CANADA

PROVINCE OF QUÉBEC
DISTRICT OF
MONTRÉAL

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

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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;

Information Officer

TENTH REPORT OF THE INFORMATION OFFICER
November 26, 2010

INTRODUCTION

1. On April 16, 2009, AbitbiBowater Inc. ("**ABH**"), Bowater Inc. ("**BI**") and certain of their direct and indirect U.S. and Canadian subsidiaries, including Bowater Canadian Holdings Incorporated ("**BCHI**") and Bowater Canadian Forest Products Inc., (collectively, the "**U.S. Debtors**"), commenced voluntary proceedings (the "**Chapter 11 Proceedings**") for relief under Chapter 11 ("**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**"). ABH LLC 1 and ABH Holding Company, two subsidiaries of ABH, commenced voluntary proceedings under Chapter 11 on December 21, 2009, and count among the U.S. Debtors.

2. On April 17, 2009, Abitibi-Consolidated Inc. ("**ACI**") and its subsidiaries (collectively, the "**Abitibi Petitioners**") and BCHI and its subsidiaries and affiliates (collectively, the "**Bowater Petitioners**" and, together with the Abitibi Petitioners, the "**CCAA Petitioners**") commenced proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, as amended, (the "**CCAA**") pursuant to an Order of this Honourable Court (the "**Initial Order**"). Abitibi-Consolidated (U.K.) Inc., a subsidiary of ACI, was added as an Abitibi Petitioner in the CCAA Proceedings pursuant to an Order of this Honourable Court dated November 10, 2009. The Abitibi Petitioners are listed in Appendix "A" attached hereto and the Bowater Petitioners are listed in Appendix "B."

3. The CCAA Petitioners include BCHI, Bowater Canada Finance Corporation ("**BCFC**"), Bowater Canadian Limited, Bowater Canadian Forest Products Inc. ("**BCFPI**"), Bowater LaHave Corporation and Bowater Maritimes Inc., which have commenced both CCAA Proceedings and Chapter 11 Proceedings (the "**Cross-Border Petitioners**").

4. Pursuant to the Initial Order, Ernst & Young Inc. ("**EYI**") was appointed as monitor of the CCAA Petitioners (the "**Monitor**").

5. On April 17, 2009, ABH and the other petitioners listed on Appendix "C" hereto (collectively, the "**18.6 Petitioners**") obtained Orders under Section 18.6 of the CCAA in respect of voluntary proceedings initiated under Chapter 11.

6. Pursuant to paragraph 78 of the Initial Order, EYI was appointed as the information officer in respect of the 18.6 Petitioners (the "**Information Officer**").

PURPOSE

7. The Initial Order provides that the Information Officer shall report to this Honourable Court at least once every two months (or at such times or intervals as the Information Officer deems appropriate) with an outline of the status of the Chapter 11 Proceedings in respect of the 18.6 Petitioners and such other information as the Information Officer believes to be material.

8. This is the Information Officer's Tenth Report (the "**Tenth Report**") and provides an update on the Chapter 11 Proceedings since the Ninth Report of the Information Officer dated October 20, 2010 (the "**Ninth Report**").

TERMS OF REFERENCE

9. In preparing this Tenth Report, the Information Officer has received and relied upon publicly available information obtained from the U.S. Bankruptcy Court and consultations with counsel to the U.S. Debtors.

10. Copies of all the Information Officer Reports, in both English and French, and all motion records and Orders in the CCAA Proceedings are available on the Monitor's website at www.ey.com/ca/abitibibowater.

11. Copies of all orders of the U.S. Bankruptcy Court are posted on Epiq Bankruptcy Solutions LLC's website at http://chapter11.epiqsystems.com/abitibibowater.

BACKGROUND

12. ABH is one of the world's largest publicly traded paper and forest product companies. It produces a wide range of newsprint and commercial printing papers, market pulp and wood products. ABH and its subsidiaries operate or own interests in pulp and paper facilities, wood products facilities and recycling facilities located in Canada, the United States and South Korea. ABH's 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.

13. Incorporated in Delaware and headquartered in Montreal, Quebec, ABH functions as a holding company. Its business is conducted principally through four direct subsidiaries:

BI, Bowater Newsprint South LLC, ACI and AbitibiBowater U.S. Holding LLC ("**ABUSH**").

14. The CCAA Petitioners and the U.S. Debtors are all subsidiaries of ABH.

THE CHAPTER 11 PROCEEDINGS

15. Since the issuance of the Ninth Report, the Information Officer has been advised that the following significant relief was granted in the Chapter 11 Proceedings with respect to the 18.6 Petitioners:

(i) confirmation of the U.S. Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code with respect to each of the U.S. Debtors other than BCFC (as amended, the "**Chapter 11 Plan**")[1];

(ii) entry of an order overruling all remaining objections to confirmation of the Chapter 11 Plan (the "**Plan Objections Order**");

(iii) order of the U.S. Bankruptcy Court vacating the order to show cause why a Chapter 11 trustee should not be appointed in the case of BCFC (the "**Order to Show Cause**");

(iv) authorization of the entry into a settlement agreement (the "**QW Settlement Agreement**") between certain U.S. Debtors and certain of their affiliates (referred to in the settlement agreement as the "**AB Entities**"), World Color Press Inc. and certain related entities (referred to in the settlement agreement as the "**QW Entities**"), Export Development Canada ("**EDC**") and Compagnie française d'assurance pour le commerce exterieur – Canada Branch ("**COFACE**");

(v) extension of the U.S. Debtors' time to file notices of removal of claims and causes of action relating to the U.S. Debtors Chapter 11 proceedings pursuant to 28 U.S.C. § 1452 and Bankruptcy Rule 9027(a)(2) to March 8, 2011; and

(vi) granting of BI's motion for an order unsealing the report of the independent advisor to BCFC, previously filed with the U.S. Bankruptcy Court under seal.

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[1] The Chapter 11 Plan and the Second Amended Disclosure Statement with respect thereto are available on the Monitor's website at www.ey.com/ca/abitibibowater.

16. The Information Officer has been advised that BI's motion for authorization to seek advice and direction from this Honourable Court with respect to a claim under section 135 of the Companies Act (Nova Scotia) (the "**Contribution Claim**") that Aurelius Capital Management L.P. ("**Aurelius**") and Wilmington Trust Company as indenture trustee for the 7.95% notes due 2011 issued by BCFC ("**WTC**", and collectively with Aurelius, the "**BCFC Objecting Parties**") believe BCFC may hold against BI (the "**Canadian Advice Motion**"), which was referred to in the Ninth Report, remains pending in the Chapter 11 Proceedings.

17. The U.S. Debtors continue to file notices of settlement of ordinary-course claims, notices of the assumption, assignment and/or rejection of leases and executory contracts and claims objections in the usual manner.

18. The Information Officer has also been advised that administrative expense claims, fee applications and motions for relief from the stay continue to be resolved in the usual manner.

CONFIRMATION OF THE CHAPTER 11 PLAN

19. As set forth in the Ninth Report, the hearing on confirmation of the Chapter 11 Plan (the "**Confirmation Hearing**") commenced on September 24, 2010 and continued on September 30, 2010, October 7, 2010, October 8, 2010, October 19, 2010 and November 5, 2010. The Confirmation Hearing was further continued on November 9, 2010, November 12, 2010, November 18, 2010, and November 23, 2010. Over the course of the Confirmation Hearing, the U.S. Debtors continued to negotiate with those parties that had filed objections to confirmation of the Chapter 11 Plan. In particular, the U.S. Debtors continued to negotiate with the BCFC Objecting Parties with respect to the treatment under the Chapter 11 Plan of the Contribution Claim, a claim against BI arising out of its guaranty in respect of the 7.95% notes due 2011 issued by BCFC (the "**7.95% Notes Guaranty Claim**" and, collectively with the Contribution Claim, the "**7.95% Disputed Claims**") and certain other claims against the U.S. Debtors that the BCFC Objecting Parties believed may be held by BCFC. While the Chapter 11 Plan contained (and still contains) an acknowledgement by BI that one of the Contribution Claim or the 7.95% Notes Guaranty Claim would be an allowed unsecured claim against BI, there was a dispute between the BCFC Objecting Parties and BI as to whether the two claims were duplicative or whether one of the claims should otherwise be subject to disallowance. The

parties also disagreed as to the appropriate reserve and/or distribution by BI on account of the 7.95% Disputed Claims pending their settlement or judicial determination. The Information Officer understands that the BCFC Objecting Parties sought the express allowance of the 7.95% Notes Guaranty Claim under the Chapter 11 Plan (so that a distribution on account of that claim could be made on the initial distribution date under the Chapter 11 Plan), and the establishment of a reserve on account of the Contribution Claim.

20. On November 16, 2010 the U.S. Debtors filed an agreed proposed form of confirmation order (the "**Agreed Order**") which reflected the resolution of many of the objections of the BCFC Objecting Parties to confirmation of the Chapter 11 Plan. In particular, the Agreed Order provided for: (i) the establishment of a reserve of common stock in reorganized ABH ("**New ABH Common Stock**") on account of the 7.95% Disputed Claims (which reserve shall be the amount of New ABH Common Stock that would have been made to the holder of an allowed unsecured claim against BI in the amount of US $743,600,000, but without specifying on account of which particular claim it is held); (ii) distribution of new ABH Common Stock to WTC (as indenture trustee) in accordance with the Chapter 11 Plan provisions, as if WTC (as indenture trustee) held an allowed unsecured claim against BI in the amount of US $619,875,000 (which shall be deemed, solely for convenience and in order to facilitate the distribution of New ABH Common Stock to BCFC's noteholder creditors, to be made on account of the 7.95% Notes Guaranty Claim, but without prejudice to BI's right to argue that the 7.95% Notes Guaranty Claim should be disallowed and that the distribution should ultimately be determined to have been made on account of the Contribution Claim); (iii) the establishment of a BCFC escrow account in the amount of US $1.9 million to be funded by the U.S Debtors, which funds will be released to a BCFC representative in connection with the prosecution of the Contribution Claim and the actual expenses of winding up the BCFC estate; (iv) payment of BCFC's independent advisors previously appointed by the U.S. Bankruptcy Court (pursuant to agreed terms); (v) the taking of steps to cause BCFC to make an assignment for the benefit of its creditors in Nova Scotia under the Bankruptcy and Insolvency Act of Canada (the "**BIA**") and the appointment of Peter Wedlake as BIA trustee; and (vi) the taking of steps to dismiss BCFC's Chapter 11 case and CCAA Proceeding.

21. Following the resolution of these issues with respect to BCFC, the remaining objections to the Chapter 11 Plan were:

(i) an objection by the BCFC Objecting Parties in respect of the allowance of a certain guaranty claim of Fairfax Financial Holdings Limited against BI;

(ii) an objection by the Association of Western Pulp and Paper Workers and Robert Wallis relating to a labour dispute at Ponderay Newsprint Company, a non-debtor entity;

(iii) objections by Robert Van Houten and Kelly Nickolson in respect of the treatment of retiree benefits under the Chapter 11 Plan;

(iv) objections by certain equity shareholders relating to the valuation of the U.S. Debtors' assets, the adequacy of the U.S. debtors disclosure in connection with the Chapter 11 Plan, and the U.S. Debtors' proposed management compensation plans; and

(v) an objection by John Haack concerning certain investor fraud claims, and the rights offering previously contemplated by the U.S. Debtors as a means of funding their emergence from the Chapter 11 Proceedings.

22. On November 22, 2010, the U.S. Bankruptcy Court issued its opinion on confirmation (the "**Confirmation Opinion**") and the Plan Objections Order, which overruled the remaining objections to the Chapter 11 Plan set forth above and, in light of the settlement of the objections relating to BCFC, vacated the Order to Show Cause. The U.S. Bankruptcy Court directed the U.S. Debtors and other relevant parties to recast the Agreed Order in accordance with the Confirmation Opinion, for consideration at the continued Confirmation Hearing on November 23, 2010. Such recast order (the "**Confirmation Order**") was subsequently approved and entered by the U.S. Bankruptcy Court on November 23, 2010. A copy of the Confirmation Order is attached hereto as Appendix "D".

QW SETTLEMENT AGREEMENT

23. The QW Settlement Agreement provides for the resolution of a complex factual and legal dispute arising out of certain claims filed by the QW Entities, the AB Entities, EDC and COFACE in the respective insolvency proceedings of the QW Entities and the AB Entities. The facts and circumstances of the dispute, and the terms of the settlement that is embodied in the QW Settlement Agreement, are set forth in the Forty-Seventh Report of the Monitor dated July 6, 2010, and further supplemented in the Sixty-Sixth Report of the Monitor dated November 5, 2010.

24. The QW Settlement Agreement was authorized by the U.S. Bankruptcy Court on November 22, 2010. The QW Settlement did not require approval from the Canadian Court.

25. Subsequent to the issuance of the order authorizing the QW Settlement, the Monitor wrote to counsel for the QW Entities advising that the claims filed on behalf such entities (in the aggregate amount of USD$5 billion (CDN$6 billion) against the Petitioners) will be expunged from the claims register in the CCAA Proceedings effective on November 30, 2010, subject to any concerns being raised by the QW Entities prior to such date.

CANADIAN ADVICE MOTION

26. As described in the Ninth Report, BI, by its independent counsel Jones Day, filed the Canadian Advice Motion requesting authorization to seek advice and direction from this Honourable Court with respect to the nature and validity of the Contribution Claim. The hearing on the Canadian Advice Motion commenced before the U.S. Bankruptcy Court on September 14, 2010. The U.S. Bankruptcy Court did not rule on the Canadian Advice Motion at that time, and the motion was continued to the Confirmation Hearing. The Information Officer understands that the Canadian Advice Motion has not yet been addressed in the course of the Confirmation Hearing.

All of which is respectfully submitted.

ERNST & YOUNG INC.
in its capacity as the Court Appointed Information Officer
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