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;

Monitor

SIXTY-NINTH REPORT OF THE MONITOR
December 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-ninth report (the "**Sixty-Ninth Report**") of the Monitor is to report to this Honourable Court with respect to:

    (a) the Initial Distribution Record Date under the Petitioners' Second Amended CCAA Plan (as defined herein);

    (b) the status of the claims process;

    (c) the impact on distributions pursuant to the Second Amended CCAA Plan to employees as a result of a legal requirement to possibly repay employment insurance benefits received by certain former employees of the Petitioners;

    (d) the impact on certain employee claims and Elections (as defined herein) as a result of the recent Claims Officer ruling in respect of the Synergy Bonus (as defined herein);

    (e) additional late claims and Misfiled Claims (as defined herein);

    (f) the pension agreement with the Ontario Government; and

    (g) the Province of Newfoundland and Labrador's appeal to the Supreme Court of Canada.

TERMS OF REFERENCE

15. In preparing this Sixty-Ninth 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-Ninth Report. Some of the information referred to in this Sixty-Ninth 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-Ninth 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-Ninth 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-Ninth 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 INITIAL DISTRIBUTION RECORD DATE

19. As set forth in Section 7.1 of the Plan of Reorganization and Compromise dated August 2, 2010 and the Amended and Restated Plan of Reorganization and Compromise dated September 17, 2010 (collectively, the "**CCAA Plan**"):

> "*Except as otherwise provided herein or as ordered by the Court, distributions to be made on account of Affected Claims that are Proven Claims as at the Initial Distribution Record Date shall be made on the Initial Distribution Date.*"

20. The "Initial Distribution Record Date" was defined in the CCAA Plan as "the applicable date designated in the Sanction Order"[1]. However, the Sanction Order does not include reference to the Initial Distribution Record Date.

21. On November 1, 2010, the Petitioners filed a Second Amended and Restated CCAA Plan (the "**Second Amended CCAA Plan**"). Pursuant to the Second Amended CCAA Plan, the definition of Initial Distribution Record Date was revised and is now defined as "the applicable date designated by the Monitor and posted on the Monitor's website".

22. The Monitor has designated December 2, 2010 as the Initial Distribution Record Date, which is the same date as the Distribution Record Date under the U.S. Debtors' Second Amended Joint Plan of Reorganization (the "**U.S. Plan**"). A Notice of the Initial Distribution Record Date, a copy of which is attached hereto as Appendix "E", has been posted on the Monitor's website.

CLAIMS UPDATE

23. In the Sixty-Fifth Report of the Monitor dated October 7, 2010, the Monitor reported to this Honourable Court in respect of the status of the claims filed in the CCAA Proceedings and included a table providing an update on the status of such claims (the "**Claims Chart**").

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[1] The Sanction Order is defined to mean the Order issued by this Honourable Court dated September 23, 2010 sanctioning the CCAA Plan pursuant to the CCAA, Section 191 of the *Canada Business Corporations Act* and such other sections and legislation to be set forth in the restructuring transaction notice as such order may be amended, or supplemented from time to time.

24. Generally, the Monitor has been updating the Claims Chart on a weekly basis since June 7, 2010 and posts an updated Claims Chart on its website every Wednesday. An updated Claims Chart is attached hereto as Appendix "F".

25. As reported to this Honourable Court in the Sixty-Sixth Report of the Monitor dated November 5, 2010, entities related to Quebecor World Inc. ("**QWI**") filed proofs of claim against the ABH Group in the aggregate amount of approximately $9 billion of which $5 billion (CDN $6 billion) was against the Petitioners.

26. On November 2, 2010, the definitive text of the settlement agreement (the "**Final QWI Agreement**") was finalized as between ABH and QWI. On November 23, 2010 the U.S. Bankruptcy Court supervising the Chapter 11 Proceedings and the U.S. Bankruptcy Court supervising the QWI Chapter 11 cases each approved the Final QWI Agreement. In accordance with the Final QWI Agreement, claims filed by the QWI entities against the Petitioners have been withdrawn and expunged from the claims registry in the CCAA Proceedings.

27. The Monitor notes that the Claims Chart now excludes the claims by QWI.

28. As set forth in the Claims Chart, there are a number of claims still under review as at the Initial Distribution Record Date that will not receive distributions pursuant to the Second Amended CCAA Plan on the Initial Distribution Date. These claims and the actions being taken in respect of them include:

    (a) a number of large volume trade supplier accounts are still being reconciled by the Petitioners;

    (b) certain union claims are being reviewed by the Petitioners and ongoing discussions are taking place with the affected unions as to claim amounts relating to severance and notice period entitlements;

    (c) certain claims filed by unions on behalf of their members are being reconciled to individual claims filed by union employees to ensure there are no duplicate claims;

(d) there are certain claims for damages arising from contract repudiations that are still being reviewed by the Petitioners and in some cases being negotiated with the affected creditor; and

(e) certain claims for amounts under the Petitioners' Supplemental Executive Retirement Plans ("**SERPs**") are still being reviewed in light of the SERP amendments outlined in the Second Amended CCAA Plan and entitlements under the old SERP program. It was recently determined that the Petitioners and the U.S. Debtors may be jointly obligated for SERP benefits under one of the SERP plans which may have the effect of creating additional claims totalling approximately CDN $29 million against all of the Petitioners and the U.S. Debtors. The Monitor is reviewing this matter with the Petitioners.

29. Creditors with claims under review will not participate in the Initial Distribution but will be included in subsequent distributions once their respective claims have been determined. In addition, any claims that remain in dispute as at the Distribution Record Date will not participate in the Initial Distribution but will be included in subsequent distributions once those disputes have been resolved. In accordance with the Second Amended CCAA Plan and the Sanction Order, the Petitioners are establishing reserves with respect to claims under review or in dispute pending resolution.

EMPLOYMENT INSURANCE

30. The Petitioners have been in discussions with the Canada Revenue Agency ("**CRA**") and Service Canada ("**SC**") with respect to employment insurance benefits that may have been paid by SC to members or former members of the Petitioners' workforce. Under the *Employment Insurance Act*, in the event that a former employee or current employee (collectively the "**Employee**") receives a distribution on account of earnings for a period of time when that Employee was receiving employment insurance benefits, such benefits or a portion thereof may need to be repaid to SC. As a result of this obligation, it was agreed that the Petitioners will receive clearance from SC for each Employee prior to making any distributions under the Second Amended CCAA Plan to the affected Employee. The Petitioners are required to withhold any amount owing to SC as a

repayment of employment insurance benefits from any distributions under the Second Amended CCAA Plan and remit that amount directly to the Receiver General.

31. The Monitor has received approximately 7,000 claims from Employees. The Petitioners have received clearance from SC for approximately one-third of the Employees. For those Employees in respect of whom the Petitioners have not received clearance from SC, the Employees will not receive their distributions until such time as a clearance is received by the Petitioners or the amount to withhold is determined by SC. Accordingly, such employees will not receive a distribution on the Initial Distribution Date.

LATE CLAIMS

32. On August 26, 2009 this Honourable Court issued an Order (the "**Claims Procedure Order**") setting out the procedures for the filing of certain claims against the Petitioners (the "**Claims Process**").

33. Pursuant to the Claims Procedure Order, November 13, 2009 was established as the claims bar date (the "**Claims Bar Date**") with respect to filing of claims with the Monitor, with the exception of creditors holding certain specifically excluded claims.

34. On January 18, 2010, this Honourable Court issued an order (the "**Claims Determination Order**") approving the methodology applicable to the review and determination of claims filed against the Petitioners, the Partnerships and the Cross-Border Petitioners.

35. On February 23, 2010 this Honourable Court issued an Order (the "**Second Claims Procedure Order**") setting out the procedures for the filing of certain claims (primarily claims of employees who were active as of April 17, 2009 and restructuring claims) against the Petitioners and setting April 7, 2010 as the bar date for certain claims that were excluded from the initial Claims Procedure Order, subject to a 30-day rolling bar date for restructuring claims (the "**Second Claims Bar Date**").

36. The Claims Procedure Order and the Second Claims Procedure Order are hereinafter referred to collectively as the "**Claims Procedure Orders**" and the Claims Bar Date and

the Second Claims Bar Date are hereinafter collectively referred to as the "**Claims Bar Dates**".

37. Pursuant to the Orders dated July 21, 2010 and October 15, 2010 (the "**July Order**" and the "**October Order**", respectively, and collectively the "**Late Claims Orders**"), this Honourable Court declared that notwithstanding the Claims Procedure Orders and the Claims Bar Dates established therein, the claims filed against the Petitioners that were identified by the Monitor as "late claims" were deemed to be timely filed with the Monitor for the purpose of the Claim Process.

38. Since the October Order, the Monitor has continued to receive late claims. To date, the Monitor has received 27 additional late claims (the "**Additional Late Claims**"). The Additional Late Claims may be summarized as follows:

Entity	Number of Claims	Amount (Cdn $)
Abitibi-Consolidated Inc.	3	34,578.31
Bowater Canadian Forest Products Inc.	8	691,256.73
Abitibi-Consolidated Company of Canada	5	24,367.67
Saguenay Forest Products Inc.	1	6,220.80
Bowater Maritimes Inc.	1	931.00
AbitibiBowater Inc.	1	55,605.00
Multiple Petitioners	8	18,096,843.34

39. Most of the Additional Late Claims were filed by employees/former employees. There was, however, a claim filed against BCFPI for $630,766 which pertains to environmental remediation costs.

40. The claims filed against "Multiple Petitioners" represent eight individuals who are members of the SERP sponsored by ABH (the "**ABH SERP**"). The Petitioners have advised that a determination has been made that each of the Petitioners as well as each of the U.S. Debtors may be liable for the obligations under the ABH SERP.

41. The determination that all of the Petitioners and all of the U.S. Debtors may be liable for the obligations under the ABH SERP was not communicated to the members of the ABH SERP at the time of the Claims Bar Dates. The amounts at issue with respect to the ABH

SERP will not be distributed on the date of implementation of the Second Amended CCAA Plan and will be held by the Monitor in a disputed claims reserve in accordance with the Second Amended CCAA Plan and the Sanction Order.

42. Pursuant to the October Order, the Monitor is authorized to update the summary of late claims, upon notice to the service list and without further order of this Honourable Court, and such claims shall be deemed to be timely filed with the Monitor for the purposes of the Petitioners' Claims Process.

43. The Monitor intends to admit the Additional Late Claims (including the ABH SERP claims) in the Claims Process and such claims shall be subject to the Claims Determination Order.

SYNERGY BONUS

44. The Petitioners had certain bonus programs in place for eligible employees prior to the issuance of the Initial Order. One bonus program, known as the "**Synergy Bonus**", was based on the Petitioners realizing certain savings targets as a result of synergies from the merger of ACI and BI in October, 2007.

45. The Petitioners were of the view that the Synergy Bonus was not payable for the 2008 calendar year on the basis that certain conditions with respect to the program were not met and, therefore, Employees were not entitled to file a claim for their respective Synergy Bonus. Despite communicating this position to the affected Employees, certain Employees filed claims for the Synergy Bonus. The Monitor disallowed these claims.

46. A small group of employees disputed the disallowance on the basis that the Synergy Bonus was due and owing and was a valid claim in the CCAA Proceedings. The matter was referred to the Honourable Me Joseph R. Nuss (the "**Claims Officer**") for a hearing and the matter was heard on October 19, 2010. On November 24, 2010 the Claims Officer rendered his decision and confirmed that the Synergy Bonus was properly due and owing and thus a valid claim in the CCAA Proceedings.

47. In light of the decision by the Claims Officer, the Petitioners are of the view that all Employees eligible for the Synergy Bonus (approximately 450 Employees) should have their claims increased on account of their respective Synergy Bonus entitlement. The Monitor intends to revise the claims of the affected Employees by increasing the allowed claim of each Employee by the amount of their respective Synergy Bonus and issuing a revision notice as provided in the Claims Procedure Order. The affected Employee will have 10 business days to dispute the notice of revision pursuant to the Claims Procedure Order.

48. The approximate liability for the Synergy Bonus is CDN$6.6 million for ACCC and CDN$2.8 million for BCFPI.

49. The inclusion of the Synergy Bonus amount may have a material impact on the individual claims of certain of the affected Employees. Accordingly it is the view of both the Petitioners and the Monitor that any elections previously made to reduce their claim in order to receive a cash distribution pursuant to the CCAA Plan (the "**Election**") by certain of the affected Employees may no longer be appropriate given the amount of the increase in certain of the Employee claims. The Monitor intends to provide an option to those Employees entitled to the Synergy Bonus to change their election and resubmit it to the Monitor.

50. As a result of the foregoing, Employees who are entitled to the Synergy Bonus will not participate in the Initial Distribution but rather in subsequent distributions once their respective claim(s) have been revised and/or determined and their Elections received.

MISFILED CLAIMS

51. As reported in the Forty-Fourth Report of the Monitor dated June 7, 2010 (the "**Forty-Fourth Report**"), the Monitor identified numerous proofs of claim that had been filed with the Monitor against the Petitioners or the Cross-Border Petitioners that should have been filed against the U.S. Debtors. These claims were disallowed by the Monitor for the purposes of the CCAA Proceedings and copies of such claims were sent to Epiq so that Epiq might address such claims in the Chapter 11 Proceedings.

52. In addition, the Petitioners and the Monitor identified numerous proofs of claim filed with Epiq pursuant to the U.S. Claims Order that should have been filed against the Petitioners pursuant to the Claims Procedure Order in the CCAA Proceedings (the "**Misfiled Claims**").

53. While the Claims Procedure Orders provide that claims filed with the Monitor against the Cross-Border Petitioners are deemed to be timely filed proofs of claim in the Chapter 11 Proceedings, the Claims Procedure Orders do not provide that proofs of claim filed in the Chapter 11 Proceedings against the Petitioners (excluding the Cross-Border Petitioners) or the Partnerships are deemed to be timely filed in the CCAA Proceedings.

54. As reported in the Forty-Fourth Report, the Monitor sent a letter (the "**Misfiled Claims Letter**") to the creditors who filed Misfiled Claims advising each creditor that it had filed a Misfiled Claim and suggesting that they voluntarily withdraw their claims in the Chapter 11 Proceedings and to transfer the Misfiled Claim to the CCAA Proceedings.

55. Pursuant to the July Order this Honourable Court declared that notwithstanding the Claims Procedure Orders and the Claims Bar Dates established therein, the claims filed against the Petitioners that were identified by the Monitor as Misfiled Claims were deemed to be timely filed with the Monitor for the purpose of the Claims Process.

56. On or about November 1, 2010, the Monitor sent a follow up letter to the creditors who filed Misfiled Claims and who did not respond to the Misfiled Claims Letter. In total, the Monitor has received 41 additional claims (the "**Additional Misfiled Claims**") totalling CDN$1,636,367 that appear, based upon a preliminary review, to be proper claims against ACCC.

57. Pursuant to the July Order, the Monitor is authorized to update the summary of Misfiled Claims upon notice to the service list and without further order of this Honourable Court and such claims shall be deemed to be timely filed with the Monitor for the purposes of the Petitioners' Claims Process.

58. The Monitor intends to admit the Additional Misfiled Claims into the Claims Process and such claims shall be subject to the Claims Determination Order.

PENSION AGREEMENT WITH THE ONTARIO GOVERNMENT

59. As set forth in the Fifty-Ninth Report of the Monitor dated September 17, 2010, the Petitioners reached an agreement with the Quebec government and the Regie des rentes du Quebec (the provincial pension authority) that will allow the Petitioners' pension plans in the Province of Quebec to continue to pay 100% of pension benefits to retirees and beneficiaries (the "**Quebec Pension Agreement**"). The Quebec Pension Agreement and the pension relief provisions in the Province of Quebec were contingent on the provision of similar relief measures in Ontario.

60. On November 19, 2010, the Petitioners announced that they reached an understanding with the Ontario government related to funding relief in respect of the aggregate pension deficits in the Petitioners' pension plans in both Ontario and Quebec.

61. In this respect, on November 15, 2010, the Ontario Minister of Finance (the "**Minister**") signed a comfort letter (the "**Ontario Comfort Letter**"), wherein the Minister advised that he is prepared to recommend to the Ontario Government regulatory amendments to permit the requested pension funding relief as set forth in the AbitibiBowater/Ontario Pension Funding Agreement (the "**Ontario Pension Agreement**"), which agreement has not been executed but is attached to the Ontario Comfort Letter, on a timeline consistent with when the Petitioners are expected to emerge from these CCAA Proceedings. A copy of the Ontario Comfort Letter together with the Ontario Pension Agreement is attached hereto as Appendix"G".

62. The Monitor notes, however, that neither Ontario nor Quebec have, as of yet, passed the regulatory amendments contemplated by these agreements.

NEWFOUNDLAND AND LABRADOR APPEAL TO THE SUPREME COURT OF CANADA

63. Her Majesty the Queen in Right of the Province of Newfoundland and Labrador ("**Newfoundland and Labrador**") brought a motion in these CCAA Proceedings for a declaration that certain obligations allegedly owing by some of the Petitioners were not "claims" that were subject to the Claims Process in the CCAA Proceedings. On March

31, 2010, this Honourable Court ruled against Newfoundland and Labrador on this issue. Newfoundland and Labrador sought leave to appeal the decision of this Court and leave to appeal was denied by the Court of Appeal of Quebec on May 18, 2010. On August 16, 2010, Newfoundland and Labrador filed an application for leave to appeal to the Supreme Court of Canada.

64. On November 26, 2010, the Supreme Court of Canada granted leave to appeal the Judgment of the Court of Appeal of Quebec with costs to be awarded in the cause.

65. As noted in the Monitor's Thirty-Fourth Report dated February 19, 2010 (the "**Thirty-Fourth Report**"), filed prior to the initial hearing of this matter before this Honourable Court, the effect of the relief being sought by Newfoundland and Labrador would be to elevate the obligations in favour of Newfoundland and Labrador ahead of the claims of ordinary creditors which are subject to the Claims Process and that, under the Second Amended CCAA Plan, are now being converted into equity in the restructured organization. The Monitor also noted in the Thirty-Fourth Report that the amount of these obligations is difficult to quantify but that they could be, in a "base case" scenario, in an amount in the mid-to-high eight figures and in a "worst case" scenario could be several times that amount.

66. At the time of writing this Sixty-Ninth Report, the Monitor has no estimate as to when this issue will be finally determined.

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

APPENDIX "E"
NOTICE OF THE INITIAL DISTRIBUTION RECORD DATE

ERNST & YOUNG

Ernst & Young Inc.
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, Ontario M5K 1J7
Tel: 416 864 1234
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NOTICE OF THE INITIAL DISTRIBUTION RECORD DATE
in the matter of the PLAN OF REORGANIZATION AND COMPROMISE OF ABITIBIBOWATER INC., AND CERTAIN OF ITS SUBSIDIARIES
(hereinafter referred to as the "Petitioners")

NOTICE IS HEREBY GIVEN that pursuant to the Second Amended and Restated Plan of Reorganization and Compromise of the Petitioners dated November 1, 2010 (the "Plan"), the Initial Distribution Record Date is **December 2, 2010**.

Except as otherwise provided in the Plan or as ordered by the Court, distributions to be made on account of Affected Claims that are Proven Claims as at the Initial Distribution Record Date shall be made on the Initial Distribution Date.

Capitalized terms used and not otherwise defined in this Notice are as defined in the Plan.

A copy of the Plan may be obtained on the Monitor's website at www.ey.com/ca/abitibibowater.

A member firm of Ernst & Young Global Limited

ABITIBIBOWATER CLAIMS SUMMARY
In Millions of Canadian Dollars as at December 6, 2010

	Total											
		Less: Secured Claims										
Legal Entities	Claims Filed (Net of Claims Withdrawn)	Secured Lender Claims (1)	Construction Lien Claims (1)	Property Tax Claims (1)	Net Unsecured Claims Filed	Claims Under Review	Subject to Cross-Border Protocol Notice Period (2)	Subject to Revision or Disallowance Notice Periods (3)	Claims in Dispute (4)	Claims Accepted To Date	Revised, Amended and Disallowed Portion (5)
ACI Affected Unsecured Creditor Class	8,066.8	472.5	1.7	2.1	7,590.4	119.0	-	16.6	422.5	3,806.6	3,225.7
ACCC Affected Unsecured Creditor Class	8,638.5	1,064.6	25.6	6.1	7,542.3	112.9	-	130.1	9.6	3,859.4	3,430.3
15.5% Guarantor Applicant Affected Unsecured Creditor Classes in respect of each of the following:											
3224112 Nova Scotia Limited	3,629.1	441.5	-	-	3,187.5	18.2	-	-	-	371.5	2,797.9
Marketing Donohue Inc.	3,629.1	441.5	-	-	3,187.5	18.2	-	-	-	371.5	2,797.9
Abitibi-Consolidated Canadian Office Products Holding Inc.	3,631.6	441.5	-	-	3,190.0	18.2	-	0.0	0.0	371.9	2,799.9
3834328 Canada Inc.	3,629.1	441.5	-	-	3,187.5	18.2	-	-	-	371.5	2,797.9
6169678 Canada Inc.	3,629.1	441.5	-	-	3,187.5	18.2	-	-	-	371.5	2,797.9
Donohue Recycling Inc.	3,629.6	441.5	-	-	3,188.1	18.2	-	0.0	-	371.7	2,798.2
1508756 Ontario Inc.	3,632.8	441.5	-	0.7	3,190.6	18.2	-	-	-	371.5	2,800.9
The Jonquiere Pulp Company	3,629.1	441.5	-	-	3,187.5	18.2	-	-	-	371.5	2,797.9
The International Bridge and Terminal Company	3,629.1	441.5	-	-	3,187.5	18.2	-	-	-	371.5	2,797.9
Scramble Mining Ltd.	3,629.1	441.5	-	-	3,187.5	18.2	-	-	-	371.5	2,797.9
Terra Nova Explorations Ltd.	3,629.1	441.5	-	-	3,187.5	18.2	-	-	-	371.5	2,797.9
Abitibi Consolidated (UK) Inc.	3,386.9	440.8	-	-	2,946.0	18.2	-	-	-	371.5	2,556.4
Saguenay Forest Products Affected Unsecured Creditor Class	3,642.6	440.8	-	0.0	3,201.8	19.7	-	1.9	0.0	379.4	2,800.8
BCFPI Affected Unsecured Creditor Class	1,394.1	159.4	0.3	1.7	1,232.8	163.3	9.5	46.0	17.5	374.4	622.1
BCFC Affected Unsecured Creditor Class	1,514.9	-	-	-	1,514.9	18.2	-	0.3	-	752.9	743.5
AbitibiBowater Canada Affected Unsecured Creditor Class	436.8	-	11.6	0.0	425.2	19.6	-	0.3	0.0	-	405.3
Bowater Maritimes Affected Unsecured Creditor Class	269.1	-	-	-	269.1	20.9	-	0.1	-	2.7	245.4
Abitibi-Consolidated Nova Scotia Incorporated	3,629.1	441.5	-	-	3,187.5	18.2	-	-	-	371.5	2,797.9
Others (6)	6,937.3	1,518.8	-	0.0	5,418.5	345.2	-	1.2	-	0.1	5,072.0
Estimated Net Consolidated Claims	77,842.4	9,395.5	39.2	10.6	68,397.2	1,054.8	9.5	196.5	449.6	14,005.4	52,681.6

(1) Secured Claims include guarantee claims filed against multiple entities, construction lien claims and property tax claims. Total secured claims filed, excluding duplicate guarantee claims, total $1.2 billion prior to any payments applied thereon, inc from the allocation of the MPCo sale proceeds. These claims include the Senior Secured Notes, the ACCC Term Loan, and the Bank of Nova Scotia.

(2) Notice of the determination of certain claims by the Monitor are to be provided to the Unsecured Creditors' Committee or the Ad Hoc Unsecured Noteholders Committee under the Cross-border Claims Protocol and are subject to a fifteen (15) business days period before the Monitor proceeds with acceptance, revision or disallowance.

(3) The claim amount represents the filed amount of claims that have been revised or disallowed by the Monitor, but for which the 10 business days period during which a claimant may dispute the Monitor's revision or disallowance has yet to expire.

(4) Represents claims for which the Monitor has issued a Notice of Revision or Disallowance and for which the Affected Unsecured Creditor has filed a Notice of Dispute in respect thereof. Claim amounts are shown herein at the original filed amount.

(5) Includes claims reductions on account of amended claims filed, withdrawn claims, and disallowed claims.

(6) "Other CCAA Filed Entities" represents claims filed against various Applicants, which are expected to be disallowed in full. This data remains subject to change as individual claims are reviewed and analyzed.

(7) Minor discrepancies in the totals may be present due to rounding adjustments.

ABITIBIBOWATER CLAIMS SUMMARY
In Millions of Canadian Dollars as at December 6, 2010

	Total										
		Less: Secured Claims									
Other Legal Entities	Claims Filed (Net of Claims Withdrawn)	Secured Lender Claims (1)	Construction Lien Claims (1)	Property Tax Claims (1)	Net Unsecured Claims Filed	Claims Under Review	Subject to Cross-Border Protocol Notice Period (2)	Subject to Revision or Disallowance Notice Periods (3)	Claims in Dispute (4)	Claims Accepted To Date	Revised, Amended and Disallowed Portion (5)
Secured Only											
4042140 Canada Inc.	700.5	440.8	-	-	259.6	18.2	-	-	-	-	241.5
9150-3383 Quebec Inc.	700.5	440.8	-	-	259.6	18.2	-	-	-	-	241.5
Bowater Shelburne Corporation	418.9	159.3	-	-	259.6	18.2	-	-	-	-	241.5
Bowater LaHave Corporation	419.1	159.3	-	-	259.8	18.2	-	-	-	-	241.6
Liquidated Claims											
La Tuque Forest Products Inc.	259.6	-	-	0.0	259.6	18.2	-	-	-	-	241.5
Bowater Mitis Inc.	260.2	-	-	-	260.2	18.2	-	0.6	-	-	241.5
Bowater Guerette Inc.	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
Claim Disallowed											
3217925 Nova Scotia Company	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
Bowater Canadian Holdings Incorporated	419.6	159.3	-	-	260.4	18.2	-	0.3	-	-	241.9
Bowater Canadian Limited Affected Unsecured Creditor Class	260.5	-	-	-	260.5	18.3	-	0.3	-	-	241.9
3231378 Nova Scotia Company	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
St-Maurice River Drive Company Limited	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
Bowater Treated Wood Inc.	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
Canexel Hardboard Inc.	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
9068-9050 Quebec Inc.	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
Alliance Forest Products Inc. (2001)	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
Bowater Belledune Sawmill Inc.	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
Bowater Couturier Inc.	259.6	-	-	-	259.6	18.2	-	-	-	-	241.5
Under investigation											
Bowater Canada Finance Limited Partnership	400.8	159.3	-	-	241.5	-	-	-	-	-	241.5
Bowater Pulp and Paper Canada Holdings Limited Partnership	241.5	-	-	-	241.5	-	-	-	-	-	241.5
One claim By Revenu Canada, Under review											
Bowater Canada Treasury Corporation	259.8	-	-	-	259.8	18.2	-	-	-	0.1	241.6
Total	6,937.3	1,518.8	-	0.0	5,418.5	345.2	-	1.2	-	0.1	5,072.0

APPENDIX "G"

Ontario Comfort Letter together with the Ontario Pension Agreement

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416 325-0400
Facsimile: 416 325-0374

7e étage, Édifice Frost sud
7, Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone : 416 325-0400
Télécopieur : 416 325-0374

Mr. David J. Paterson
Chief Executive Officer
AbitibiBowater Inc.
1155 Metcalfe Street #800
Montreal QC H3B 5H2

November 15, 2010

Re: Funding of AbitibiBowater Pension Plans

Dear Mr. Paterson:

On June 17, 2010, AbitibiBowater Inc. submitted a form of agreement, entitled *AbitibiBowater Ontario Pension Funding Relief Agreement in Principle* (as attached and hereby referred to as the Form of Agreement) to the Ontario government, through which the company requested regulatory amendments to be made under the *Pension Benefits Act* (PBA) that would provide the relevant Canadian affiliates of AbitibiBowater Inc. (collectively "AbitibiBowater") with 10-year funding relief for their pension plans in Ontario..

The Ministry of Finance understands the importance of predictable and sustainable annual pension contributions to the continuing viability of AbitibiBowater. I also understand that the pension relief provisions that are being proposed in Quebec for the Quebec-registered plans have been made contingent on the provision of similar relief measures in Ontario.

I am, therefore, prepared to recommend regulatory amendments to permit the requested pension funding relief, as referred to in paragraphs 1 to 9 of the Form of Agreement, on a timeline consistent with when the company is expected to emerge from protection under the *Companies' Creditors Arrangement Act* (CCAA) (in or about November, 2010).

.../cont'd

Regulations under the PBA are made by the Lieutenant Governor in Council. I would recommend that the proposed regulations be made subject to the following additional requirements and provisions:

1. AbitibiBowater agrees to notify, in writing, each plan beneficiary who belongs to an Ontario-registered plan, before it emerges from CCAA, of the relevant terms, conditions, and potential adverse impacts that may result from the proposed pension relief measures. Such notice shall be provided to the Financial Services Commission of Ontario and the Ontario Ministry of Finance before its distribution to plan beneficiaries. Annual notices to plan beneficiaries must also be provided during the term of the proposed pension relief measures.

2. Further to paragraph 11 of this letter, each of the Ontario-registered plans listed in Appendix C of the Form of Agreement shall receive their pro-rata share of *basic amortization contributions* ($50M annually), *additional contributions* (15% of Free Cash Flow, up to $15M annually) and *supplementary contributions*, as referred to in the Form of Agreement. For greater certainty, each of the Ontario-registered plans shall also receive a pro-rata share of any further contributions, except for contributions required to fund wind up deficits required under paragraph 9 of this letter, that are made to any of the registered plans listed in Appendix C of the Form of Agreement.

3. AbitibiBowater shall continue to be required to pay annual Pension Benefits Guarantee Fund (PBGF) assessments. The amounts set out for plan contributions (i.e., *basic amortization contributions*, *additional contributions* and *supplementary contributions* referred to in the Form of Agreement) may not be applied towards the payment of PBGF assessments.

4. Consistent with the Quebec pension measures, the annual target solvency ratios referred to in paragraph 1 of the Form of Agreement will be confirmed based on plan actuarial valuations as of December 31, 2010 (or as of a later date, subject to Ontario's approval, in the event that emergence from CCAA protection occurs later than December 31, 2010).

5. The three categories of contributions enumerated in paragraph 3 of this letter can only be applied in respect of pension benefits that accrue through December 31, 2010. Unless otherwise determined in accordance with the relevant unions, AbitibiBowater agrees that any pension benefits that accrue on and after January 1, 2011 will be provided under Quebec-registered pension plan(s) or newly created pension plan(s). Such pension plan(s), insofar as they apply to Ontario members, will not be covered under the proposed regulatory amendments and must be in a form that is permitted under the PBA and its regulations. AbitibiBowater shall make additional contributions to satisfy funding requirements in respect of benefits that accrue on and after January 1, 2011.

.../cont'd

6. Any initial commuted value transfer resulting either from an individual member termination or an existing or future partial plan wind up shall be restricted to the portion of the commuted value determined by multiplying such commuted value by the lesser of the most recently determined transfer ratio and one. If the result is that less than 100% of the commuted value is initially transferred, the balance shall be transferred at the earliest of: (a) when the plan is fully funded, (b) when a contribution in addition to the three categories of contributions enumerated in paragraph 3 of this letter, is made by AbitibiBowater to fund the transfer deficiency, or (c) five years after the initial transfer. For greater certainty, the initial commuted value transfers for all members affected by the existing partial wind ups shall be made on or around January 1, 2011.

7. AbitibiBowater shall fund any benefit improvements immediately and in full through lump sum contributions that are in addition to the three categories of contributions enumerated in paragraph 3 above, notwithstanding the funding relief provisions otherwise in effect for the pension plans.

8. Further to paragraph 2 of the Form of Agreement, AbitibiBowater, after consultation with the relevant bargaining agents where plan beneficiaries are represented by collective bargaining agents, shall implement corrective measures acceptable to the Superintendent of Financial Services within a reasonable time-frame if the aggregate solvency ratio of the plans as of December 31 of the previous year is lower than the specified target solvency ratio less 5% for any year before 2016.

9. In the event of full plan wind up, AbitibiBowater shall make contributions that are in addition to the three categories of contributions enumerated in paragraph 3 of this letter to satisfy PBA funding requirements.

10. Consistent with the Quebec agreement, AbitibiBowater agrees to submit to the Ontario government audited financial statements for AbitibiBowater, as soon as they become available, for each year in which the relief provisions are in effect. For years after 2015, the Ontario government or FSCO shall have the ability to convene the parties to the Ontario-registered plans to consider measures and mechanisms that would expedite the funding of such plans provided that the financial condition of AbitibiBowater warrants it.

11. Details relating to the proposed relief provisions, including the methodologies for allocating plan contributions among the plans covered under the funding relief regulations in Quebec and Ontario and the methodologies for determining annual target solvency ratios, shall be set out in such regulations or otherwise subject to Ontario's approval in writing.

.../cont'd

12. AbitibiBowater agrees to file an actuarial valuation report, effective September 30, 2010, with FSCO before the company emerges from CCAA for each of the Ontario-registered plans covered under the proposed pension relief provisions. Such report shall be prepared in accordance with the PBA requirements that are in effect on the date of filing.

AbitibiBowater understands that the Ontario government intends to take legislative and/or regulatory steps to protect the PBGF against future increases in potential PBGF claims that may arise after December 31, 2010 from the requested funding relief provisions.

Ontario is not prepared to recommend any further amendments to the PBA or its regulations in addition to those required to implement the funding relief measures related to AbitibiBowater's proposed pension restructuring and the additional requirements and provisions listed above.

AbitibiBowater acknowledges that the Lieutenant-Governor-in-Council may revoke the regulatory amendments requested to be made under the PBA in the event that: (1) the Quebec pension relief provisions cease to be effective; (2) AbitibiBowater is unwilling or unable to comply with the requirements and provisions of this letter or is otherwise in material breach of its obligations hereunder or in the Form of Agreement attached to this letter; or (3) AbitibiBowater is in material breach of its obligations under the *Agreement Concerning the Pulp and Paper Operations of AbiBow Canada in Ontario* dated November 10, 2010.

The Ontario government reserves its rights to modify the provisions related to the pension relief measures, consistent with any changes to the terms of the pension relief arrangements in Quebec.

Sincerely,

Dwight Duncan
Minister

c: Randy Angle,
Communications, Energy and Paperworkers Union of Canada (Local 101)
Charlie Boudreau,
The United Association of Plumbers and Steamfitters (Local 666)
George Chabot,
Communications, Energy and Paperworkers Union of Canada (Local 92)

.../cont'd

Kim Ginter,
Communications, Energy and Paperworkers Union of Canada
Gerry Hercun,
International Brotherhood of Electrical Workers (Local 1744)
Debbie Hildebrandt,
Canadian Office and Professional Employees' Union (Local 151)
Brian Hinterbrander,
International Union of Operating Engineers (Local 865)
Ian Hughes,
International Brotherhood of Electrical Workers (Local 1565)
Peter Jones,
Communications, Energy and Paperworkers Union of Canada (Local 90)
Bill Kemp,
International Association of Machinists and Aerospace Workers (Local 268)
John Kenny,
Communications, Energy and Paperworkers Union of Canada (Local 84, 84-35,)
Larry Kopechanski,
Office and Professional Employees' International Union (Local 386)
Kevin Mc Dowell,
International Union of Operating Engineers
Gaétan Ménard,
Communications, Energy and Paperworkers Union of Canada
Mark Mulski,
International Brotherhood of Electrical Workers (Local 559)
Brian Murdock,
International Brotherhood of Electrical Workers
Ken Neill,
Communications, Energy and Paperworkers Union of Canada (Local 109)
Bert Poulin,
Canadian Office and Professional Employees' Union
Bill Shine,
Communications, Energy and Paperworkers Union of Canada (Local 306)
Brian Short,
International Association of Machinists and Aerospace Workers
Barry Silk,
International Brotherhood of Electrical Workers (Local 869)
Terry Ugulini,
International Brotherhood of Electrical Workers (Local 914)
Jim Whitehead,
International Association of Machinists and Aerospace Workers (Local 771)
John Yacuik,
Communications, Energy and Paperworkers Union of Canada (Local 257)
Rick Zuback,
Communications, Energy and Paperworkers Union of Canada (Local 39)

ABITIBIBOWATER/ONTARIO
PENSION FUNDING RELIEF AGREEMENT

BETWEEN:

ABITIBIBOWATER INC. ON ITS OWN BEHALF AND ON BEHALF OF ITS CANADIAN AFFILIATES (collectively "**ABH**")

AND:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO ("**ONTARIO**")

WHEREAS ABH filed for protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") on April 17, 2009;

WHEREAS ABH sponsors numerous defined benefit registered pension plans with substantial solvency deficits;

WHEREAS ABH's emergence from CCAA protection is conditional on a satisfactory resolution of its pension funding requirements;

WHEREAS ABH has negotiated an agreement with the Régie des rentes du Québec (the "**Régie**") on funding requirements for its Quebec-registered defined benefit pension plans, a copy of which is attached as Appendix "A" and an unofficial English translation of which is attached as Appendix "B";

AND WHEREAS the agreement with the Régie is conditional on completion of a similar agreement with Ontario in respect of ABH's Ontario-registered defined benefit pension plans;

NOW THEREFORE THE PARTIES HEREBY AGREE AS FOLLOWS:

1. ABH shall remit to the pension plans listed in Appendix "C" (collectively the "**Plans**"): (i) a basic amortization contribution for each year; and (ii) beginning in 2013, when the aggregate solvency ratio of the Plans is lower than the target solvency ratio for a year, an additional contribution; in each case as follows:

   (a) for 2011, the aggregate basic amortization contribution shall be $50 million.

   (b) for 2012, the aggregate basic amortization contribution shall be $50 million.

   (c) for 2013, the aggregate basic amortization contribution shall be $50 million. If the aggregate solvency ratio of the Plans as of December 31 of the previous year is less than 75%, the aggregate additional contribution will be 15% of

ABH's free cash flow as defined in Appendix "D" ("**FCF**"), to a maximum of $15 million.

(d) for each of 2014 and 2015, the aggregate basic amortization contribution shall be $50 million per year. If the aggregate solvency ratio of the Plans as of December 31 of the previous year is less than 76%, the aggregate additional contribution will be 15% of FCF, to a maximum of $15 million.

(e) for 2016, the aggregate basic amortization contribution shall be $50 million. If the aggregate solvency ratio of the Plans as of December 31 of the previous year is less than 77%, the aggregate additional contribution will be 15% of FCF, to a maximum of $15 million.

(f) for 2017, the aggregate basic amortization contribution shall be $50 million. If the aggregate solvency ratio of the Plans as of December 31 of the previous year is less than 78%, the aggregate additional contribution will be 15% of FCF, to a maximum of $15 million.

(g) for 2018, the aggregate basic amortization contribution shall be $50 million. If the aggregate solvency ratio of the Plans as of December 31 of the previous year is less than 80%, the aggregate additional contribution will be 15% of FCF, to a maximum of $15 million.

(h) for 2019, the aggregate basic amortization contribution shall be $50 million. If the aggregate solvency ratio of the Plans as of December 31 of the previous year is less than 83%, the aggregate additional contribution will be 15% of FCF, to a maximum of $15 million.

(i) for 2020, the aggregate basic amortization contribution shall be $50 million. If the aggregate solvency ratio of the Plans as of December 31 of the previous year is less than 85%, the aggregate additional contribution will be 15% of FCF, to a maximum of $15 million.

2. For each year preceding January 1, 2016, if the aggregate solvency ratio of the Plans as of December 31 of the previous year is lower than the target solvency ratio for the year (as specified in the relevant paragraph of section 1) less 5%, the Régie and/or FSCO shall convene the parties to the Plans to consider corrective measures to be implemented as soon as practicable.

3. For each year following December 31, 2015, if the aggregate solvency ratio of the Plans as of December 31 of the previous year is equal to or higher than the minimum solvency ratio for that year, the amount required to pay the entire unfunded portion of benefits may be paid out of the Plan assets. If such solvency ratio is less than the minimum solvency ratio for that year, the shortfall of the unfunded portion of benefits, as compared to the aggregate basic amortization contributions plus the aggregate additional contributions, shall be determined. ABH shall:

(a) if this shortfall occurs for a first time, remit a supplementary contribution equal to the lesser of such shortfall and $25 million;

(b) if this shortfall recurs, remit a supplementary contribution equal to the shortfall, over a maximum period of three (3) years.

For purposes of this section 3: (i) the minimum solvency ratio for a year shall equal the target solvency ratio for that year (as identified in the relevant paragraph of section 1) less 2%; and (ii) the unfunded portion of benefits shall be as defined in Appendix "D".

4. After December 31, 2020, the provisions of the *Pension Benefits Act* then in force shall apply to the funding of any remaining deficit as of that date.

5. ABH shall provide all retirees, beneficiaries and non-unionized active employees participating in the Ontario-registered Plans, and all bargaining agents representing participants in such Plans, with an information package describing the funding relief contemplated by this Agreement, which information package shall first be reviewed and approved by the Financial Services Commission of Ontario ("**FSCO**").

6. The aggregate solvency ratio of the Plans for a year shall be determined by the actuarial valuations of the Plans as of December 31, 2010 (or as of a later date to be agreed upon by the parties in the event that emergence from CCAA protection occurs later than December 31, 2010), and as of each subsequent December 31. Such aggregate solvency ratio shall equal the average solvency ratio (the sum of total solvency assets divided by the sum of total solvency liabilities) of all the Plans, whether such Plans are registered with FSCO or the Régie.

7. Once a Plan's solvency assets exceed its solvency liabilities, such Plan shall cease to be subject to this Agreement, and the provisions of the *Pension Benefits Act* then in force shall henceforth apply to its funding.

8. This Agreement is conditional upon the implementation by Quebec, for the Plans under the Régie's supervision, of measures equivalent to those contemplated by this Agreement for the Plans under the supervision of FSCO.

9. Following execution of this Agreement, the precise parameters of the funding relief will be embodied in a regulation under the *Pension Benefits Act* to be enacted no later than ●, 2010 and conditional on ABH's emergence from CCAA. For greater clarity, and irrespective of any total or partial Plan wind-ups, such regulation shall provide that the only special payments which ABH shall remit to the Plans for the period through December 31, 2020 shall be the basic amortization contributions and additional contributions described in section 1, the supplementary contributions described in section 3, and any other contributions agreed by ABH and Ontario, the whole subject to section 7 and to applicable *Income Tax Act* limits.

IN WITNESS WHEREOF, the parties have signed as of October 2010.

ABITIBIBOWATER INC.

Per: _____

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO

Per: _____

APPENDIX "A"

See attached.

APPENDIX "B"

See attached.

APPENDIX "C"

AFFECTED PENSION PLANS

Registration Number	Plan Name	Supervisory Authority
24239	Pension Plan for Unionized Employees of Abitibi-Consolidated Company of Canada	QC
202440	Pension Plan for Ontario Hourly Employees of Abitibi-Consolidated Company of Canada	ON
101793	Pension Plan for Non-Union Employees of Abitibi-Consolidated inc.	QC
30064	Pension Plan for Executive Employees of Abitibi-Consolidated Inc.	QC
21112	Supplementary Pension Plan for Unionized Employees of Abitibi-Consolidated Company of Canada - Pulp and paper Division - Clermont Sector	QC
27066	Supplementary Pension Plan for Unionized Employees of Abitibi-Consolidated Company of Canada - Pulp and paper Division - Amos Sector	QC
294496	Supplementary Pension Plan for Unionized Employees of Abitibi-Consolidated Company of Canada - Pulp & Paper Divisions - Thorold Sector	ON
22322	Supplementary Pension Plan for Unionized Employees Abitibi-Consolidated Company of Canada - Pulp and paper Division - Baie-Comeau Sector	QC
30670	Employees Retirement Plan (1988) of Bowater Canadian Forest Products Inc.	QC
5839	Employees' Retirement Plan (1946) of Bowater Canadian Forest Products Inc.	QC
260901	Employees' Retirement Plan (1972) of Bowater Canadian Forest Products Inc.	ON
575324	Supervisory Employees Retirement Plan (1976) of Bowater Canadian Forest Products Inc.	ON
355511	Executive Staff Employees Retirement Plan (1976) of Bowater Canadian Forest Products Inc.	ON
31383	Pension Plan for Non-Union Employees (1995) of Bowater Canadian Forest Products Inc.	QC
31384	Pension Plan for Union Employees (1994) of Bowater Canadian Forest Products Inc.	QC

APPENDIX "D"

DEFINITIONS

1. Unfunded Portion of Benefits

The unfunded portion of benefits includes two components: the unfunded portion of benefits paid and the unfunded portion of the balance of the value of benefits.

The **unfunded portion of benefits paid** is calculated by multiplying the amount of benefits to be paid for a given year by the difference between 100% and the aggregate solvency ratio of the Plans for the year. Assuming that the amount of benefits to be paid for 2016 is $330 million and that the aggregate solvency ratio of the Plans for that year is 75%, this portion represents $82.5 million ((100% - 75%) x $330 million).

The **unfunded portion of the balance of the value of benefits** includes the amounts that ABH would normally remit in accordance with subsection 42(2) of the *Pension Benefits Act* and subsection 19(7) of the *Pension Benefits Regulations* to complete the payment of all members' benefits and the amounts that must be remitted by ABH as a result of any partial Plan wind-ups.

2. FCF

ABH earnings before depreciation, interest, and taxes, less:

(i) interest expense;

(ii) capital expenditures;

(iii) basic amortization contributions; and

(iv) minority interest, net of tax,

the whole as determined by ABH's external auditors.