CANADA	**SUPERIOR COURT**
PROVINCE OF QUÉBEC **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

FORTY-FIFTH REPORT OF THE MONITOR
June 22, 2010

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 and affiliates 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, as amended on May 6, 2009 (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 the 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 subsequently extended to June 18, 2010 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 the "**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. BCHI, Bowater Canada Finance Corporation, Bowater Canadian Limited, AbitibiBowater Canada Inc., BCFPI, Bowater LaHave Corporation and Bowater Maritimes Inc. have commenced both CCAA Proceedings and Chapter 11 Proceedings and are referred to herein collectively as the "**Cross-Border Petitioners**" and are also included in the definition of "**Petitioners**".

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

6. 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.

7. 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.

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

BACKGROUND

9. 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.

10. 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**").

11. ACI is a direct and indirect wholly-owned subsidiary of ABH.

12. 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.

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

PURPOSE

14. This is the forty-fifth report of the Monitor (the "**Forty-Fifth Report**") in these CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to the following:

    (i) the Petitioners' motion authorizing and approving the execution by Produits Forestiers Saguenay Inc. ("**PFS**"), one of the Abitibi Petitioners, of the agreement entitled *Convention d'achat d'actifs* (the "**Purchase Agreement**") dated May 26, 2010, by and between PFS (the "**Vendor**"), as vendor and 9137-7122 Quebec Inc. (the "**Purchaser**"), as purchaser, an executed copy of which is attached to the Petitioners' motion under confidential seal;

    (ii) the issuance of a vesting order in connection with the transactions contemplated in the above-mentioned agreement; and

    (iii) other typical ancillary orders.

TERMS OF REFERENCE

15. In preparing this Forty-Fifth 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 (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 Forty-Fifth Report. Some of the information referred to in this Forty-Fifth 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 Forty-Fifth 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.

16. Capitalized terms not defined in this Forty-Fifth Report are as defined in the previous reports of the Monitor and the Initial Order. .

17. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Forty-Fifth 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.

18. 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.

THE ST-FULGENCE TRANSACTION

19. The St-Fulgence sawmill, owned by PFS, is located in St-Fulgence, Quebec and has an annual allowable cut of 709,900 m^3 and an annual capacity of approximately 150,000 mbf. It was closed in the fall of 2009 for economic reasons and then temporarily re-opened on April 26, 2010 for approximately 7 weeks to process on-site round wood inventories.

20. PFS is not selling the sawmill assets, but rather just selected property at the sawmill along with the old wood residues or bark piles that are located thereon. More specifically, the Purchase Agreement contemplates the sale of all of the Petitioners' rights, title and interest in certain immoveable property at the sawmill, all wood residues located on the immoveable property and the designated site and the certificates of authorization for a property situated near the St-Fulgence sawmill (the "**Purchased Assets**").

The Sales Process

21. The Petitioners have advised the Monitor that the costs associated with the transportation of the old bark residues significantly reduced the pool of potential purchasers and, as a result, the Petitioners only solicited five potential purchasers by letter on January 26, 2010 and did not conduct a broader solicitation process.

22. In the solicitation letters, the Petitioners mentioned, among other things, that certain environmental remediation needed to be completed before the end of the summer, the projected cost of which was estimated at CDN$75,000 for 2010 and CDN$15,000 every following year for the monitoring of the leachate from the bark.

23. On February 22, 2010, the Petitioners received an offer from the Purchaser and then contacted the four other parties to confirm that they were not interested. On May 26, 2010, after agreeing on the terms and conditions and subsequent to the Monitor's review and approval, the Vendors and the Purchaser executed the Purchase Agreement.

The Sale Agreement

24. The purchase price contemplated in the Purchase Agreement includes:

(i) a fixed, up-front amount payable to the Vendor at Closing, which has already been placed in escrow for the benefit of the Vendor;

(ii) the assumption, as of the closing, of the Assumed Liabilities, as defined in the Purchase Agreement; and

(iii) payment by the Purchaser to the Vendor over time, for the removal of all wood residues (excluding the first 100,000 green tonnes) from the property and the designated site based on a negotiated price per green tonne.

25. The Assumed Liabilities include any and all environmental liabilities related to the property and the designated site effective as at the closing and the costs associated with any and all required environmental remediation.

26. The Purchaser is purchasing the Purchased Assets on an "as is / where is" basis, at its complete risk and peril, without representations and warranties from the Vendor of any nature other than those as to the corporate status, authorization and residence of the Vendor.

27. The Purchase Agreement also includes an option in favour of the Vendor to purchase the subject property, for a nominal amount, at any and all times once the Purchaser has completed the removal of all the wood residues from the Property and completed the required environmental remediation.

28. It also includes a right of first refusal in favour of the Vendor on all or a portion of the wood residues located on the property and the designated site. The pricing between the parties will be based on the average market price that the Vendor would otherwise pay per green tonne in the Lac Saint-Jean region, as determined by an independent firm that is mutually agreeable to the parties.

29. The Purchase Agreement has been filed with the Petitioners' motion under confidential seal as the Monitor understands that the Petitioners' are in negotiations with other parties for similar assets.

Recommendation

30. The Monitor believes that the total purchase price is reasonable, taking the following factors into consideration:

(i) the limited pool of potential purchasers, given (a) the cost of transporting the wood residues; (b) the need to purchase the property in order to access the wood residue inventory on the property and the nearby designated site; and (c) the need to assume the cost of the environmental remediation related to the property;

(ii) the sale of the Purchased Assets will enable the Vendor to avoid the cost of the environmental remediation;

(iii) the retention by the Vendor of the option to buy-back the property as well as the Vendor's right of first refusal regarding the purchase of the wood residues; and

(iv) no other potential purchaser has expressed any interest in the Purchased Assets.

31. Based on the foregoing, the Monitor recommends that his Honourable Court grant the Petitioners' motion for an Order:

(i) authorizing and approving the execution by PFS of the Purchase Agreement;

(ii) the issuance of a vesting order in connection with the transactions contemplated in the above-mentioned agreement; and

(iii) other typical ancillary orders.

OTHER MATTERS

32. The Monitor also wishes to inform this Honourable Court of the June 3, 2010 Notices of De Minimis Asset Sales filed with the U.S. Bankruptcy Court regarding the sale of houses owned by BCFPI located at 1280 and 1320 rue des Cypès, Dolbeau-Mistanssini, Québec.

33. After having been listed with a local real estate agent, the houses were sold to purchasers that are not associated with the Debtors or any of their subsidiaries or affiliates for CDN$100,000 and CDN$225,000, subject to any objections filed with the U.S Bankruptcy Court by or before June 17, 2010 at 4 p.m. (ET). No objections were filed. No vesting order was required by the purchasers and the sale proceeds were less than CDN$10 million. As such, no approval was required or sought from this Honourable Court pursuant to paragraph 46 (c) of the Initial Order.

34. Given that the vast majority of the asset sales conducted while under the CCAA Proceedings have required vesting orders, the Petitioners remain well under the aggregate asset sale allowance of CDN$50,000,000 pursuant to paragraph 46 (c) of the Initial Order.

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

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

APPENDIX "D"
PARTNERSHIPS

1. Bowater Canada Finance Limited Partnership
2. Bowater Pulp and Paper Canada Holdings Limited Partnership
3. Abitibi-Consolidated Finance LP