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

SIXTY-FOURTH REPORT OF THE MONITOR
October 7, 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 the date of implementation of the plan of reorganization and compromise filed by the Petitioners 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 Abitibi-Consolidated Company of Canada ("**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. In October 2007, ACI and BI merged to create ABH which 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 and South Korea. The Petitioners' 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.

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. The purpose of this Sixty-Fourth Report (the "**Sixty-Fourth Report**"), is to report to this Honourable Court with respect to the distribution of New ABH Common Stock (as defined herein) to certain Government Entities (as defined herein) and the Motion brought by the Monitor in respect of the proposed sale of those shares by the Monitor on behalf of such Government Entities (as defined herein).

TERMS OF REFERENCE

15. In preparing this Sixty-Fourth 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 Sixty-Fourth Report. Some of the information referred to in this Sixty-Fourth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future-oriented financial information referred to in this Sixty-Fourth 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 Sixty-Fourth Report are as defined in the previous reports of the Monitor and the Initial Order. All references to dollars are in U.S. currency and are translated at a rate of CDN$1.00=US$0.98 unless otherwise noted.

17. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Sixty-Fourth Report, and all motion records and Orders in the CCAA Proceedings are 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 ISSUANCE OF NEW ABH COMMON STOCK

19. On September 14, 2010, the creditors who hold affected unsecured claims against the Petitioners (other than Bowater Canada Finance Corporation) (the "**Affected Unsecured Creditors**") voted in favour of the resolution in respect of the Petitioners' plan of compromise and arrangement (as may be amended, re-amended or supplemented from time to time) (the "**CCAA Plan**"), a copy of which was filed as Appendices E and F to the Supplemental Fifty-Ninth Report of the Monitor dated September 21, 2010.

20. Section 2.4 of the CCAA Plan provides that certain Affected Unsecured Creditors shall receive, *inter alia*, their *pro rata* share of shares of new common stock of the post-emergence reorganized ABH (the "**New ABH Common Stock**") in full and final satisfaction of their proven claim(s).

21. Certain government entities are Affected Unsecured Creditors with claims against certain of the Petitioners and are therefore entitled to receive a distribution of New ABH Common Stock.

22. The Monitor has been advised by certain governmental or government-owned entities (the "**Government Entities**") that they are prohibited by statute (or otherwise) from owning shares in unrelated public companies. As a result, the Government Entities are unable to receive their distribution of shares of New ABH Common Stock as provided for under the CCAA Plan.

23. By way of example, the City of Toronto Economic Development Corporation ("**CTEDC**") has informed the Monitor that, as a Government Entity, it is prohibited from holding the New ABH Common Stock in its name. Consequently, CTEDC is not legally able to receive its distribution of New ABH Common Stock as provided for under the CCAA Plan.

24. To date, the Monitor has identified approximately 23 possible Government Entities which may be prohibited from receiving a distribution of New ABH Common Stock. A list of such Government Entities is attached hereto as Appendix "E".

25. The Monitor intends to send a copy of this Sixty-Fourth Report, together with a copy of the related motion materials, to each of the Government Entities which it is has identified as potentially being prohibited from receiving a distribution of New ABH Common Stock. To have recourse to the process for selling the New ABH Common Stock (as described below), such Government Entities will be required to execute the Direction (defined below) and advise the Monitor of the statute or other prohibition that prohibits such Government Entity from holding the Shares (as defined below).

PROPOSED MECHANISM TO MONETIZE THE SHARES

26. To ensure that the Government Entities that have complied with the conditions set forth herein are treated appropriately under the CCAA Plan and receive value for their distribution as provided for in the CCAA Plan, the Monitor, in its capacity as Disbursing Agent under the CCAA Plan, has agreed, subject to Court approval, to the

mechanism described below in order to monetize the shares of New ABH Common Stock issued to the Government Entities (the "**Shares**").

27. The Monitor's proposed mechanism for the sale of the Shares is as follows:

   (a) each affected Government Entity wishing to have its Shares sold shall, prior to the initial distribution date described in the CCAA Plan, deliver a direction (the "**Direction**") to the Monitor advising as to the legal prohibition inhibiting it from owning the shares and directing the Monitor to sell the Shares on its behalf on the date of issuance of the New ABH Common Stock or as soon as practicable thereafter. A copy of the form of Direction is attached hereto as Appendix "F";

   (b) the Monitor, as Disbursing Agent, shall sell the Shares pursuant to the Direction delivered by each Government Entity in any public stock exchange in which the Shares are listed for trading at the sale price in effect at the moment of such sale; and

   (c) the Monitor shall deliver to each Government Entity the proceeds from the sale of their respective Shares as expeditiously as is practical.

28. The form of Direction provides that the Monitor, as Disbursing Agent, is not responsible for any taxes or fees arising from or in relation to the issuance or sale of the Shares and that the Monitor is under no obligation to obtain any particular or any minimum sale price for the Shares.

29. The form of Direction (and the proposed form of Order) also releases and discharges the Monitor, as Disbursing Agent, from any and all liability that the Monitor may have or that could arise from the sale of the Shares and the proceeds received therefrom, with the exception of bad faith or gross negligence on the part of the Monitor.

RECOMMENDATION

30. The Monitor is of the view that the proposed mechanism for the sale of the Shares issued to the Government Entities does not materially prejudice the other Affected

Unsecured Creditors and will ensure that the Government Entities receive value for their distributions and are treated appropriately under the CCAA Plan.

31. The Monitor respectfully requests this Honourable Court to grant the Monitor's motion for an Order authorizing and directing the Monitor, as Disbursing Agent, to sell the Shares issued to the Government Entities and the related relief requested therein.

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 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

APPENDIX "E"

LIST OF POTENTIAL GOVERNMENT ENTITIES IDENTIFIED BY THE MONITOR

CREDITOR NAME

1. Commission Scolaire Harricana
2. Municipalite Sainte-Anne-de-la-Perade
3. Corporation of the Town of Fort Frances
4. District of Mackenzie
5. Her Majesty the Queen in Right of Ontario, Represented by the Ministry of Revenue
6. Ville de Shawinigan
7. Commission Scolaire de Portneuf
8. Agence du Revenu du Canada
9. Le Percepteur des Amendes Agissant pour la Procureure Generale du Quebec
10. MRQ - Centre de Perception Fiscale
11. Ontario Ministry of Northern Development, Mines and Forestry
12. Commission Scolaire de la Jonquière
13. Gouvernement du Québec
14. Her Majesty the Queen in right of the Province of British Columbia
15. Ministere des Transport
16. Her Majesty the Queen in Right of Canada (Minister of Indian Affairs and Northern Development)
17. City of Toronto Economic Development Corporation
18. Her Majesty the Queen in right of Canada - Environment Canada - Ontario Region
19. Her Majesty the Queen in right of Ontario, as represented by MNR
20. Her Majesty the Queen in right of Ontario, Ministry of the Environment
21. Minister Developpement Durable, Environnment et Parcs

22. Directeur des Poursuites Criminelles et Penales

23. Thunder Bay Port Authority

APPENDIX “F”

FORM OF DIRECTION

DIRECTION

TO:	Ernst & Young Inc., in its capacity as Disbursing Agent (the "Monitor" or the "Disbursing Agent") under the Plan of Reorganization and Compromise of AbitibiBowater Inc. and certain of its subsidiaries (the "CCAA Plan")
AND TO:	**[Relevant Abitibi entity]**
FROM:	**[Government entity]**
RE:	The Distribution of Shares of New ABH Common Stock pursuant to Section 2.4 of the CCAA Plan. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the CCAA Plan.

WHEREAS pursuant to Section 2.4 of the CCAA Plan, certain Affected Unsecured Creditors are to receive, *inter alia*, their *pro rata* share of shares of New ABH Common Stock (the "Shares") in full and final satisfaction of their Proven Claim.

AND WHEREAS [Government Entity] is legally prohibited from holding the Shares (the "Legal Prohibition") in its own name by virtue of **[Name of Statute or otherwise]**;

AND WHEREAS the Monitor, as Disbursing Agent, has agreed, subject to Court approval and subject to the Monitor being satisfied as to the effect of the Legal Prohibition, to sell the Shares issued in the name of **[Government Entity]** upon delivery of this Direction and to deliver to **[Government Entity]** the proceeds from the sale of the Shares.

NOW THEREFORE the Disbursing Agent is hereby irrevocably authorized and directed to sell the Shares issued in the name of **[Government Entity]** on the date of issuance of the New ABH Common Stock, or as soon thereafter as is practicable, in any public stock exchange in which the Shares are listed for trading at the sale price in effect at the moment of such sale, and deliver to **[Government Entity]** the proceeds from the sale of the Shares by way of cheque to the following address:

[NTD: insert address of Government Entity].

The undersigned, **[Government Entity]**, acknowledges and agrees that the Monitor is not responsible for payment of any taxes or fees arising out of or in relation to the issuance or sale of the Shares and all such taxes and fees are the responsibility of **[Government Entity]** and will be paid directly by **[Government Entity]**.

The undersigned, **[Government Entity]**, also acknowledges and agrees that the Monitor makes no representations, warranties or covenants in respect of the amount of proceeds that will be received from the sale of the Shares and that the Monitor is under no obligation to obtain any particular or any minimum sale price for the Shares.

The undersigned, **[Government Entity]**, hereby releases and discharges the Monitor from any and all liability that the Monitor may have or that could arise from the sale of the Shares and the proceeds received therefrom, with the exception of any liability arising from bad faith or gross negligence on the part of the Monitor.

Dated this ________ day of October, 2010.

[GOVERNMENT ENTITY]

Per: ________________________________
Name: ►
Title: ►

Acknowledged and consented to this ________ day of October, 2010.

ERNST & YOUNG INC., in its capacity as the Monitor and the Disbursing Agent under the CCAA Plan, and not in its personal or corporate capacity

Per: ________________________________
Name: ►
Title: ►