from the various claims that it has against its affiliates, including:

- a) Recovery from BCHI on account of the preferred shares held by BCFC;
- b) Recovery through the right to receive contribution from Bowater pursuant to the *Companies Act* (Nova Scotia) (the "Contribution Claim"); and
- c) Recovery from any other assets owned or controlled by BCFC including litigation claims.

We are concerned that the recovery owed to the Holders may be impeded by conflicts of interest related to the directors and officers of BCFC and the appointment of a single Monitor in the CCAA Proceedings for all of the CCAA Applicants. First, in respect of those directors and officers who are also directors of BCFPI or Bowater, such directors and officers of BCFC are conflicted and therefore not in a position to perform their fiduciary duties to act in the best interests of BCFC and its creditors. BCFC and its directors and officers have a fundamental duty to the holders of the Notes, the only material arm's-length creditors of BCFC, to maximize recovery of the assets of BCFC including on the preferred shares in BCHI and the Contribution Claim.

Second, the Monitor appointed in the CCAA Proceedings in which BCFC is an applicant is also burdened by irreconcilable duties to CCAA filers that may have adverse interests. The conflict is of great concern because BCFC does not have a business to restructure. Accordingly, its only role in the restructuring is as a creditor and preferred stockholder, and BCFC may be materially dependent on its recoveries as a creditor of Bowater and a preferred stockholder of BCHI to satisfy its obligations under the Notes.

In this context, we request confirmation that BCFC and its officers and directors will cooperate fully with the Holders through the Chapter 11 and CCAA processes and take sure steps as are, in the opinion of the Holders, necessary or appropriate to ensure that the value of the assets of BCFC and the recoveries to the Holders are maximized.

We request your immediate attention to this matter.

We reserve all rights.

Very truly yours,

Dan Gropper

cc: Greenberg Traurig, LLP (U.S. counsel to the Holders) – Bruce Zirinsky and Gary Ticoll
BCF s.e.n.c.r.l. / LLP (Canadian counsel to the Holders) – Jean-Yves Fortin and Mélanie Martel