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

FOURTH REPORT OF THE INFORMATION OFFICER
December 18, 2009

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**"), 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 ("**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**").

2. On April 17, 2009, Abitibi-Consolidated Inc. ("**ACI**") and its subsidiaries (collectively with ACI, the "**Abitibi Petitioners**") and BCHI and its subsidiaries (collectively with BCHI, the "**Bowater Petitioners**") (the Abitibi Petitioners and the Bowater Petitioners are, together, the "**CCAA 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 Abitibi Petitioners.

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

4. 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.

5. 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

6. 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 of the Section 18.6 Petitioners and such other information as the Information Officer believes to be material.

7. This is the Information Officer's fourth report (the "**Fourth Report**") and as such will provide an update on the Chapter 11 Proceedings since the Third Report of the Information Officer dated October 16, 2009 (the "**Third Report**").

TERMS OF REFERENCE

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

9. 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.

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

BACKGROUND

11. 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. 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.

12. 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, ACI and AbitibiBowater U.S. Holding LLC.

13. The CCAA Petitioners and the U.S. Debtors are all subsidiaries of ABH (ABH, together with its subsidiaries, the "**ABH Group**").

THE CHAPTER 11 PROCEEDINGS

14. As stated above, on April 16, 2009, the U.S. Debtors filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court. The CCAA Petitioners include Bowater Canadian Holdings Inc. and certain of its subsidiaries which have filed for protection under the CCAA and have also filed voluntary petitions under Chapter 11 (the "**Cross-Border Petitioners**").

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

(i) approving the U.S. Debtors' motion for approval of a settlement compromise under Rule 2019 of the Bankruptcy Code with Augusta Newsprint Company ("**Augusta**") to setoff mutual debts and to modify the automatic stay;

(ii) authorizing the rejection of that certain call agreement related to Augusta made as of July, 2004 (as amended as of May 27, 2005 and February 23, 2007) between Woodbridge International Holdings Limited, Woodbridge International Holdings S.A., the Woodbridge Company Limited, Abitibi Consolidated Sales Corporation and ACI;

(iii) authorizing the U.S. Debtors to enter into a series of transactions necessary to effect payment of certain intercompany debt related to a potential US$55.25 million Canadian withholding tax liability as also approved by this Honourable Court on December 1, 2009;

(iv) authorizing ACC to (i) enter into and perform its obligations under a Purchase and Sale Agreement with CIT Partners, LLC, as purchaser, for the sale of certain property located in Lufkin, Texas, (ii) enter into a lease relating to a paper machine and (iii) assume, assign and transfer its interests in certain executory contracts.

(v) authorizing Bowater Alabama LLC, a subsidiary of Bowater Newsprint South LLC, to enter into and perform its obligations under a real and personal property sale contract for the sale of certain assets located in Shelby County, Alabama;

(vi) authorizing the U.S. Debtors to assume certain unexpired leases of nonresidential real property and setting cure amounts with respect to those properties; and

(vii) as described more fully in this Fourth Report, an order (i) approving bid procedures for the sale of certain recycling assets of Abitibi-Consolidated Corp., a subsidiary of Donohue Corp ("**ACC**"), (ii) establishing procedures for the assumption and assignment of certain contracts, including notice of proposed cure amounts, (iii) authorizing payment of certain bid incentives and (iv) granting other relief.

16. Since the issuance of the Third Report, the Information Officer has been advised that the following significant motions are currently pending in the Chapter 11 Proceedings:

(i) a motion by the U.S. Debtors to extend the exclusivity period for filing a Chapter 11 plan and disclosure statement and solicit acceptances thereto pursuant to section 1121(d) of the Bankruptcy Code. This motion is scheduled to be heard on January 19, 2010.

(ii) a motion by Aurelius Capital Management LP ("**Aurelius**") for relief pursuant to paragraph 33 of the Final Order pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507 (i) approving post petition financing, (ii) authorizing the use of cash collateral, (iii) granting liens and providing superpriority administrative expense status, (iv) granting adequate protection and (v) modifying the automatic stay entered by the U.S. Bankruptcy Court on June 4, 2009 (the "**Final DIP Order**"). Aurelius asserts that paragraph 33 of the Final DIP Order grants it the right to seek appropriate relief from the U.S. Bankruptcy Court in the absence of consensus on a methodology for reconciling intercompany advances and obligations. This motion is currently scheduled to be heard on January 19, 2010, however, the U.S. Debtors expect that this matter will be consensually resolved. The constituents have agreed to the final terms of a stipulation and are working on a final document to present to the U.S. Bankruptcy Court for approval.

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

SETTLING OF INTERCOMPANY CLAIMS

19. As discussed in the Third Report, the U.S. Debtors in coordination with the Monitor, the Unsecured Creditors' Committee, the DIP Lenders and the agents for the prepetition lenders under credit agreements of BI and BCFPI, have agreed to and finalized the terms of a protocol to address intercompany claims.

CLAIMS PROCEDURES

20. The U.S. Debtors continue to work with the CCAA Petitioners and the Monitor to establish coordinated claims adjudication procedures with respect to the Cross-Border Petitioners, subject to approval by the Canadian Court and the U.S. Bankruptcy Court.

ASSET SALES

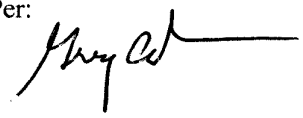
21. ACC manages ABH's North American recycling division. The recycling division operates in two segments: a collection and processing group and a materials management group. The collection and processing group owns three material recovery facilities ("**MRFs**") in Texas that sort and process recyclables for resale. The U.S. Debtors are now seeking to effect the sale of the three material recovery facilities and related assets.

22. After negotiating with several parties, the U.S. Debtors determined that WM Recycle America, L.L.C. ("**Waste Management**") offered the best price for the MRFs (US$12,050,000). Notwithstanding this determination, the U.S. Debtors solicited other bids in accordance with the bid procedures approved by the U.S. Bankruptcy Court on November 24, 2009. No qualified bids were received by the bid deadline and the auction was subsequently cancelled. All objections to the sale were resolved prior to the sale hearing. The sale was approved by the U.S. Bankruptcy Court on December 16, 2009. The sale proceeds will be held in trust and will be available upon 10 days notice to the agent for the lenders party to a certain Credit and Guaranty Agreement dated April 1, 2008 with ACCC and ACI as borrowers.

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

John F. Barrett, CA, CIRP
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.

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