EXHIBIT N-7

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
ABITIBIBOWATER INC., *et al.*,[1]	)	Case No. 09-11296 (KJC)
Debtors.	)	Jointly Administered
	)	**Hearing Date: June 25, 2010 at 10:00 a.m. (EDT)**
	)	**Ref. Docket Nos. 2097, 2227, 2301, 2309, 2425, 2426, 2427**

DEBTORS' OMNIBUS REPLY TO OBJECTIONS TO THE DEBTORS' MOTIONS (A) FOR AN ORDER (I) AUTHORIZING BOWATER CANADA FINANCE CORPORATION TO EMPLOY AND RETAIN AP SERVICES, LLC AS SPECIAL ADVISOR AND (II) DESIGNATING LISA DONAHUE AS BOWATER CANADA FINANCE CORPORATION'S VICE PRESIDENT – RESTRUCTURING; (B) FOR ENTRY OF AN ORDER PURSUANT TO SECTION 327(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 2014 AUTHORIZING THE EMPLOYMENT AND RETENTION OF TOGUT, SEGAL & SEGAL, LLP, AS CONFLICTS COUNSEL TO BOWATER CANADA FINANCE CORPORATION, *NUNC PRO TUNC* TO APRIL 30, 2010; AND (C) AUTHORIZING THE DEBTORS TO ENTER INTO THE NINTH CONSENT TO THE BOWATER DEBTOR-IN-POSSESSION CREDIT AGREEMENT

AbitibiBowater Inc. and its affiliated debtors and debtors-in-possession in the above-captioned cases (each a "Debtor," and collectively, the "Debtors"),[2] by and through their

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[1] The Debtors in these cases, along with the last four digits of each Debtor's federal or Canadian tax identification number, are: AbitibiBowater Inc. (6415), AbitibiBowater US Holding 1 Corp. (6050), AbitibiBowater US Holding LLC (N/A), AbitibiBowater Canada Inc. (3225), Abitibi-Consolidated Alabama Corporation (4396), Abitibi-Consolidated Corporation (9050), Abitibi-Consolidated Finance LP (4528), Abitibi Consolidated Sales Corporation (7144), Alabama River Newsprint Company (7247), Augusta Woodlands, LLC (0999), Bowater Alabama LLC (7106), Bowater America Inc. (8645), Bowater Canada Finance Corporation (8810), Bowater Canadian Forest Products Inc. (2010), Bowater Canadian Holdings Incorporated (6828), Bowater Canadian Limited (7373), Bowater Finance Company Inc. (1715), Bowater Finance II LLC (7886), Bowater Incorporated (1803), Bowater LaHave Corporation (5722), Bowater Maritimes Inc. (5684), Bowater Newsprint South LLC (1947), Bowater Newsprint South Operations LLC (0186), Bowater Nuway Inc. (8073), Bowater Nuway Mid-States Inc. (8290), Bowater South American Holdings Incorporated (N/A), Bowater Ventures Inc. (8343), Catawba Property Holdings, LLC (N/A), Coosa Pines Golf Club Holdings LLC (8702), Donohue Corp. (9051), Lake Superior Forest Products Inc. (9305) and Tenex Data Inc. (5913). On December 21, 2009, ABH LLC 1 (2280) and ABH Holding Company LLC (2398) (the "SPV Debtors") commenced chapter 11 cases, which cases are jointly administered with the above-captioned Debtors. The Debtors' and SPV Debtors' corporate headquarters are located at, and the mailing address for each Debtor is, 1155 Metcalfe Street, Suite 800, Montreal, Quebec H3B 5H2, Canada.

[2] Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Retention Applications and DIP Consent, as applicable.

2009);[4] *In re Cysive, Inc. Shareholder Lit.*, 836 A.2d 531, 556 (Del. Ch. 2003) (court dismissed claim against company's board of directors for breach of fiduciary duty where conflicted board of directors appointed a special committee to negotiate management buyout led by the company's chief executive officer and controlling shareholder and special committee recommended that the full board approve the transaction); *In re Western Nat'l Corp. Shareholder Lit.*, 2000 WL 710192, at *25-28 (Del. Ch. May 22, 2000) (conflicted board of directors appointed a special committee to negotiate a merger with the company's controlling shareholder; special committee thereafter reported back to the company's full board of directors, which maintained final authority to approve the merger).

9. Here, the VP functions like a special committee. As an officer of BCFC, the VP serves as an independent fiduciary tasked, along with conflicts counsel, with evaluating the Interdebtor Issues and reporting to the BCFC Board with a recommended course of action. Informed by the VP's independent judgment, the BCFC Board may then exercise its authority to pursue the recommended course of action or otherwise.

10. The Minority Noteholders' claim that "only" an independent director or other fiduciary can properly address the "irreconcilable conflicts of interest" runs contrary to this well-settled Delaware law. At the outset, the Interdebtor Issues do not present a current conflict. Intercompany claims are commonplace in large chapter 11 cases and are routinely resolved during the course of a case *without* the appointment of independent fiduciaries. *See Katz* v. *Kilsheimer*, 327 F.2d 633, 635 (2d Cir. 1964); *Hassett* v. *McColley (In re O.P.M. Leasing Services)*, 16 B.R. 932 (Bankr. S.D.N.Y. 1982).

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[4] The *Badanco* hearing transcript, including Judge Sontchi's bench ruling, are attached hereto as Exhibit A.