CANADA	**SUPERIOR COURT**
PROVINCE OF QUEBEC **DISTRICT OF MONTRÉAL**	Commercial Division *Sitting as a court designated pursuant to the Companies' Creditors Arrangement Act, R.S.C., c. C-36, as amended*
No.: 500-11-036133-094	

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

TWENTY-SEVENTH REPORT OF THE MONITOR

December 9, 2009

INTRODUCTION

1. On April 17, 2009, Abitibi-Consolidated Inc. ("**ACI**") and its subsidiaries listed in Appendix "A" hereto (collectively with ACI, the "**ACI Petitioners**") and Bowater Canadian Holdings Incorporated ("**BCHI**") and its subsidiaries listed in Appendix "B" hereto (collectively with BCHI, the "**Bowater Petitioners**") (the ACI Petitioners and the Bowater Petitioners are collectively referred to herein as the "**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 ACI petitioners.

2. Pursuant to the Initial Order, Ernst & Young Inc. ("**EYI**") was appointed as monitor of the Petitioners (the "**Monitor**") under the CCAA and a stay of proceedings in favour of the Petitioners was granted until May 14, 2009 (the "**Stay Period**"). The Stay Period has been extended until December 15, 2009 pursuant to further Orders of this Honourable Court.

3. On April 16, 2009, AbitibiBowater Inc. ("**ABH**"), Bowater Inc. ("**BI**"), and certain of their direct and indirect U.S. and Canadian subsidiaries, including BCHI and 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 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**").

4. The Petitioners are all subsidiaries of ABH (ABH, collectively with its subsidiaries, are referred to as the "**ABH Group**").

5. 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 and EYI was appointed as the information officer in respect of the 18.6 Petitioners.

6. On April 16, 2009, ACI and ACCC filed petitions for recognition under Chapter 15 of the U.S. Bankruptcy Code. On April 21, 2009, the U.S. Bankruptcy Court granted the recognition orders under Chapter 15 of the U.S. Bankruptcy Code.

7. On April 22, 2009, the Court amended the Initial Order to extend the stay of proceedings to the partnerships listed in Appendix "D" hereto (the "**Partnerships**").

BACKGROUND

8. ABH is one of the world's largest publicly traded pulp and paper manufacturers. 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.

9. 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 ("**Newsprint South**") (BI, Newsprint South and their respective subsidiaries are collectively referred to as the "**BI Group**"), ACI (ACI and its subsidiaries are collectively referred to as the "**ACI Group**") and AbitibiBowater US Holding LLC ("**ABUSH**") (ABUSH and its respective subsidiaries are collectively referred to as the "**DCorp Group**").

10. ACI is a direct and indirect wholly-owned subsidiary of ABH. ABH wholly owns BI which in turn, wholly owns BCHI which, in turn, indirectly owns BCFPI which carries on the main Canadian operations of BI.

11. ACCC, a wholly-owned subsidiary of ACI, and BCFPI hold the majority of ABH's Canadian assets and operations.

PURPOSE

12. This is the twenty-seventh report of the Monitor (the "**Twenty-Seventh Report**") in the CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to the following:

    (i) an update on the Claims Process (as defined herein);

    (ii) the restructuring initiatives undertaken by the Petitioners since September 2, 2009, the date of the Fifteenth Report of the Monitor (the "**Fifteenth Report**") which was filed in support of the Petitioners' Motion to Extend the Stay Period to December 15, 2009; and

    (iii) the Monitor's recommendation regarding the Motion by the Petitioners to extend the Stay Period to March 15, 2010.

TERMS OF REFERENCE

13. In preparing this Twenty-Seventh 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 and its advisers (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 Twenty-Seventh Report. Some of the information referred to in this Twenty-Seventh 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 Twenty-Seventh 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.

14. Capitalized terms not defined in this Twenty-Seventh 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.

15. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Twenty-Seventh Report, and all motion records and Orders in the CCAA Proceedings will be available on the Monitor's website at www.ey.com/ca/abitibibowater. The Monitor has also established a bilingual toll-free telephone number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceedings.

16. Copies of all of the U.S. Bankruptcy Court's orders are posted on the website for Epiq Bankruptcy Solutions LCC ("**Epiq**") at http://chapter11.epiqsystems.com/abitibibowater. The Monitor has included a link to Epiq's website from the Monitor's website.

CLAIMS PROCESS UPDATE

Background

17. On August 26, 2009 this Honourable Court issued an Order (the "**Claims Procedure Order**") setting out the procedures for the filing of claims against the Petitioners (the "**Claims Process**"). Pursuant to the Claims Procedure Order, November 13, 2009 was established as the claims bar date (the "**Claims Bar Date**") with respect to the filing of claims with the Monitor, with the exception of creditors holding certain specifically excluded claims (the "**Excluded Claims**").

18. The Excluded Claims included, among others, any Claim, Subsequent Claim or Restructuring Claim (as defined in the Claims Procedure Order) of (i) an employee of any of the Petitioners or the Partnerships who was employed by that Petitioner or Partnership as of April 16, 2009 (the "**Active Employees**"); and (ii) asserted by any person, including pension plan administrators, or pension authorities, in respect of the twenty registered pension plans for the Canadian Petitioners' Canadian employees (the "**Pension Claims**").

19. Accordingly, former employees of the Petitioners who were not employed as of April 16, 2009 (the "**Inactive Employees**") were required to file claims (other than Pension Claims) against the Petitioners by the Claims Bar Date.

20. As reported in the Seventeenth Report of the Monitor dated October 5, 2009, the Monitor mailed approximately 47,000 proof of claim packages to creditors, in both English and French, which included proof of claim forms for both the CCAA Proceedings and the Chapter 11 Proceedings, together with instruction letters. French and English versions of the notice to creditors were also placed in various newspapers and posted on the Monitor's website in accordance with the Claims Procedure Order.

Claims Filed

21. The Petitioners and the Monitor are currently in the process of reviewing and recording the claims filed with the Monitor as at the Claims Bar Date, including segregating duplicate claims that may have been filed against multiple Petitioners and/or Partnerships. The Petitioners and the Monitor are also reviewing the claims received from Epiq with respect to the Cross-Border Filers (as defined below).

22. In addition, the Monitor has received and returned 1,543 telephone calls since the mailing of the claims packages.

23. The Monitor will report further to this Honourable Court on the nature and quantum of the claims filed in due course.

Claims Review and Determination

24. The Petitioners, with the assistance of the Monitor, are in the process of preparing the procedures for the review and determination of claims filed against the Petitioners and the Partnerships. The Petitioners have advised the Monitor that they intend to seek an Order from this Honourable Court approving such procedures in January, 2010.

25. With respect to the Petitioners that have filed under both the CCAA Proceedings and the Chapter 11 Proceedings (the "**Cross-Border Filers**"), the Petitioners, with the assistance of the Monitor, have prepared a cross-border protocol for the review and determination of claims filed against the Cross-Border Filers (the "**Claims Determination Protocol**").

26. The Claims Determination Protocol is intended to supplement the procedures that will be established by the Canadian Court with respect to the review and determination of claims against the Cross-Border Filers and the Petitioners have advised the Monitor that they intend to seek approval of the Claims Determination Protocol from both the Canadian Court and the U.S. Bankruptcy Court in January, 2010. The Petitioners and the Monitor are currently in discussions with the Unsecured Creditors Committee appointed in the Chapter 11 Proceedings with respect to the content of the Claims Determination Protocol and with respect to information-sharing generally.

Inactive Employee Claims

27. During a case management conference held on November 10, 2009, the Monitor undertook to take certain steps with respect to claims filed (or to be filed) by Inactive Employees. In this respect, the Monitor agreed to identify and review the claims filed by Inactive Employees and to compare the list of claims filed to the list of Inactive Employees from whom claims were expected. After creating a list of unfiled claims, the Monitor intended to develop a protocol for contacting those Inactive Employees who did not file claims by way of telephone, letter or both.

28. The Monitor has been advised by the Petitioners that the Inactive Employees may have the following claims against the Petitioners:

- unpaid severance and termination entitlements including salary continuation payments that were suspended upon the commencement of the CCAA Proceedings (collectively, the "**Severance Claims**");

- entitlements under supplemental pension plans ("**SERPS**") for certain former salaried employees (the "**SERP Claims**"). Certain SERPS were secured by letters of credit while others are unsecured obligations of the Petitioners;

- supplemental payments and related benefits to assist former employees until eligibility for pension payments from registered plans (the "**Bridging Claims**"); and

- bonus payments pursuant to the Petitioners' bonus programs (the "**Bonus Claims**").

29. The Petitioners have calculated the amounts owing by the Petitioners to the Inactive Employees for their Severance Claims, Bridging Claims and Bonus Claims. In addition, the Petitioners have engaged Mercer Inc. ("**Mercer**"), the Petitioners' actuarial consultant, to assist in valuing the SERP Claims.

30. The Monitor has received approximately 1,175 claims from employees (including union claims) in the aggregate, including claims of both Inactive Employees and Active Employees.

31. The Monitor has reviewed these claims and segregated them based on whether such claims are from Active Employees or Inactive Employees and then further subdivided the claims based upon the types of claim (i.e. Severance Claims, Bonus claims, SERP Claims, etc.).

32. The Monitor has received lists from the Petitioners of the Inactive Employees who likely have claims against the Petitioners, according to the Petitioners' records. The lists include the Inactive Employee's name, address, and the expected claim amount for the Severance Claims, Bonus Claims and Bridging Claims. The Monitor cross-referenced the claims filed to date for the Inactive Employees to the lists received by the Petitioners to (i) identify those whose claims do not correspond with the amounts provided by the Petitioners and (ii) identify those who have not submitted a claim.

Inactive Employees Who Filed a Claim by the Claims Bar Date

33. For the Inactive Employees who (i) submitted a claim by the Claims Bar Date and (ii) the amount claimed does not reconcile with the Petitioners' records, the Monitor will, in due course, communicate with such employee to reconcile and amend his proof of claim, if necessary. In the event of a dispute, the Monitor will intervene and attempt to resolve the dispute, if possible.

Inactive Employees Who Did Not File a Claim by the Claims Bar Date

34. With respect to the Inactive Employees who did not file a claim by the Claims Bar Date, the Monitor sent a letter on December 4, 2009, which included a pre-populated proof of claim form (the "**Pre-Populated Claim**") to each Inactive Employee. The Pre-Populated Claim included the amount owing to the Inactive Employee based on the Petitioners' records for applicable Severance Claims, Bonus Claims and Bridging Claims. In the case of SERP Claims, a nominal amount of $100 was shown to be used as an arbitrary amount for the purposes of submitting a claim until such time as the status of the SERP amounts have been determined and the value of the corresponding SERP obligations have been calculated.

35. Should the Inactive Employee agree with the amounts reflected in the Pre-Populated Claim, such employee is required to sign the Pre-Populated Claim and return it to the Monitor by January 15, 2010. Should the Inactive Employee

disagree with the amounts contained on the Pre-Populated Claim, he/she was advised to revise the amount and submit the claim to the Monitor by January 15, 2010.

36. The letter also contained a toll-free number which the Inactive Employee may call to seek guidance from the Monitor on what is required for the completion of the Pre-Populated Claim or ask any questions with respect to the Claims Process.

37. The Monitor will advise this Honourable Court as to the number and circumstances surrounding the claims received by the Inactive Employees after the Claims Bar Date and will make a recommendation regarding the acceptance thereof.

SERP Claims

38. Once the status of the SERPS is determined and corresponding calculations have been completed, the Monitor will review all SERP Claims and will contact the affected Inactive Employees to amend their claims based on the amount determined by the Petitioners and Mercer. In the event there are disputes with respect to Mercer's calculations, the Monitor will co-ordinate with the parties for the engagement of an independent actuarial consultant to assist in resolving the disputes.

SUMMARY OF RESTRUCTURING ACTIVITIES

39. Since the date of the last stay extension hearing on September 4, 2009, the Petitioners have progressed on a number of restructuring initiatives. Below is a summary of a number of key activities since those reported in the Fifteenth Report:

   (i) On September 29, 2009 (corrected on October 6, 2009), the ACI Group obtained an Order from this Honourable Court authorizing the sale of ACCC's 60% ownership interest in MPCo (the "**MPCo Transaction**"). A vesting order in respect of the MPCo Transaction was issued by this

Honourable Court on November 17, 2009. The MPCo Transaction is expected to close on December 9, 2009;

(ii) the ACI Group negotiated an extension of the ACI DIP Facility sponsored by Investissement Quebec until December 15, 2009, which was authorized by this Honourable Court on October 30, 2009;

(iii) on November 10, 2009 the ACI Group obtained approval from this Honourable Court to enter into various transactions in order to restructure its European sales structure;

(iv) on November 16, 2009, the ACI Group obtained an Order from this Honourable Court approving a replacement DIP facility (the "**ULC DIP**") from certain of the proceeds derived from the MPCo Transaction and authorizing a distribution to the Trustee on behalf of the Senior Secured Noteholders of $200 million;

(v) the Petitioners have commenced a process for the disposition of five closed pulp and paper mills in order to reduce the ongoing carrying costs of those mills and expect to enter into a letter of intent with a prospective purchaser in the near future;

(vi) on November 24, 2009 the ACI Group obtained Court approval for the sale of its closed Belgo pulp and paper mill. The sale is expected to close in the near future;

(vii) the Petitioners have completed their five year business plan and met with the financial advisors to their stakeholder groups on December 2, 2009 in Montreal to present the plan and review the financial forecast model. Such information has been posted in the electronic data room which each of the major stakeholder groups has access to, subject to confidentiality agreements;

(viii) the Petitioners have engaged in discussions with their unions and the government with respect to the Petitioners' significant pension plan deficiency for its Canadian registered pension plans. The Petitioners continue to hold discussions with the various parties in an effort to come to a resolution of this pension issue;

(ix) the Petitioners developed a series of restructuring steps in order to reduce a potentially significant tax liability which was approved by this Honourable Court on December 1, 2009;

(x) the ACI group has negotiated the sale of the Saint- Raymond saw mill and related timberlands to two purchasers and is seeking Court approval for the transaction on December 11, 2009;

(xi) the Petitioners are reviewing claims received by the Monitor;

(xii) both the ACI Group and BCFPI, with the consent of the Monitor, continue to repudiate a number of unfavourable contracts which will assist them in making their cost structures more viable; and

(xiii) the Petitioners are in the process of preparing a restructuring and recapitalization term sheet and intend to complete this term sheet by December 15, 2009.

EXTENSION OF STAY PROCEEDINGS

40. As noted in the materials filed with this Honourable Court, the Petitioners have filed a Motion to Extend the Stay Period to March 15, 2010.

41. The extension of the Stay Period to March 15, 2010 will allow the Petitioners to continue to develop their restructuring plan and will also allow the Petitioners to continue the Claims Process to quantify certain claims filed by creditors.

42. The twenty-fifth report of the Monitor dated December 9, 2009 (the "**Twenty-Fifth Report**") outlined the Petitioners five week cash flow results for the period

from October 19, 2009 to November 22, 2009. In addition, the Twenty-Fifth Report included the ACI Group's and BCFPI's 17-week cashflow forecasts to March 21, 2010. Both forecasts indicate that the Petitioners will have sufficient liquidity to enable them to sustain operations in the ordinary course of business through the proposed extension of the Stay Period.

RECOMMENDATION

43. It is the Monitor's view that the Petitioners have acted in good faith and with due diligence in their efforts to develop a restructuring plan for the benefit of all stakeholders. The Monitor is also of the view that an extension of the Stay Period to March 15, 2010 is in the best interest of all stakeholders.

44. Accordingly, the Monitor recommends that this Honourable Court grant the Petitioners' Motion for an Extension of the Stay Period to March 15, 2010.

All of which is respectfully submitted.

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

Per:

Alex Morrison, CA, CIRP
Senior Vice President

Greg Adams, 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 Quebec Inc.
20. Abitibi-Consoldiated (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 Quebec 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