

CANADA

PROVINCE OF QUEBEC
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*

**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-EIGHTH REPORT OF THE MONITOR

July 6, 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 (the “**Initial Order**”). Pursuant to an Order of this Honourable Court dated November 10, 2009, Abitibi-Consolidated (U.K.) Inc., a subsidiary of ACI, was added to the list of ACI Petitioners.
2. Pursuant to the Initial Order, Ernst & Young Inc. (“**EYI**”) was appointed as monitor of the Petitioners (the “**Monitor**”) under the CCAA and a stay of proceedings in favour of the Petitioners was granted until May 14, 2009 (the “**Stay Period**”). The Stay Period has been extended until July 9, 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 “**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 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. 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. This is the forty-eighth report of the Monitor (the “**Forty-Eighth Report**”) in the CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to the motion (the “**Motion**”) filed against the Petitioners’ on behalf of Aurelius Capital Management, LP (“**Aurelius**”) and Contrarian Capital Management, LP (“**Contrarian**”) (together, the “**Noteholders**”).
15. As set forth in the Motion, the Noteholders are seeking an Order:
 - (i) requiring the officers and directors of Bowater Canada Finance Corporation (“**BCFC**”) to file an assignment in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and appointing a trustee in bankruptcy over the estate of BCFC as nominated by the Noteholders;
 - (ii) discharging Ernst & Young Inc. as Monitor of BCFC; and
 - (iii) declaring that the interests of the officers and directors of BCFC, the lawyers of record for the Petitioners and the Monitor conflict irreconcilably with the interests of the other Petitioners.
16. In the alternative, the Noteholders are seeking the appointment of an independent third party, at the Petitioners’ cost, to investigate, assert, protect and pursue the assets and liabilities of BCFC, including intercompany claims and claims against the directors and

officers of BCFC and to report its findings to BCFC's creditors and to this Honourable Court.

TERMS OF REFERENCE

17. In preparing this Forty-Eighth Report, the Monitor has been provided with and, in making comments herein, has relied upon unaudited financial information, the ABH Group's books and records, financial information and projections prepared by the ABH Group and discussions with management of the ABH Group and its advisers (the "Management"). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Forty-Eighth Report. Some of the information referred to in this Forty-Eighth 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- 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.
18. Capitalized terms not defined in this Forty-Eighth Report are as defined in the previous reports of the Monitor and the Initial Order. All references to dollars are in U.S. currency unless otherwise noted.
19. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Forty-Eighth Report, and all motion records and Orders in the CCAA Proceedings will be available on the Monitor's website at www.ey.com/ca/abitiibowater. 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.

20. 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.

BACKGROUND

21. BCFC is a Petitioner in the CCAA Proceedings and is also a U.S. Debtor in the Chapter 11 Proceedings.
22. BCFC is an unlimited liability company organized under the laws of the Province of Nova Scotia and is a wholly-owned subsidiary of BI, which is a Petitioner in the CCAA Proceedings and a U.S. Debtor in the Chapter 11 Proceedings.
23. BCFC is not an operating entity and it does not carry on business. It is a special purpose financing entity and its sole material asset consists of preferred shares (the "**Preferred Shares**") in BCHI, a direct subsidiary of BI. BCHI indirectly owns BCFPI, which is a Cross-Border Petitioner in the CCAA Proceedings and the Chapter 11 Proceedings. BCFC's sole material liability consists of the outstanding Notes (as defined below).
24. Pursuant to an Indenture and a Purchase Agreement, each dated as of October 31, 2001, BCFC issued and sold \$600 million of 7.95% unsecured notes due 2011 (the "**Notes**"). The Notes are fully and unconditionally guaranteed by BI.
25. The Monitor, at the request and with the co-operation of the Petitioners, is in the process of finalizing a separate report on the transactions giving rise to the Notes and certain other intercompany transactions involving BCFC (the "**Intercompany Transactions Report**").
26. Wilmington Trust Company is the indenture trustee in respect of the Notes (the "**Trustee**") and has filed the following unsecured claims on behalf of all of the holders of the Notes:
- (i) a claim against BCFC as issuer of the Notes in the CCAA Proceedings; and
 - (ii) a claim against BI as the guarantor of the Notes in the Chapter 11 Proceedings.

27. In addition, pursuant to Section 135 of the *Nova Scotia Companies' Act* (the "NSCA"), BI, as the sole member of BCFC, may be required to contribute to BCFC in order to satisfy the creditor claims of BCFC. Accordingly, BCFC may have a claim against BI for contribution in respect of its obligations under the Notes from BI in the event of a winding-up or bankruptcy of BCFC (the "**Contribution Claim**").¹
28. The Monitor notes that any Contribution Claim would be a claim in the estate of the U.S. Debtor, BI, and not a claim against any of the Petitioners. The Contribution Claim would be in addition to any claim that the Trustee may have against BI as guarantor of the Notes.
29. In the Motion, Aurelius and Contrarian have stated that they collectively hold approximately \$200 million in aggregate face amount of the Notes. The Monitor notes that Aurelius and Contrarian have not filed individual proofs of claim in accordance with the CCAA Claims Procedure Order dated August 26, 2009.

THE BANKRUPTCY OF BCFC

30. The Noteholders are seeking an Order requiring the officers and directors of BCFC to file an assignment in bankruptcy under the BIA and appointing a trustee in bankruptcy as nominated by the Noteholders.
31. The Monitor notes that the Petitioners are in the process of finalizing a plan of arrangement to be put to the creditors of all of the Petitioners, including BCFC.
32. The Petitioners are of the view that any assignment in bankruptcy will be prejudicial to their attempts to present comprehensive and coordinated plans of arrangement to the creditors of the Petitioners and the U.S. Debtors.

¹ The Contribution Claim may arise under Section 135 of the *NSCA* or Section 77 of the *BIA*.

TREATMENT OF BCFC UNDER THE DRAFT CCAA PLAN

33. Under the draft CCAA plan dated May 24, 2010,² as amended on June 25, 2010,³ and filed in the CCAA Proceedings (the “Draft CCAA Plan”), the “BCFC Affected Unsecured Creditor Class”, comprised solely of the “BCFC Affected Unsecured Creditors”, is entitled to receive its *pro rata* share of New ABH Common Stock and to participate in the portion of the Rights Offering allocated to BCFC up to its *pro rata* share of the number of shares of New ABH Common Stock.
34. “BCFC Affected Unsecured Creditors” is defined to mean any creditor that is a holder of a “BCFC Affected Unsecured Claim”. A “BCFC Affected Unsecured Claim” means any affected claim against BCFC and includes the claim filed by the Trustee against BCFC in respect of the Notes.
35. The details with respect to the proposed compromise of the BCFC Affected Unsecured Claims is set forth at section 2.4(f) of the Draft CCAA Plan. The Draft CCAA Plan provides that each BCFC Affected Unsecured Creditor with a proven claim, which would include the Trustee, will, in full and final satisfaction of its proven claim against BCFC, ultimately receive its *pro rata* share of the number of shares of New ABH Common Stock as set forth against BCFC in Schedule “B” to the CCAA Plan. Schedule “B” to the CCAA Plan provides that the BCFC Affected Unsecured Creditor class shall be allocated 233,714 shares of New ABH Common Stock representing 0.2% of New ABH Common Stock.
36. Article V – Section E of the Information Circular (which has been filed by the Petitioners) provides a table of “Illustrative Recoveries” for the Affected Unsecured Creditors of each of the Petitioners. The illustrative recoveries have been estimated by the Petitioners based on a number of assumptions. One of those assumptions is a mid-point estimated going concern enterprise value of Reorganized ABH of USD\$3.675 billion and an estimated mid-point equity value for the New ABH Common Stock of

² Attached as Appendix “F” to the Forty-Second Report of the Monitor dated May 24, 2010.

³ Attached as Exhibit R-2 to the Petitioners’ motion materials dated June 25, 2010.

USD\$2.425 billion.⁴ As set forth in Article V - Section E of the Information Circular, the value attributable to BCFC is approximately CDN\$6.8 million (0.9% x CDN\$753 million (being the preliminary claims estimate for BCFC)).

37. As set forth in section 2.5 of the CCAA Plan, Affected Unsecured Creditors in any Affected Unsecured Creditor Class that fail to approve the CCAA Plan by the affirmative vote of the required majorities or in respect of which the CCAA Plan is not sanctioned by the Court (each a “**No Vote Occurrence**”), shall be deemed to be unaffected creditors in respect of their claims against that No Vote Applicant (as defined below) for the purposes of the CCAA Plan.
38. In the event of a No Vote Occurrence, each Petitioner affected by such No Vote Occurrence (each a “**No Vote Applicant**”) or any other Petitioner may undertake, at its sole and absolute discretion, any corporate transactions necessary for such No Vote Applicant’s equity and any other Petitioner to be changed, exchanged, cancelled, transferred or otherwise dealt with, for NIL consideration.
39. In addition, in the event of a No Vote Occurrence, any inter-company claim held by a No Vote Applicant shall be deemed to be an Affected Unsecured Claim for the purposes of this CCAA Plan and shall be compromised thereunder.

ALLEGATIONS OF CONFLICT OF INTEREST

Conflicts Among the Petitioners

40. In the Motion, the Noteholders allege that BCFC’s officers and directors are conflicted as they are also officers and directors of the other Petitioners, including BCHI and BI. In addition, the Noteholders take issue with BCFC having the same counsel as the other Petitioners and assert that there are no independent fiduciaries ensuring that the interest of BCFC are advocated for and protected in the CCAA Proceedings. The Noteholders

⁴ As determined by ABH with the assistance of The Blackstone Group, its financial advisor, as summarized in Appendix H – Enterprise Valuation of the Information Circular.

also allege that BCFC is directly adverse in interest to BI, its parent company, with respect to the Contribution Claim.

41. The Noteholders are of the view that, as a result of its obligations under the Contribution Claim, BI is directly adverse in interest to BCFC.
42. In addition, the Noteholders are of the view that, as a result of BCFC's status as a preferred shareholder of BCHI, there is a "misalignment" between the interests of BCFC and BI (as the sole shareholder of BCFC).
43. Therefore, as alternative relief, the Noteholders are seeking an order authorizing the appointment of the third party, at the Petitioners' cost, to investigate the assets and liabilities of BCFC and all intercompany transactions having taken place in the three years preceding the date of the Initial Order (the "**Intercompany Transactions**").
44. The Noteholders are of the view that the appointment of an independent third party would ensure that there is a mechanism in place to adequately address and assert all of the potential claims of BCFC and confirm that they are not being improperly compromised or sacrificed for the benefit of other entities of the group.
45. However, the Monitor notes that the U.S. Debtors have obtained orders from the U.S. Bankruptcy Court authorizing: (a) BI to retain and employ Jones Day as conflicts counsel, (b) BCFC to employ and retain AP Services, LLC as its special advisor and designate Lisa Donohue to serve as BCFC's Vice President-Restructuring in the Chapter 11 Proceedings, and (c) BCFC to retain Togut, Segal & Segal LLP as conflicts counsel with respect to inter-company claims of BCFC against BI.
46. The U.S. Debtors have advised the Monitor that they have taken these steps to avoid a potential conflict of interest with respect to any intercompany claims, including the appointment of conflicts counsel for BI and BCFC and the appointment of a wholly independent officer at BCFC for the purposes of investigating the intercompany claims and making recommendations to the BCFC Board of Directors regarding their prosecution or settlement.

47. In addition, as set forth in greater detail herein, the Monitor has also conducted an independent investigation of the Intercompany Transactions, as requested by the Petitioners.
48. The Monitor notes that the interests of the Noteholders are already represented by the Trustee. In addition, the Trustee is a member of the statutory committee of unsecured creditors in the Chapter 11 Proceedings (the "UCC"). The cross-border protocol approved by this Honourable Court on January 19, 2010, provides that the UCC has the right and standing to appear and be heard in either this Honourable Court or the U.S. Court to the same extent as creditors and other interested parties. The Trustee, as a creditor of BCFC, also has such standing in these CCAA Proceedings, in the view of the Monitor.

Conflict on the Part of the Monitor

49. The Monitor is an officer of the Court and is independent of the Petitioners and of their stakeholders. The Monitor has no economic stake in the outcome of the restructuring process.
50. The role of the Monitor is to fulfill its statutory duties under the CCAA as supplemented by Orders issued by this Honourable Court. The Monitor does not control the Petitioners, nor any of their creditors or other stakeholders, with respect to the Petitioners' restructuring efforts and any eventual plan of arrangement. The Monitor monitors the Petitioners and reports to the Court and the stakeholders. The Monitor has a duty to this Honourable Court and all of the Petitioners' creditors, including intercompany claimants within the ABH Group.
51. Intercompany claims and disputes among competing stakeholders with direct or indirect interests in different corporate entities are common among large corporate restructurings under the CCAA. It is the role of the Monitor to monitor the Petitioners and report to the Court and the stakeholders as the corporate group attempts to create a restructuring plan that the corporate group feels best protects and enhances value for all stakeholders.

52. Until that process has run its course, such that all competing stakeholder groups have had an opportunity to participate in the negotiation of the CCAA Plan up to and including a vote thereupon, it may be premature to bankrupt an entity in the corporate group as there may be unpredictable consequences, including potentially adverse tax or market perception consequences, associated with such a bankruptcy.
53. Prior to the negotiation and finalization of an ultimate CCAA Plan and a clear expression from the affected creditors of their views of such plan, as evidenced by way of a vote, a bankruptcy of one entity within the corporate group may be premature.

INVESTIGATION OF INTERCOMPANY TRANSACTIONS

54. Aurelius requested information with respect to the Intercompany Transactions from BCFC and from the Monitor in the fall of 2009.
55. In response to these requests, by letter dated November 12, 2009 (the “**November Letter**”), the Monitor advised Aurelius that the information it had requested was not available to the public at large. Accordingly, the Monitor advised Aurelius that the Petitioners could not provide it with any non-public information unless and until Aurelius executed a non-disclosure agreement substantially in the form executed by the financial and legal advisors to other creditors. A copy of the November Letter is attached hereto as Appendix “E”. To the Monitor’s knowledge, many other creditors and their advisors have entered into such non-disclosure agreements and, in the Monitor’s experience, such non-disclosure agreements are the usual practice in large corporate restructurings.
56. After declining to execute a non-disclosure agreement, the Noteholders filed the Motion wherein it is alleged that BCFC has failed or refused to make full disclosure of the Intercompany Transactions or to investigate whether any of those transactions give rise to potential claims against either the other Petitioners or BCFC’s officers and directors.
57. In an effort to satisfy some of the concerns raised by the Noteholders, the Monitor, at the request of the Petitioners, agreed to conduct an investigation and analysis of the Intercompany Transactions. The Monitor intends to issue a the Intercompany Transactions Report as soon as possible which will describe its interim findings in detail.

58. Accordingly, the Noteholders and all of the other stakeholders in the CCAA Proceedings will be provided with the same information with respect to the Intercompany Transactions.
59. If, after considering the Intercompany Transactions Report, the Noteholders are of the view that the financial information that has been disclosed in the U.S. and Canada is still insufficient, it remains open to them to execute a non-disclosure agreement in order to obtain access to the non-public information set forth in the data room on the same basis as other creditors have been given such access.

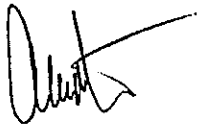
RECOMMENDATION

60. The Monitor is of the view that the Petitioners have acted and continue to act in good faith.
61. The Monitor is of the view that a bankruptcy of BCFC, before a CCAA plan is presented, negotiated and voted upon, would be premature.

All of which is respectfully submitted.

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

Per:



Alex Morrison, CA, CIRP
Senior Vice President

Greg Adams, CA, CIRP
Senior Vice President

APPENDIX "A"
ABITIBI PETITIONERS

1. Abitibi-Consolidated Company of Canada
2. Abitibi-Consolidated Inc.
3. 3224112 Nova Scotia Limited
4. Marketing Donohue Inc.
5. Abitibi-Consolidated Canadian Office Products Holding Inc.
6. 3834328 Canada Inc.
7. 6169678 Canada Inc.
8. 4042140 Canada Inc.
9. Donohue Recycling Inc.
10. 1508756 Ontario Inc.
11. 3217925 Nova Scotia Company
12. La Tuque Forest Products Inc.
13. Abitibi-Consolidated Nova Scotia Incorporated
14. Saguenay Forest Products Inc.
15. Terra Nova Explorations Ltd.
16. The Jonquière Pulp Company
17. The International Bridge and Terminal Company
18. Scramble Mining Ltd.
19. 9150-3383 Quebec Inc.
20. Abitibi-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 Quebec Inc.
14. Alliance Forest Products Inc. (2001)
15. Bowater Belledune Sawmill Inc.
16. Bowater Maritimes Inc.
17. Bowater Mitis Inc.
18. Bowater Guérette Inc.
19. Bowater Couturier Inc.

APPENDIX "C"

18.6 PETITIONERS

1. AbitibiBowater US Holding 1 Corp.
2. AbitibiBowater Inc.
3. Bowater Ventures Inc.
4. Bowater Incorporated
5. Bowater Nuway Inc.
6. Bowater Nuway Mid-States Inc.
7. Catawba Property Holdings LLC
8. Bowater Finance Company Inc.
9. Bowater South American Holdings Incorporated
10. Bowater America Inc.
11. Lake Superior Forest Products Inc.
12. Bowater Newsprint South LLC
13. Bowater Newsprint South Operations LLC
14. Bowater Finance II, LLC
15. Bowater Alabama LLC
16. Coosa Pines Golf Club Holdings, LLC

APPENDIX "D"

PARTNERSHIPS

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

APPENDIX "E"

NOVEMBER LETTER

ThorntonGroutFinnigan

THE RESTRUCTURING & LITIGATION BOUTIQUE

Rachelle Moncur
Direct: 416-304-0538 E-mail: rmoncur@tgf.ca
File No.: 519-032

November 12, 2009

VIA EMAIL

BCF LLP
1100 Rene-Levesque Blvd. West
25th Floor
Montreal, QC H3B 5C9

Attention: Jean-Yves Fortin

Dear Sir:

Re: AbitibiBowater Inc. et al and Aurelius Capital Management, LP

We are in receipt of your correspondence dated October 29, 2009 wherein you reference your letter dated September 15, 2009 which identifies certain financial and other information requested on behalf of your client, Aurelius Capital Management LP.

The Petitioners have advised that they are considering your information requests. However, the information you have requested is not publicly available. The Petitioners cannot provide your client with any non-public information unless and until it executes a non-disclosure agreement substantially in the form executed by the financial and legal advisors to other creditors. The Petitioners have cautioned us to advise you that signing such an agreement is not an assurance that all of the information you have requested will be made available.

In the meantime, we refer you to the Judgment on Motion to Access the Electronic Data Rooms dated November 9, 2009 (the "Data Room Judgment"), a copy of which is posted on the Monitor's website. In the Data Room Judgment, Justice Gascon notes that the data room has been created voluntarily at the initiative of the Petitioners and there are no statutory requirements in the CCAA imposing upon a debtor company to create such a data room. Further, Justice Gascon also notes that, to have access to the electronic data room, permission has to be obtained from the Petitioners and the execution of a confidentiality agreement is required.

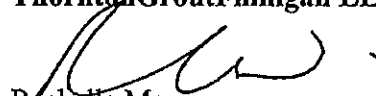
ThorntonGroutFinnigan LLP

Suite 3200, Canadian Pacific Tower, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7
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The Petitioners have advised that they have no obligation to disclose any of the requested information publicly and have further advised that they do not intend to do so.

Yours truly,

ThorntonGroutFinnigan LLP



Rachelle Moncur
RM/jht

cc. *Avram Fishman, Fishman Flanz Meland Paquin LLP*
Alex Morrison, Ernst & Young Inc.
Robert Thornton, ThorntonGroutFinnigan LLP