

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

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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**

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**FIFTY-FOURTH REPORT OF THE MONITOR  
August 27, 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 September 8, 2010 pursuant to further Orders of this Honourable Court.
3. On April 16, 2009, AbitibiBowater Inc. (“**ABH**”), Bowater Inc. (“**BI**”), and certain of their direct and indirect U.S. and Canadian subsidiaries, including BCHI and Bowater Canadian Forest Products Inc. (“**BCFPI**”) (collectively referred to herein as the “**U.S. Debtors**”), filed voluntary petitions (collectively, the “**Chapter 11 Proceedings**”) for relief under Chapter 11 of the U.S. Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the “**U.S. Bankruptcy Code**”) in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Bankruptcy Court**”).
4. BCHI, Bowater Canada Finance Corporation, Bowater Canadian Limited, AbitibiBowater Canada Inc., BCFPI, Bowater LaHave Corporation and Bowater Maritimes Inc. have commenced both CCAA Proceedings and Chapter 11 Proceedings and are referred to herein collectively as the “**Cross-Border Petitioners**” and are also included in the definition of “**Petitioners**”.

5. The Petitioners are all subsidiaries of ABH (ABH, collectively with its subsidiaries, are referred to as the “**ABH Group**”).
6. On April 17, 2009, ABH and the petitioners listed on Appendix “C” hereto (collectively with ABH, the “**18.6 Petitioners**”) obtained Orders under Section 18.6 of the CCAA in respect of voluntary proceedings initiated under Chapter 11 and EYI was appointed as the information officer in respect of the 18.6 Petitioners.
7. On April 16, 2009, ACI and ACCC filed petitions for recognition under Chapter 15 of the U.S. Bankruptcy Code. On April 21, 2009, the U.S. Bankruptcy Court granted the recognition orders under Chapter 15 of the U.S. Bankruptcy Code.
8. On April 22, 2009, the Court amended the Initial Order to extend the stay of proceedings to the partnerships (the “**Partnerships**”) listed in Appendix “D” hereto.

## **BACKGROUND**

9. ABH is one of the world’s largest publicly traded pulp and paper manufacturers. It produces a wide range of newsprint and commercial printing papers, market pulp and wood products. The ABH Group owns interests in or operates pulp and paper facilities, wood products facilities and recycling facilities located in Canada, the United States, the United Kingdom and South Korea. 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 U.K. 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 fifty-fourth report of the Monitor (the "**Fifty-Fourth Report**") in these CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to the Petitioners' motion for the issuance of an order:
  - a. extending the Stay Period to September 30, 2010 (the "**Stay Extension Motion**"), including:
    - i. the revised cash flow forecasts for the ACI Group and BCFPI for the 13-week period ending October 31, 2010; and
    - ii. the Monitor's recommendation in respect of the Stay Extension Motion.
15. The Monitor also reports herein on the restructuring initiatives undertaken by the Petitioners since the date of the forty-seventh report of the Monitor dated July 6, 2010 (the "**Forty-Seventh Report**").

## **TERMS OF REFERENCE**

16. In preparing this Fifty-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 Fifty-Fourth Report. Some of the information referred to in this Fifty-Fourth 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 Fifty-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.

17. Capitalized terms not defined in this Fifty-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.
18. Copies of all of the Monitor's Reports, in both English and French, including a copy of this Fifty-Fourth Report, and all motion records and Orders in the CCAA Proceedings will be available on the Monitor's website at [www.ey.com/ca/abitibowater](http://www.ey.com/ca/abitibowater). 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.
19. 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/abitibowater>. The Monitor has included a link to Epiq's website from the Monitor's website.

## **THE STAY EXTENSION MOTION**

### Revised Cash Flow Forecasts

20. In the fifty-third report of the Monitor dated August 26, 2010 (the "**Fifty-Third Report**"), the Monitor reported on the Petitioners' cash flows for the five-week period ended August 1, 2010. Also included in the Fifty-Third Report was a 13-week forecast for the period ending October 31, 2010 for each of the ACI Group and BCFPI (the "**Revised Forecasts**"). The Revised Forecasts have been reproduced in this Fifty-Fourth Report as Appendices "E" and "F", respectively.

21. As detailed in Appendix “E”, the ACI Group’s “Immediately Available Liquidity” at October 31, 2010, which includes cash on hand plus liquidity available under the ACI Group’s accounts receivable securitization facility together with \$49 million from the ULC DIP Facility Available Upon Notice (as defined in the Fifty-Third Report), is forecast to be approximately \$205.4 million.
22. The “Total Available Liquidity” is forecast at October 31, 2010 to be approximately \$303.8 million. “Total Available Liquidity” is Immediately Available Liquidity plus the ULC DIP Facility Available Upon Court Approval, the West Tacoma Proceeds, the Belgo Proceeds, the Recycling Proceeds, the Mackenzie Proceeds, the St. Raymond Proceeds and the Alabama River Equipment Proceeds (as each term is defined in the Fifty-Third Report).
23. BCFPI’s liquidity is forecast at October 31, as detailed in Appendix “F”, to be approximately \$16.1 million. The Monitor has been advised by Management that BCFPI’s cash requirements will be supported by advances from BI, if necessary.

#### **THE PETITIONERS’ RESTRUCTURING INITIATIVES**

24. Since the date of the Forty-Seventh Report, the Petitioners have progressed on a number of restructuring initiatives, including:
  - a. Seeking the approval of this Honourable Court for the issuance of an order to allow them to call and hold a meeting of their creditors (the “**Creditors’ Meeting Order**”) which is currently scheduled for September 14, 2010. The Creditors’ Meeting Order was issued on July 9, 2010 and amended on July 21, 2010;
  - b. Obtaining favourable votes by the unionized employees of the La Doré, Mistassini, Girardville and St-Thomas sawmills on new collective bargaining agreements, which member vote recounts were carried out pursuant to an Order of this Honourable Court issued June 11, 2010;

- c. Continuing discussions with pension regulators in Ontario and Quebec with respect to defined benefit pension funding relief effective on implementation of the CCAA Plan;
- d. Obtaining the approval of the U.S. Bankruptcy Court of the Disclosure Statement for the U.S. Debtors' First Amended Joint Plan Of Reorganization Under Chapter 11 of the U.S. Bankruptcy Code, materials and procedures associated with the solicitation of votes on the U.S. Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 and other relief;
- e. Participating in Claims Officer hearings coordinated by the Monitor with respect to creditors whose claims could not be consensually resolved in accordance with orders issued by this Honourable Court on August 26, 2009, January 18, 2010, February 23, 2010 and March 23, 2010 (the "**Claims Process Orders**");
- f. Obtaining the authorization of the U.S. Bankruptcy Court for the U.S. Debtors to enter into the First Amendment to the Backstop Commitment Agreement to address certain objections to the rights offering to be made available to unsecured creditors and related procedures;
- g. Abitibi-Consolidated Corporation, one of the U.S. Debtors, closed the sale of its Lufkin, Texas facility for proceeds of approximately \$10.2 million;
- h. The mailing, by the Monitor, of the Creditors' Meeting Materials (as defined in the Creditors' Meeting Order) to the parties required to receive such materials. The Monitor completed the mailing by August 9, 2010, and continues to send out packages to those parties that request them. The Monitor has mailed approximately 11,300 packages to creditors as of the date of this Fifty-Fourth Report;
- i. Announcing the permanent closure of BCFPI's Dolbeau and Gatineau mills. These mills represent the removal of 244,000 and 360,000 metric tonnes of annual production capacity, respectively, in order to reduce costs;

- j. Obtaining authorization from the U.S. Bankruptcy Court for the U.S. Debtors to enter into a work fee letter with J.P. Morgan Securities Inc., Barclays Capital and Citigroup Global Markets, Inc. regarding exit financing and to pay certain fees and expenses and furnish certain indemnities thereunder; and
- k. Settling, subject to the approval of this Honourable Court and the U.S. Bankruptcy Court, for CDN\$130 million, ABH's claim under the North American Free Trade Agreement with respect to the Government of Newfoundland and Labrador's expropriation of property and rights formerly owned by ACCC.

#### **MONITOR'S RECOMMENDATION**

- 25. The Petitioners have filed a motion to extend the Stay Period to September 30, 2010. The Monitor is of the view that the extension of the Stay Period to September 30, 2010 will:
  - (a) allow the Petitioners to hold a meeting of their creditors to consider a resolution to approve the Plan of Compromise and Arrangement pursuant to the Creditors' Meeting Order currently scheduled to be held on September 14, 2010 at the Hilton Bonaventure in Montreal, (b) allow the Monitor to continue to review claims and coordinate their allowance or revision pursuant to the Claims Process Orders, (c) allow the Petitioners to continue to seek the financing required to exit these CCAA Proceedings and (d) file motion materials seeking a sanction order of the CCAA Plan from this Honourable Court if the creditors vote in favour of a resolution to approve the CCAA Plan.
- 26. The Revised Forecasts indicate that the Petitioners will have sufficient liquidity through the extension of the Stay Period to September 30, 2010 and the Petitioners continue to act in good faith and with due diligence.
- 27. As a result of the foregoing, the Monitor recommends that this Honourable Court approve the Petitioners' motion if it deems it advisable.



All of which is respectfully submitted.

**ERNST & YOUNG INC.**  
**In its Capacity as Court-Appointed**  
**Monitor of the Petitioners**

Per:

A handwritten signature in black ink, appearing to read "Alex Morrison". The signature is written in a cursive style with a large, sweeping initial "A" and "M".

Alex Morrison, CA, CIRP  
Senior Vice President

Todd Ambachtsheer, CA, CIRP  
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. Canxel 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”**

**ACI GROUP CASH FLOW FORECAST**

Abitibi Consolidated Inc. and its subsidiaries (the "ACI Group")  
 Weekly Cash Flow Forecast  
 13 Weeks Ending October 31, 2010  
 US\$000

| Week ended   | 8-Aug-10        | 15-Aug-10       | 22-Aug-10       | 29-Aug-10       | 5-Sep-10        | 12-Sep-10       | 19-Sep-10       | 26-Sep-10       | 3-Oct-10        | 10-Oct-10       | 17-Oct-10       | 24-Oct-10       | 31-Oct-10       | Total            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <b>Notes</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| 1  | 151,871         | 147,616         | 126,448         | 127,887         | 141,746         | 144,061         | 141,308         | 123,382         | 125,170         | 143,806         | 145,785         | 122,770         | 121,298         | 151,871          |
| <b>Opening Cash</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| <b>Receipts</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Total A/R Collections                                      | 35,922          | 38,613          | 43,067          | 58,687          | 44,555          | 38,735          | 35,849          | 45,754          | 53,453          | 37,690          | 36,860          | 37,856          | 50,674          | 557,715          |
| Collections on Behalf of Joint Ventures                    | 4,777           | 4,777           | 4,777           | 4,777           | 4,963           | 5,037           | 5,037           | 5,037           | 4,821           | 4,532           | 4,532           | 4,532           | 4,532           | 62,131           |
| Other Inflows  | 2,822           | 6,620           | 2,822           | 5,659           | 4,824           | 2,826           | 6,620           | 6,688           | 17,552          | 2,818           | 2,750           | 2,818           | 4,750           | 69,619           |
| <b>Total Receipts</b>                                      | <b>43,521</b>   | <b>50,011</b>   | <b>50,666</b>   | <b>69,363</b>   | <b>54,342</b>   | <b>46,598</b>   | <b>47,506</b>   | <b>57,479</b>   | <b>75,836</b>   | <b>45,040</b>   | <b>44,141</b>   | <b>45,205</b>   | <b>59,956</b>   | <b>689,665</b>   |
| <b>Disbursements</b>                                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Trade Payables   | (28,463)        | (30,463)        | (28,463)        | (27,463)        | (28,919)        | (28,902)        | (28,902)        | (28,902)        | (28,545)        | (28,070)        | (28,070)        | (28,070)        | (28,070)        | (371,305)        |
| Capital Expenditures                                       | (638)           | (638)           | (638)           | (638)           | (638)           | (638)           | (638)           | (638)           | (638)           | (638)           | (638)           | (638)           | (638)           | (10,674)         |
| Marine Freight Payments                                    | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (1,425)         | (3,225)          |
| Utility Payments   | (9,162)         | (6,500)         | (10,315)        | (6,500)         | (6,043)         | (6,500)         | (6,500)         | (10,200)        | (7,166)         | (6,500)         | (6,500)         | (10,116)        | (6,500)         | (98,945)         |
| Payroll & Benefits   | (6,064)         | (10,901)        | (7,064)         | (13,164)        | (9,509)         | (10,356)        | (9,588)         | (8,268)         | (14,026)        | (5,137)         | (10,502)        | (5,137)         | (10,502)        | (72,858)         |
| Joint Venture Contributions, Net                           | (1,100)         | (20,400)        | (1,100)         | (3,100)         | (1,350)         | (1,100)         | (1,100)         | (1,100)         | (1,350)         | (1,100)         | (1,100)         | (1,100)         | (1,100)         | (3,650)          |
| Restructuring & Other Items                                | (1,100)         | (1,100)         | (1,100)         | (1,100)         | (1,350)         | (1,100)         | (1,100)         | (1,100)         | (1,350)         | (1,100)         | (1,100)         | (1,100)         | (1,100)         | (3,650)          |
| <b>Total Disbursements</b>                                 | <b>(47,093)</b> | <b>(71,180)</b> | <b>(49,226)</b> | <b>(55,905)</b> | <b>(48,104)</b> | <b>(49,351)</b> | <b>(65,432)</b> | <b>(55,692)</b> | <b>(53,383)</b> | <b>(43,061)</b> | <b>(67,156)</b> | <b>(46,677)</b> | <b>(60,932)</b> | <b>(711,892)</b> |
| <b>Financing</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Repayment / Interest Under Securitization Program          | (663)           | -               | -               | -               | (636)           | -               | -               | -               | (636)           | -               | -               | -               | -               | (1,955)          |
| Adequate Protection and Fees by DCorp to AGCC Term Lenders | (663)           | -               | -               | -               | (3,287)         | -               | -               | -               | (3,181)         | -               | -               | -               | (3,287)         | (9,755)          |
| <b>Total Financing</b>                                     | <b>(663)</b>    | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>(3,923)</b>  | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>(3,817)</b>  | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>(3,287)</b>  | <b>(11,710)</b>  |
| <b>Total Change in Cash</b>                                | <b>(4,255)</b>  | <b>(21,169)</b> | <b>1,440</b>    | <b>13,858</b>   | <b>2,315</b>    | <b>(2,754)</b>  | <b>(17,925)</b> | <b>1,788</b>    | <b>18,636</b>   | <b>1,979</b>    | <b>(23,015)</b> | <b>(1,472)</b>  | <b>(3,363)</b>  | <b>(33,937)</b>  |
| <b>Ending Cash Balance</b>                                 | <b>147,616</b>  | <b>126,448</b>  | <b>127,887</b>  | <b>141,746</b>  | <b>144,061</b>  | <b>141,308</b>  | <b>123,382</b>  | <b>125,170</b>  | <b>143,806</b>  | <b>145,785</b>  | <b>122,770</b>  | <b>121,298</b>  | <b>117,934</b>  | <b>117,934</b>   |
| <b>Ending Cash Balance</b>                                 | <b>147,616</b>  | <b>126,448</b>  | <b>127,887</b>  | <b>141,746</b>  | <b>144,061</b>  | <b>141,308</b>  | <b>123,382</b>  | <b>125,170</b>  | <b>143,806</b>  | <b>145,785</b>  | <b>122,770</b>  | <b>121,298</b>  | <b>117,934</b>  | <b>117,934</b>   |
| U.L.C. DIP Facility Available Upon Notice                  | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000           |
| Availability Under Securitization Program                  | 26,613          | 33,355          | 43,354          | 43,409          | 28,462          | 28,634          | 17,972          | 25,001          | 27,485          | 33,589          | 37,120          | 40,935          | 38,501          | 38,501           |
| <b>Immediately Available Liquidity</b>                     | <b>223,230</b>  | <b>208,802</b>  | <b>220,241</b>  | <b>234,155</b>  | <b>221,523</b>  | <b>218,942</b>  | <b>190,354</b>  | <b>199,171</b>  | <b>220,291</b>  | <b>228,374</b>  | <b>208,890</b>  | <b>211,233</b>  | <b>205,436</b>  | <b>205,436</b>   |
| U.L.C. DIP Facility Available Upon Court Approval          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000          | 49,000           |
| West Tacoma Proceeds Held in Trust                         | 4,051           | 4,051           | 4,051           | 4,051           | 4,051           | 4,051           | 4,051           | 4,051           | 4,051           | 4,051           | 4,051           | 4,051           | 4,051           | 4,051            |
| Belgo Proceeds Held in Trust                               | 1,734           | 1,734           | 1,734           | 1,734           | 1,734           | 1,734           | 1,734           | 1,734           | 1,734           | 1,734           | 1,734           | 1,734           | 1,734           | 1,734            |
| Recycling Proceeds Held in Trust                           | 11,765          | 11,765          | 11,765          | 11,765          | 11,765          | 11,765          | 11,765          | 11,765          | 11,765          | 11,765          | 11,765          | 11,765          | 11,765          | 11,765           |
| Mackenzie Proceeds Held in Trust                           | 27,710          | 27,710          | 27,710          | 27,710          | 27,710          | 27,710          | 27,710          | 27,710          | 27,710          | 27,710          | 27,710          | 27,710          | 27,710          | 27,710           |
| St. Raymond Proceeds Held in Trust                         | 2,810           | 2,810           | 2,810           | 2,810           | 2,810           | 2,810           | 2,810           | 2,810           | 2,810           | 2,810           | 2,810           | 2,810           | 2,810           | 2,810            |
| Alabama River Equipment Proceeds Held in Trust             | 1,250           | 1,250           | 1,250           | 1,250           | 1,250           | 1,250           | 1,250           | 1,250           | 1,250           | 1,250           | 1,250           | 1,250           | 1,250           | 1,250            |
| <b>Total Available Liquidity</b>                           | <b>321,550</b>  | <b>307,122</b>  | <b>318,561</b>  | <b>332,474</b>  | <b>319,843</b>  | <b>317,262</b>  | <b>288,674</b>  | <b>297,491</b>  | <b>318,611</b>  | <b>326,694</b>  | <b>307,210</b>  | <b>309,553</b>  | <b>303,756</b>  | <b>303,756</b>   |
| <b>Securitization Schedule</b>                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Availability Based on Receivable Pool Balance              | 146,319         | 153,060         | 163,069         | 163,114         | 146,168         | 146,340         | 137,677         | 144,707         | 147,191         | 153,285         | 156,825         | 160,641         | 158,207         | 158,207          |
| Amount Drawn Under Facility                                | 119,706         | 119,706         | 119,706         | 119,706         | 119,706         | 119,706         | 119,706         | 119,706         | 119,706         | 119,706         | 119,706         | 119,706         | 119,706         | 119,706          |
| Available Liquidity Before Interest, Fees and Repayments   | 26,613          | 33,355          | 43,354          | 43,409          | 28,462          | 28,634          | 17,972          | 25,001          | 27,485          | 33,589          | 37,120          | 40,935          | 38,501          | 38,501           |
| Interest and Repayments                                    | (663)           | -               | -               | -               | (636)           | -               | -               | -               | (636)           | -               | -               | -               | -               | (1,955)          |
| <b>Restricted U.L.C. Reserve Deposit</b>                   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>   | <b>51,254</b>    |

The above forecast uses an exchange rate of CDN\$1.00=US\$0.98.

Note: The above totals are subject to rounding adjustments in the underlying balances.

The information and analysis in this document have not been audited or reviewed and, accordingly, no assurances are provided thereon. In addition, because forecasts are dependent upon numerous assumptions regarding future events, actual results will be different than forecast, and such differences may be material.

**Abitibi Consolidated Inc. and its subsidiaries (the "ACI Group")**  
**Notes to Weekly Cash Flow Forecast**  
**13 Weeks Ending October 31, 2010**  
**US\$000**

1. **Opening Cash** in the forecast includes cash on hand.
2. The cash flow forecast includes mills owned by the ACI Group and its subsidiaries and includes the operations of the DCorp Group. This weekly cash flow forecast may differ from the ACI Monthly Forecast as the underlying assumptions are updated weekly and will vary with the ongoing operations of the ACI Group, whereas the ACI Monthly Forecast is based on longer-term assumptions used to forecast future monthly cash flow.
3. **Total A/R Collections** represent amounts estimated to be collected from the ACI Group's customers. The timing of collections is based on the ACI Group's collection terms with its customers and the latest sales forecast.
4. **Collections on Behalf of Joint Ventures** represent amounts estimated to be collected by the ACI Group on behalf of its joint venture partners. The ACI Group has agreements with its joint venture partners whereby the ACI Group collects the joint venture partners' accounts receivable (for a fee) and remits these funds to the joint venture in accordance with their agreement.
5. **Other Inflows** represent miscellaneous receipts including, but not limited to, such items as tax refunds, insurance proceeds or collection/management fees received from joint ventures, as estimated by the ACI Group.
6. **Trade Payables** represent amounts estimated to be paid to suppliers for the purchase of the ACI Group's raw materials, repairs and maintenance and other goods and services related to production. Also included are disbursements related to selling, general and administration expenses.
7. **Capital Expenditures** represent amounts estimated to be paid pursuant to the ACI Group's most recent capital expenditure budget.
8. **Marine Freight Payments** represent amounts estimated to be paid to the ACI Group's outbound marine freight suppliers.
9. **Utility Payments** represent amounts estimated to be payable to the ACI Group's utility suppliers.
10. **Payroll and Benefits** represent estimated amounts for salaries, wages, benefits and current service pension costs.
11. **Joint Venture Remittances, Net** represent the estimated payment of accounts receivable funds collected by the ACI Group on behalf of the respective joint venture, net of any collection/management fees.
12. **Restructuring and Other Items** represent amounts estimated by the ACI Group for restructuring costs and other miscellaneous payments.
13. Under the June 2010 Securitization Program, the ACI Group will not draw on the available capital unless such a draw is required for liquidity purposes. However, borrowing availability under the June 2010 Securitization Program is still immediately available as liquidity. The **Repayment/Interest Under the Securitization Program** represents the estimated repayment (including interest) of funds. **Availability Under the Securitization Program** represents the amount of immediately available liquidity under the ACI Group's June 2010 Securitization Program.
14. **Adequate Protection and fees by DCorp to ACCC Term Lenders** represents an estimate of payments pursuant to the adequate protection order issued by the U.S. Bankruptcy Court.
15. **Immediately Available Liquidity** is calculated as cash on hand, amounts available under the June 2010 Securitization Program and the portion of the ULC DIP Facility that is available upon notice (\$49 million). **Total Available Liquidity** includes an additional \$49 million of the ULC Reserve, which availability is subject to Court approval, as well as the **Mackenzie Proceeds Held in Trust, Recycling Proceeds Held in Trust, West Tacoma Proceeds Held in Trust, St. Raymond Proceeds Held in Trust, Belgo Proceeds Held in Trust and Alabama River Equipment Proceeds Held in Trust**, available upon 10 days' notice to the agent for the ACCC Term Lenders.
16. The net proceeds from the sale of the Mackenzie mill (\$27.7 million), recycling assets (\$11.8 million), St. Raymond mill (\$2.8 million), West Tacoma mill (\$4.1 million), Belgo mill (\$1.7 million) and Alabama River equipment (\$1.3 million) will be held in trust or a designated account and are only available upon 10 days' notice to the agent for the ACCC Term Lenders.
17. The **Securitization Summary** represents the ACI Group's estimated calculation of amounts owing or available under the June 2010 Securitization Program based on the eligible accounts receivable (net of any fees, interest or allowances).
18. The **Interest and Repayments** represent interest related to the June 2010 Securitization Program, as well as repayments of funds.
19. Based on the current foreign exchange rate used in the forecast of CDN\$1,00=USD\$0.98, of the \$276.7 million (\$254.1 million at \$0.90 USD FX) paid to the ULC Reserve, the Company drew \$127.4 million (\$117 million at \$0.90 USD FX) as of the date of closing of the MPCo sale and has \$49 million (\$45 million at \$0.90 USD FX) immediately available for liquidity purposes, with an additional \$49 million (\$45 million at \$0.90 USD FX) availability subject to Court approval. The remaining \$51.3 million (\$47.1 million at 0.90 USD FX) of the ULC Reserve will be held in cash, but will not be made available to the Company.
20. This forecast does not reflect certain cash flows which may occur as a result of ACI Group's targeted October 2010 emergence from CCAA proceedings.



**APPENDIX “F”**  
**BCFPI CASH FLOW FORECAST**

**Bowater Canadian Forest Products Inc.**  
**Chapter 11/CCAA Cash Flow**  
**13 Week Period Ending October 31, 2010**  
**US\$000s**

| Week Ended  | 8-Aug-10      | 15-Aug-10     | 22-Aug-10     | 29-Aug-10     | 5-Sep-10      | 12-Sep-10     | 19-Sep-10     | 26-Sep-10     | 3-Oct-10      | 10-Oct-10     | 17-Oct-10     | 24-Oct-10     | 31-Oct-10     | Total         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Receipts</b>   |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| 1, 2 Trade Receipts                                       | 10,211        | 8,948         | 9,728         | 16,141        | 9,802         | 10,750        | 9,834         | 9,756         | 12,293        | 9,853         | 9,464         | 10,286        | 9,525         | 136,570       |
| 3 Intercompany A/P Settlements                            | (3,170)       | (3,170)       | (1,000)       | (1,000)       | -             | -             | -             | -             | -             | -             | -             | -             | -             | (3,170)       |
| 4 Advances/(Repayments) from/to Bowater Inc.              | (2,000)       | (3,000)       | (350)         | (1,000)       | 350           | 902           | 350           | 350           | 8,100         | 812           | 350           | 350           | 350           | (15,980)      |
| 5 Other Receipts  | (2,019)       | 9,468         | 9,078         | 15,491        | 10,152        | 11,851        | 10,184        | 10,106        | 20,483        | 10,864        | 9,814         | 10,616        | 9,875         | 148,109       |
| <b>Total Receipts</b>                                     | (9,463)       | (9,426)       | (9,462)       | (8,051)       | (12,987)      | (10,056)      | (12,032)      | (9,315)       | (13,046)      | (9,133)       | (11,373)      | (8,374)       | (12,359)      | (135,124)     |
| <b>Disbursements</b>                                      |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| 6 Trade Payables  | (6,035)       | (6,035)       | (6,035)       | (6,035)       | (6,878)       | (7,215)       | (7,215)       | (7,215)       | (6,843)       | (6,347)       | (6,347)       | (6,347)       | (6,347)       | (84,895)      |
| 7 Freight   | (1,073)       | (1,073)       | (1,073)       | (1,073)       | (1,086)       | (1,105)       | (1,105)       | (1,105)       | (1,090)       | (1,069)       | (1,069)       | (1,069)       | (1,069)       | (14,068)      |
| 8 Payroll and Benefits                                    | (1,909)       | (1,867)       | (1,902)       | (492)         | (4,531)       | (1,270)       | (3,305)       | (529)         | (4,653)       | (1,265)       | (3,505)       | (506)         | (4,432)       | (30,225)      |
| 9 Capital Expenditures                                    | (452)         | (452)         | (452)         | (452)         | (482)         | (467)         | (467)         | (467)         | (460)         | (452)         | (452)         | (452)         | (452)         | (5,935)       |
| <b>Total Disbursements</b>                                | (9,463)       | (9,426)       | (9,462)       | (8,051)       | (12,987)      | (10,056)      | (12,032)      | (9,315)       | (13,046)      | (9,133)       | (11,373)      | (8,374)       | (12,359)      | (135,124)     |
| <b>Net Cash Flow From Operations</b>                      | 1,059         | 42            | (384)         | 7,440         | (2,815)       | 1,695         | (1,907)       | 791           | 7,437         | 1,531         | (1,559)       | 2,242         | (2,484)       | 12,986        |
| <b>Financing and Restructuring</b>                        |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| 10 Interest Payments and Fees                             | (831)         | -             | (80)          | -             | (831)         | -             | -             | (78)          | (810)         | -             | -             | (76)          | (831)         | (3,517)       |
| 11 Restructuring Costs                                    | (319)         | (319)         | (319)         | (319)         | (319)         | (319)         | (319)         | (319)         | (319)         | (319)         | (319)         | (319)         | (319)         | (4,141)       |
| <b>Cash Flow From Financing/Restructuring</b>             | (1,150)       | (319)         | (378)         | (319)         | (1,150)       | (319)         | (319)         | (387)         | (1,129)       | (319)         | (319)         | (394)         | (1,150)       | (7,657)       |
| <b>Net Cash Flow</b>                                      | (91)          | (277)         | (763)         | 7,121         | (3,965)       | 1,276         | (2,226)       | 394           | 6,308         | 1,213         | (1,872)       | 1,848         | (3,634)       | 5,328         |
| Opening Bank Balance                                      | 10,811        | 10,720        | 10,443        | 9,680         | 16,802        | 12,837        | 14,113        | 11,887        | 12,281        | 18,590        | 19,803        | 17,925        | 19,773        | 10,811        |
| Cash Flow   | (91)          | (277)         | (763)         | 7,121         | (3,965)       | 1,276         | (2,226)       | 394           | 6,308         | 1,213         | (1,872)       | 1,848         | (3,634)       | 5,328         |
| <b>Closing Bank Balance</b>                               | <b>10,720</b> | <b>10,443</b> | <b>9,680</b>  | <b>16,802</b> | <b>12,837</b> | <b>14,113</b> | <b>11,887</b> | <b>12,281</b> | <b>18,590</b> | <b>19,803</b> | <b>17,925</b> | <b>19,773</b> | <b>16,139</b> | <b>16,139</b> |
| <b>Settlement Proceeds Held in Trust by Monitor</b>       | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        | 28,167        |
| <b>Closing Bank Balance Including Settlement Proceeds</b> | <b>38,887</b> | <b>38,611</b> | <b>37,848</b> | <b>44,969</b> | <b>41,004</b> | <b>42,281</b> | <b>40,055</b> | <b>40,449</b> | <b>46,757</b> | <b>47,970</b> | <b>46,093</b> | <b>47,940</b> | <b>44,307</b> | <b>44,307</b> |
| <b>Intercompany A/R Balance</b>                           | 21,630        | 25,991        | 29,967        | 30,673        | 31,988        | 32,614        | 33,470        | 34,181        | 34,101        | 34,557        | 35,119        | 35,369        | 35,867        | 35,867        |
| <b>Ending Balance</b>                                     | <b>59,807</b> | <b>59,034</b> | <b>57,615</b> | <b>65,442</b> | <b>62,992</b> | <b>64,827</b> | <b>64,540</b> | <b>64,898</b> | <b>71,347</b> | <b>72,527</b> | <b>71,212</b> | <b>72,909</b> | <b>70,174</b> | <b>70,174</b> |
| <b>Cumulative Advances from Bowater Inc.</b>              |               |               |               |               |               |               |               |               |               |               |               |               |               |               |
| Opening Advance Balance                                   | 7,000         | 5,000         | 2,000         | 1,000         | -             | -             | -             | -             | -             | -             | -             | -             | -             | 7,000         |
| Advance / (Repayment)                                     | (2,000)       | (3,000)       | (1,000)       | (1,000)       | 1,000         | -             | -             | -             | -             | -             | -             | -             | -             | (7,000)       |
| <b>Closing Advance Balance</b>                            | <b>5,000</b>  | <b>2,000</b>  | <b>1,000</b>  | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      |

The above forecast uses an exchange rate of Cdn\$1.00=US\$0.98

Amounts in the above table are subject to rounding adjustments from the underlying balances

The information and analysis in this document have not been audited or reviewed and, accordingly, no assurance are provided thereon. In addition, because forecasts are dependent upon numerous assumptions regarding future events, actual results will be different than forecast, and such difference may be material.

**Bowater Canadian Forest Products Inc. ("BCFPI")**  
**Notes to CCAA Cash Flow**  
**13 Week Period Ending October 31, 2010**  
**US\$000s**

1. **Trade Receipts** are based on BCFPI's estimate of collection terms and BCFPI's latest sales forecast.
2. The cash flows included in the forecast include only those BCFPI mills in Canada. No funding or dividends from foreign subsidiaries are included in the forecast.
3. **Intercompany A/P Settlements** represents the reimbursement of funds disbursed on behalf of Bowater Mersey Paper Company Limited.
4. **Advances/(Repayments) from Bowater Inc.** represents amounts received pursuant to the BI/BCFPI DIP Facility to maintain sufficient liquidity.
5. **Other Receipts** include the sale of woodchips, sundry mill level deposits and sales tax refunds.
6. **Trade Payables** represent payments for raw materials, repairs and maintenance, utilities, insurance and other cost.
7. **Freight** represents disbursements in respect of costs to deliver product to customers.
8. **Payroll and Benefits** represent amounts paid to employees for salaries and wages (including the related withholdings), pension payments and other benefits due under employee benefit programs. The forecast assumes that only those pension payments in respect of current service costs will be paid.
9. **Capital Expenditures** are costs scheduled to be made in accordance with agreements with BCFPI's various capital equipment suppliers and reflect requirements pursuant to BCFPI's most recent capital expenditure budget.
10. **Interest Payments and Fees** represents interest costs and renewal fees for the company's senior secured revolving facility, the existing secured term loan and the BI/BCFPI DIP Facility. Interest on Advances from Bowater Inc. are accrued at the 1 month LIBOR rate plus 2%.
11. **Restructuring Costs** represent costs related to the restructuring including transaction fees related to the DIP facility.
12. **Settlement Proceeds Held in Trust** represent funds received by BCFPI pursuant to an agreement it had with Smurfit-Stone Container Canada Inc. The amount held in trust by the Monitor does not form part of the Closing Bank Balance.
13. The **Intercompany A/R Balance** represents pre-filing and post-filing sales to paper customers in the United States by BCFPI through Bowater America Inc. This amount is assumed not to be stayed and is collected by BCFPI from Bowater America Inc. in the normal course. This balance represents trade A/R only and does not represent any amounts funded from BI to BCFPI pursuant to the BI/BCFPI DIP Facility.
14. The forecast does not contemplate certain cash flows which may occur as a result of BCFPI's targeted emergence from CCAA and Chapter 11 proceedings in October, 2010.