CANADA	**SUPERIOR COURT**
PROVINCE OF QUÉBEC **DISTRICT OF** **MONTRÉAL**	Commercial Division *Sitting as a court designated pursuant to the Companies' Creditors Arrangement Act, R.S.C., c. C-36, as amended*
No.: 500-11-036133-094	

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

ABITIBIBOWATER INC., a legal person incorporated under the laws of the State of Delaware, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And
ABITIBI-CONSOLIDATED INC., a legal person incorporated under the laws of Canada, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And
BOWATER CANADIAN HOLDINGS INC., a legal person incorporated under the laws of the Province of Nova Scotia, having its principal executive offices at 1155 Metcalfe Street, in the City and District of Montréal, Province of Quebec, H3B 5H2;

And
the other Petitioners listed on Appendices "A", "B" and "C";

Petitioners

And
ERNST & YOUNG INC., a legal person under the laws of Canada, having a place of business at 800 René-Lévesque Blvd. West, Suite 1900, in the City and District of Montréal, Province of Quebec, H3B 1X9;

Monitor

FIFTY-NINTH REPORT OF THE MONITOR
September 17, 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 30, 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 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. This is the fifty-ninth report of the Monitor (the "**Fifty-Ninth Report**") in these CCAA Proceedings, the purpose of which is to report to this Honourable Court with respect to the following:

   (i) extending the Stay Period to the Implementation Date (as defined herein);

   (ii) the revised cash flow forecasts for the ACI Group and BCFPI for the thirteen-week period ended December 5, 2010;

   (iii) the restructuring initiatives undertaken by the Petitioners since September 7, 2010, the date of the Fifty-Seventh Report of the Monitor (the "**Fifty-Seventh Report**");

   (iv) the Monitor's recommendation regarding the Petitioners' Motion to extend the Stay Period to the Implementation Date;

   (v) the Election (as defined herein) filed with the Monitor after the Election Deadline (as defined herein); and

   (vi) details with respect to the pension agreement reached between the Petitioners and the Quebec government.

TERMS OF REFERENCE

15. In preparing this Fifty-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 Fifty-Ninth Report. Some of the information referred to in this Fifty-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 Fifty-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 this Fifty-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 Fifty-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.

EXTENSION OF THE STAY OF PROCEEDINGS

19. The Petitioners have filed a Motion to extend the Stay Period to the date of emergence from these CCAA Proceedings (the "**Implementation Date**") which the Petitioners are currently targeting to be October 14, 2010. The Monitor is of the view that the extension of the Stay Period to the Implementation Date will allow the Petitioners to take steps to implement the CCAA Plan as defined herein and continue to review and resolve claims that have been filed in the CCAA Proceedings.

20. As described below, the Revised Forecasts indicate that the Petitioners will have sufficient liquidity through the targeted Implementation Date of October 14, 2010.

<u>Actual Receipts and Disbursements for the ACI Group and BCFPI for the Five-Week Period Ended September 5, 2010</u>

21. In the Fifty-Third Report of the Monitor dated August 26, 2010, (the "**Fifty-Third Report**"), the Monitor reported on the Petitioners' five-week cash flow results for the period from June 28, 2010 to August 1, 2010 and the revised weekly cash flow forecast for the ACI Group (the "**ACI Forecast**") and BCFPI (the "**BCFPI Forecast**") through the week ending October 31, 2010.

22. Below is a summary of the ACI Group's actual receipts and disbursements for the five-week period ending September 5, 2010 with a comparison to the ACI Forecast presented in the Fifty-Third Report.

	The ACI Group			
		US$000		
	Actual	Forecast	Variance	
Opening Cash	$ 151,871	$ 151,871	$ -	-
Receipts	239,976	244,354	(4,378)	(2%)
Disbursements				
Net Trade Disbursements	(155,250)	(147,981)	(7,269)	(5%)
Intercompany	1,827	-	1,827	N/A
Other	(98,032)	(93,827)	(4,205)	(4%)
	(251,455)	(241,808)	(9,647)	(4%)
Financing				
Securitization Inflows/ (Outflows)	(1,370)	(1,319)	(51)	(4%)
Adequate Protection by DCorp to Term Lenders	(3,392)	(3,287)	(105)	(3%)
Financing Fees	(1,627)	-	(1,627)	N/A
Restructuring & Other Items	(10,134)	(5,750)	(4,384)	(76%)
Foreign Exchange Translation	2,209	-	2,209	N/A
	(14,314)	(10,356)	(3,958)	(38%)
Net Cash Flow	(25,793)	(7,810)	(17,983)	(230%)
Ending Cash	$ 126,078	$ 144,061	$ (17,983)	(12%)
Immediately Available Liquidity	$ 214,890	$ 221,523	$ (6,633)	(3%)
Total Available Liquidity	$ 323,446	$ 319,843	$ 3,603	1%

23. In the chart above, "**Immediately Available Liquidity**" includes cash on hand plus liquidity available pursuant to the ULC DIP Facility Available Upon Notice (CDN$50.0 million that is available as liquidity to the ACI Group subject to providing notice to certain creditors) and amounts available through the ACI Group's Amended Securitization Program. "**Total Available Liquidity**" includes Immediately Available Liquidity plus the portion of the ULC DIP Facility Available Upon Court Approval (CDN$50.0 million is available to the ACI Group subject to Court approval for the use of such funds) and also includes various proceeds from asset sales either held by the Monitor or deposited in a designated account.

24. Below is a summary of BCFPI's actual receipts and disbursements for the five-week period ending September 5, 2010 with a comparison to the BCFPI Forecast presented in the Fifty-Third Report.

BCFPI				
	US$000			
	Actual	Forecast	Variance	
Receipts	$ 65,520	$ 51,550	$ 13,970	27%
Disbursements				
Net Trade Disbursements	(30,149)	(30,118)	(31)	(0%)
Intercompany	(10,382)	-	(10,382)	N/A
Other	(21,025)	(16,089)	(4,936)	(31%)
	(61,556)	(46,207)	(15,349)	(33%)
Financing				
Interest	(1,714)	(1,722)	8	0%
Restructuring Costs	(1,253)	(1,595)	342	21%
Foreign Exchange Translation	809	-	809	N/A
	(2,158)	(3,317)	1,159	35%
Net Cash Flow	1,806	2,026	(220)	(11%)
Opening Cash	10,811	10,811	-	-
Ending Cash	$ 12,617	$ 12,837	$ (220)	(2%)

Revised Cash-Flow Forecasts

25. Attached as Appendices "E" and "F" are cash flow forecasts for the ACI Group and BCFPI for the 13-week period ended December 5, 2010 (the "**Revised Forecasts**").

26. The ACI Group's Immediately Available Liquidity at December 5, 2010, which is the end of the 13-week period in the forecast in Appendix "E", is projected to be approximately $207.3 million.

27. BCFPI's liquidity at December 5, 2010, which is the end of the 13-week period in the forecast in Appendix "F", is projected to be approximately $13.9 million. The Monitor

has been advised by Management that the cash requirements of BCFPI will be supported by intercompany advances from BI, if necessary.

SUMMARY OF RESTRUCTURING ACTIVITIES

28. Since the issuance of the Fifty-Seventh Report, the Petitioners have made progress on a number of restructuring initiatives. Below is a summary of the key activities since those reported in the Fifty-Seventh Report:

(i) on September 2, 2010, the Petitioners issued seven plan supplements (as described in the Fifty-Eighth Report of the Monitor dated September 16, 2010 (the "**Fifty-Eighth Report**")) in respect of the plan of compromise and arrangement filed by the Petitioners (as amended and supplemented, the plan of compromise and arrangement is referred to herein as the "**CCAA Plan**");

(ii) on September 3, 2010, the Petitioners filed five plan supplements (as described in the Fifty-Eighth Report);

(iii) on September 10, 2010, the Petitioners filed the first amendment to the CCAA Plan (as described in the Fifty-Eighth Report);

(iv) on September 13, 2010, the Petitioners filed an amended plan supplement (as described in the Fifty-Eighth Report);

(v) in accordance with the Creditors' Meeting Order dated July 9, 2010, as amended on July 21, 2010 (collectively, the "**Creditors' Meeting Order**"), the Petitioners convened and conducted the twenty meetings of their creditors on September 14, 2010 in Montreal, Quebec, where nineteen classes of unsecured creditors affected by the CCAA Plan (the "**Affected Unsecured Creditors**") voted in favour of the resolution approving the CCAA Plan and one class of Affected Unsecured Creditors did not vote in favour of the resolution approving the CCAA Plan;

(vi) on September 15, 2010, the Petitioners filed a motion for the issuance of an order sanctioning the CCAA Plan and extending the Stay Period to the Implementation Date;

(vii) the Petitioners have negotiated and are in the process of implementing and/or raising (a) a senior secured asset-based revolving facility in the aggregate amount of approximately U.S. $600 million, (b) a combination of senior secured notes (approximately $750 million) and the aggregate amount of $500 million from the rights offering, and (c) CDN $130 million from the NAFTA Settlement Agreement (as defined in the Fifty-Seventh Report); and

(viii) the Petitioners have entered into the Quebec Pension Agreement (as defined and described below).

PENSION AGREEMENT WITH THE QUEBEC GOVERNMENT

29. The Petitioners have reached an agreement with the Quebec provincial 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**").

30. As part of the Quebec Pension Agreement, the Petitioners have agreed to preserve their headquarters in Quebec and to invest $75 million over five years in new projects. In addition, the reorganized ABH will not pay dividends until the Quebec workers' pension fund is at least 80% solvent. In exchange, the Quebec government has agreed to relax regulatory pension plan funding requirements.

31. Copies of the Quebec Pension Agreement are attached hereto as Appendices "G" (English translation) and "H" (French original), respectively.

32. In addition, attached hereto as Appendices "I" (English) and "J" (French) are copies of correspondence dated September 16, 2010 from the Province of Quebec which outlines the draft regulation setting out the special funding measures regarding the ongoing obligations of certain pension plans of the Petitioners.

33. Further, attached hereto as Appendix "K" are copies (in English and in French) of correspondence dated September 13, 2010 in respect of the Quebec Pension Agreement.

ELECTION NOTICES

34. The CCAA Plan essentially provides for the payment in full (on the CCAA Plan Implementation Date and confirmation of the Second Amended Joint Plan of Reorganization, as amended and supplemented, filed in the Chapter 11 Proceedings (the "**Chapter 11 Plan**")) of all of the Petitioners' and the U.S. Debtors' secured debt obligations and the conversion of all unsecured debt obligations to equity (the "**New ABH Common Stock**") of the post-emergence reorganized ABH ("**Reorganized ABH**").

35. Collectively, the Amended CCAA Plan and the Chapter 11 Plan provide for the repayment of ABH's secured debt (in excess of $1.1 billion) and the conversion of in excess of $7 billion of unsecured debt to equity in the Reorganized ABH.

36. Upon implementation of the Amended CCAA Plan, Affected Unsecured Creditors will receive either (i) a cash distribution in an amount equal to 50% of the face amount of its proven claim (the "**Cash Distribution**") if their Affected Unsecured Claim is less than CDN$6,073 (US$5,000) (unless they elect to receive New ABH Common Stock) (or if they opt to reduce their claim to CDN$6,073 so as to receive the Cash Distribution), or (ii) a distribution of New ABH Common Stock upon emergence from these CCAA Proceedings.

37. According to the CCAA Plan, Affected Unsecured Creditors who wish to elect to receive the Cash Distribution should have filed an election to do so (the "**Election**") with the Monitor by 5:00 pm on Monday, September 13, 2010 (the "**Election Deadline**"). However, the Monitor notes that a number of claims have not yet been resolved, including certain employee claims which may also be subsequently adjusted as a result of any supplemental distribution under the CCAA Plan.

38. The Monitor recognizes that it is difficult for such Affected Unsecured Creditors to file an Election before their claim has been fully resolved. As such, the Monitor or the Petitioners will report further to this Honourable Court on late Elections and/or request to

change the Election Deadline and will make a recommendation for the acceptance of late Elections at a later date.

RECOMMENDATION

39. It is the Monitor's view that the Petitioners have acted and continue to act in good faith and with due diligence in their efforts to develop a restructuring plan for the benefit of all stakeholders. The Monitor believes the CCAA Plan will produce a more favourable result for the Affected Unsecured Creditors as a whole than would a liquidation of the Petitioners' assets.

40. As previously noted by the Monitor, a successful restructuring of the Petitioners will preserve significant social and economic benefits to the Canadian economy. As of March 31, 2010, ABH employed approximately 11,900 people, the majority of whom reside in Ontario and Quebec, and in many cases in regions of those provinces that are economically dependent on the forestry sector. Further, local suppliers and contractors in these regions are, in many cases, economically dependent on the Petitioners. All of these stakeholders will benefit from having a stronger, more competitive ABH emerge from these proceedings.

41. As described in this Fifty-Ninth Report, the Revised Forecasts indicate that the Petitioners will have sufficient liquidity through the extension of the Stay Period to the expected Implementation Date in mid-October, 2010.

42. Accordingly, the Monitor recommends that this Honourable Court issue an order extending the Stay Period to the Implementation Date.

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

John Barrett, CA, CIRP
Senior Vice President

Martin Daigneault, CA, CIRP
Senior Vice President

Greg Adams, CA, CIRP
Senior Vice President

APPENDIX "A"
ABITIBI PETITIONERS

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

APPENDIX "B"
BOWATER PETITIONERS

1. Bowater Canada Finance Corporation
2. Bowater Canadian Limited
3. Bowater Canadian Holdings. Inc.
4. 3231378 Nova Scotia Company
5. AbitibiBowater Canada Inc.
6. Bowater Canada Treasury Corporation
7. Bowater Canadian Forest Products Inc.
8. Bowater Shelburne Corporation
9. Bowater LaHave Corporation
10. St-Maurice River Drive Company Limited
11. Bowater Treated Wood Inc.
12. Canexel Hardboard Inc.
13. 9068-9050 Québec Inc.
14. Alliance Forest Products Inc. (2001)
15. Bowater Belledune Sawmill Inc.
16. Bowater Maritimes Inc.
17. Bowater Mitis Inc.
18. Bowater Guérette Inc.
19. Bowater Couturier Inc.

APPENDIX "C"
18.6 PETITIONERS

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

APPENDIX “D”
PARTNERSHIPS

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

APPENDIX "E"

THE ACI GROUP'S CASH-FLOW FORECAST

Abitibi Consolidated Inc. and its subsidiaries (the "ACI Group")
Weekly Cash Flow Forecast
13 Weeks Ending December 5, 2010
US$000

Week ended	Notes	12-Sep-10	19-Sep-10	26-Sep-10	3-Oct-10	10-Oct-10	17-Oct-10	24-Oct-10	31-Oct-10	7-Nov-10	14-Nov-10	21-Nov-10	28-Nov-10	5-Dec-10	Total
Opening Cash	1	126,078	124,731	102,186	94,326	101,953	118,934	101,890	107,390	107,504	120,600	123,292	105,173	105,458	126,078
Receipts															
Total A/R Collections	3	39,735	35,623	41,699	52,802	40,246	43,125	45,122	50,429	43,281	42,944	41,065	43,276	53,830	573,177
Collections on Behalf of Joint Ventures	4	5,037	5,037	5,037	4,821	4,532	4,532	4,532	4,532	5,157	5,157	5,157	5,157	4,937	63,625
Other Inflows	5	2,826	6,620	6,688	4,822	15,558	2,750	2,818	8,767	8,229	2,827	2,750	2,750	4,824	72,229
Total Receipts		47,598	47,281	53,425	62,445	60,336	50,407	52,471	63,727	56,666	50,928	48,972	51,183	63,591	709,031
Disbursements															
Trade Payables	6	(29,901)	(31,901)	(30,901)	(29,545)	(28,070)	(28,070)	(28,070)	(28,070)	(27,424)	(27,424)	(27,424)	(27,424)	(28,864)	(373,091)
Capital Expenditures	7	(866)	(866)	(866)	(850)	(829)	(829)	(829)	(829)	(834)	(834)	(834)	(834)	(807)	(10,904)
Marine Freight Payments	8	(1,425)	(1,425)	(3,225)	(1,425)	(1,425)	(1,425)	(1,425)	(3,225)	(1,425)	(1,425)	(1,425)	(3,225)	(1,425)	(23,925)
Utility Payments	9	(6,794)	(6,794)	(10,494)	(7,480)	(6,794)	(6,794)	(10,410)	(6,794)	(6,794)	(6,794)	(10,633)	(6,794)	(6,337)	(99,706)
Payroll & Benefits	10	(8,858)	(6,658)	(11,508)	(10,326)	(5,137)	(10,712)	(5,137)	(16,860)	(5,333)	(10,659)	(5,683)	(8,333)	(13,952)	(119,156)
Joint Venture Remittances, Net	11	-	(21,081)	(3,191)	-	-	(18,520)	-	(3,198)	-	-	(19,992)	(3,189)	-	(69,171)
Restructuring & Other Items	12	(1,100)	(1,100)	(1,100)	(1,350)	(1,100)	(1,100)	(1,100)	(1,350)	(1,100)	(1,100)	(1,100)	(1,100)	(1,350)	(15,050)
Total Disbursements		(48,945)	(69,825)	(61,285)	(50,976)	(43,355)	(67,450)	(46,971)	(60,326)	(42,910)	(48,237)	(67,090)	(50,899)	(52,734)	(711,004)
Financing															
Repayment / Interest Under Securitization Program	13	-	-	-	(661)	-	-	-	-	(661)	-	-	-	(661)	(1,983)
Adequate Protection and Fees by DCorp to ACCC Term Lenders	14	-	-	-	(3,181)	-	-	-	(3,287)	-	-	-	-	(3,181)	(9,648)
Total Financing		-	-	-	(3,842)	-	-	-	(3,287)	(661)	-	-	-	(3,842)	(11,632)
Total Change in Cash		(1,347)	(22,544)	(7,860)	7,627	16,980	(17,043)	5,500	114	13,096	2,692	(18,119)	285	7,015	(13,605)
Ending Cash Balance		124,731	102,186	94,326	101,953	118,934	101,890	107,390	107,504	120,600	123,292	105,173	105,458	112,473	112,473
Ending Cash Balance		124,731	102,186	94,326	101,953	118,934	101,890	107,390	107,504	120,600	123,292	105,173	105,458	112,473	112,473
ULC DIP Facility Available Upon Notice	15	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	13	45,885	46,033	57,040	58,764	50,591	48,761	50,270	47,907	49,896	50,290	50,889	45,477	45,875	45,875
Immediately Available Liquidity		219,616	197,219	200,367	209,717	218,524	199,652	206,661	204,411	219,496	222,581	205,062	199,934	207,348	207,348
ULC DIP Facility Available Upon Court Approval	15	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	16	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	16	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
Lufkin Proceeds Held in Trust	16	10,236	10,236	10,236	10,236	10,236	10,236	10,236	10,236	10,236	10,236	10,236	10,236	10,236	10,236
Recycling Proceeds Held in Trust	16	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	16	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	16	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	16	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
Total Available Liquidity	15, 16	328,172	305,775	308,922	318,272	327,080	308,207	315,216	312,966	328,051	331,137	313,618	308,490	315,904	315,904
Securitization Schedule	17														
Availability Based on Receivable Pool Balance		165,591	165,738	176,746	178,469	170,296	168,467	169,976	167,612	169,602	169,995	170,595	165,182	165,581	165,581
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		45,885	46,033	57,040	58,764	50,591	48,761	50,270	47,907	49,896	50,290	50,889	45,477	45,875	45,875
Interest and Repayments	18	-	-	-	(661)	-	-	-	-	(661)	-	-	-	(661)	(1,983)
Restricted ULC Reserve Deposit	19	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254	51,254

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 December 5, 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, Lufkin 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), Lufkin mill ($10.2 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'S CASH-FLOW FORECAST

Bowater Canadian Forest Products Inc.
Chapter 11/CCAA Cash Flow
13 Week Period Ending December 5, 2010
US$000s

Week Ended	Notes	12-Sep-10	19-Sep-10	26-Sep-10	3-Oct-10	10-Oct-10	17-Oct-10	24-Oct-10	31-Oct-10	7-Nov-10	14-Nov-10	21-Nov-10	28-Nov-10	5-Dec-10	Total
Receipts															
Trade Receipts	1, 2	4,919	10,682	9,224	15,467	10,351	10,214	9,473	12,415	8,800	9,700	9,376	10,910	11,830	133,362
Intercompany A/P Settlements	3	-	-	3,000	-	-	-	-	-	-	-	-	-	-	3,000
Advances/(Repayments) from/to Bowater Inc.	4	3,000	(2,000)	(3,000)	(1,000)	(6,000)	-	-	-	-	-	-	-	-	(9,000)
Other Receipts	5	350	2,868	350	350	8,652	350	350	350	350	2,129	350	350	350	17,148
Total Receipts		8,269	11,550	9,574	14,817	13,002	10,564	9,823	12,765	9,150	11,829	9,726	11,260	12,180	144,510
Disbursements															
Trade Payables	6	(7,215)	(7,215)	(7,215)	(6,843)	(6,347)	(6,347)	(6,347)	(6,347)	(6,764)	(6,764)	(6,764)	(6,764)	(6,202)	(87,135)
Freight	7	(1,105)	(1,105)	(1,105)	(1,090)	(1,069)	(1,069)	(1,069)	(1,069)	(1,148)	(1,148)	(1,148)	(1,148)	(1,072)	(14,344)
Payroll and Benefits	8	(520)	(3,305)	(529)	(5,403)	(515)	(3,505)	(506)	(5,242)	(513)	(1,958)	(1,908)	(1,940)	(3,079)	(28,925)
Capital Expenditures	9	(467)	(467)	(467)	(460)	(452)	(452)	(452)	(452)	(467)	(467)	(467)	(467)	(456)	(5,989)
Total Disbursements		(9,306)	(12,092)	(9,315)	(13,796)	(8,383)	(11,373)	(8,374)	(13,109)	(8,892)	(10,337)	(10,287)	(10,319)	(10,809)	(136,394)
Net Cash Flow From Operations		(1,037)	(542)	259	1,021	4,619	(809)	1,449	(344)	258	1,492	(561)	941	1,371	8,116
Financing and Restructuring															
Interest Payments and Fees	10	-	-	(78)	(806)	-	-	(76)	(827)	-	-	-	(78)	(806)	(2,672)
Restructuring Costs	11	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(319)	(4,141)
Cash Flow From Financing/Restructuring		(319)	(319)	(397)	(1,125)	(319)	(319)	(394)	(1,146)	(319)	(319)	(319)	(397)	(1,125)	(6,812)
Net Cash Flow		(1,356)	(861)	(138)	(104)	4,301	(1,127)	1,055	(1,490)	(60)	1,173	(880)	544	246	1,304
Opening Bank Balance		12,617	11,261	10,401	10,262	10,158	14,459	13,332	14,387	12,897	12,837	14,010	13,130	13,675	12,617
Cash Flow		(1,356)	(861)	(138)	(104)	4,301	(1,127)	1,055	(1,490)	(60)	1,173	(880)	544	246	1,304
Closing Bank Balance	2	11,261	10,401	10,262	10,158	14,459	13,332	14,387	12,897	12,837	14,010	13,130	13,675	13,921	13,921
Settlement Proceeds Held in Trust by Monitor	12	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
Closing Bank Balance Including Settlement Proceeds		39,429	38,568	38,430	38,326	42,627	41,499	42,554	41,065	41,004	42,177	41,297	41,842	42,088	42,088
Intercompany A/R Balance	13														
Ending Balance		21,036	25,156	29,219	30,188	31,446	32,036	32,855	32,788	33,867	34,671	35,559	35,877	35,443	35,443
Cumulative Advances from Bowater Inc.															
Opening Advance Balance		9,000	12,000	10,000	7,000	6,000	-	-	-	-	-	-	-	-	9,000
Advance / (Repayment)	4	3,000	(2,000)	(3,000)	(1,000)	(6,000)	-	-	-	-	-	-	-	-	(9,000)
Closing Advance Balance		12,000	10,000	7,000	6,000	-	-	-	-	-	-	-	-	-	-

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 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 difference may be material.

Bowater Canadian Forest Products Inc. ("BCFPI")
Notes to CCAA Cash Flow
13 Week Period Ending December 5, 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, sales tax refunds and road 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. This forecast does not reflect certain cash flows which may occur as a result of BCFPI's targeted October 2010 emergence from CCAA and Chapter 11 proceedings.

APPENDIX "G"

QUEBEC PENSION AGREEMENT – ENGLISH TRANSLATION

ENGLISH TRANSLATION OF FRENCH LANGUAGE ORIGINAL

**AGREEMENT CONCERNING THE
PULP AND PAPER OPERATIONS OF ABITIBIBOW CANADA IN QUEBEC**

BETWEEN: **BOWATER CANADIAN FOREST PRODUCTS INC.**, a legal person duly constituted under the laws of Nova Scotia, having its registered office in Halifax, Nova Scotia, and **ABITIBI- CONSOLIDATED COMPANY OF CANADA**, a legal person duly constituted under the laws of Quebec, having its head office in Montreal, Quebec, both acting and duly represented for the purposes hereof by *Mr David J. Paterson*, President, on their own behalf and on behalf of any Canadian successor upon emergence from the current restructuring process described herein

(hereinafter collectively called "**AbiBow Canada**");

AND: **THE GOVERNMENT OF QUEBEC**, acting and duly represented for the purposes hereof by *Mr. Clément Gignac, Minister of Economic Development, Innovation and Export Trade*

(hereinafter called the "**Government**").

Recitals

Whereas the pulp and paper industry is experiencing a very difficult period;

Whereas AbiBow Canada, as well as the group formed with its holding company AbitibiBowater Inc. (hereafter referred to as "**AbiBow**"), is affected as is the entire industry, notably as a result of the significant reduction in the demand for newsprint and of the economic context;

Whereas the Canadian subsidiaries of AbiBow sought the protection of the *Companies' Creditors Arrangement Act* (R.S.C. 1985, c. C-36) (hereinafter called the "**CCAA**"), on April 17, 2009;

Whereas the Minister of Finance, the Minister of Economic Development, Innovation and Export Trade and the Minister of Natural Resources and Wildlife announced, on April 17, 2009, an exceptional intervention by authorizing Investissement Quebec to grant a guarantee of a loan for a maximum of US$100 million to certain members of the AbiBow group, which loan has since been repaid;

Whereas AbiBow, in cooperation with its creditors, its stakeholders, the CCAA Monitor and its financial advisors, has developed a 5-year business plan based on its current outlook that provides for improved profit margins and cash flow, and these improvements will be possible in part because of the efforts of AbiBow and its employees to concentrate on the manufacturing operations of highly competitive facilities;

Whereas AbiBow currently has two primary operating companies in Canada, Abitibi-Consolidated Company of Canada and Bowater Canadian Forest Products Inc., the combination of which to form AbiBow Canada is planned upon emergence from the current restructuring process, and these two companies have significant solvency deficits in their pension plans;

Whereas, since the start of its restructuring process AbiBow Canada has initiated discussions and actively worked with the Government and competent authorities, in the interest of its business and of all its stakeholders, including in order to (i) identify measures to protect its employees and retirees, and (ii) promote its emergence from the restructuring process as a stronger and more sustainable company, including so as to resume contributions to these plans;

Whereas a significant proportion of the Canadian activities of AbiBow are in Quebec;

Whereas pursuant to the business plan established by AbiBow, AbiBow Canada intends to (i) keep all its Quebec pulp and paper mills active, which mills have a theoretical capacity of approximately two million metric tons, and (ii) make or take every reasonably required effort and measure to ensure the viability of its Quebec pulp and paper mills, in the same way it does for mills of the AbiBow group located outside Quebec having similar delivered costs for similar products;

Whereas in connection with its emergence from the restructuring process, AbiBow Canada has been discussing with the competent authorities with respect to relief measures in order for the Quebec registered pension plans for its pulp and paper operations (**"pension plans"**) to continue to pay 100% of the pensions to their retirees and beneficiaries;

Whereas in order to ensure the completion of AbiBow Canada's restructuring the Government's support in various forms is required;

CONSEQUENTLY, THE PARTIES AGREE TO THE FOLLOWING:

1. AbiBow Canada Covenants

1.1. Governance

AbiBow Canada agrees:

1.1.1. not to pay any dividend while the weighted average solvency ratio of its pension plans in Quebec is less than 80%;

1.1.2. to abide by the AbiBow compensation plan with respect to salaries, bonuses and severance, which description was filed with the Court and its creditors in the context of its restructuring process is attached hereto as <u>Schedule I</u>;

1.1.3. to present to the Government the annual financial results of AbiBow as soon as they are made public; and

1.1.4. to report annually to the Government on the implementation of its business plan, which description was filed with the Court and its creditors in the context of its restructuring process is attached hereto as <u>Schedule II</u>;

1.2. Pension Plans

AbiBow Canada agrees, subject to the arrangements made with the competent authorities:

1.2.1. that it will not voluntarily terminate any of its pension plans in Quebec before it emerges from the Court protection under the CCAA;

1.2.2. that it will continue its discussions with the *Régie des rentes du Québec* to examine solutions in order to avoid termination of pension plans; and

1.2.3. that the undertakings set forth in this Section 1.2 will also be complied with by its subsidiaries that participate in a supplemental pension plan governed by the *Supplemental Pension Plans Act* (R.S.Q., c. R-15.1);

1.3. Investments

AbiBow Canada agrees:

1.3.1. in its pulp and paper operations, that at least 60% of its maintenance and value-creation investments shall be made in Quebec, such that, for example, investments of $60 million per year would result in a minimum investment of $180 million during a 5-year period for Quebec;

1.3.2. to make investments in strategic projects in Quebec in a minimum amount of $75 million over a 5-year period, to which an amount of $10 million may be added in the event no amount becomes payable in connection with the maintenance of AbiBow Canada production capacity in Quebec, as provided in Section 1.4.4.

1.4. Business Continuity

AbiBow Canada agrees:

1.4.1. that the head office of AbiBow and all its actual related functions shall remain in Quebec;

1.4.2. that if a pulp and paper mill is permanently shut down in Quebec, it shall give the Government and the affected communities the opportunity to find recovery alternatives;

1.4.3. that it shall offer favourable conditions to enable potential buyers to purchase its pulp and paper assets located in Quebec at market value, in the event of a sale of such assets, such favourable conditions including the analysis on a case-by-case basis of the need to have non-competition provisions;

1.4.4. that, having regard to its intent described in the recital to maintain the production capacity of the Quebec pulp and paper mills, it shall pay to one or more pension plans, as additional solvency special payments, a total compensation of $75 for every metric ton reduction in such production capacity resulting from a definitive shutdown of at least one machine, including a temporary shutdown for more than 6 consecutive months or 9 cumulative months over a period of 18 months, without any duplication in the capacity levels of pulp and of paper or otherwise, such compensation being payable over 4 years and only once for any given circumstance; it being understood that no payment shall be made in respect of any pension plan having an excess surplus under applicable tax laws;

1.4.5. that, where delivered costs are equivalent to those of its mills located outside Quebec, not to transfer outside Quebec any pulp and paper production (or part thereof) located in its mills located in Quebec at the time all of the terms of this letter become effective; and

1.4.6. to create a diversification fund by contributing 2 million dollars per year for 5 years for the benefit of the municipalities and the workers where the Company's Quebec mills are located.

2. Term

2.1. The present letter will become effective as of the time of AbiBow Canada's emergence from Court protection under the CCAA and will expire 5 years after such emergence, except Section 1.2.1 that becomes effective upon its signing.

2.2. The parties agree to re-evaluate, after the 5 year term, the covenants of this letter, in light of AbiBow Canada's situation, the conditions affecting the pulp and paper industry as a whole and the solvency of its pension plans.

3. Assignment

3.1. The rights and obligations provided herein shall not, under penalty of being null and void, be assigned, in whole or in part, without consent of the Government and of AbiBow Canada.

4. Notice

4.1. A notice and other communication must be in writing and sent to the parties to their respective addresses by recommended or certified mail, or by fax or messenger. Such notice and communication is deemed to have been received the same day it was sent by fax or messenger, and if it was sent my mail, on the fifth business day following.

In all cases, the party giving notice must be able to evidence the sending of the notice if required to do so by the other party, absent which the notice is deemed null and void.

TO: Government
Minister of Economic Development, Innovation and Export Trade
710 Place D'Youville, 9th floor
Québec (Québec) G1R 4Y4

Fax: 418 643-0221
Attention: Mr. Mario Bouchard

TO: AbiBow Canada
1155 Metcalfe Street, Suite 800
Montréal (Québec) H3B 5H2 Canada

Fax: 514 394-3644
Attention: Senior Vice-President, Corporate Affairs and Chief Legal Officer

5. General provisions

5.1. The present letter (except the schedules) can only be modified by an amendment duly signed by the parties. The plans described in the schedules herein may be modified by AbiBow from time to time, AbiBow Canada agrees to notify the Government promptly of any important changes to these, including for all information that the Government considers reasonably necessary on this subject, and to report annually to the Government all the changes made to the said plans. The recitals to the present letter do not confer rights or obligations in respect of either one of the parties.

5.2. Time is of the essence of this letter.

5.3. Each party to this letter represents and warrants to the other party (i) that it has the required authorizations and full powers to sign this letter and execute all its obligations contemplated herein, (ii) that by the signing and performance of this letter it is not violating its constituting act, as applicable, nor any law or regulation, and (iii) that following its signing this letter will create contractual obligations as described herein, will have full effect and will be fully enforceable against it pursuant to its terms, subject, except as otherwise provided, in the case of AbiBow Canada, to the insolvency laws of Canada of general application, to its emergence from the restructuring process under the CCAA, and any required authorizations.

5.4. Any covenant or condition in favour of a party may only be waived by this party. If one or several provisions herein, or arrangements entered into in connection with this letter, were found to be invalid by a Court for any reason whatsoever, the other provisions contained therein would continue to have their full effect between the parties and, if an invalidated provision had a significant negative impact on either one of the parties, they will negotiate in good faith the relevant terms in order to compensate the affected party in an equivalent manner.

5.5. This letter is governed by and must be interpreted pursuant to the laws applicable in Quebec.

5.6. No party is authorized to bind the other party towards a third party without first obtaining the other party's written consent. The covenants contained herein only benefit the parties and their respective subsidiaries. Nothing herein shall be construed as a stipulation for another.

5.7. Except as otherwise provided, all references herein to dollars must be understood as a reference to Canadian dollars.

5.8. This letter can be signed in several counterparts, each one deemed to be an original counterpart, but all the counterparts constitute one and the same agreement.

5.9. The representatives and signatories for AbiBow Canada and the Government declare that they have read this letter and its schedules and that they accept its terms, conditions and modalities and sign it in good faith in the name of AbiBow Canada and the Government, respectively.

5.10. The necessary arrangements in respect of AbiBow Canada's pensions plans and their continued existence are for AbiBow Canada essential conditions to this letter and related arrangements taken in connection with it, without which AbiBow Canada would not have entered into them.

5.11. In the event of a disagreement or conflict resulting from or in connection with this letter, including with its interpretation and application, the parties will first try to resolve it amicably through informal negotiations.

5.12. If AbiBow Canada is subject to an event of force majeure (as defined hereunder):

5.12.1.1. it must promptly give notice to the Government and indicate, as correctly as possible, the effect on its obligations under this letter and any arrangements relating thereto, and any foreseeable delays resulting therefrom;

5.12.1.2. the parties will review in good faith the terms of this letter and of the arrangements relating thereto in order to take any such circumstance into account ;and

5.12.1.3. (i) its obligations will be suspended as long as it acts with reasonable diligence in order to eliminate or correct, in the case where it is reasonably possible, the causes and effects of this force majeure, it being understood however that the resolution of any labour dispute will be left to its entire discretion, and (ii) the non-performance of an obligation is not considered a default, and does not lead to a right of action of any nature whatsoever; as applicable, there is a deferral of the delays resulting from a suspended obligation.

For these purposes, the expression "**force majeure**" means any event which is unforeseeable, irresistible and beyond the control of AbiBow Canada and delays, interrupts or prevents complete or partial performance of its obligations pursuant to this letter, including any one of the following events: war, embargo, insurrection, invasion, riot, rebellion, social problems, epidemic, flood, fire, explosion, thunder, earthquake, ice storm, storm, sabotage or labour dispute, as well as any act, omission or constraint by a government, court or public authority.

5.13. This letter, as well as any document, communication or other information relating directly or indirectly to it, are confidential and may not be communicated to anybody, unless to the extent it is required by any applicable law. If a party believes that it is held by law to disclose information or receives a request to that effect, it must immediately notify the other party so that it may have the opportunity to take all appropriate recourse and, in any event, take all reasonable steps in order to maintain confidentiality. These obligations apply to any information whether communicated in writing, verbally or by electronic means and whether it was communicated prior or subsequent to the date of this letter. AbiBow Canada confirms that this letter and the arrangements with the competent authorities are disclosed in the context of its restructuring process and with the Court, creditor committees and competent authorities in Quebec or otherwise.

IN WITNESS WHEREOF, the Parties have executed this letter as of September 13, 2010.

BOWATER CANADIAN FOREST PRODUCTS INC.
ABITIBI-CONSOLIDATED COMPANY OF CANADA

By : *(Signed)*

Name : David J. Paterson

Title : President

THE GOVERNMENT OF QUEBEC

By : *(Signed)*

Name : Clément Gignac

Title : Minister of Economic Development, Innovation and Export Trade

LETTER AGREEMENT CONCERNING THE
PULP AND PAPER OPERATIONS OF ABITIBIBOW CANADA IN QUEBEC

SCHEDULES

Schedule I Business Plan

- Notice of Meeting and Information Circular dated August 2, 2010, at pages G-1 – G-11.
- Disclosure Statement dated August 2, 2010, at pages 116-119.

Schedule II Compensation Plan

- Notice of meeting and Information Circular dated August 2, 2010, at pages 11-116.
- Disclosure Statement dated August 2, 2010, Exhibit B, at pages 1-12.

SCHEDULE I

BUSINESS PLAN

NOTICE OF MEETING AND
INFORMATION CIRCULAR
PERTAINING TO A
PLAN OF REORGANIZATION AND
COMPROMISE
UNDER
THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA),
THE *CANADA BUSINESS CORPORATIONS ACT*
AND SUCH OTHER LEGISLATION TO BE SET FORTH IN
THE RESTRUCTURING TRANSACTIONS NOTICE
INVOLVING ABITIBIBOWATER INC.
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN APPENDIX A HERETO

– AND –

A RIGHTS OFFERING

OF

REORGANIZED ABH IN CONNECTION THEREWITH

August 2, 2010

This information circular is being distributed to creditors of certain subsidiaries of AbitibiBowater Inc. listed in Appendix A hereto by and on behalf of such entities and AbitibiBowater Inc. in connection with the meetings called to consider the reorganization and compromise proposed by them which are scheduled to be held at 10:00 a.m. (Montreal time) on September 14, 2010 at the Hilton Montreal Bonaventure, 900 de La Gauchetière West, Montréal, Québec, H5A 1E4, Canada and a rights offering of Reorganized ABH in connection therewith.

These materials require your immediate attention. You should consult your professional advisors in connection with the contents of these documents. Should you have any questions regarding voting, the rights offering or other procedures or should you wish to obtain additional copies of these materials, you may contact Ernst & Young Inc., which acts as the Monitor, at 800 René-Lévesque Blvd. West, Suite 2000, Montreal, Québec, H3B 1X9, Canada (Attention: the Monitor of AbitibiBowater Inc. et al.), facsimile number: 514-879-3992 and telephone number: 1-866-246-7889.

APPENDIX G
FINANCIAL PROJECTIONS

Pursuant to section 1129(a)(11) of the Bankruptcy Code, among other things, the Bankruptcy Court must determine that confirmation of the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated May 24, 2010 (as may be amended and supplemented from time to time according to its terms, the "Plan") is not likely to be followed by the liquidation or need for further financial reorganization of the debtors or any successors to the debtors under the Plan. This condition is often referred to as the "feasibility" of the Plan.

For purposes of determining whether the Plan meets this requirement, the financial advisors of the Company have analyzed the debtors' ability to meet their obligations under the Plan. As part of that analysis, the debtors have prepared consolidated projected financial results for each of the years ending December 31, 2010 through and including 2014. These financial projections, and the assumptions on which they are based, are annexed hereto for your reference. See "*Article VIII, Section B. Statutory Requirements for Confirmation of the Plan in Chapter 11 Cases – 3. Feasibility*" in the Plan.

The Financial Projections should be read in conjunction with the assumptions, qualifications, and explanations set forth in the Disclosure Statement and in the Plan in their entirety, and the historical consolidated financial statements (including the notes and schedules thereto) and other financial information set forth in ABH's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, as amended, and other reports filed by ABH with the SEC filed prior to the Bankruptcy Court's approval of the Disclosure Statement. These filings are available by visiting the SEC's website at http://www.sec.gov.

The debtors prepared the Financial Projections based upon, among other things, the anticipated future financial condition and results of operations of the Reorganized Debtors (as defined in the Plan and CCAA Plan). The debtors do not, as a matter of course, publish their business plans, strategies, projections, or their anticipated results of operations or financial condition. Accordingly, the debtors and the Reorganized Debtors do not intend to update or otherwise revise the Financial Projections, or to include such information in documents required to be filed with the SEC or otherwise make such information public to reflect events or circumstances existing or arising after the date of the Disclosure Statement or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error.

THE FINANCIAL PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE FINANCIAL ACCOUNTING STANDARDS BOARD. THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING FINANCIAL PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS. EXCEPT FOR PURPOSES OF THE DISCLOSURE STATEMENT, THE DEBTORS DO NOT PUBLISH FINANCIAL PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. EXCEPT AS MAY OTHERWISE BE PROVIDED IN THE PLAN OR THE DISCLOSURE STATEMENT, THE DEBTORS DO NOT INTEND TO UPDATE OR OTHERWISE REVISE THESE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE OF THE DISCLOSURE STATEMENT OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH WILL BE

BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE OR ARE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. *SEE ARTICLE [X] OF THE PLAN "CERTAIN RISK FACTORS TO BE CONSIDERED" AND THE SECTION "RISK FACTORS" OF THIS CIRCULAR.*

IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN AND THE CCAA PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

Financial Projections

The Company[1] prepared the Reorganized ABH Pro Forma Balance Sheet, Reorganized ABH Projected Balance Sheet, Reorganized ABH Projected Income Statement, Reorganized ABH Projected Cash Flow Statement and ACI, Donohue (for the purposes of this Exhibit, "**D-Corp**"), Bowater (for the purposes of this Exhibit, "**BI**"), Bowater Newsprint South Operations LLC (for the purposes of this Exhibit, "**BNS**") and BCFPI Projected Financials (collectively, the "**Financial Projections**") for the years 2010 through 2014 (the "**Projection Period**"). The Financial Projections are based on a number of assumptions made by management with respect to the future performance of the Company's operations. Although management has prepared the Financial Projections in good faith and believes the assumptions to be reasonable, it is important to note that the Company can provide no assurance that such Financial Projections and assumptions will be realized. As described in detail in the Disclosure Statement, a variety of risk factors could affect the Company's actual financial results and must be considered. The Financial Projections should be reviewed in conjunction with a review of these assumptions, including the accompanying qualifications and footnotes. The Company did not prepare the Financial Projections with a view toward compliance with published guidelines of the Securities and Exchange Commission or guidelines established by the FASB, particularly for reorganization accounting.

All dollar amounts in the Financial Projections are U.S. dollars unless otherwise indicated and any reference to "**GAAP**" refers to the generally accepted accounting principles in the United States of America.

1. Accounting Policies

a. The Financial Projections have been prepared using accounting policies that are materially consistent with those applied in the Debtors' historical financial statements (GAAP consolidated basis). The Financial Projections do not reflect the formal implementation of reorganization accounting pursuant to Financial Accounting Standards Board ("**FASB**") Accounting Standards Codification ("**ASC**") 852 Reorganizations ("**FASB ASC 852**"). In addition, for comparative presentation purposes, the operations and cash flows for 2010 combine the predecessor company (January 1, 2010 through the Effective Date / Implementation Date) and successor company (assumed Effective Date / Implementation Date through December 31, 2010) to allow for a full year presentation.

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[1] Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan, as applicable.

2. General Assumptions

a. Methodology - The consolidated Financial Projections have been prepared by management and are based upon the Company's detailed operating forecast for 2010 – 2014. The Financial Projections reflect various strategic reviews and restructuring initiatives, including mill idling decisions, overhead rationalization and other initiatives implemented prior to the Effective Date / Implementation Date (as defined in the CCAA Plan).

b. Plan Consummation - The Financial Projections assume the Effective Date / Implementation Date will occur on October 1, 2010.

c. Macroeconomic and Industry Environment – The Financial Projections are based upon management's view of supply and demand dynamics in both North American and international markets as well as corresponding assumptions regarding pricing, operating rates and changes in the cost of material inputs for the key pulp and paper grades which the Company produces. Management's views are in part based upon the forecasts of RISI, a leading information provider for the global forest products industry and Wall Street equity research as appropriate.

d. Exchange Rate – The CAD / USD exchange rate is assumed to be $.99 for the balance of 2010, falling to $.98 in 2011, $.96 in 2012, $.93 in 2013 and $.91 in 2014. As of July 8, 2010, the CAD / USD exchange rate was $.96. For each $.01 change in the CAD / USD exchange rate, the Company's projected EBITDA changes by approximately $15-$20 million.

3. Projected September 30, 2010 Balance Sheet and Reorganized ABH Pro Forma Balance Sheet

The Projected September 30, 2010 Balance Sheet was developed using the Company's actual December 31, 2009 audited balance sheet adjusted to reflect management's projected operating results from December 31, 2009 through September 30, 2010. On the Effective Date / Implementation Date, actual results may differ due to a variety of risk-factors as discussed in Article VIII of the Disclosure Statement. Pro forma adjustments consistent with consummation of the Plan and the CCAA Plan were then layered in to construct the Reorganized ABH Pro Forma Balance Sheet as of September 30, 2010. The Reorganized ABH Pro Forma Balance Sheet does not reflect, among other things, the formal implementation of reorganization accounting pursuant to FASB ASC 852. The estimated pro forma adjustments regarding the reorganized equity value of the Company, its assets, or its liabilities pursuant to FASB ASC 852 will be based upon the fair value of the assets and liabilities as of the Effective Date / Implementation Date.

As described more fully below, the Reorganized ABH Balance Sheet reflects Reorganized ABH's pro forma capital structure resulting from consummation of the Plan and CCAA Plan. Specifically, and consistent with the Company's emergence funding requirements, the Reorganized ABH Balance Sheet assumes the Company will have pro forma funded indebtedness of approximately $1.5 billion consisting of (a) a Term Loan Exit Financing Facility of approximately $700 million as described more fully in Article VI.E of the Disclosure Statement, (b) $500 million of Rights Offering Notes issued pursuant to the Rights Offering, as described more fully in Article I.F and VI.E of the Disclosure Statement, and (c) other indebtedness of approximately $250 million relating primarily to existing indebtedness at certain of the Company's subsidiaries. In addition, the Company plans to have undrawn availability under an ABL Exit Financing Facility of approximately $500-$600 million as of the Effective Date / Implementation Date. The Company's pro forma capital structure may change depending upon market conditions with respect to the Company's capital raise efforts, operating performance and other sources of cash that may be available to the Company.

Reorganized ABH - Pro Forma Balance Sheet

In US$ million unless otherwise noted	Projected September 30, 2010	Exit Financing (A)	Cash Settlement (B)	Non-Cash Settlement (C)	Accounting Adjustments (D)	Pro Forma September 30, 2010
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 707	$ (419)	$(138)	—	—	$ 150
Accounts receivable	879	—	—	—	—	879
Inventories, net	588	—	—	—	—	588
Other current assets	121	—	—	—	—	121
Total current assets	$ 2,296	$ (419)	$(138)	—	—	$1,738
Fixed assets, net	$ 3,763	—	—	—	$(1,119)	$2,644
Goodwill	53	—	—	—	(53)	—
Intangible assets, net	311	—	—	—	(311)	—
Other non-current assets	353	70	—	—	(47)	376
Pension assets	149	—	—	—	—	149
Total assets	$ 6,925	$ (349)	$(138)	—	$(1,530)	$4,907
LIABILITIES						
Current liabilities not subject to compromise:						
Accounts payable and accrued liabilities	$ 297	—	—	—	—	$ 297
Short-term bank debt	496	(496)	—	—	—	—
Debtor-in-possession financing	206	(206)	—	—	—	—
Liabilities associated with assets held for sale	35	—	—	—	—	35
Administrative Claims	138	—	(138)	—	—	—
Total current liabilities not subject to compromise	$ 1,173	$ (702)	$(138)	—	—	$ 332
Debt not subject to compromise	1,079	(837)	—	—	—	241
Pension and OPEB	—	—	—	391	—	391
Other long-term liabilities	55	—	—	—	—	55
Exit Financing Facilities	—	1,191	—	—	—	1,191
Liabilities Subject to Compromise (E)						
A/P Trade subject to compromise	251	—	—	(251)	—	—
Rejected Exec Contracts subject to comp.	646	—	—	(646)	—	—
Pension and OPEB subject to compromise	391	—	—	(391)	—	—
Employee Claims and other LSTC	663	—	—	(663)	—	—
3rd party debt subject to compromise	5,685	—	—	$(5,685)	—	—
Total LSTC	$ 7,636	—	—	$(7,636)	—	—
Total liabilities	$ 9,942	$ (349)	$(138)	(7,245)	—	$2,210
Shareholders' equity / (deficit)	$(3,133)	—	—	$ 7,245	$(1,684)	$2,428
Non-controlling interests	$ 116	—	—	—	$ 154	$ 269
Total liabilities and shareholders' equity	$ 6,925	$ (349)	$(138)	—	$(1,530)	$4,907

Notes to Reorganized ABH Pro Forma Balance Sheet

A Represents proceeds of the exit financing raised in connection with the Company's emergence from the Chapter 11 Cases and CCAA Proceedings and the associated repayment of secured debt claims, including the Bowater Secured Bank Claims, BCFPI Secured Bank Claims, DIP Facility Claims, ACCC Term Loan Secured Claims, Canadian Secured Notes, Securitization Claims and Other Secured Claims. Estimated transaction costs for the exit financing have been capitalized in other non-current assets and are amortized over the term of the financing. Any capitalized transaction costs associated with prepetition secured debt are assumed to be written off.

B Cash payments required pursuant to the Plan and the CCAA Plan, including payment of Administrative Claims which include professional fees and claims pursuant to section 503(b)(9) of the Bankruptcy Code.

C Reflects the cancellation or reinstatement of remaining liabilities subject to compromise pursuant to the Plan and the CCAA Plan.

D Represents illustrative adjustments to book value to reflect the pro forma Equity Value of the Company. The book value adjustments in connection with this Reorganized ABH Pro Forma Balance Sheet do not reflect the formal implementation of reorganization accounting pursuant to FASB ASC 852. The final adjustments will be based upon the fair value of the assets and liabilities as of the Effective Date / Implementation Date and could impact different balance sheet accounts or be materially different than the values assumed in the foregoing estimates.

E Claims levels are as reflected in the Plan and CCAA Plan, as applicable.

4. Reorganized ABH Projected Income Statement

Reorganized ABH - Projected Income Statement	3 Months Ended December 31,	Projected Year Ending December 31				
In US$ million unless otherwise noted	2010E	2010E Full-Year	2011E	2012E	2013E	2014E
Sales	$1,222	$ 4,663	$ 5,341	$ 5,480	$ 5,416	$ 5,474
Cost of sales, excluding depreciation, amortization and cost of timber harvested	(918)	(3,651)	(3,793)	(3,841)	(3,828)	(3,826)
Depreciation, amortization, and cost of timber harvested	(66)	(465)	(272)	(279)	(285)	(292)
Distribution costs	(140)	(544)	(563)	(568)	(570)	(572)
Selling and administrative expenses	(41)	(168)	(146)	(139)	(135)	(132)
Net gain on disposition of assets	—	55	—	—	—	—
Operating income / (loss)	$ 58	$ (110)	$ 568	$ 653	$ 597	$ 653
Interest expense	(42)	(381)	(166)	(166)	(166)	(162)
Interest income	1	6	9	17	26	37
Partnership earnings (equity investments)	(0)	(2)	7	8	10	10
Income before reorganization items, income taxes and noncontrolling interests	$ 17	$ (488)	$ 418	$ 511	$ 467	$ 538
Reorganization items, net	(4)	(141)	—	—	—	—
Income before income taxes and noncontrolling interests	$ 13	$ (629)	$ 418	$ 511	$ 467	$ 538
Income tax benefit / (expense)	(31)	199	(89)	(91)	(51)	(62)
Net loss / (income) attributable to noncontrolling interests	(2)	3	(34)	(33)	(32)	(31)
Net (loss) income	$ (20)	$ (427)	$ 295	$ 387	$ 384	$ 445

a. Sales – Consolidated sales include sales from the Debtors' primary operating segments: coated and specialty papers ("**Commercial Printing Papers**", or "**CPP**"), market pulp, newsprint and wood products. The Financial Projections assume CPP demand is projected to increase over the next several years from its current low base, driving price increases from a cyclical trough in 2009. Pulp markets are assumed to remain volatile, with pricing rebounding to peak levels in 2012, then declining thereafter with global economic activity. Domestic newsprint demand is forecast to continue its secular decline over the projected period, partially mitigated by projected increases in export market demand. Newsprint prices are projected to improve from trough levels in 2009 and level off by 2012. Forecasted improvements in lumber demand assume a material recovery from trough levels in 2009 to peak levels in 2012 driven by a recovery in long-term U.S. housing starts.

b. Cost of Sales – Cost of Sales, including distribution costs, is projected to be approximately 89% of sales in 2010 and improve to approximately 80% of sales by 2014, driven primarily by the forecasted improvement in market demand and pricing as well as savings from negotiated labor cost reductions.

c. Selling, General, & Administrative Expenses – Selling, General & Administrative ("SG&A") expenses are projected to decline to $132 million, or 2.4% of sales in 2014 from $168 million, or 3.5% of sales in 2009. SG&A has declined substantially since the Merger in 2007 ($332 million in 2008 and $198 million in 2009), and further SG&A reductions will result from anticipated reductions in headcount and a simplification of the Company's organizational structure, amongst other efficiency gains.

d. Net income (loss) – The net income (loss) is expected to improve from a loss in 2010 to positive net income beginning in 2011. Improvements will be driven by the capital restructuring, which will result in lower interest expense, as well as cost reductions and improving market demand and pricing. These improvements will be partially offset by increased commodity inflation and expenses.

e. Reorganization Items – The 2010 Reorganization Items consist of actual and estimated postpetition fees for professional advisors, bank fees directly attributable to the bankruptcy filing and related capital restructuring. This amount excludes any gains or losses associated with the extinguishment of debt and revaluation of assets and liabilities under fresh-start reporting.

f. Interest Expense – For 4Q10 through 2014, interest expense projections are based on the Company's estimated post-emergence capital structure assumed to be effective on October 1, 2010. Interest expense in 2010 prior to the Effective Date / Implementation Date is based on interest as disclosed in the Company's financial statements for the first fiscal quarter of 2010 and as estimated for the Predecessor Company debt in accordance with GAAP for the period from April 1 through the Effective Date.

g. Income Taxes - Income tax benefit / (expense) was calculated based on the projected applicable statutory tax rates in the countries in which the Company operates. For U.S. operations, the federal tax rate was assumed to be 35%. State taxes were deemed to not be material over the Projection Period. For Canadian operations, the federal tax rate was assumed to be 30% in 2010, stepping down to 28% in 2011 and 26% in each subsequent year of the Projection Period.

U.S. taxable income in each projected year is adjusted downwards for the use of available post-emergence tax attributes preserved by the Company's tax planning efforts. Post-emergence U.S. tax attributes such as net operating losses ("**NOLs**"), capital losses, tax credits, stock investments in subsidiaries and fixed assets take into account required attribute reduction due to discharge of indebtedness as a result of the chapter 11 restructuring proceedings. Projected taxable income after accounting for available tax shields is estimated to be approximately $50-90 million per year over the projected period.

Canadian Taxable income in each projected year is projected to be zero after accounting for usage of available post-emergence tax attributes. Post-emergence Canadian Tax attributes take into account required attribute reduction due to discharge of indebtedness under the CCAA Plan. Post-emergence attributes are primarily comprised of undepreciated capital cost ("**UCC**"), and to a lesser extent, NOLs and Scientific Research and Experimental Development expenses.

All tax-related projections conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company based upon consideration of tax attribute estimates provided by the Debtors and their tax advisors.

5. Reorganized ABH Projected Balance Sheets

The Reorganized ABH Projected Balance Sheets set forth the projected financial position of the Company, after giving effect to the Projected September 30, 2010 Balance Sheet, the proposed reorganization and related pro forma adjustments in Section 3. The Reorganized ABH Balance Sheets were developed based upon the projected results of operations and cash flows over the Projection Period.

Reorganized ABH - Projected Balance Sheet *In US$ million unless otherwise noted*	Pro Forma September 30, 2010	Projected Year Ending December 31,				
		2010E	2011E	2012E	2013E	2014E
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 150	$ 300	$ 618	$1,070	$1,578	$2,104
Accounts receivable	879	872	980	1,014	989	1,017
Inventories, net	588	608	621	620	618	617
Other current assets	121	115	115	115	115	115
Total current assets	$1,738	$1,895	$2,335	$2,820	$3,300	$3,854
Fixed assets, net	$2,644	$2,582	$2,420	$2,266	$2,096	$1,920
Unconsolidated Investments	66	65	65	66	70	75
Other non-current assets	311	306	269	260	250	244
Pension assets	149	159	227	297	377	453
Total assets	$4,907	$5,008	$5,316	$5,709	$6,094	$6,545
LIABILITIES						
Current liabilities not subject to compromise:						
Accounts payable and other accrued liabilities	$ 297	$ 422	$ 428	$ 431	$ 431	$ 434
Liabilities associated with assets held for sale	35	35	35	35	35	35
Total current liabilities not subject to compromise	$ 332	$ 456	$ 463	$ 466	$ 466	$ 469
Debt	241	241	241	241	241	241
Pension and OPEB	391	391	391	391	391	391
Other long-term liabilities	55	55	55	55	55	55
Exit Financing Facilities	1,191	1,191	1,191	1,191	1,191	1,191
Total liabilities	$2,210	$2,334	$2,341	$2,344	$2,344	$2,347
Shareholders' equity / (deficit)	$2,428	$2,408	$2,703	$3,090	$3,473	$3,919
Non-controlling interests	$ 269	$ 266	$ 272	$ 275	$ 277	$ 280
Total liabilities and shareholders' equity	$4,907	$5,008	$5,316	$5,709	$6,094	$6,545

6. **Reorganized ABH Statement of Cash Flow**

The Reorganized ABH Statement of Cash Flow sets forth the Company's forecasted changes in cash, after giving effect to the proposed reorganization.

Reorganized ABH – Projected Cash Flow Statement *In US$ million unless otherwise noted*	3 Months Ended December 31, 2010E	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
OPERATING ACTIVITIES					
Net income / (loss)	$ (20)	$ 295	$ 387	$ 384	$ 445
Adjustments to reconcile to net cash provided by / (used in) operating activities:					
Depreciation, amortization, and cost of timber harvested	66	272	279	285	292
Deferred income taxes	6	—	—	—	—
Net income / (loss) attributable to noncontrolling interests	2	34	33	32	31
Net pension contributions	8	(49)	(52)	(62)	(58)
Net OPEB contributions	(18)	(19)	(18)	(18)	(17)
Equity investments net income	0	(7)	(8)	(10)	(10)
Amortization of financing costs	4	18	18	18	13
Changes in working capital:					
Accounts receivable	6	(108)	(34)	25	(29)
Inventories	(19)	(13)	1	2	1
Accounts payable	124	7	3	(0)	3
Net cash provided by / (used in) operating activities	**$160**	**$ 429**	**$ 608**	**$ 656**	**$ 671**
INVESTING ACTIVITIES					
Cash invested in fixed assets	(24)	(110)	(125)	(116)	(115)
Dispositions of assets	20	—	—	—	—
Other investing activities, net	(0)	27	(1)	(2)	(2)
Net cash provided by / (used in) investing activities	**$ (5)**	**$ (83)**	**$ (126)**	**$ (117)**	**$ (117)**
FINANCING ACTIVITIES					
Cash distributions attributable to non-controlling interests	(5)	(28)	(30)	(30)	(28)
Net cash provided by / (used in) financing activities	**$ (5)**	**$ (28)**	**$ (30)**	**$ (30)**	**$ (28)**
Net increase / (decrease) in cash and cash equivalents	**$150**	**$ 318**	**$ 452**	**$ 508**	**$ 526**
Cash and cash equivalents:					
Beginning of period	$150	$ 300	$ 618	$1,070	$1,578
End of period	**$300**	**$ 618**	**$1,070**	**$1,578**	**$2,104**

a. Pension and Other Postretirement Benefit ("OPEB") Contributions

i. Pension

The Company has multiple contributory and non-contributory defined benefit pension plans covering substantially all of its employees. On an accounting basis, as of December 31, 2009 the qualified defined benefit retirement plans maintained by the Company had a funded status of approximately 93% (90% on a Pension Protection Act, or "PPA", basis) and were under-funded by approximately $424 million. This includes a deficit under Canadian defined benefit plans of approximately Cdn$ 1.4 billion as calculated on a solvency basis. The Plan and CCAA Plan confirmed by the Bankruptcy Court and Canadian Court, respectively, provide for the assumption of the qualified defined benefit retirement plans. The Financial Projections assume significant cash contributions will be made to these plans over the next several years following emergence from bankruptcy under applicable U.S. and Canadian laws. The Financial Projections also assume approval of special funding relief regulation with respect to the Company's Canadian defined benefit registered pension plans for prior service costs. All projected contributions referenced below are the amounts in excess of expense embedded in COGS and SG&A and appear in the Debtors' projected Reorganized Statement of Cash Flow.

The projected contributions stated hereafter were provided by the Company's pension advisors and conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company. These contributions for United States qualified plans are estimated to be approximately $16-27 million per year from 2010-2014 reflecting payments for both current and past service. Projected contributions also appear net of associated tax savings.

In connection with the CCAA Proceedings, the Canadian Court approved certain restrictions on the required cash contributions for the Canadian pension plans such that only current service costs were funded. In the Financial Projections, suspended contributions for past service costs have been resumed at estimated levels currently being negotiated with the relevant government authorities. Projected contributions for Canadian qualified plans are estimated to be approximately $35-44 million per year reflecting payments for both current and past service, net of associated tax savings.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and returns on pension plan assets, and could also be impacted by future changes in the laws and regulations applicable to pension plan funding as well as the ultimate conclusion of the special funding relief regulation with the relevant Canadian Provincial government authorities.

ii. OPEB

The Company also sponsors a number of OPEB plans for retirees.

Projected contributions for U.S. OPEB plans are estimated to be $7-8 million per year from 2010-2014 for both current and past service. These contribution levels assume an annual health care cost increase of 7.2% and a rate of compensation increase of 2.9%.

Projected contributions for Canadian OPEB plans are estimated to be approximately $8-9 million per year from 2010-2014 for both current and past service. These contribution levels assume a health care cost trend rate of 6.5% and a rate of compensation increase of 2.9%.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and rates of compensation increase, among other factors.

b. Working Capital

i. Accounts receivable days sales outstanding ("DSOs") vary based upon product line and destination, averaging approximately 55-60 DSOs. Domestic newsprint, which is approximately 45% of total sales have DSOs range from 33-37 days, while export sales are longer at 120-130 days. Specialty and Pulp DSOs range from 40-57 days while Lumber has the shortest sales cycle at 12-15 days. Changes in trade accounts receivable at emergence reflect the assumption that ACI's accounts receivable securitization program is terminated at emergence and receivables are no longer sold through the securitization program.

ii. Accounts Payable: The current implied number of days for which trade accounts payable are outstanding is approximately 13 days. This is expected to rise gradually to approximately 30 days in the months after emergence from Chapter 11 / CCAA, as the Debtors begin to receive normalized trade terms.

c. Capital Expenditures

Capital expenditures are projected to range from $110 to $125 million per year. The projected capital plan is based on the Company's expectation for average capital requirements through the cycle. Capital expenditures for all periods include spending to maintain equipment, increase operating efficiency and comply with environmental laws. No spending has been budgeted for capacity increases or opportunistic investments that could be made in response to a change in market dynamics.

7. ACI and D-Corp Summary EBITDA and Unlevered Free Cash Flow

ACI - EBITDA and Unlevered Free Cash Flow *($ in millions)*	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 527	$2,353	$2,369	$2,419	$2,415
EBITDA	$ 44	$ 353	$ 355	$ 424	$ 436
% Margin	*8.4%*	*15.0%*	*15.0%*	*17.5%*	*18.1%*
Capital Expenditures	(12)	(52)	(59)	(56)	(58)
Pension / OPEB Contributions	(6)	(32)	(34)	(39)	(38)
Change in Working Capital	(219)	(58)	(1)	(1)	(6)
Cash Dividends to Non-Controlling Interests	0	0	0	(4)	(4)
Interest Income	0	2	5	11	17
Taxes	0	0	0	0	0
Other Items	(2)	27	(1)	(1)	(1)
Unlevered Free Cash Flow	$(194)	$ 239	$ 265	$ 335	$ 347

D-Corp - EBITDA and Unlevered Free Cash Flow *($ in millions)*	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 64	$ 290	$ 290	$ 287	$ 286
EBITDA	$ 9	$ 82	$ 74	$ 76	$ 81
% Margin	*14.1%*	*28.3%*	*25.4%*	*26.6%*	*28.3%*
Capital Expenditures	(1)	(4)	(5)	(6)	(7)
Pension / OPEB Contributions	6	(19)	(19)	(26)	(21)
Change in Working Capital	267	(23)	(2)	0	(2)
Cash Dividends to Non-Controlling Interests	(5)	(23)	(22)	(19)	(17)
Interest Income	1	7	7	8	9
Taxes	0	0	0	0	0
Other Items	(0)	0	0	0	0
Unlevered Free Cash Flow	$ 277	$ 21	$ 34	$ 33	$ 43

8. BI, BNS and BCFPI Summary EBITDA and Unlevered Free Cash Flow

BI – EBITDA and Unlevered Free Cash Flow
($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$346	$1,491	$1,514	$1,473	$1,495
EBITDA	$ 51	$ 290	$ 287	$ 233	$ 245
% Margin	*14.8%*	*19.4%*	*19.0%*	*15.8%*	*16.4%*
Capital Expenditures	(5)	(29)	(32)	(26)	(28)
Pension / OPEB Contributions	(9)	(3)	(2)	0	(1)
Change in Working Capital	56	(31)	(12)	14	(7)
Cash Dividends to Non-Controlling Interests	0	(5)	(9)	(8)	(7)
Interest Income	0	4	7	11	14
Taxes	(21)	(71)	(66)	(42)	(49)
Other Items	(2)	(1)	(1)	(1)	(1)
Unlevered Free Cash Flow	$ 71	$ 153	$ 173	$ 182	$ 166

BNS – EBITDA and Unlevered Free Cash Flow
($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$114	$ 456	$ 487	$ 446	$ 465
EBITDA	$ 12	$ 69	$ 98	$ 51	$ 62
% Margin	*10.4%*	*15.0%*	*20.1%*	*11.5%*	*13.2%*
Capital Expenditures	(3)	(14)	(16)	(12)	(8)
Pension / OPEB Contributions	(0)	(3)	(3)	(3)	(3)
Change in Working Capital	15	(2)	(8)	9	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	(9)	(18)	(26)	(9)	(13)
Other Items	0	0	0	0	0
Unlevered Free Cash Flow	$ 15	$ 33	$ 47	$ 37	$ 36

BCFPI – EBITDA and Unlevered Free Cash Flow
($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$174	$ 751	$ 820	$ 791	$ 813
EBITDA	$ 15	$ 73	$ 145	$ 123	$ 147
% Margin	*8.3%*	*9.7%*	*17.6%*	*15.6%*	*18.0%*
Capital Expenditures	(3)	(10)	(13)	(15)	(15)
Pension / OPEB Contributions	(2)	(11)	(12)	(13)	(13)
Change in Working Capital	(5)	0	(8)	5	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	0	0	0	0	0
Other Items	(1)	0	0	0	0
Unlevered Free Cash Flow	$ 4	$ 53	$ 113	$ 103	$ 117

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	Chapter 11
ABITIBIBOWATER INC., *et al.*,	)	Case No. 09-11296 (KJC)
	)	Jointly Administered
Debtors.	)	

DISCLOSURE STATEMENT FOR DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: August 2, 2010

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	Chapter 11
	)	
ABITIBIBOWATER INC., *et al.*,	)	Case No. 09-11296 (KJC)
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Dated: August 2, 2010

Section 6.7(d) of the Plan provides that the Debtors shall file Plan Supplement 5B with the Bankruptcy Court on or before the Supplement Filing Date setting forth the names, affiliations and offices of, and the compensation proposed to be paid to, the individuals intended to serve as directors and officers of each Reorganized Debtor on and after the Effective Date. On and after the Effective Date, each Reorganized Debtor shall be governed in accordance with the Amended Certificates of Incorporation and Bylaws or similar formation document.

8. Management and Director Compensation and Incentive Plans and Programs

Section 6.8 of the Plan provides that on or as soon as practicable after the Effective Date, Reorganized ABH shall adopt and implement (as applicable) the management incentive plans substantially in the form set forth in Plan Supplement 6A to be filed on or before the Supplement Filing Date and described in the Plan, and the management and director plans, programs and agreements set forth in Plan Supplement 6B, to be filed on or before the Supplement Filing Date, shall be terminated, and to the extent applicable, deemed rejected pursuant to Section 365 of the Bankruptcy Code.

(a) Long-Term Equity Incentive Plan

On or as soon as practicable after the Effective Date, the Reorganized Debtors will adopt and implement the 2010 Long-Term Equity Incentive Plan (the "LTIP"). The Debtors and Reorganized Debtors shall reserve 8.5% on a fully diluted basis of the New ABH Common Stock for issuance under the LTIP. Up to 4% of the New ABH Common Stock may be granted on the Effective Date of which 75% will be granted as options the strike price of which will be the fair market value of the New ABH Common Stock, and 25% will be granted as restricted stock units. For purposes of section 6.8(a) of the Plan, the fair market value of the New ABH Common Stock means the average of the closing trading price of the New ABH Common Stock during the thirty (30) day period commencing with the first day on which the New ABH Common Stock is listed on the New York Stock Exchange. Pursuant to the LTIP, the Reorganized Debtors shall deliver certain stock options and restricted stock unit grants to certain directors, members of management and other executive employees on and after the Effective Date, in such amounts and pursuant to such terms as set forth in the LTIP. The form and substance of the LTIP will be set forth in Plan Supplement 6A, to be filed on or before the Supplement Filing Date, and shall be reasonably acceptable to the Creditors Committee.

(b) Short-Term Incentive Plans

On or as soon as practicable after the Effective Date, the Reorganized Debtors will adopt and implement the 2010 Short-Term Incentive Plan (the "2010 STIP") and the 2011 Short-Term Incentive Plan (the "2011 STIP" and together with the 2010 STIP, the "STIPs") pursuant to which participants shall be eligible for a target incentive award expressed as a percentage of the individual's base salary as such salary shall be reduced prior to the Effective Date (the "Reduced Base Salary"). Approximately 550 management employees will be eligible for participation in the STIPs, including the Company's top six senior executives. Senior executives will be eligible for a target incentive award of 50% base salary under the 2010 STIP and 100% of base salary under the 2011 STIP. The target incentive payments for remaining participants under the STIPs will be at a lower percentage level of payment. The STIPs shall be entirely performance-based, and actual earned incentive awards will vary depending on the Company's and Reorganized Debtors' ability to achieve the established targets. Under the 2010 STIP, the Company will base performance targets on the Company's actual EBITDA (net of any STIP payment) against its forecast for the third and fourth quarters of 2010, and targets will be determined in consultation with the Creditors Committee. The Board will determine the Company's performance targets under the 2011 STIP. The material terms of the STIPs will be set forth in Plan Supplement 6A, to be filed on or before the Supplement Filing Date, and shall be reasonably acceptable to the Creditors Committee.

(c) Restructuring Recognition Award

On and effective as of the Effective Date, the Company will adopt and implement a performance driven restructuring recognition plan designed to reward actions and initiatives contributing to a successful and timely reorganization of the Company, by providing selected members of management with one-time cash emergence awards (a "Restructuring Recognition Award") in an aggregate value of approximately $6 million. Approximately 50 executives, senior managers and managers, who are critical to the Company's performance and successful reorganization efforts, will be selected to receive a Restructuring Recognition Award equal from 30% to 100% of the recipient's Reduced Base Salary to be paid in cash at emergence upon approval by the Board. Restructuring Recognition Award recipients will be required to repay 1/12th of their award for each month during the one-year period following the Effective Date they were not employed by Reorganized ABH or a Reorganized Debtor, if they either voluntarily resign their employment or are discharged by their employer for "cause."

(d) Executive Severance Policies

On and after the Effective Date, Reorganized ABH will assume, as amended, executive severance policies for U.S. and Canadian executives, respectively. Severance benefits may be conditioned upon the executive's compliance with certain restrictive covenants, including non-compete restrictions. The material terms of the executive severance policies shall be set forth in Plan Supplement 6A to be filed on or before the Supplement Filing Date, and shall be reasonably acceptable to the Creditors Committee.

9. Employee Compensation and Benefit Programs

Section 6.9 of the Plan provides that as of the Effective Date, all of the Debtors' existing pension plans, welfare benefit plans, severance policies and other employee-related plans and programs, including the Debtors' existing U.S. qualified defined contribution plans and Canadian registered defined benefit and defined contribution plans, set forth in Plan Supplement 7A, shall remain in effect, as amended, and the plans and programs set forth in Plan Supplement 7B, including all of the Debtors' existing non-qualified and non-registered plans (such terminated non-qualified and non-registered plans and programs referred to herein as the "Terminated Retirement Plans" and all such terminated or rejected plans and programs collectively referred to herein as the "Terminated Employee Plans") shall be terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors shall have the sole authority to terminate, amend or implement U.S. qualified defined contribution plans and Canadian registered plans, welfare benefit plans and other plans and programs for employees in accordance with the terms of such plans and applicable law. The form and substance of the employee compensation and benefit programs assumed by the Debtors set forth in Plan Supplement 7A shall be reasonably acceptable to the Creditors Committee.

Effective as of the Effective Date, the Debtors and Reorganized Debtors shall establish non-qualified and non-registered plans, agreements or arrangements (the "New Plans") pursuant to which, among other things, (a) all employees and beneficiaries in active status as of the Effective Date who were entitled to benefits under any Terminated Retirement Plans as of the Effective Date (the "Eligible Employees") will be eligible to receive benefits under the New Plans substantially similar to those benefits available to such employee under the Terminated Retirement Plans; to the extent thereof, provided, however, that: (i) all defined benefits available under the New Plans will be frozen as of the Effective Date; and (ii) the Eligible Employee must waive and forfeit any and all Claims the Eligible Employee has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans; and (b) all retirees, beneficiaries and deferred vested participants, as of the Effective Date, under the Terminated Retirement Plans (the "Eligible Retirees") will be eligible to receive benefits after the Effective Date substantially similar to those benefits available to such Eligible Retiree under the Terminated Retirement Plans to the extent thereof, without retroactive adjustments; provided, however, (i) that the benefits available to each such Eligible Retiree under the New Plans shall be 10% to 35% lower, depending on the applicable Terminated Retirement Plan, than the benefits available to the Eligible Retiree under the Terminated Retirement Plans at the time of termination thereof, (ii) the benefits available to each such Eligible Retiree under the New Plans shall be subject to an annual per participant cap on benefits in the amounts ranging from \$40,000 to \$50,000 (in the aggregate) in the case of defined benefit Terminated Retirement Plans and corresponding caps in the case of defined contribution Terminated Retirement Plans, depending on the applicable Terminated Retirement Plans, this annual cap being further reduced by any secured pension benefits received or to be received in respect of the Terminated Retirement Plans; and (iii) that the Eligible Retiree must waive and forfeit any and all claim such Eligible Retiree has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans. The material terms of the New Plans shall be set forth in Plan Supplement 7A and shall be reasonably acceptable to the Creditors Committee.

The Company sponsors a number of separate non-qualified and non-registered plans. Section 6.9 of the Plan allows Eligible Employees and Eligible Retirees to either (a) reinstate their benefits under the New Plans as modified and waive any Claim on account of the Terminated Retirement Plans (such Claim, a "SERP Claim"), or (b) retain any SERP Claim and to the extent such SERP Claim is Allowed, receive any distribution to which it is entitled under the Plan. Eligible Employees who retain their SERP Claims may be eligible for benefits under the New Plans, but without receiving any credit under the New Plans for any benefits accrued under the Terminated Retirement Plans.

The Debtors believe that providing Eligible Employees and Eligible Retirees with the option to reinstate benefits under the New Plans in exchange for a waiver of their SERP Claims is in the best interests of their respective estates. Reinstating benefits allows the Reorganized Debtors to make payments over time as they come due post-emergence and reduces cash payments at emergence to the extent any SERP Claims are waived but would otherwise have been entitled to administrative or priority treatment. The Debtors estimate that approximately at least $100 million of SERP Claims (U.S. Dollar Equivalent) may exist against the Debtors, of which approximately $70 million are attributable to Eligible Retirees and approximately $30 million are attributable to Eligible Employees. The Plan provides that unsecured recoveries for Claims against individual Debtors liable under the Terminated Retirement Plans range from approximately 3% to 48%. However, recoveries on SERP Claims may be higher depending on the applicable Terminated Retirement Plan under which the SERP Claims arise and the number of Debtors liable for such claims. In addition, the Debtors estimate that approximately $5 million may be entitled to administrative or priority treatment under sections 503 or 507 of the Bankruptcy Code if the reinstatement option is not chosen. The Debtors estimate that the cost of the New Plans to the Reorganized Debtors, assuming a present value discount rate of 6.75% and further assuming that all Eligible Employees and Eligible Retirees elect reinstatement, totals approximately $75 million. Notably, such cost is incurred over time as benefits come due.

The Debtors' or Reorganized Debtors' performance of any employment agreement, plan or policy that is not a Terminated Employee Plan will not entitle any person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Effective Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program or plan. Nothing in the Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding anything to the contrary contained herein, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

SCHEDULE II

COMPENSATION PLAN

NOTICE OF MEETING AND
INFORMATION CIRCULAR
PERTAINING TO A
PLAN OF REORGANIZATION AND
COMPROMISE
UNDER
THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA),
THE *CANADA BUSINESS CORPORATIONS ACT*
AND SUCH OTHER LEGISLATION TO BE SET FORTH IN
THE RESTRUCTURING TRANSACTIONS NOTICE
INVOLVING ABITIBIBOWATER INC.
AND CERTAIN OF ITS SUBSIDIARIES LISTED IN APPENDIX A HERETO

– AND –

A RIGHTS OFFERING

OF

REORGANIZED ABH IN CONNECTION THEREWITH

August 2, 2010

This information circular is being distributed to creditors of certain subsidiaries of AbitibiBowater Inc. listed in Appendix A hereto by and on behalf of such entities and AbitibiBowater Inc. in connection with the meetings called to consider the reorganization and compromise proposed by them which are scheduled to be held at 10:00 a.m. (Montreal time) on September 14, 2010 at the Hilton Montreal Bonaventure, 900 de La Gauchetière West, Montréal, Québec, H5A 1E4, Canada and a rights offering of Reorganized ABH in connection therewith.

These materials require your immediate attention. You should consult your professional advisors in connection with the contents of these documents. Should you have any questions regarding voting, the rights offering or other procedures or should you wish to obtain additional copies of these materials, you may contact Ernst & Young Inc., which acts as the Monitor, at 800 René-Lévesque Blvd. West, Suite 2000, Montreal, Québec, H3B 1X9, Canada (Attention: the Monitor of AbitibiBowater Inc. et al.), facsimile number: 514-879-3992 and telephone number: 1-866-246-7889.

Each Backstop Party will purchase, severally and not jointly, its pre-determined percentage of Unsubscribed Notes. Reorganized ABH shall pay to each such Backstop Party the Upfront Payment in respect of all such Rights Offering Notes purchased by the Backstop Party.

Under the terms of the Backstop Commitment Agreement, the consent of the Backstop Parties is required with respect to certain events, including, without limitation, certain changes to the Plans. The obligations of the Backstop Parties are subject to the satisfaction or waiver of specified closing conditions, including, without limitation, entry of the Sanction Order in form and substance reasonably satisfactory to the Backstop Parties, the satisfaction or waiver of the conditions to effectiveness of the Plans and the consummation of the Exit Loan Facilities.

The Backstop Commitment Agreement is terminable if the Rights Offering is not consummated by an outside date of the later of (i) October 15, 2010 or (ii) such other date as set forth in the Backstop Commitment Agreement, and upon certain other events. If the Backstop Commitment Agreement terminates, then, upon certain termination events, the Backstop Parties will be entitled to receive a termination payment, the amount of which depends on the timing of the termination, but which is, in any event, no more than the Backstop Commitment Payment.

Distribution of Rights Offering Notes

On, or as soon as reasonably practicable after, the Implementation Date, Reorganized ABH or other applicable Disbursing Agent shall distribute the Rights Offering Notes in a fashion consistent with the distribution provisions of the CCAA Plan. Eligible Holders holding their Claims through CDS or DTC will receive the Rights Offering Notes in the form of beneficial interests in one or more global notes. Eligible Holders holding their Claims otherwise than through DTC or CDS will receive their Rights Offering Notes in the form of one or more certificated notes and such certificates will be distributed to the person identified in the Claims register maintained by the Monitor as holding the Claims on the record date for such distribution. Reorganized ABH shall also concurrently cause an amount in cash equal to $0.04 per $1.00 of Rights Offering Notes purchased to be paid back to such Rights Offering Participant from the proceeds of the sale of the Rights Offering Notes (the "**Upfront Payment**").

Rights Offering Notes

The Rights Offering Notes shall substantially have the terms set out in Appendix I – "*Terms of the Rights Offering Notes*".

The definitive terms of the Rights Offering Notes will be posted on the Monitor's Website on or before the CCAA Supplement Filing Date.

VIII. REORGANIZED ABH

Reorganized ABH

As part of the implementation of the CCAA Plan, Reorganized ABH will emerge as the parent holding company under which the Reorganized Debtors will be held directly or indirectly. Reorganized ABH will also be the parent holding company under which the reorganized U.S. Debtors will be held directly or indirectly.

Corporate Governance

As of the Implementation Date, the directors and officers of each Applicant that is not a Reorganized Debtor will be removed from office and terminated in their capacities as such.

A search committee (the "**Search Committee**"), consisting of three members of the Unsecured Creditors' Committee, three members of the Ad Hoc Unsecured Noteholders Committee, and one representative of the Company has been formed to select the Board of Reorganized ABH and shall be responsible for selecting the Board, determining the number of directors (including the number of independent directors, if any) comprising the Board, and defining the terms and other qualifications for such directors. The Search Committee has hired an independent search firm in connection with that process.

The names of the directors and officers of Reorganized ABH as of the Implementation Date will be posted on the Monitor's Website and will also be announced by way of press release concurrently with such posting.

Management and Director Compensation and Incentive Plans and Programs

The CCAA Plan provides that on or as soon as practicable after the Implementation Date, Reorganized ABH shall adopt and implement (as applicable) the management incentive plans as substantially described herein and in the form set forth in a CCAA Plan Supplement and the management and directors plans, programs and agreements set forth in another CCAA Plan Supplement shall be terminated or repudiated under the CCAA Plan or the U.S. Plan and, to the extend applicable, deemed rejected pursuant to Section 365 of the Bankruptcy Code. The Affected Unsecured Creditors shall be deemed to have approved all such management incentive plans, including the LTIP and the STIPs.

Long-Term Equity Incentive Plan

On or as soon as practicable after the Implementation Date, Reorganized ABH shall adopt and implement the 2010 Long-Term Equity Incentive Plan (the "**LTIP**"). Reorganized ABH shall reserve 8.5% on a fully diluted basis of the shares of New ABH Common Stock for issuance under the LTIP. Up to 4% of the shares of New ABH Common Stock may be granted on the Implementation Date of which 75% will be granted as options the strike price of which shall be the fair market value of the New ABH Common Stock and 25% will be granted as restricted stock units. For purposes of this paragraph, the fair market value of the New ABH Common Stock shall mean the average of the closing trading price of the New ABH Common Stock during the 30 day period commencing with the first day on which the New ABH Common Stock is listed on the New York Stock Exchange. Pursuant to the LTIP, the Reorganized Debtors shall deliver certain stock options and restricted stock unit grants to certain directors, members of management and other executive employees on and after the Implementation Date, in such amounts and pursuant to such terms as set forth in the LTIP. The form and substance of the LTIP will be set forth in a CCAA Plan Supplement.

Short-Term Incentive Plans

On or as soon as practicable after the Implementation Date, Reorganized ABH shall adopt and implement the 2010 Short-Term Incentive Plan (the "**2010 STIP**") and the 2011 Short-Term Incentive Plan (the "**2011 STIP**" and together with the 2010 STIP, the "**STIPs**") pursuant to which participants shall be eligible for a target incentive award expressed as a percentage of the individual's base salary as such salary shall be reduced prior to the Implementation Date (the "**Reduced Base Salary**"). Approximately 550 management employees will be eligible for participation in the STIPs, including the Company's top six senior executives. Senior executives will be eligible for a target incentive award of 50% of base salary under the 2010 STIP and 100% of base salary under the 2011 STIP. The target incentive payments for remaining participants under the STIPs will be at a lower percentage level of payment. The STIPs shall be entirely performance-based, and actual earned incentive awards will vary depending on the Company's and Reorganized Debtors' ability to achieve the established targets. Under the 2010 STIP, the Company will base performance targets on the Company's actual EBITDA (net of any STIP payment) against its forecast for the third and fourth quarters of 2010. The Board will determine the Company's performance targets under the 2011 STIP. The material terms of the STIPs will be set forth in a CCAA Plan Supplement.

Restructuring Recognition Award

On and effective as of the Implementation Date, the Company shall adopt and implement a performance driven restructuring recognition plan designed to reward actions and initiatives contributing to a successful and timely reorganization of the Company, by providing selected members of management with one-time cash emergence awards (a "**Restructuring Recognition Award**") in an aggregate value of $6 million. Approximately

50 executives, senior managers and managers, who are critical to the Company's performance and successful reorganization efforts, shall be selected to receive a Restructuring Recognition Award equal from 30% to 100% of the recipient's Reduced Base Salary to be paid in Cash at emergence upon approval by the Board of Reorganized ABH. Restructuring Recognition Award recipients shall be required to repay 1/12th of their award for each month during the one-year period following the Implementation Date they were not employed by Reorganized ABH or a Reorganized Debtor, if they either voluntarily resign their employment or are discharged by their employer for "cause".

Executive Severance Policies

On and after the Implementation Date, Reorganized ABH will assume, as amended, executive severance policies for U.S. and Canadian executives, respectively. Severance benefits may be conditioned upon the executive's compliance with certain restrictive covenants, including non-compete restrictions. The material terms of the executive severance policies shall be set forth in a CCAA Plan Supplement.

<u>Employee Compensation and Benefit Programs</u>

As of the Implementation Date, all of the Applicants' existing pension plans, welfare benefit plans, severance policies and other employee-related plans and programs, including the Applicants' Canadian registered defined benefit and defined contribution plans, set forth in a CCAA Plan Supplement, shall remain in effect, as amended, and the plans and programs set forth in another CCAA Plan Supplement, including all of the Applicants' existing non-qualified and non-registered plans, (such terminated non-qualified and non-registered plans and programs referred to herein as the "**Terminated Retirement Plans**" and all such terminated or rejected plans and programs collectively referred to herein as the "**Terminated Employee Plans**") shall be terminated or repudiated under the CCAA Plan and the U.S. Plan and, to the extent applicable, deemed rejected pursuant to Section 365 of the Bankruptcy Code. After the Implementation Date, the Reorganized Debtors shall have the sole authority to terminate, amend or implement Canadian registered plans, welfare benefit plans and other plans and programs for employees in accordance with the terms of such plans and applicable Law.

Effective as of the Implementation Date, the Applicants and Reorganized Debtors shall establish non-qualified and non-registered plans, agreements or arrangements (the "**New Plans**") pursuant to which, among other things, (a) all employees and beneficiaries in active status as of the Implementation Date who were entitled to benefits under any Terminated Retirement Plans as of the Implementation Date (the "**Eligible Employees**") shall be eligible to receive benefits under the New Plans substantially similar to those benefits available to such employee under the Terminated Retirement Plans, to the extent thereof, <u>provided</u>, <u>however</u>, that: (i) all defined benefits available under the New Plans will be frozen as of the Implementation Date; and (ii) the Eligible Employee must waive and forfeit any and all Claims the Eligible Employee has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans; and (b) all retirees, beneficiaries and deferred vested participants, as of the Implementation Date, under the Terminated Retirement Plans (the "**Eligible Retirees**") shall be eligible to receive benefits after the Implementation Date substantially similar to those benefits available to such Eligible Retiree under the Terminated Retirement Plans to the extent thereof, without retroactive adjustments; <u>provided</u>, <u>however</u>, (i) that the benefits available to each such Eligible Retiree under the New Plans shall be 10% to 35% lower, depending on the applicable Terminated Retirement Plan, than the benefits available to the Eligible Retiree under the Terminated Retirement Plans at the time of termination thereof, (ii) the benefits available to each such Eligible Retiree under the New Plans shall be subject to an annual per participant cap on benefits in the amounts ranging from $40,000 to $50,000 (in the aggregate) in the case of defined benefit Terminated Retirement Plans and corresponding caps in the case of defined contribution Terminated Retirement Plans, depending on the applicable Terminated Retirement Plans, this annual cap being further reduced by any secured pension benefits received or to be received in respect of the Terminated Retirement Plans; and (iii) that the Eligible Retiree must waive and forfeit any and all claim such Eligible Retiree has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans. The material terms of the New Plans shall be set forth in a CCAA Plan Supplement.

The Company sponsors a number of separate non-qualified and non-registered plans. Section 6.9 of the U.S. Plan allows Eligible Employees and Eligible Retirees to either (a) reinstate their benefits under the New Plans as modified and waive any Claim on account of the Terminated Retirement Plans (such Claim, a "SERP Claim"), or (b) retain any SERP Claim and to the extent such SERP Claim is "Allowed", receive any distribution to which it is entitled under the U.S. Plan. Eligible Employees who retain their SERP Claims may be eligible for benefits under the New Plans, but without receiving any credit under the New Plans for any benefits accrued under the Terminated Retirement Plans.

The Applicants believe that providing Eligible Employees and Eligible Retirees with the option to reinstate benefits under the New Plans in exchange for a waiver of their SERP Claims is in the best interests of their respective estates. Reinstating benefits allows the Reorganized Debtors to make payments over time as they come due post-emergence and reduces cash payments at emergence to the extent any SERP Claims are waived but would otherwise have been entitled to administrative or priority treatment. The Applicants estimate that approximately at least $100 million of SERP Claims (U.S. Dollar Equivalent) may exist against the Applicants, of which approximately $70 million are attributable to Eligible Retirees and approximately $30 million are attributable to Eligible Employees. The CCAA Plan provides that unsecured recoveries for Claims against individual Applicants liable under the Terminated Retirement Plans range from approximately 3% to 48%, depending on the Applicant or U.S. Debtor. However, recoveries on SERP Claims may be higher depending on the applicable Terminated Retirement Plan under which the SERP Claims arise and the number of applicants liable for such Claims. In addition, the Applicants estimate that approximately $5 million may be entitled to administrative or priority treatment under sections 503 or 507 of the Bankruptcy Code if the reinstatement option is not chosen. The Applicants estimate that the cost of the New Plans to the Reorganized Debtors, assuming a present value discount rate of 6.75% and further assuming that all Eligible Employees and Eligible Retirees elect reinstatement, totals approximately $75 million. Notably, such cost is incurred over time as benefits come due.

The Applicants', the U.S. Debtors' or Reorganized Debtors' performance of any employment agreement, plan or policy that is not a Terminated Employee Plan will not entitle any Person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Implementation Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program or plan. Nothing in the CCAA Plan and the U.S. Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, causes of action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding anything to the contrary contained herein, on and after the Implementation Date, all retiree benefits (as that term is defined in Section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable Law.

IX. RISK FACTORS

IN ADDITION TO THE OTHER INFORMATION INCLUDED IN THIS CIRCULAR, AFFECTED UNSECURED CREDITORS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE CCAA PLAN AND PRIOR TO DETERMINING WHETHER TO SUBSCRIBE FOR NEW RIGHTS OFFERING NOTES AS PART OF THE RIGHTS OFFERING. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS THE ONLY RISKS ASSOCIATED WITH THE CCAA PLAN OR ITS IMPLEMENTATION, THE COMPANY, ABH, REORGANIZED ABH, THE APPLICANTS, THE PARTNERSHIPS, THE REORGANIZED DEBTORS OR THE RIGHTS OFFERING IN CONNECTION THEREWITH.

Risks Relating to the CCAA Plan and its Implementation

Consummation of the CCAA Plan is subject to Affected Unsecured Creditors' acceptance and Court approval

The Applicants have operated their business and managed their assets under the supervision of the Court since the beginning of the CCAA Proceedings. Before it can be consummated, the CCAA Plan must have been approved by the Required Majorities and sanctioned, after notice and a hearing on any objection, by the Court in form and substance satisfactory to the Applicants. The consummation of the CCAA Plan is also subject to the

EXHIBIT B

Projected Financial Information

The Company[1] prepared the Reorganized ABH Pro Forma Balance Sheet, Reorganized ABH Projected Balance Sheet, Reorganized ABH Projected Income Statement, Reorganized ABH Projected Cash Flow Statement and ACI, Donohue (for the purposes of this Exhibit, "D-Corp"), Bowater (for the purposes of this Exhibit, "BI"), Bowater Newsprint South Operations LLC (for the purposes of this Exhibit, "BNS") and BCFPI Projected Financials (collectively, the "Financial Projections") for the years 2010 through 2014 (the "Projection Period"). The Financial Projections are based on a number of assumptions made by management with respect to the future performance of the Company's operations. The Financial Projections and related assumptions in this Exhibit B are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although management has prepared the Financial Projections in good faith and believes the assumptions to be reasonable, it is important to note that the Company can provide no assurance that such Financial Projections and assumptions will be realized. As described in detail in the Disclosure Statement, a variety of risk factors could affect the Company's actual financial results and must be considered. You are encouraged to read these risk factors in their entirety. *See* Article VIII of the Disclosure Statement. The Financial Projections should be reviewed in conjunction with a review of these assumptions, including the accompanying qualifications and footnotes. Should actual results or conditions differ from such assumptions, the actual results and financial condition of the Company may differ materially from those presented in these Financial Projections. The Company did not prepare the Financial Projections with a view toward compliance with published guidelines of the Securities and Exchange Commission or guidelines established by the FASB, particularly for reorganization accounting.

All dollar amounts in the Financial Projections are U.S. dollars unless otherwise indicated and any reference to "GAAP" refers to the generally accepted accounting principles in the United States of America.

A. Accounting Policies

The Financial Projections have been prepared using accounting policies that are materially consistent with those applied in the Debtors' historical financial statements (GAAP consolidated basis). The Financial Projections do not reflect the formal implementation of reorganization accounting pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 852 Reorganizations ("FASB ASC 852"). In addition, for comparative presentation purposes, the operations and cash flows for 2010 combine the predecessor company (January 1, 2010 through the Effective Date / Implementation Date) and successor company (assumed Effective Date / Implementation Date through December 31, 2010) to allow for a full year presentation.

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[1] Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan, as applicable.

B. General Assumptions

1. Methodology

The consolidated Financial Projections have been prepared by management and are based upon the Company's detailed operating forecast for 2010 – 2014. The Financial Projections reflect various strategic reviews and restructuring initiatives, including mill idling decisions, overhead rationalization and other initiatives implemented prior to the Effective Date and Implementation Date (as defined in the CCAA Plan).

2. Plan Consummation

The Financial Projections assume the Effective Date / Implementation Date will occur on October 1, 2010.

3. Macroeconomic and Industry Environment

The Financial Projections are based upon management's view of supply and demand dynamics in both North American and international markets as well as corresponding assumptions regarding pricing, operating rates and changes in the cost of material inputs for the key pulp and paper grades which the Company produces. Management's views are in part based upon the forecasts of RISI, a leading information provider for the global forest products industry and Wall Street equity research as appropriate.

4. Exchange Rate

The CAD / USD exchange rate is assumed to be \$.99 for the balance of 2010, falling to \$.98 in 2011, \$.96 in 2012, \$.93 in 2013 and \$.91 in 2014. As of July 8, 2010, the CAD / USD exchange rate was \$.96. For each \$.01 change in the CAD / USD exchange rate, the Company's projected EBITDA changes by approximately \$15-\$20 million.

C. Projected September 30, 2010 Balance Sheet and Reorganized ABH Pro Forma Balance Sheet

The Projected September 30, 2010 Balance Sheet was developed using the Company's actual December 31, 2009 audited balance sheet adjusted to reflect management's projected operating results from December 31, 2009 through September 30, 2010. On the Effective Date / Implementation Date, actual results may differ due to a variety of risk factors as discussed in Article 8 of the Disclosure Statement. Pro forma adjustments consistent with consummation of the Plan and the CCAA Plan were then layered in to construct the Reorganized ABH Pro Forma Balance Sheet as of September 30, 2010. The Reorganized ABH Pro Forma Balance Sheet does not reflect, among other things, the formal implementation of reorganization accounting pursuant to FASB ASC 852. The estimated pro forma adjustments regarding the reorganized equity value of the

Company, its assets, or its liabilities pursuant to FASB ASC 852 will be based upon the fair value of the assets and liabilities as of the Effective Date / Implementation Date.

As described more fully below, the Reorganized ABH Balance Sheet reflects Reorganized ABH's pro forma capital structure resulting from consummation of the Plan and CCAA Plan. Specifically, and consistent with the Company's emergence funding requirements, the Reorganized ABH Balance Sheet assumes the Company will have pro forma funded indebtedness of approximately $1.5 billion consisting of (a) a Term Loan Exit Financing Facility of approximately $700 million as described more fully in Article VI.E of the Disclosure Statement, (b) $500 million of Rights Offering Notes issued pursuant to the Rights Offering, as described more fully in Article I.F and VI.E of the Disclosure Statement, and (c) other indebtedness of approximately $250 million relating primarily to existing indebtedness at certain of the Company's subsidiaries. In addition, the Company plans to have undrawn availability under an ABL Exit Financing Facility of approximately $500-$600 million as of the Effective Date / Implementation Date. The Company's pro forma capital structure may change depending upon market conditions with respect to the Company's capital raise efforts, operating performance and other sources of cash that may be available to the Company.

Reorganized ABH - Pro Forma Balance Sheet						
In US$ millions unless otherwise noted	Projected September 30, 2010	Exit Financing (A)	Cash Settlement (B)	Non-Cash Settlement (C)	Accounting Adjustments (D)	Pro Forma September 30, 2010
ASSETS						
Current Assets:						
Cash and cash equivalents	$707	($419)	($134)	-	-	$154
Accounts receivable	879	-	-	-	-	879
Inventories, net	338	-	-	-	-	338
Other current assets	121	-	-	-	-	121
Total current assets	$2,296	($419)	($134)	-	-	$1,338
Fixed assets, net	$3,363	-	-	-	-	-
Goodwill	53	-	-	-	($1,199)	$2,644
Intangible assets, net	311	-	-	-	(53)	-
Other non-current assets	353	78	-	-	(311)	-
Pension assets	149	-	-	-	(47)	376
Total assets	$6,925	($349)	($138)	-	-	149
					($3,530)	$4,907
LIABILITIES						
Current liabilities not subject to compromise						
Accounts payable and accrued liabilities	$297	-	-	-	-	$297
Short-term bank debt	406	(406)	-	-	-	-
Debtor-in-possession financing	206	(206)	-	-	-	-
Liabilities associated with assets held for sale	33	-	-	-	-	-
Administrative Claims	138	-	(138)	-	-	35
Total current liabilities not subject to compromise	$1,173	($702)	($138)	-	-	$332
Debt not subject to compromise	1,079	(437)	-	-	-	241
Pension and OPEB	-	-	-	391	-	391
Other long-term liabilities	55	-	-	-	-	55
Exit Financing Facilities	-	1,191	-	-	-	1,191
Liabilities Subject to Compromise (E)						
A/P Trade subject to compromise	251	-	-	(251)	-	-
Rejected Exec Contracts subject to comp	646	-	-	(646)	-	-
Pension and OPEB subject to compromise	391	-	-	(391)	-	-
Employee Claims and other LSTC	663	-	-	(663)	-	-
3rd party debt subject to compromise	5,645	-	-	(5,683)	-	-
Total LSTC	$7,636	-	-	($7,636)	-	-
Total liabilities	$9,942	($349)	($138)	($7,245)	-	$2,310
Shareholders' equity / (deficit)	($3,133)	-	-	$7,245	($1,684)	$2,428
Non-controlling interests	$116	-	-	-	$154	$269
Total liabilities and shareholders' equity	$6,925	($349)	($138)	-	($3,530)	$4,907

Notes to Reorganized ABH Pro Forma Balance Sheet

A Represents proceeds of the exit financing raised in connection with the Company's emergence from the Chapter 11 Cases and CCAA Proceedings and the associated repayment of secured debt claims, including the Bowater Secured Bank Claims, BCFPI Secured Bank Claims, DIP Facility Claims, ACCC Term Loan Secured Claims, 13.75% Senior Secured Notes, Securitization Claims and Other Secured Claims. Estimated transaction costs for the exit financing have been capitalized in other non-current assets and are amortized over the term of the financing. Any capitalized transaction costs associated with prepetition secured debt are assumed to be written off.

B Cash payments required pursuant to the Plan and the CCAA Plan, including payment of Administrative Claims which include professional fees and claims pursuant to section 503(b)(9) of the Bankruptcy Code.

C Reflects the cancellation or reinstatement of remaining liabilities subject to compromise pursuant to the Plan and the CCAA Plan.

D Represents illustrative adjustments to book value to reflect the pro forma Equity Value of the Company. The book value adjustments in connection with this Reorganized ABH Pro Forma Balance Sheet do not reflect the formal implementation of reorganization accounting pursuant to FASB ASC 852. The final adjustments will be based upon the fair value of the assets and liabilities as of the Effective Date / Implementation Date and could impact different balance sheet accounts or be materially different than the values assumed in the foregoing estimates.

E Claims levels are as reflected in the Plan and CCAA Plan, as applicable.

D. Reorganized ABH Projected Income Statement

Reorganized ABH - Projected Income Statement

In US$ millions unless otherwise noted	3 Months Ended December 31, 2010E	Projected Year Ending December 31: 2010E Full-Year	2011E	2012E	2013E	2014E
Sales	$1,233	$4,663	$5,341	$5,490	$5,416	$5,475
Cost of sales, excluding depreciation, amortization and cost of timber harvested	(918)	(3,851)	(3,799)	(3,841)	(3,827)	(3,826)
Depreciation, amortization, and cost of timber harvested	(66)	(468)	(272)	(270)	(285)	(292)
Distribution costs	(140)	(590)	(563)	(568)	(570)	(572)
Selling and administrative expenses	(41)	(164)	(146)	(139)	(135)	(132)
Net gain on disposition of assets	-	53	-	-	-	-
Operating Income / (Loss)	$38	($110)	$561	$653	$599	$653
Interest expense	(43)	(311)	(166)	(166)	(166)	(162)
Interest income	1	6	9	17	26	37
Partnership earnings (equity investments)	(0)	(3)	7	8	10	10
Income before reorganization items, income taxes and noncontrolling interests	$17	($468)	$418	$511	$467	$538
Reorganization items, net	(4)	(161)	-	-	-	-
Income before income taxes and noncontrolling interests	$13	($629)	$418	$511	$467	$538
Income tax benefit - (expense)	(31)	(9)	(89)	(91)	(91)	(92)
Net loss / (income) attributable to noncontrolling interests	(2)	3	(34)	(33)	(32)	(31)
Net (loss) income	($20)	($627)	$295	$387	$344	$415

1. Sales

Consolidated sales include sales from the Debtors' primary operating segments: coated and specialty papers ("Commercial Printing Papers", or "CPP"), market pulp, newsprint and wood products. The Financial Projections assume CPP demand is projected to increase over the next several years from its current low base, driving price increases from a cyclical trough in 2009. Pulp markets are assumed to remain volatile, with pricing rebounding to peak levels in 2012, then declining thereafter with global economic activity. Domestic newsprint demand is forecast to continue its secular decline over the projected period, partially mitigated by projected increases in export market demand. Newsprint prices are projected to improve from trough levels in 2009 and level off by 2012. Forecasted improvements in lumber demand assume a material recovery from trough levels in 2009 to peak levels in 2012 driven by a recovery in long-term U.S. housing starts.

2. Cost of Sales

Cost of Sales, including distribution costs, is projected to be approximately 89% of sales in 2010 and improve to approximately 80% of sales by 2014, driven primarily by the forecasted improvement in market demand and pricing as well as savings from negotiated labor cost reductions.

3. Selling, General, & Administrative Expenses

Selling, General & Administrative ("SG&A") expenses are projected to decline to $132 million, or 2.4% of sales in 2014 from $168 million, or 3.5% of sales in 2009. SG&A has declined substantially since the Merger in 2007 ($332 million in 2008 and $198 million in 2009), and further SG&A reductions will result from anticipated reductions in headcount and a simplification of the Company's organizational structure, amongst other efficiency gains.

4. Net income (loss)

The net income (loss) is expected to improve from a loss in 2010 to positive net income beginning in 2011. Improvements will be driven by the capital restructuring, which will result in lower interest expense, as well as cost reductions and improving market demand and pricing. These improvements will be partially offset by increased commodity inflation and expenses.

5. Reorganization Items

The 2010 Reorganization Items consist of actual and estimated postpetition fees for professional advisors, bank fees directly attributable to the bankruptcy filing and related capital restructuring. This amount excludes any gains or losses associated with the extinguishment of debt and revaluation of assets and liabilities under fresh-start reporting.

6. Interest Expense

For 4Q10 through 2014, interest expense projections are based on the Company's estimated post-emergence capital structure assumed to be effective on October 1, 2010. Interest expense in 2010 prior to the Effective Date / Implementation Date is based on interest as disclosed in the Company's financial statements for the first fiscal quarter of 2010 and as estimated for the Predecessor Company debt in accordance with GAAP for the period from April 1 through the Effective Date.

7. Income Taxes

Income tax benefit / (expense) was calculated based on the projected applicable statutory tax rates in the countries in which the Company operates. For U.S. operations, the federal tax rate was assumed to be 35%. State taxes were deemed to not be material over the Projection Period. For Canadian operations, the federal tax rate was assumed to be 30% in 2010, stepping down to 28% in 2011 and 26% in each subsequent year of the Projection Period.

U.S. taxable income in each projected year is adjusted downwards for the use of available post-emergence tax attributes preserved by the Company's tax planning efforts. Post-emergence U.S. tax attributes such as net operating losses ("NOLs"), capital losses, tax credits, stock investments in subsidiaries and fixed assets take into account required attribute reduction due to discharge of indebtedness. Projected taxable income after accounting for available tax shields is estimated to be approximately $50-90 million per year over the projected period.

Canadian taxable income in each projected year is projected to be zero after accounting for usage of available post-emergence tax attributes. Post-emergence

Canadian tax attributes take into account required attribute reduction due to discharge of indebtedness under the CCAA Plan. Post-emergence attributes are primarily comprised of undepreciated capital cost ("UCC"), and to a lesser extent, NOLs and Scientific Research and Experimental Development expenses.

All tax-related projections conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company based upon consideration of tax attribute estimates provided by the Debtors and their tax advisors.

E. Reorganized ABH Projected Balance Sheets

The Reorganized ABH Projected Balance Sheets set forth the projected financial position of the Company, after giving effect to the Projected September 30, 2010 Balance Sheet, the proposed reorganization and related pro forma adjustments in Section 3. The Reorganized ABH Balance Sheets were developed based upon the projected results of operations and cash flows over the Projection Period.

Reorganized ABH - Projected Balance Sheet

	Pro Forma	Projected Year Ending December 31,				
In US$ million unless otherwise noted	September 30, 2010	2010E	2011E	2012E	2013E	2014E
ASSETS						
Current Assets						
Cash and cash equivalents	$150	$340	$618	$1,070	$1,578	$2,104
Accounts receivable	879	872	981	1,014	999	1,017
Inventories, net	588	608	621	620	618	617
Other current assets	121	115	115	115	115	115
Total current assets	$1,738	$1,935	$2,335	$2,820	$3,310	$3,854
Fixed assets, net	$2,644	$2,543	$2,420	$2,266	$2,096	$1,920
Unconsolidated investments	66	65	65	66	70	75
Other non-current assets	311	306	269	260	250	243
Pension assets	149	159	227	297	377	453
Total assets	$4,907	$5,008	$5,316	$5,709	$6,094	$6,545
LIABILITIES						
Current liabilities not subject to compromise						
Accounts payable and other accrued liabilities	$297	$421	$428	$431	$431	$434
Liabilities associated with assets held for sale	35	35	35	35	35	35
Total current liabilities not subject to compromise	$332	$456	$463	$466	$466	$469
Debt	241	241	241	241	241	241
Pension and OPEB	391	391	391	391	391	391
Other long-term liabilities	55	55	55	55	55	55
Exit Financing Facilities	1,191	1,191	1,191	1,191	1,191	1,191
Total liabilities	$2,210	$2,334	$2,341	$2,344	$2,344	$2,347
Shareholders' equity / (deficit)	$2,428	$2,408	$2,703	$3,090	$3,473	$3,919
Non-controlling interests	$269	$266	$272	$275	$277	$279
Total liabilities and shareholders' equity	$4,907	$5,008	$5,316	$5,709	$6,094	$6,545

F. Reorganized ABH Statement of Cash Flow

The Reorganized ABH Statement of Cash Flow sets forth the Company's forecasted changes in cash, after giving effect to the proposed reorganization.

Reorganized ABH - Projected Cash Flow Statement

	3 Months Ended December 31,	Projected Year Ending December 31,			
In US$ millions unless otherwise noted	2010E	2011E	2012E	2013E	2014E
OPERATING ACTIVITIES					
Net income / (loss)	($20)	$295	$387	$384	$143
Adjustments to reconcile to net cash provided by / (used in) operating activities					
Depreciation, amortization, and cost of timber harvested	66	272	279	285	292
Deferred income taxes	6	-	-	-	-
Net income / (loss) attributable to noncontrolling interests	2	34	33	32	31
Net pension contributions	8	(49)	(52)	(62)	(58)
Net OPEB contributions	(18)	(19)	(18)	(18)	(17)
Equity investments net income	0	(7)	(8)	(10)	(10)
Amortization of financing costs	4	18	18	18	13
Changes in working capital					
Accounts receivable	6	(108)	(34)	25	(29)
Inventories	(19)	(13)	1	2	1
Accounts payable	124	7	3	(8)	1
Net cash provided by / (used in) operating activities	$168	$429	$608	$656	$671
INVESTING ACTIVITIES					
Cash invested in fixed assets	(24)	(110)	(125)	(116)	(115)
Dispositions of assets	20	-	-	-	-
Other investing activities, net	(0)	27	(1)	(2)	(2)
Net cash provided by / (used in) investing activities	($5)	($83)	($126)	($117)	($117)
FINANCING ACTIVITIES					
Cash distributions attributable to non-controlling interests	(5)	(28)	(30)	(30)	(28)
Net cash provided by / (used in) financing activities	($5)	($28)	($30)	($30)	($28)
Net increase / (decrease) in cash and cash equivalents	$158	$318	$452	$508	$526
Cash and cash equivalents					
Beginning of period	$150	$300	$618	$1,070	$1,578
End of period	$308	$618	$1,070	$1,578	$2,104

1. **Pension and Other Postretirement Benefit ("OPEB") Contributions Pension**

The Company has multiple contributory and non-contributory defined benefit pension plans covering substantially all of its employees. On an accounting basis, as of December 31, 2009 the qualified defined benefit retirement plans maintained by the Company had a funded status of approximately 93% (90% on a Pension Protection Act, or "PPA", basis) and were under-funded by approximately $424 million. This includes a deficit under Canadian defined benefit plans of approximately Cdn$ 1.4 billion as calculated on a solvency basis. The Plan and CCAA Plan confirmed by the Bankruptcy Court and Canadian Court, respectively, provide for the assumption of the qualified defined benefit retirement plans. The Financial Projections assume significant cash contributions will be made to these plans over the next several years following emergence from bankruptcy under applicable U.S. and Canadian laws. The Financial Projections also assume approval of special funding relief regulation with respect to the Company's Canadian defined benefit registered pension plans for prior service costs. All projected contributions referenced below are the amounts in excess of expense embedded in COGS and SG&A and appear in the Debtors' projected Reorganized Statement of Cash Flow.

The projected contributions stated hereafter were provided by the Company's pension advisors and conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company. These contributions for United States qualified plans are estimated to be approximately $16-27 million per year from 2010-2014 reflecting payments for both current and past service. Projected contributions also appear net of associated tax savings.

In connection with the CCAA Proceedings, the Canadian Court approved certain restrictions on the required cash contributions for the Canadian pension plans such that only current service costs were funded. In the Financial Projections, suspended contributions for past service costs have been resumed at estimated levels currently being negotiated with the relevant government authorities. Projected contributions for Canadian qualified plans are estimated to be approximately $35-44 million per year reflecting payments for both current and past service, net of associated tax savings.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and returns on pension plan assets, and could also be impacted by future changes in the laws and regulations applicable to pension plan funding as well as the ultimate conclusion of the special funding relief regulation with the relevant Canadian Provincial government authorities.

2. OPEB

The Company also sponsors a number of OPEB plans for retirees. Projected contributions for U.S. OPEB plans are estimated to be $7-8 million per year from 2010-2014 for both current and past service. These contribution levels assume an annual health care cost increase of 7.2% and a rate of compensation increase of 2.9%.

Projected contributions for Canadian OPEB plans are estimated to be approximately $8-9 million per year from 2010-2014 for both current and past service. These contribution levels assume a health care cost trend rate of 6.5% and a rate of compensation increase of 2.9%.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and rates of compensation increase, among other factors.

3. Working Capital

Accounts receivable days sales outstanding ("DSOs") vary based upon product line and destination, averaging approximately 55-60 DSOs. Domestic newsprint, which is approximately 45% of total sales have DSOs range from 33-37 days, while export sales are longer at 120-130 days. Specialty and Pulp DSOs range from 40-57 days while Lumber has the shortest sales cycle at 12-15 days. Changes in trade accounts receivable at emergence reflect the assumption that ACI's accounts receivable securitization program is terminated at emergence and receivables are no longer-sold through the securitization program.

The current implied number of days for which trade accounts payable are outstanding is approximately 13 days. This is expected to rise gradually to approximately 30 days in the months after emergence from Chapter 11 / CCAA, as the Debtors begin to receive normalized trade terms.

4. Capital Expenditures

Capital expenditures are projected to range from $110 to $125 million per year. The projected capital plan is based on the Company's expectation for average capital requirements through the cycle. Capital expenditures for all periods include spending to maintain equipment, increase operating efficiency and comply with environmental laws. No spending has been budgeted for capacity increases or opportunistic investments that could be made in response to a change in market dynamics.

G. ACI and D-Corp Summary EBITDA and Unlevered Free Cash Flow

ACI - EBITDA and Unlevered Free Cash Flow
($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 527	$ 2,353	$ 2,369	$ 2,419	$ 2,415
EBITDA	$ 44	$ 353	$ 355	$ 424	$ 436
% Margin	*8.4%*	*15.0%*	*15.0%*	*17.5%*	*18.1%*
Capital Expenditures	(12)	(52)	(59)	(56)	(58)
Pension / OPEB Contributions	(6)	(32)	(34)	(39)	(38)
Change in Working Capital	(219)	(58)	(1)	(1)	(6)
Cash Dividends to Non-Controlling Interests	0	0	0	(4)	(4)
Interest Income	0	2	5	11	17
Taxes	0	0	0	0	0
Other Items	(2)	27	(1)	(1)	(1)
Unlevered Free Cash Flow	$ (194)	$ 239	$ 265	$ 335	$ 347

D-Corp - EBITDA and Unlevered Free Cash Flow
($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 64	$ 290	$ 290	$ 287	$ 286
EBITDA	$ 9	$ 82	$ 74	$ 76	$ 81
% Margin	*14.1%*	*28.3%*	*25.4%*	*26.6%*	*28.3%*
Capital Expenditures	(1)	(4)	(5)	(6)	(7)
Pension / OPEB Contributions	6	(19)	(19)	(26)	(21)
Change in Working Capital	267	(23)	(2)	0	(2)
Cash Dividends to Non-Controlling Interests	(5)	(23)	(22)	(19)	(17)
Interest Income	1	7	7	8	9
Taxes	0	0	0	0	0
Other Items	(0)	0	0	0	0
Unlevered Free Cash Flow	$ 277	$ 21	$ 34	$ 33	$ 43

H. BI, BNS and BCFPI Summary EBITDA and Unlevered Free Cash Flow

BI - EBITDA and Unlevered Free Cash Flow

($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 346	$ 1,491	$ 1,514	$ 1,473	$ 1,495
EBITDA	$ 51	$ 290	$ 287	$ 233	$ 245
% Margin	*14.8%*	*19.4%*	*19.0%*	*15.8%*	*16.4%*
Capital Expenditures	(5)	(29)	(32)	(26)	(28)
Pension / OPEB Contributions	(9)	(3)	(2)	0	(1)
Change in Working Capital	56	(31)	(12)	14	(7)
Cash Dividends to Non-Controlling Interests	0	(5)	(9)	(8)	(7)
Interest Income	0	4	7	11	14
Taxes	(21)	(71)	(66)	(42)	(49)
Other Items	(2)	(1)	(1)	(1)	(1)
Unlevered Free Cash Flow	$ 71	$ 153	$ 173	$ 182	$ 166

BNS - EBITDA and Unlevered Free Cash Flow

($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 114	$ 456	$ 487	$ 446	$ 465
EBITDA	$ 12	$ 69	$ 98	$ 51	$ 62
% Margin	*10.4%*	*15.0%*	*20.1%*	*11.5%*	*13.2%*
Capital Expenditures	(3)	(14)	(16)	(12)	(8)
Pension / OPEB Contributions	(0)	(3)	(3)	(3)	(3)
Change in Working Capital	15	(2)	(8)	9	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	(9)	(18)	(26)	(9)	(13)
Other Items	0	0	0	0	0
Unlevered Free Cash Flow	$ 15	$ 33	$ 47	$ 37	$ 36

BCFPI - EBITDA and Unlevered Free Cash Flow

($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 174	$ 751	$ 820	$ 791	$ 813
EBITDA	$ 15	$ 73	$ 145	$ 123	$ 147
% Margin	*8.3%*	*9.7%*	*17.6%*	*15.6%*	*18.0%*
Capital Expenditures	(3)	(10)	(13)	(15)	(15)
Pension / OPEB Contributions	(2)	(11)	(12)	(13)	(13)
Change in Working Capital	(5)	0	(8)	5	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	0	0	0	0	0
Other Items	(1)	0	0	0	0
Unlevered Free Cash Flow	$ 4	$ 53	$ 113	$ 103	$ 117

APPENDIX "H"

QUEBEC PENSION AGREEMENT - FRENCH

**ENTENTE CONCERNANT LES
EXPLOITATIONS DE PÂTES ET PAPIERS D'ABIBOW CANADA AU QUÉBEC**

ENTRE :

BOWATER PRODUITS FORESTIERS DU CANADA INC., une personne morale dûment constituée en vertu des lois de la Nouvelle-Écosse, ayant son siège social à Halifax, Nouvelle-Écosse, et **COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA**, une personne morale dûment constituée en vertu des lois du Québec, ayant son siège social à Montréal, Québec, toutes deux agissant et dûment représentées aux fins des présentes par *monsieur David J. Paterson, Président*, pour elles-mêmes et tout successeur canadien à leur affranchissement du processus de restructuration dont il est fait état aux présentes

(ci-après ensemble appelées « **AbiBow Canada** »);

ET :

LE GOUVERNEMENT DU QUÉBEC, agissant et dûment représenté aux fins des présentes par *monsieur Clément Gignac, ministre du Développement économique, de l'Innovation et de l'Exportation.*

(ci-après appelé le « **Gouvernement** »).

PRÉAMBULE

ATTENDU QUE l'industrie des pâtes et papiers traverse une période très difficile;

ATTENDU QU'AbiBow Canada, de même que le groupe formé avec sa société mère AbitibiBowater Inc. (ci-après appelée « **AbiBow** »), est affectée comme l'ensemble de l'industrie, notamment en raison de la baisse importante de la demande de papier journal et du contexte économique;

ATTENDU QUE les filiales canadiennes d'AbiBow se sont placées sous la protection de la *Loi sur les arrangements avec les créanciers de compagnie* (L.R.C. 1985, c. C-36) (ci-après la « **LACC** »), le 17 avril 2009;

ATTENDU QUE le ministre des Finances, le ministre du Développement économique, de l'Innovation et de l'Exportation et le ministre des Ressources naturelles et de la Faune ont annoncé, le 17 avril 2009, une intervention exceptionnelle en autorisant Investissement Québec à effectuer une garantie d'un prêt temporaire maximal de 100 millions de dollars étatsuniens à certains membres du groupe AbiBow, lequel a depuis été remboursé;

ATTENDU QU'AbiBow a établi, en collaboration avec ses créanciers, les parties intéressées, le contrôleur en vertu de la LACC et ses conseillers financiers et en se basant sur ses perspectives actuelles, un plan d'affaires sur 5 ans qui prévoit une amélioration des marges bénéficiaires et des flux de trésorerie, lesquelles améliorations seront possibles en partie grâce aux efforts déployés par AbiBow et ses employés pour se concentrer sur les activités de fabrication des installations hautement concurrentielles;

ATTENDU QU'AbiBow détient actuellement deux sociétés en exploitation primaire au Canada, Compagnie Abitibi-Consolidated du Canada et Bowater Produits forestiers du Canada inc., dont le regroupement pour former AbiBow Canada est prévu à leur affranchissement du processus de restructuration en cours, et que ces deux sociétés font face à d'importants déficits de solvabilité de leurs régimes de retraite;

ATTENDU QUE, depuis le début de son processus de restructuration, AbiBow Canada a initié des discussions et travaillé activement avec le Gouvernement et avec les autorités compétentes, dans l'intérêt de son entreprise et de toutes ses parties prenantes, y compris afin (i) de trouver les moyens pour protéger ses employés et retraités, et (ii) de favoriser son affranchissement du processus de restructuration comme entreprise plus solide et plus durable, y compris afin de reprendre ses contributions à ces régimes;

ATTENDU QU'une large proportion des activités canadiennes d'AbiBow est au Québec;

ATTENDU QUE suivant le plan d'affaires établi par AbiBow, AbiBow Canada entend (i) maintenir la totalité de ses usines de pâtes et papiers en activité au Québec, dont la capacité théorique représente environ deux millions de tonnes métriques et (ii) ainsi déployer tous les efforts et poser toutes les actions raisonnablement nécessaires afin d'assurer la viabilité de ses usines de pâtes et papiers au Québec, au même titre que dans les usines hors Québec du groupe AbiBow ayant des coûts livrés similaires pour des produits similaires;

ATTENDU QU'en vue de son affranchissement du processus de restructuration, AbiBow Canada est en discussions avec les autorités compétentes à l'égard de mesures d'allégement afin que les régimes enregistrés de retraite au Québec pour ses exploitations de pâtes et papiers (ci-après les « **régimes de retraite** ») puissent continuer de verser 100 % des rentes de leurs retraités et bénéficiaires;

ATTENDU QU'afin d'assurer la réalisation de la restructuration d'AbiBow Canada, l'intervention du Gouvernement sous diverses formes est requise;

EN CONSÉQUENCE, LES PARTIES CONVIENNENT DE CE QUI SUIT :

1. <u>Engagements d'AbiBow Canada</u>

1.1 Gouvernance de l'entreprise

AbiBow Canada s'engage à :

1.1.1 ne verser aucun dividende tant que le ratio de solvabilité moyen pondéré des régimes de retraite demeure inférieur à 80 %;

1.1.2 se conformer au plan de rémunération d'AbiBow en ce qui concerne les salaires, les bonus et les primes de départ, dont la description déposée auprès de la Cour et des créanciers dans le cadre de sa restructuration est jointe aux présentes en <u>Annexe I</u>;

1.1.3 présenter au Gouvernement les résultats financiers annuels d'AbiBow dès qu'ils sont rendus publics; et

1.1.4 faire rapport annuellement au Gouvernement quant au déploiement de son plan d'affaires, dont la description déposée auprès de la Cour et des créanciers dans le cadre de sa restructuration est jointe aux présentes en <u>Annexe II.</u>

1.2 Régimes de retraite

AbiBow Canada s'engage, sous réserve des arrangements pris avec les autorités compétentes à :

1.2.1 ne terminer volontairement aucun de ses régimes de retraite au Québec avant qu'elle ne s'affranchisse de la protection du tribunal selon la LACC;

1.2.2 poursuivre ses pourparlers avec la Régie des rentes du Québec afin d'examiner les solutions permettant d'éviter la terminaison de régimes de retraite; et

1.2.3 ce que ses filiales participant à un régime complémentaire de retraite régi par la *Loi sur les régimes complémentaires de retraite* (L.R.Q., c. R-15.1) respectent les engagements du présent article 1.2.

1.3 Investissements

AbiBow Canada s'engage à :

1.3.1 réaliser au Québec, dans une proportion minimale de 60 %, ses investissements en matière de maintenance et de création de valeur dans ses exploitations de pâtes et papiers, de sorte, à titre d'exemple, que des investissements de 60 millions de dollars par an engendreraient un investissement minimum de 180 millions de dollars sur 5 ans pour le Québec;

1.3.2 réaliser au Québec des investissements sous forme de projets stratégiques sur 5 ans pour une somme minimale de 75 millions de dollars, à laquelle pourrait s'ajouter une somme de 10 millions de dollars advenant qu'aucun montant ne devienne payable, tel que prévu à l'article 1.4.4 de la présente lettre en lien avec le maintien de la capacité de production d'AbiBow Canada au Québec.

1.4 Maintien des activités

AbiBow Canada s'engage à :

1.4.1 ce que le siège social d'AbiBow et toutes ses fonctions inhérentes actuelles demeurent au Québec;

1.4.2 donner l'occasion au Gouvernement et aux collectivités touchées de trouver des solutions de relance advenant la fermeture définitive d'une usine de pâtes et papiers au Québec;

1.4.3 offrir des conditions favorables permettant à des acquéreurs potentiels de procéder à l'achat de ses actifs de pâtes et papiers au prix du marché, advenant la vente de tels actifs au Québec, ces conditions favorables incluant l'examen au cas par cas de la nécessité de clauses de non-concurrence;

1.4.4 compte tenu de sa volonté décrite au préambule de maintenir la capacité de production de ses usines de pâtes et papiers au Québec, payer dans un ou des régimes de retraite, à titre de cotisation d'équilibre additionnelle, une compensation d'un montant total de 75 dollars pour chaque tonne métrique en diminution de capacité de telle production résultant de la fermeture définitive d'au moins une machine, y compris une fermeture temporaire de plus de 6 mois consécutifs ou de 9 mois cumulatifs sur une période de 18 mois, sans duplication de la capacité en pâtes et en papiers ou autrement, telle compensation étant payable sur une période de 4 ans, qu'une seule fois pour toute circonstance visée; étant entendu à ces fins qu'aucun paiement ne sera fait à l'égard d'un régime de retraite qui a des surplus excédentaires au sens des lois fiscales applicables;

1.4.5 ce qu'à des coûts livrés équivalents à ceux de ses usines situées à l'extérieur du Québec, ne transférer hors du Québec aucune production de pâtes et papiers (ou partie de celle-ci) réalisée dans ses usines situées au Québec au moment de l'entrée en vigueur intégrale de la présente entente; et

1.4.6 constituer un fond de diversification à raison de contributions de 2 millions de dollars par année, pendant 5 ans, au profit des municipalités et des travailleurs où sont situées ses usines au Québec.

2. **Durée**

2.1 La présente lettre entre en vigueur au moment où AbiBow Canada s'affranchira de la protection du tribunal selon la LACC, pour se terminer 5 ans plus tard, sauf l'article 1.2.1 qui entre en vigueur au moment de sa signature.

2.2 Les parties conviennent de réévaluer, après la période de 5 ans, les engagements aux présentes, à la lumière de l'état de la situation d'AbiBow Canada, de l'industrie des pâtes et papiers dans son ensemble, et de l'état de solvabilité de ses régimes de retraite.

3. **Cession**

3.1 Les droits et obligations contenus à la présente lettre ne peuvent, sous peine de nullité, être cédés, en tout ou en partie, sans l'autorisation du Gouvernement et d'AbiBow Canada.

4. **Avis**

4.1 Les avis et autres communications doivent être faits par écrit et peuvent être expédiés aux parties à leurs adresses respectives par la poste, sous pli recommandé ou certifié, ou par télécopieur ou messager. Ils sont présumés avoir été reçus la journée même s'ils sont transmis par messager ou télécopieur, et le cinquième jour ouvrable suivant leur envoi s'ils le sont par la poste.

En tout état de cause, la partie qui expédie l'avis doit pouvoir faire la preuve de l'envoi si une autre partie le requiert, sans quoi, l'avis est présumé nul et non avenu.

Au : Gouvernement
Ministère du Développement économique, de l'Innovation et de l'Exportation
710 Place D'Youville, 9e étage
Québec (Québec) G1R 4Y4

Télécopieur : 418 643-0221
À l'attention de : M. Mario Bouchard

À : AbiBow Canada
1155, rue Metcalfe, bureau 800
Montréal (Québec) H3B 5H2 Canada

Télécopieur : 514 394-3644
À l'attention du : Premier vice-président, Affaires administratives et Chef du contentieux

5. **Dispositions générales**

5.1 La présente lettre (sauf ses annexes) ne peut être modifiée que par un amendement dûment signé par les parties. Les plans décrits aux annexes pouvant être modifiés par AbiBow de temps à autre, AbiBow Canada convient de donner promptement un avis écrit au Gouvernement de tout changement important à ceux-ci, y compris toute information que le

Gouvernement estime raisonnablement nécessaire à ce sujet, et de faire rapport annuellement au Gouvernement sur l'ensemble des changements apportés auxdits plans. Le contenu du préambule à la présente lettre n'a pas pour effet de conférer des droits ou d'établir des obligations à l'égard de l'une ou l'autre des parties.

5.2 Les délais contenus à la présente sont de rigueur.

5.3 Chaque partie à la présente représente et garantit à l'autre (i) qu'elle a obtenu toutes les autorisations nécessaires et qu'elle a pleins pouvoirs pour signer la présente et exécuter ses obligations en vertu de la présente, (ii) que par la signature et la performance de la présente elle n'enfreint pas son acte constitutif, lorsqu'applicable, non plus qu'aucune loi ou règlement, et (iii) que suite à sa signature, la présente créera des engagements de nature contractuelle conformément à ce qui y est décrit, aura tous ses effets et sera pleinement exécutoire contre elle selon ses termes, sous réserve sauf disposition expresse dans le cas d'AbiBow Canada des lois sur l'insolvabilité d'application générale, de son affranchissement du processus de restructuration sous la LACC, et de toute approbation requise à cet égard.

5.4 Tout engagement ou condition au bénéfice d'une partie ne peut faire l'objet d'une renonciation que par cette partie. Si une ou plusieurs des dispositions de la présente lettre, ou des arrangements pris en lien avec elle, étaient invalidées par un tribunal pour quelque motif que ce soit, les autres dispositions qui y sont contenues continueront d'avoir plein effet entre les parties, et si la disposition invalidée avait un impact défavorable significatif envers une ou l'autre des parties, elles négocieront de bonne foi les modalités pertinentes afin de compenser la partie affectée dans une mesure équivalente.

5.5 La présente lettre est régie et doit être interprétée suivant le droit applicable au Québec.

5.6 Aucune partie n'est habilitée à engager l'autre partie face à un tiers sans obtenir son consentement écrit préalable. Les engagements contenus à la présente sont au seul bénéfice des parties et de leurs filiales respectives. Rien à la présente ne doit être interprété de façon à constituer une stipulation pour autrui.

5.7 Sauf indication contraire, toute référence à des dollars contenue à la présente lettre doit être comprise comme une référence à des dollars canadiens.

5.8 La présente lettre peut être signée en plusieurs exemplaires, chacun étant réputé constituer un original, mais tous les exemplaires ne constituent qu'une seule et même entente.

5.9 Les représentants et signataires pour AbiBow Canada et le Gouvernement déclarent avoir pris connaissance de la présente lettre ainsi que des annexes, en accepter les termes, conditions et modalités, et la signer en toute bonne foi pour le compte d'AbiBow Canada et du Gouvernement respectivement.

5.10 Les aménagements nécessaires à ses régimes de retraite et le maintien de leur existence sont pour AbiBow Canada des conditions essentielles de la présente lettre et des arrangements pris en lien avec elle, sans lesquelles elle n'y serait pas intervenue.

5.11 En cas de différend ou de conflit résultant de ou en relation avec la présente entente, y compris son interprétation ou son exécution, les parties tentent en premier recours de le résoudre à l'amiable par des négociations informelles.

5.12 Si AbiBow Canada est affectée par un cas de force majeure (tel que défini ci-dessous) :

5.12.1 elle doit en donner avis sans délai au Gouvernement et indiquer, le plus précisément possible, l'effet sur ses obligations en vertu des présentes et de tout arrangement lié, et tout délai envisagé en découlant;

5.12.2 les parties revoient de bonne foi les modalités des présentes ou des arrangements qui y sont envisagés afin de tenir compte de toute telle circonstance; et

5.12.3 (i) ses obligations sont suspendues dans la mesure seulement et en autant qu'elle agisse avec diligence raisonnable afin d'éliminer ou de corriger, dans les cas où cela est raisonnablement possible, les causes et les effets de cette force majeure, étant entendu cependant que le règlement de tout conflit de travail est laissé à son entière discrétion; et (ii) l'inexécution d'une obligation ne constitue pas un cas de défaut et n'entraîne pas de recours en exécution de quelque nature que ce soit; le cas échéant, il y a report d'autant des délais qui découlent d'une obligation suspendue.

À ces fins, l'expression « **force majeure** » signifie tout événement imprévisible, irrésistible et échappant au contrôle d'AbiBow Canada qui retarde, interrompt ou empêche l'exécution totale ou partielle par elle de ses obligations en vertu des présentes, y compris l'un ou l'autre des cas suivants : guerre, embargo, insurrection, invasion, émeute, rébellion, troubles sociaux, épidémie, inondation, incendie, explosion, foudre, tremblement de terre, verglas, orage, sabotage ou conflit de travail, ainsi que tout acte, omission ou contrainte par un gouvernement, tribunal ou autorité publique.

5.13 La présente entente, de même que tout document, communication ou autre information s'y rapportant directement ou indirectement, est confidentiel et ne peut être communiqué à quiconque, sauf dans la seule mesure où toute loi applicable le requiert. Si une partie estime qu'elle est tenue à une divulgation requise par la loi ou reçoit une demande à cet effet, elle doit immédiatement en aviser l'autre afin de lui donner l'occasion de prendre tout recours approprié, et à tout événement prendre toute mesure raisonnable afin que la confidentialité soit maintenue. Ces obligations touchent à toute information qu'elle soit écrite, verbale ou sur support électronique, et qu'elle précède ou suive la date de la présente lettre. AbiBow Canada confirme que la présente entente et les arrangements avec les autorités compétentes sont divulgués dans le cadre de son processus de restructuration et auprès des tribunaux, comités de créanciers et autorités compétentes au Québec ou autrement.

EN FOI DE QUOI, LES PARTIES ONT SIGNÉ EN DATE DU 13 SEPTEMBRE 2010.

BOWATER PRODUITS FORESTIERS DU CANADA INC.
COMPAGNIE ABITIBI-CONSOLIDATED DU CANADA

Par :

Nom : David J. Paterson,

Titre : Président

LE GOUVERNEMENT DU QUÉBEC

Par :

Nom : Clément Gignac

Titre : Ministre du Développement économique, de l'Innovation et de l'Exportation

LETTRE D'ENTENTE CONCERNANT LES EXPLOITATIONS DE PÂTES ET PAPIERS D'ABIBOW CANADA AU QUÉBEC

ANNEXES

Annexe I – Plan de rémunération

- Avis de convocation et circulaire d'information du 2 août 2010, aux pages 118-121.

- « *Disclosure Statement* » du 2 août 2010, aux pages 116-119.

Annexe II – Plan d'affaires

- Avis de convocation et circulaire d'information du 2 août 2010, aux pp. G-1-G-11.

- « *Disclosure Statement* » du 2 août 2010, *Exhibit B*, aux pages 1-12.

ANNEXE I

Plan de rémunération

AVIS DE CONVOCATION ET
CIRCULAIRE D'INFORMATION
PORTANT SUR UN
PLAN DE RÉORGANISATION ET DE TRANSACTION
DÉPOSÉ EN VERTU DE LA
LOI SUR LES ARRANGEMENTS AVEC LES CRÉANCIERS DES COMPAGNIES (CANADA),
DE LA *LOI CANADIENNE SUR LES SOCIÉTÉS PAR ACTIONS*
ET DES AUTRES LOIS MENTIONNÉES
DANS L'AVIS DES OPÉRATIONS DE RESTRUCTURATION
VISANT ABITIBIBOWATER INC.
ET SES FILIALES ÉNUMÉRÉES À L'APPENDICE A DES PRÉSENTES

– ET –

PLACEMENT DE DROITS
D'ABH RÉORGANISÉE À CET ÉGARD

Le 2 août 2010

La présente circulaire d'information est distribuée aux créanciers de certaines filiales d'AbitibiBowater Inc. énumérées à l'appendice A, par ces entités et AbitibiBowater Inc. ou en leur nom, relativement aux assemblées convoquées pour délibérer de la réorganisation et de la transaction qu'elles proposent, assemblées qui auront lieu à 10 h (heure de Montréal) le 14 septembre 2010, au Hilton Montréal Bonaventure, 900, rue de la Gauchetière Ouest, à Montréal (Québec) H5A 1E4, Canada, et d'un placement de droits d'ABH réorganisée à cet égard.

Veuillez prendre connaissance sans délai des présents documents. Veuillez consulter vos conseillers professionnels relativement à leur contenu. Si vous avez des questions au sujet du vote, du placement de droits ou d'autres formalités ou si vous souhaitez vous procurer des copies supplémentaires des présents documents, veuillez communiquer avec Ernst & Young Inc., qui agit à titre de contrôleur, au 800, boul. René-Lévesque Ouest, bureau 2000, Montréal (Québec) H3B 1X9 Canada (à l'attention du contrôleur d'AbitibiBowater Inc. et al.), numéro de télécopieur : 514 879-3992 et numéro de téléphone sans frais : 1 866 246-7889.

plusieurs billets globaux. Les porteurs admissibles qui détiennent leurs réclamations autrement que par l'entremise de la DTC ou de la CDS recevront leurs billets convertibles sous forme d'un ou de plusieurs billets avec certificats, qui seront distribués à la personne qui détient, selon le registre des réclamations tenu par le contrôleur, les réclamations à la date de référence pour cette distribution. ABH réorganisée fera aussi rembourser aux participants 0,04 $ par 1,00 $ de billets convertibles achetés sur le produit tiré de la vente de ces billets (le **« paiement forfaitaire unique »**).

Billets convertibles

Les conditions des billets convertibles figurent en substance à l'appendice I – « *Conditions des billets convertibles* ».

Les conditions définitives des billets convertibles seront affichées sur le site Web du contrôleur au plus tard à la date de dépôt du supplément du plan LACC.

VIII. ABH RÉORGANISÉE

ABH réorganisée

En application du plan LACC, ABH réorganisée deviendra la société mère qui chapeautera, directement ou indirectement, les débitrices réorganisées. ABH réorganisée sera également la société mère qui chapeautera, directement ou indirectement, les débitrices américaines réorganisées.

Gouvernance

À la date de mise en œuvre, les administrateurs et les dirigeants de chaque requérante qui n'est pas une débitrice réorganisée seront démis de leurs fonctions.

Un comité de recherche (le **« comité de recherche »**), composé de trois membres du comité des créanciers non garantis, de trois membres du comité ad hoc des porteurs de billets non garantis et d'un représentant de la Société, a été formé pour mettre sur pied le conseil d'ABH réorganisée. Il sera chargé de choisir les membres du conseil, de fixer le nombre d'administrateurs (y compris le nombre d'administrateurs indépendants, le cas échéant) et de déterminer la durée des mandats et autres qualifications de ces administrateurs. Le comité de recherche a retenu les services d'une firme de recherche indépendante à cet égard.

Les noms des administrateurs et des dirigeants d'ABH réorganisée à la date de mise en œuvre seront publiés sur le site Web du contrôleur et seront simultanément annoncés par communiqué de presse.

Rémunération de la direction et des administrateurs; régimes et programmes incitatifs

Le plan LACC prévoit qu'à la date de mise en œuvre ou dès que possible par la suite ABH réorganisée adoptera et mettra en oeuvre (le cas échéant) les régimes d'intéressement de la direction décrits pour l'essentiel aux présentes et selon le libellé prévu dans un supplément du plan LACC. Les régimes, programmes et conventions de la direction et des administrateurs mentionnés dans un autre supplément du plan LACC seront résiliés aux termes du plan LACC et du plan américain et, dans la mesure applicable, seront réputés révoqués conformément à l'article 365 du Bankruptcy Code. Les créanciers non garantis visés seront réputés avoir approuvé ces régimes, y compris le RILT et les RICT.

Régime d'intéressement à long terme en actions

À la date de mise en œuvre ou dès que possible par la suite, ABH réorganisée adoptera et mettra en application le régime d'intéressement à long terme en actions de 2010 (le **« RILT »**). ABH réorganisée réservera

8,5 % des nouvelles actions ordinaires d'ABH après dilution aux émissions prévues par le RILT. Jusqu'à 4 % des nouvelles actions ordinaires d'ABH pourront être attribuées à la date de mise en œuvre. Parmi celles ci, 75 % seront attribuées à titre d'options dont le prix d'exercice sera la juste valeur marchande des nouvelles actions ordinaires d'ABH et 25 %, à titre d'unités d'achat d'actions temporairement incessibles. Dans le présent paragraphe, la juste valeur marchande des nouvelles actions ordinaires d'ABH s'entend de la moyenne de leur cours de clôture pendant les 30 jours qui suivent leur introduction à la Bourse de New York. Aux termes du RILT, les débitrices réorganisées attribueront des options d'achat d'actions et des unités d'achat d'actions temporairement incessibles à certains administrateurs, membres de la direction et autres employés de direction à compter de la date de mise en œuvre, pour des montants et à des conditions indiqués dans le RILT. La forme et la teneur du RILT figureront dans un supplément du plan LACC.

Régimes d'intéressement à court terme

À la date de mise en œuvre ou dès que possible par la suite, ABH réorganisée adoptera et mettra en application le régime d'intéressement à court terme de 2010 (le « RICT de 2010 ») et le régime d'intéressement à court terme de 2011 (le « RICT de 2011 », ces deux régimes étant collectivement désignés les « RICT ») aux termes desquels les participants pourront recevoir une prime d'intéressement cible exprimée sous forme de pourcentage du salaire de base de chacun, salaire qui aura été réduit avant la date de mise en œuvre (le « **salaire de base réduit** »). Environ 550 employés de direction pourront participer aux RICT, y compris les six plus hauts dirigeants de la Société. Les hauts dirigeants pourront obtenir une prime d'intéressement cible de 50 % du salaire de base en vertu du RICT de 2010 et de 100 % du salaire de base en vertu du RICT de 2011. Les pourcentages des primes d'intéressement cible des autres participants aux RICT seront moins élevés. Les RICT reposeront entièrement sur le rendement et les primes d'intéressement réellement gagnées varieront en fonction de l'aptitude de la Société et des débitrices réorganisées à atteindre les cibles établies. Aux termes du RICT de 2010, les cibles de rendement de la Société reposeront sur le rapport entre son BAIIA réel (déduction faite des paiements au titre du RICT) et ses prévisions des troisième et quatrième trimestres de 2010. Le conseil établira les cibles de rendement de la Société aux termes du RICT de 2011. Les conditions importantes du RICT figureront dans un supplément du plan LACC.

Récompense attribuée dans le cadre de la restructuration

À la date de mise en œuvre, la Société adoptera et appliquera un programme de motivation axé sur le rendement visant à récompenser les actions et les initiatives favorisant la réorganisation fructueuse et rapide de la Société. Ce programme offrira à certains membres de la direction une récompense en espèces unique liée au dénouement de la restructuration (la « **prime de restructuration** ») d'une valeur totale de six millions de dollars. Une cinquantaine de membres de la direction, cadres supérieurs et cadres qui sont essentiels au rendement et à la réorganisation de la Société recevront une prime de restructuration de 30 % à 100 % de leur salaire de base réduit, versée en espèces lorsque la protection contre les créanciers ne s'appliquera plus, avec l'autorisation du conseil d'administration. Les bénéficiaires de la prime de restructuration devront rembourser un douzième de leur prime pour chaque mois dans l'année suivant la date de mise en œuvre au cours duquel ils ne sont plus au service d'ABH réorganisée ou d'une débitrice réorganisée, parce qu'ils ont démissionné ou qu'ils ont été congédiés pour « motif sérieux ».

Politiques de fin d'emploi des dirigeants

À compter de la date de mise en œuvre, ABH réorganisée prendra à sa charge les politiques de fin d'emploi des dirigeants canadiens et américains, dans leur forme modifiée. Les indemnités de cessation d'emploi peuvent être conditionnelles au respect de certaines conditions restrictives par les dirigeants, par exemple une clause de non-concurrence. Les principales conditions des politiques de fin d'emploi des dirigeants seront énoncées dans un supplément du plan LACC.

__Programmes de rémunération et d'avantages sociaux à l'intention des employés.__

À la date de mise en œuvre, l'ensemble des régimes de retraites, des régimes d'aide sociale, des politiques d'indemnisation et des autres régimes et programmes à l'intention des employés des requérantes, y compris les régimes à prestations déterminées et les régimes à cotisations déterminées enregistrés canadiens des requérantes, mentionnés dans un supplément du plan LACC demeureront en vigueur, dans leur version modifiée, tandis que les régimes et programmes mentionnés dans un autre supplément du plan LACC, y compris l'ensemble des régimes non admissibles et non enregistrés existants des requérantes (ceux qui sont dissous étant appelés aux présentes les « **régimes de retraite dissous** » et l'ensemble des régimes et programmes dissous ou refusés étant collectivement appelés aux présentes les « **régimes dissous des employés** ») seront dissous ou résiliés aux termes du plan LACC et du plan américain et, dans la mesure applicable, seront réputés révoqués conformément à l'article 365 du Bankruptcy Code. Après la date de mise en œuvre, les débitrices réorganisées auront l'autorité absolue de dissoudre, de modifier ou d'appliquer les régimes enregistrés canadiens, les régimes d'aide sociale et les autres régimes et programmes à l'intention des employés conformément à leurs conditions et aux lois applicables.

À compter de la date de mise en œuvre, les requérantes et les débitrices réorganisées établiront des arrangements, des conventions ou des régimes non admissibles et non agréés (les « **nouveaux régimes** » qui prévoiront notamment : a) que tous les employés et bénéficiaires actifs à la date de mise en œuvre et qui avaient droit à des prestations aux termes des régimes de retraite dissous à la date de mise en œuvre (les « **employés admissibles** ») auront droit, aux termes des nouveaux régimes, à des prestations similaires pour l'essentiel aux prestations auxquelles ils avaient droit aux termes des régimes de retraite dissous, jusqu'à concurrence de ce que prévoyaient ceux-ci; __toutefois__, (i) toutes les prestations déterminées prévues par les nouveaux régimes seront gelées à la date de mise en œuvre et (ii) les employés admissibles devront renoncer à toutes leurs réclamations éventuelles dans la procédure LAAC et les instances régies par le chapitre 11 à l'égard des régimes de retraite dissous; b) tous les retraités, bénéficiaires et participants à acquisition différée, à la date de mise en œuvre, aux termes des régimes de retraite dissous (les « **retraités admissibles** ») auront droit à des prestations, après la date de mise en œuvre, similaires pour l'essentiel aux prestations auxquelles ils avaient droit aux termes des régimes de retraite dissous, jusqu'à concurrence de ce que prévoyaient ceux-ci, sans rajustements rétroactifs; __toutefois__, (i) les prestations des retraités admissibles aux termes des nouveaux régimes seront inférieurs de 10 % à 35 %, selon le régime de retraite dissous applicable, aux prestations auxquelles ils avaient droit aux termes des régimes de retraite dissous au moment où ceux-ci ont pris fin, (ii) les prestations des retraités admissibles aux termes des nouveaux régimes seront soumises à un plafond de 40 000 $ à 50 000 $ (au total) dans le cas des régimes de retraite dissous à prestations déterminées et à des plafonds correspondants dans le cas des régimes de retraite dissous à cotisations déterminées, selon les régimes de retraite dissous applicable, ce plafond étant de nouveau réduit par les prestations de retraite garanties qui ont été ou seront reçues aux termes des régimes de retraite dissous et (iii) les retraités admissibles devront renoncer à toutes leurs réclamations éventuelles dans la procédure LAAC et les instances régies par le chapitre 11 à l'égard des régimes de retraite dissous. Les principales conditions des nouveaux régimes seront énoncées dans un supplément du plan LACC.

La Société parraine un certain nombre de régimes de retraite non admissibles et non enregistrés distincts et l'article 6.9 du plan américain autorise les employés admissibles a) à faire rétablir leurs prestations aux termes des nouveaux régimes modifiés et à renoncer à toute réclamation attribuable aux régimes de retraite dissous (cette réclamation étant une « **réclamation RRS** ») ou b) à conserver une réclamation RRS et, si elle est admise, à recevoir la distribution à laquelle ils ont droit aux termes du plan américain. Les employés admissibles qui conservent leurs réclamations RRS sont admissibles aux prestations aux termes des nouveaux régimes mais sans obtenir de crédit aux termes de ces régimes pour les prestations accumulées dans les régimes de retraite dissous.

Les requérantes estiment qu'il est dans l'intérêt des employés admissibles et des retraités admissibles d'opter pour un rétablissement de leurs prestations aux termes des nouveaux régimes en échange de leur renonciation aux **réclamations RRS**. Le rétablissement des prestations permet aux débitrices réorganisées de faire les paiements qui seront dus au fur et à mesure, une fois levée la protection contre les créanciers, tout en réduisant les paiements en espèces dus à la levée de la protection, dans la mesure où il est renoncé aux

[redacted]

réclamations RRS qui aurait autrement eu droit à un traitement administratif ou prioritaire. Les requérantes estiment que les réclamations RRS s'élèvent à au moins 100 millions de dollars (en dollars canadiens), dont environ 70 millions de dollars sont attribuables aux retraités admissibles et environ 30 millions de dollars sont attribuables aux employés admissibles. Le plan LACC prévoit que les recouvrements non garantis au titre de réclamations contre chacune des les requérantes aux termes des régimes de retraite dissous s'échelonnent entre 3 % et 48 % selon la requérante ou la débitrice américaine. Cependant, les recouvrements de réclamations RRS peuvent être plus élevés en fonction du régime de retraite dissous applicable dont découlent les réclamations RRS et du nombre de requérantes tenues de les honorer. Les requérantes estiment en outre qu'environ 5 millions de dollars des réclamations auraient droit à un traitement administratif ou prioritaire en vertu des articles 503 ou 507 du Bankruptcy Code en l'absence d'un rétablissement des prestations. Les requérantes sont d'avis qu'en supposant un taux d'actualisation de 6,75 % et si tous les employés admissibles et retraités admissibles optent pour le rétablissement, le coût des nouveaux régimes pour les débitrices réorganisées totalise près de 75 millions de dollars. Il est à noter que ces coûts sont engagés au fil du temps, au fur et à mesure de l'échéance des prestations.

L'exécution par les requérantes, les débitrices américaines ou les débitrices réorganisées d'un contrat de travail, d'un régime ou d'une politique qui n'est pas assimilable à un régime dissous des employés n'autorisera aucune personne à se prévaloir d'avantages ou de prétendus droits aux termes de politiques, de programmes ou de régimes qui ont expiré ou qui ont été résiliés avant la date de mise en œuvre, ni ne remettra en vigueur ou rétablira ces avantages ou ces prétendus droits aux termes de tels politiques, programmes ou régimes. Aucune disposition du plan LACC ou du plan américain n'aura pour effet de limiter, de diminuer ou d'affecter les droits des débitrices réorganisées par rapport à ces contrats, conventions, politiques, programmes et régimes. Malgré toute indication contraire aux présentes, tous les avantages accordés aux retraités (au sens donné au terme *retiree benefits* dans l'article 1114 du *Bankruptcy Code*), le cas échéant, continueront d'être versés conformément aux lois applicables à compter de la date de mise en œuvre.

IX. FACTEURS DE RISQUE

EN PLUS DES AUTRES RENSEIGNEMENTS INCLUS DANS LA PRÉSENTE CIRCULAIRE, LES CRÉANCIERS NON GARANTIS VISÉS DEVRAIENT EXAMINER ATTENTIVEMENT LES FACTEURS DE RISQUES DÉCRITS CI-APRÈS AVANT DE VOTER POUR OU CONTRE LE PLAN LACC ET AVANT DE SOUSCRIRE DE NOUVEAUX BILLETS AUX TERMES DU PLACEMENT DE DROITS. CES RISQUES NE SONT PAS LES SEULS LIÉS AU PLAN LACC, À LA MISE EN ŒUVRE DU PLAN LACC, À LA SOCIÉTÉ, À ABH, À ABH RÉORGANISÉE, AUX REQUÉRANTES, AUX SOCIÉTÉS DE PERSONNES, AUX DÉBITRICES RÉORGANISÉES OU AU PLACEMENT DE DROITS.

Risques liés au plan LACC et à sa mise en œuvre

La réalisation du plan LACC est conditionnelle à l'acceptation des créanciers non garantis visés et à l'approbation de la Cour.

Les requérantes exercent leurs activités et gèrent leurs actifs sous la supervision de la Cour depuis le début de la procédure LACC. Avant d'être réalisé, le plan LACC doit d'abord être approuvé par les majorités exigées de créanciers et homologué par la Cour, après l'envoi d'un avis et l'audience de toute contestation, dans une forme et une teneur que les requérantes jugent satisfaisantes. La réalisation du plan LACC est également assujettie à la confirmation du plan américain par le Tribunal de faillite américain, qui ne sera obtenue, après l'envoi d'un avis et la tenue d'une audience, que si toutes les exigences par la loi sont remplies, notamment si le vote requis des créanciers concernés est obtenu. Pour plus de renseignements sur le vote, l'homologation ou la confirmation, voir « *Assemblées des créanciers et instructions de vote* » et « *Le plan LACC* ».

Rien ne garantit que le plan LACC sera approuvé aux majorités exigées ni que, s'il est approuvé, la Cour l'homologuera. Le plan américain est assujetti à un processus semblable à celui des instances régies par le

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
ABITIBIBOWATER INC., *et al.*,	)	Case No. 09-11296 (KJC)
	)	Jointly Administered
Debtors.	)	
	)	

DISCLOSURE STATEMENT FOR DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: August 2, 2010

Section 6.7(d) of the Plan provides that the Debtors shall file Plan Supplement 5B with the Bankruptcy Court on or before the Supplement Filing Date setting forth the names, affiliations and offices of, and the compensation proposed to be paid to, the individuals intended to serve as directors and officers of each Reorganized Debtor on and after the Effective Date. On and after the Effective Date, each Reorganized Debtor shall be governed in accordance with the Amended Certificates of Incorporation and Bylaws or similar formation document.

8. Management and Director Compensation and Incentive Plans and Programs

Section 6.8 of the Plan provides that on or as soon as practicable after the Effective Date, Reorganized ABH shall adopt and implement (as applicable) the management incentive plans substantially in the form set forth in Plan Supplement 6A to be filed on or before the Supplement Filing Date and described in the Plan, and the management and director plans, programs and agreements set forth in Plan Supplement 6B, to be filed on or before the Supplement Filing Date, shall be terminated, and to the extent applicable, deemed rejected pursuant to Section 365 of the Bankruptcy Code.

(a) Long-Term Equity Incentive Plan

On or as soon as practicable after the Effective Date, the Reorganized Debtors will adopt and implement the 2010 Long-Term Equity Incentive Plan (the "LTIP"). The Debtors and Reorganized Debtors shall reserve 8.5% on a fully diluted basis of the New ABH Common Stock for issuance under the LTIP. Up to 4% of the New ABH Common Stock may be granted on the Effective Date of which 75% will be granted as options the strike price of which will be the fair market value of the New ABH Common Stock, and 25% will be granted as restricted stock units. For purposes of section 6.8(a) of the Plan, the fair market value of the New ABH Common Stock means the average of the closing trading price of the New ABH Common Stock during the thirty (30) day period commencing with the first day on which the New ABH Common Stock is listed on the New York Stock Exchange. Pursuant to the LTIP, the Reorganized Debtors shall deliver certain stock options and restricted stock unit grants to certain directors, members of management and other executive employees on and after the Effective Date, in such amounts and pursuant to such terms as set forth in the LTIP. The form and substance of the LTIP will be set forth in Plan Supplement 6A, to be filed on or before the Supplement Filing Date, and shall be reasonably acceptable to the Creditors Committee.

(b) Short-Term Incentive Plans

On or as soon as practicable after the Effective Date, the Reorganized Debtors will adopt and implement the 2010 Short-Term Incentive Plan (the "2010 STIP") and the 2011 Short-Term Incentive Plan (the "2011 STIP" and together with the 2010 STIP, the "STIPs") pursuant to which participants shall be eligible for a target incentive award expressed as a percentage of the individual's base salary as such salary shall be reduced prior to the Effective Date (the "Reduced Base Salary"). Approximately 550 management employees will be eligible for participation in the STIPs, including the Company's top six senior executives. Senior executives will be eligible for a target incentive award of 50% base salary under the 2010 STIP and 100% of base salary under the 2011 STIP. The target incentive payments for remaining participants under the STIPs will be at a lower percentage level of payment. The STIPs shall be entirely performance-based, and actual earned incentive awards will vary depending on the Company's and Reorganized Debtors' ability to achieve the established targets. Under the 2010 STIP, the Company will base performance targets on the Company's actual EBITDA (net of any STIP payment) against its forecast for the third and fourth quarters of 2010, and targets will be determined in consultation with the Creditors Committee. The Board will determine the Company's performance targets under the 2011 STIP. The material terms of the STIPs will be set forth in Plan Supplement 6A, to be filed on or before the Supplement Filing Date, and shall be reasonably acceptable to the Creditors Committee.

(c) Restructuring Recognition Award

On and effective as of the Effective Date, the Company will adopt and implement a performance driven restructuring recognition plan designed to reward actions and initiatives contributing to a successful and timely reorganization of the Company, by providing selected members of management with one-time cash emergence awards (a "Restructuring Recognition Award") in an aggregate value of approximately $6 million. Approximately 50 executives, senior managers and managers, who are critical to the Company's performance and successful reorganization efforts, will be selected to receive a Restructuring Recognition Award equal from 30% to 100% of the recipient's Reduced Base Salary to be paid in cash at emergence upon approval by the Board. Restructuring Recognition Award recipients will be required to repay 1/12th of their award for each month during the one-year period following the Effective Date they were not employed by Reorganized ABH or a Reorganized Debtor, if they either voluntarily resign their employment or are discharged by their employer for "cause."

(d) Executive Severance Policies

On and after the Effective Date, Reorganized ABH will assume, as amended, executive severance policies for U.S. and Canadian executives, respectively. Severance benefits may be conditioned upon the executive's compliance with certain restrictive covenants, including non-compete restrictions. The material terms of the executive severance policies shall be set forth in Plan Supplement 6A to be filed on or before the Supplement Filing Date, and shall be reasonably acceptable to the Creditors Committee.

9. Employee Compensation and Benefit Programs

Section 6.9 of the Plan provides that as of the Effective Date, all of the Debtors' existing pension plans, welfare benefit plans, severance policies and other employee-related plans and programs, including the Debtors' existing U.S. qualified defined contribution plans and Canadian registered defined benefit and defined contribution plans, set forth in Plan Supplement 7A, shall remain in effect, as amended, and the plans and programs set forth in Plan Supplement 7B, including all of the Debtors' existing non-qualified and non-registered plans (such terminated non-qualified and non-registered plans and programs referred to herein as the "Terminated Retirement Plans" and all such terminated or rejected plans and programs collectively referred to herein as the "Terminated Employee Plans") shall be terminated and, to the extent applicable, deemed rejected pursuant to section 365 of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors shall have the sole authority to terminate, amend or implement U.S. qualified defined contribution plans and Canadian registered plans, welfare benefit plans and other plans and programs for employees in accordance with the terms of such plans and applicable law. The form and substance of the employee compensation and benefit programs assumed by the Debtors set forth in Plan Supplement 7A shall be reasonably acceptable to the Creditors Committee.

Effective as of the Effective Date, the Debtors and Reorganized Debtors shall establish non-qualified and non-registered plans, agreements or arrangements (the "New Plans") pursuant to which, among other things, (a) all employees and beneficiaries in active status as of the Effective Date who were entitled to benefits under any Terminated Retirement Plans as of the Effective Date (the "Eligible Employees") will be eligible to receive benefits under the New Plans substantially similar to those benefits available to such employee under the Terminated Retirement Plans, to the extent thereof, provided, however, that: (i) all defined benefits available under the New Plans will be frozen as of the Effective Date; and (ii) the Eligible Employee must waive and forfeit any and all Claims the Eligible Employee has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans; and (b) all retirees, beneficiaries and deferred vested participants, as of the Effective Date, under the Terminated Retirement Plans (the "Eligible Retirees") will be eligible to receive benefits after the Effective Date substantially similar to those benefits available to such Eligible Retiree under the Terminated Retirement Plans to the extent thereof, without retroactive adjustments; provided, however, (i) that the benefits available to each such Eligible Retiree under the New Plans shall be 10% to 35% lower, depending on the applicable Terminated Retirement Plan, than the benefits available to the Eligible Retiree under the Terminated Retirement Plans at the time of termination thereof, (ii) the benefits available to each such Eligible Retiree under the New Plans shall be subject to an annual per participant cap on benefits in the amounts ranging from $40,000 to $50,000 (in the aggregate) in the case of defined benefit Terminated Retirement Plans and corresponding caps in the case of defined contribution Terminated Retirement Plans, depending on the applicable Terminated Retirement Plans, this annual cap being further reduced by any secured pension benefits received or to be received in respect of the Terminated Retirement Plans; and (iii) that the Eligible Retiree must waive and forfeit any and all claim such Eligible Retiree has or may have in the CCAA Proceedings and the Chapter 11 Cases in respect of the Terminated Retirement Plans. The material terms of the New Plans shall be set forth in Plan Supplement 7A and shall be reasonably acceptable to the Creditors Committee.

The Company sponsors a number of separate non-qualified and non-registered plans. Section 6.9 of the Plan allows Eligible Employees and Eligible Retirees to either (a) reinstate their benefits under the New Plans as modified and waive any Claim on account of the Terminated Retirement Plans (such Claim, a "SERP Claim"), or (b) retain any SERP Claim and to the extent such SERP Claim is Allowed, receive any distribution to which it is entitled under the Plan. Eligible Employees who retain their SERP Claims may be eligible for benefits under the New Plans, but without receiving any credit under the New Plans for any benefits accrued under the Terminated Retirement Plans.

The Debtors believe that providing Eligible Employees and Eligible Retirees with the option to reinstate benefits under the New Plans in exchange for a waiver of their SERP Claims is in the best interests of their respective estates. Reinstating benefits allows the Reorganized Debtors to make payments over time as they come due post-emergence and reduces cash payments at emergence to the extent any SERP Claims are waived but would otherwise have been entitled to administrative or priority treatment. The Debtors estimate that approximately at least $100 million of SERP Claims (U.S. Dollar Equivalent) may exist against the Debtors, of which approximately $70 million are attributable to Eligible Retirees and approximately $30 million are attributable to Eligible Employees. The Plan provides that unsecured recoveries for Claims against individual Debtors liable under the Terminated Retirement Plans range from approximately 3% to 48%. However, recoveries on SERP Claims may be higher depending on the applicable Terminated Retirement Plan under which the SERP Claims arise and the number of Debtors liable for such claims. In addition, the Debtors estimate that approximately $5 million may be entitled to administrative or priority treatment under sections 503 or 507 of the Bankruptcy Code if the reinstatement option is not chosen. The Debtors estimate that the cost of the New Plans to the Reorganized Debtors, assuming a present value discount rate of 6.75% and further assuming that all Eligible Employees and Eligible Retirees elect reinstatement, totals approximately $75 million. Notably, such cost is incurred over time as benefits come due.

The Debtors' or Reorganized Debtors' performance of any employment agreement, plan or policy that is not a Terminated Employee Plan will not entitle any person to any benefit or alleged entitlement under any policy, program, or plan that has expired or been terminated before the Effective Date, or restore, reinstate, or revive any such benefit or alleged entitlement under any such policy, program or plan. Nothing in the Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding anything to the contrary contained herein, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

ANNEXE II

Plan d'affaires

abitibi bowater

AVIS DE CONVOCATION ET
CIRCULAIRE D'INFORMATION
PORTANT SUR UN
PLAN DE RÉORGANISATION ET DE TRANSACTION
DÉPOSÉ EN VERTU DE LA
LOI SUR LES ARRANGEMENTS AVEC LES CRÉANCIERS DES COMPAGNIES
(CANADA),
DE LA *LOI CANADIENNE SUR LES SOCIÉTÉS PAR ACTIONS*
ET DES AUTRES LOIS MENTIONNÉES
DANS L'AVIS DES OPÉRATIONS DE RESTRUCTURATION
VISANT ABITIBIBOWATER INC.
ET SES FILIALES ÉNUMÉRÉES À L'APPENDICE A DES PRÉSENTES

– ET –

PLACEMENT DE DROITS

D'ABH RÉORGANISÉE À CET ÉGARD

Le 2 août 2010

La présente circulaire d'information est distribuée aux créanciers de certaines filiales d'AbitibiBowater Inc. énumérées à l'appendice A, par ces entités et AbitibiBowater Inc. ou en leur nom, relativement aux assemblées convoquées pour délibérer de la réorganisation et de la transaction qu'elles proposent, assemblées qui auront lieu à 10 h (heure de Montréal) le 14 septembre 2010, au Hilton Montréal Bonaventure, 900, rue de la Gauchetière Ouest, à Montréal (Québec) H5A 1E4, Canada, et d'un placement de droits d'ABH réorganisée à cet égard.

Veuillez prendre connaissance sans délai des présents documents. Veuillez consulter vos conseillers professionnels relativement à leur contenu. *Si vous avez des questions au sujet du vote, du placement de droits ou d'autres formalités ou si vous souhaitez vous procurer des copies supplémentaires des présents documents, veuillez communiquer avec Ernst & Young Inc., qui agit à titre de contrôleur, au 800, boul. René-Lévesque Ouest, bureau 2000, Montréal (Québec) H3B 1X9 Canada (à l'attention du contrôleur d'AbitibiBowater Inc. et al.), numéro de télécopieur : 514 879-3992 et numéro de téléphone sans frais : 1 866 246-7889.*

APPENDICE G
PROJECTIONS FINANCIÈRES

Aux termes de l'alinéa 1129(a)(11) du *Bankruptcy Code*, notamment, le tribunal de faillite américain doit déterminer que la ratification du premier plan de réorganisation conjoint modifié aux termes du chapitre 11 du *Bankruptcy Code* en date du 24 mai 2010 (le « plan », dans sa version éventuellement modifiée ou complétée, le cas échéant, conformément à ses modalités) ne sera vraisemblablement pas suivie de la liquidation ou de la nécessité d'effectuer une nouvelle réorganisation financière des débitrices ou des successeurs des débitrices en vertu du plan. Cette condition est souvent désignée la « faisabilité » du plan.

Afin de déterminer si le plan est conforme à cette exigence, les conseillers financiers de la Société ont analysé la capacité des débitrices de respecter leurs obligations en vertu du plan. Dans le cadre de cette analyse, les débitrices ont établi les résultats financiers projetés consolidés pour chacun des exercices se terminant les 31 décembre 2010 à 2014 inclusivement. Ces projections financières, ainsi que les hypothèses sur lesquelles elles reposent, se trouvent en annexe à titre informatif. Se reporter à l'« *article VIII, section B, Statutory Requirements for Confirmation of the Plan in Chapter 11 Cases – 3. Feasibility* » du plan.

Les projections financières doivent être lues avec les hypothèses, les réserves et les explications contenues dans le document d'information et le plan dans leur totalité, ainsi que les états financiers consolidés antérieurs (y compris les notes et les tableaux y afférents) et les autres renseignements financiers mentionnés dans le rapport annuel d'ABH sur formulaire 10-K pour l'exercice terminé le 31 décembre 2009, comme modifié, et les autres rapports déposés par ABH auprès de la SEC avant l'approbation du document d'information par le tribunal de faillite américain. Les documents déposés peuvent être consultés sur le site Web de la SEC, à l'adresse http://www.sec.gov.

Les débitrices ont préparé les projections financières en s'appuyant, entre autres, sur la situation financière et les résultats d'exploitation futurs prévus des débitrices réorganisées (comme définies dans le plan et le plan en vertu de la LACC). Les débitrices ne publient pas systématiquement leurs plans d'affaires, leurs stratégies, leurs projections ou leurs prévisions en matière de résultats d'exploitation ou de situation financière. En conséquence, les débitrices et les débitrices réorganisées n'ont pas l'intention de mettre à jour ou de réviser autrement les projections financières, ou d'inclure ces renseignements dans des documents déposés auprès de la SEC ou, par ailleurs, de rendre publics ces renseignements en raison d'événements survenant ou de circonstances prévalant après la date du document d'information, ou d'événements non prévus, même s'il advenait qu'une partie ou la totalité des hypothèses sous-jacentes se révèlent erronées.

LES PROJECTIONS FINANCIÈRES N'ONT PAS ÉTÉ ÉTABLIES AFIN DE SE CONFORMER AUX LIGNES DIRECTRICES EN MATIÈRE D'INFORMATIONS FINANCIÈRES PROSPECTIVES PUBLIÉES PAR LE FINANCIAL ACCOUNTING STANDARDS BOARD. LES EXPERTS-COMPTABLES INDÉPENDANTS DES DÉBITRICES N'ONT NI EXAMINÉ NI COMPILÉ LES PROJECTIONS FINANCIÈRES CI-JOINTES. PAR CONSÉQUENT, ILS N'EXPRIMENT PAS D'OPINION ET NE FOURNISSENT AUCUNE AUTRE FORME D'ASSURANCE À L'ÉGARD DES PROJECTIONS FINANCIÈRES, N'ASSUMENT AUCUNE RESPONSABILITÉ QUANT AUX PROJECTIONS FINANCIÈRES ET NIENT TOUTE ASSOCIATION AVEC LES PROJECTIONS FINANCIÈRES. SAUF AUX FINS DU DOCUMENT D'INFORMATION, LES DÉBITRICES NE PUBLIENT PAS LES PROJECTIONS FINANCIÈRES CONCERNANT LEUR SITUATION FINANCIÈRE PRÉVUE OU LEURS RÉSULTATS D'EXPLOITATION. À MOINS QU'UNE DISPOSITION DU PLAN OU DU DOCUMENT D'INFORMATION NE STIPULE LE CONTRAIRE, LES DÉBITRICES N'ONT PAS L'INTENTION DE METTRE À JOUR OU DE RÉVISER AUTREMENT CES PROJECTIONS FINANCIÈRES EN RAISON D'ÉVÉNEMENTS SURVENANT OU DE CIRCONSTANCES PRÉVALANT APRÈS LA DATE DU DOCUMENT D'INFORMATION OU D'ÉVÉNEMENTS NON PRÉVUS.

LES PROJECTIONS FINANCIÈRES, BIEN QU'ELLES SOIENT PRÉSENTÉES AVEC PRÉCISION SUR LE PLAN DES CHIFFRES, REPOSENT FORCÉMENT SUR UNE SÉRIE D'ESTIMATIONS ET D'HYPOTHÈSES QUI, MÊME SI ELLES SEMBLENT RAISONNABLES AUX DÉBITRICES, PEUVENT

NE PAS S'AVÉRER ET QUI SONT ASSUJETTIES PAR LEUR NATURE À DES INCERTITUDES ET À DES ÉVENTUALITÉS LIÉES AUX AFFAIRES, À L'ÉCONOMIE, À LA CONCURRENCE, AU SECTEUR, À LA RÉGLEMENTATION, AU MARCHÉ ET À LA SITUATION FINANCIÈRE, DONT UN BON NOMBRE ÉCHAPPENT AU CONTRÔLE DES DÉBITRICES RÉORGANISÉES. LES DÉBITRICES NE PEUVENT FAIRE ET NE FONT AUCUNE DÉCLARATION QUANT À L'EXACTITUDE DES PROJECTIONS FINANCIÈRES OU À LA CAPACITÉ DES DÉBITRICES RÉORGANISÉES D'OBTENIR LES RÉSULTATS PROJETÉS. INÉVITABLEMENT, CERTAINES HYPOTHÈSES SERONT ERRONÉES. DE PLUS, LES ÉVÉNEMENTS ET LES CIRCONSTANCES SURVENANT APRÈS LA DATE À LAQUELLE LES PROJECTIONS FINANCIÈRES ONT ÉTÉ ÉTABLIES PEUVENT DIFFÉRER DE CEUX QUI ONT ÉTÉ PRÉSUMÉS OU PEUVENT NE PAS AVOIR ÉTÉ PRÉVUS. PAR CONSÉQUENT, ILS PEUVENT INFLUER SUR LES RÉSULTATS FINANCIERS D'UNE MANIÈRE SIGNIFICATIVE ET PEUT-ÊTRE DÉFAVORABLE. LES PROJECTIONS FINANCIÈRES NE REPRÉSENTENT DONC PAS UNE GARANTIE OU UNE AUTRE FORME D'ASSURANCE À L'ÉGARD DES RÉSULTATS RÉELS. *SE REPORTER À L'ARTICLE [X] DU PLAN, « CERTAIN RISK FACTORS TO BE CONSIDERED » ET À LA RUBRIQUE « FACTEURS DE RISQUE » DE LA PRÉSENTE CIRCULAIRE.*

AFIN DE DÉCIDER S'ILS DOIVENT VOTER POUR OU CONTRE LE PLAN ET LE PLAN EN VERTU DE LA LACC, LES TITULAIRES DE RÉCLAMATIONS DOIVENT SE FORGER LEUR PROPRE OPINION SUR LE CARACTÈRE RAISONNABLE DE CES HYPOTHÈSES ET SUR LA FIABILITÉ DES PROJECTIONS FINANCIÈRES, ET ILS DEVRAIENT CONSULTER LEURS PROPRES CONSEILLERS.

Projections financières

La Société[1] a dressé le bilan pro forma, le bilan projeté, l'état des résultats projetés et l'état des flux de trésorerie projetés d'ABH réorganisée, ainsi que les états financiers projetés d'ACI, de Donohue (« **D-Corp** » dans la présente annexe), de Bowater (« **BI** » dans la présente annexe), de Bowater Newsprint South Operations LLC (« **BNS** » dans la présente annexe) et de BPFCI (collectivement, les « **projections financières** ») pour les exercices 2010 à 2014 (la « **période des projections** »). Les projections financières reposent sur un certain nombre d'hypothèses formulées par la direction à l'égard du rendement futur des activités de la Société. Bien que la direction ait établi les projections financières de bonne foi et juge ses hypothèses raisonnables, il importe de noter que la Société ne peut aucunement garantir que ces projections financières et ces hypothèses s'avéreront. Comme le décrit en détail le document d'information, une variété de facteurs de risque pourraient influer sur les résultats financiers réels de la Société et doivent être pris en considération. Les projections financières doivent être analysées conjointement avec ces hypothèses, y compris les réserves et les notes en bas de page s'y rapportant. La Société n'a pas établi les projections financières en vue de se conformer aux lignes directrices publiées par la Securities and Exchange Commission ou établies par le FASB, particulièrement en matière de comptabilisation des réorganisations d'entreprise.

Dans les projections financières, tous les montants sont libellés en dollars américains, à moins d'indication contraire, et par « **PCGR** », on entend les principes comptables généralement reconnus des États-Unis.

1. Conventions comptables

a) Les projections financières ont été établies selon des conventions comptables essentiellement cohérentes avec celles qui ont été utilisées pour les états financiers antérieurs des débitrices (consolidés selon les PCGR). Les normes de comptabilisation des réorganisations d'entreprise de l'Accounting Standards Codification (« **ASC** ») 852, *Reorganizations*, du Financial Accounting Standards Board (« **FASB** ») (« **FASB ASC 852** ») n'ont pas été appliquées formellement aux projections financières. En outre, les activités et les flux de trésorerie de 2010 de la société remplacée (du 1er janvier 2010 jusqu'à la date d'application ou date de mise en œuvre) et de la nouvelle société (de la date d'application ou date de mise en œuvre présumée jusqu'au 31 décembre 2010) sont combinés aux fins de présentation comparative, de sorte à présenter un exercice entier.

[1] Les mots et expressions non définis aux présentes doivent recevoir le sens qui leur est donné, le cas échéant, dans le document d'information ou le plan, selon le cas.

2. Hypothèses générales

a) Méthodologie – Les projections financières consolidées ont été préparées par la direction et reposent sur les prévisions d'exploitation détaillées de la Société de 2010 à 2014. Les projections financières tiennent compte de divers examens stratégiques et initiatives de restructuration, notamment les décisions relatives à la réduction des activités des usines, la rationalisation des coûts indirects et d'autres initiatives mises en œuvre avant la date d'application ou date de mise en œuvre (comme définie dans le plan en vertu de la LACC).

b) Exécution du plan – Il est tenu pour acquis dans les projections financières que la date d'application ou date de mise en œuvre sera le 1er octobre 2010.

c) Contexte macroéconomique et sectoriel – Les projections financières sont fondées sur l'opinion de la direction concernant le jeu de l'offre et de la demande sur les marchés nord-américain et international ainsi que sur des hypothèses qui en découlent concernant les prix, les taux de production et les changements de coût des intrants importants des principales catégories de pâtes et de papiers que la Société produit. Les points de vue de la direction sont en partie fondés sur les prévisions de RISI, fournisseur d'information d'avant-plan du secteur mondial des produits forestiers, et des analystes boursiers de Wall Street, selon le cas.

d) Taux de change – Le taux de change entre le dollar canadien et le dollar américain appliqué est de 0,99 $ pour le reste de 2010, et baisse à 0,98 $ pour 2011, 0,96 $ pour 2012, 0,93 $ pour 2013 et 0,91 $ pour 2014. Le 8 juillet 2010, le taux de change entre le dollar canadien et le dollar américain s'élevait à 0,96 $. Chaque variation de 0,01 $ du taux de change entre le dollar canadien et le dollar américain entraîne une variation du BAIIA projeté de la Société de l'ordre de 15 à 20 millions $.

3. Bilan projeté au 30 septembre 2010 et bilan pro forma d'ABH réorganisée

Le bilan projeté au 30 septembre 2010 a été dressé à partir du bilan vérifié réel de la Société au 31 décembre 2009, ajusté en fonction des résultats d'exploitation projetés par la direction pour la période du 31 décembre 2009 au 30 septembre 2010. À la date d'application ou date de mise en œuvre, les résultats réels peuvent diverger en raison d'un éventail de facteurs de risque, abordés à l'article VIII du document d'information. Des ajustements pro forma conformes à l'exécution du plan et du plan en vertu de la LACC ont ensuite été effectués pour bâtir le bilan pro forma d'ABH réorganisée au 30 septembre 2010. En outre, le bilan pro forma d'ABH réorganisée ne tient pas compte de la mise en œuvre officielle de la comptabilisation des réorganisations aux termes de la norme FASB ASC 852. Les ajustements pro forma estimatifs au titre de la valeur des capitaux propres de la Société, de ses actifs ou de ses passifs aux termes de la norme FASB ASC 852 après la réorganisation seront fonction de la juste valeur des actifs et passifs à la date d'application ou date de mise en œuvre.

Comme il est plus amplement décrit ci-après, le bilan d'ABH réorganisée tient compte de la structure du capital pro forma d'ABH réorganisée à la suite de l'exécution du plan et du plan en vertu de la LACC. Plus précisément, et conformément aux besoins en financement de sortie de la Société, le bilan d'ABH réorganisée suppose que la Société aura une dette à long terme pro forma d'environ 1,5 milliard $ composée a) d'une facilité de financement de sortie du prêt à terme d'à peu près 700 millions $ comme il est plus amplement décrit à l'article VI.E du document d'information, b) de billets convertibles de 500 millions $ émis dans le cadre du placement de droits, comme il est plus amplement décrit aux articles I.F et VI.E du document d'information, et c) d'une autre dette d'environ 250 millions $ se rapportant principalement à la dette actuelle de certaines des filiales de la Société. De plus, la Société prévoit que la facilité de financement de sortie adossée à des actifs sera inutilisée à hauteur de 500 à 600 millions $ à la date d'application ou date de mise en œuvre. La structure du capital pro forma de la Société peut changer selon la conjoncture du marché en ce qui a trait aux efforts de mobilisation de capitaux de la Société, de son rendement d'exploitation et des autres sources de trésorerie dont elle peut disposer.

Bilan pro forma d'ABH réorganisée

en millions $ US, sauf indication contraire	Projection au 30 septembre 2010	Financement de sortie (A)	Règlement au comptant (B)	Règlement autre qu'au comptant (C)	Ajustements comptables (D)	Pro forma au 30 septembre 2010
ACTIF						
Actif à court terme :						
Trésorerie et équivalents	707 $	(419)$	(138)$	—	—	150 $
Débiteurs	879	—	—	—	—	879
Stocks, montant net	588	—	—	—	—	588
Autres actifs à court terme	121	—	—	—	—	121
Total de l'actif à court terme	2 296 $	(419)$	(138)$	—	—	1 738 $
Immobilisations corporelles, montant net	3 763 $	—	—	—	(1 119)$	2 644 $
Écart d'acquisition	53	—	—	—	(53)	—
Actifs incorporels, montant net	311	—	—	—	(311)	—
Autres actifs à long terme	353	70	—	—	(47)	376
Actifs de la caisse de retraite	149	—	—	—	—	149
Total de l'actif	6 925 $	(349)$	(138)$	—	(1 530)$	4 907 $
PASSIF						
Passif à court terme ne faisant pas l'objet de transactions :						
Créditeurs et charges à payer	297 $	—	—	—	—	297 $
Emprunts bancaires à court terme	496	(496)	—	—	—	—
Financement de débiteur-exploitant	206	(206)	—	—	—	—
Passifs liés aux actifs destinés à la vente	35	—	—	—	—	35
Réclamations administratives	138	—	(138)	—	—	—
Total du passif à court terme ne faisant pas l'objet de transactions	1 173 $	(702)$	(138)$	—	—	332 $
Dette ne faisant pas l'objet de transactions	1 079	(837)	—	—	—	241
Obligations liées aux prestations de retraite et aux autres avantages postérieurs à l'emploi	—	—	—	391	—	391
Autres passifs à long terme	55	—	—	—	—	55
Facilités de financement de sortie	—	1 191	—	—	—	1 191
Passifs faisant l'objet de transactions (E)						
Créditeurs faisant l'objet de transactions	251	—	—	(251)	—	—
Contrats avec la haute direction rejetés faisant l'objet de transactions	646	—	—	(646)	—	—
Obligations liées aux prestations de retraite et aux autres avantages postérieurs à l'emploi faisant l'objet de transactions	391	—	—	(391)	—	—
Réclamations des employés et autres passifs faisant l'objet de transactions	663	—	—	(663)	—	—
Dette de tiers faisant l'objet de transactions	5 685	—	—	(5 685)	—	—
Total des passifs faisant l'objet de transactions	7 636 $	—	—	(7 636)$	—	—
Total du passif	9 942 $	(349)$	(138)$	(7 245)$	—	2 210 $
Capitaux propres (capitaux propres négatifs)	(3 133)$	—	—	7 245 $	(1 684)$	2 428 $
Part des actionnaires sans contrôle	116 $	—	—	—	154 $	269 $
Total du passif et des capitaux propres	6 925 $	(349)$	(138)$	— $	(1 530)$	4 907 $

Notes au bilan pro forma d'ABH réorganisée

A Représente le produit du financement de sortie obtenu relativement à la fin de la procédure en vertu du chapitre 11 et de la procédure en vertu de la LACC, ainsi que le remboursement des réclamations garanties, y compris les réclamations bancaires garanties de Bowater, les réclamations bancaires garanties de BPFCI, les réclamations au titre de facilités de crédit de débiteur-exploitant, les réclamations garanties des prêteurs à terme de CACC, les billets garantis canadiens, les réclamations de titrisation et autres réclamations garanties. Les coûts d'opération estimatifs du financement de sortie ont été inscrits dans les autres actifs à long terme et sont amortis sur la durée du financement. Les coûts d'opération capitalisés liés à nos dettes garanties antérieures à la requête sont réputés être sortis du bilan.

B Paiements à effectuer au comptant aux termes du plan et du plan en vertu de la LACC, y compris le paiement des réclamations administratives, qui comprennent les honoraires et les réclamations en vertu de l'alinéa 503(b)(9) du *Bankruptcy Code*.

C Découle de l'annulation ou du rétablissement de passifs restants ayant fait l'objet de transactions aux termes du plan et du plan en vertu de la LACC.

D Représentent des ajustements illustratifs apportés à la valeur comptable afin de refléter la valeur des capitaux propres pro forma de la Société. Les ajustements à la valeur comptable apportés dans ce bilan pro forma d'ABH réorganisée ne découlent pas de l'application formelle de la norme FASB ASC 852 en matière de comptabilisation des réorganisations d'entreprise. Les ajustements définitifs seront fonction de la juste valeur des actifs et des passifs à la date d'application ou date de mise en œuvre et pourraient avoir une incidence sur différents comptes du bilan ou diverger considérablement des valeurs présumées dans les estimations susmentionnées.

E Le montant des réclamations est conforme au plan et au plan en vertu de la LACC, selon le cas.

4. État des résultats projetés d'ABH réorganisée

État des résultats projetés d'ABH réorganisée	Trimestre se terminant le 31 décembre	Projections pour les exercices se terminant les 31 décembre				
en millions $ US, sauf indication contraire	2010E	2010E (entier)	2011E	2012E	2013E	2014E
Ventes	1 222 $	4 663 $	5 341 $	5 480 $	5 416 $	5 474 $
Coût des produits vendus, avant amortissement et coût du bois récolté	(918)	(3 651)	(3 793)	(3 841)	(3 828)	(3 826)
Amortissement et coût du bois récolté	(66)	(465)	(272)	(279)	(285)	(292)
Frais de distribution	(140)	(544)	(563)	(568)	(570)	(572)
Frais de vente et d'administration	(41)	(168)	(146)	(139)	(135)	(132)
Gain net à la cession d'actifs	—	55	—	—	—	—
Bénéfice (perte) d'exploitation	58 $	(110)$	568 $	653 $	597 $	653 $
Charge d'intérêts	(42)	(381)	(166)	(166)	(166)	(162)
Produit d'intérêts	1	6	9	17	26	37
Bénéfices des sociétés de personnes (placements en actions)	(0)	(2)	7	8	10	10
Bénéfice avant les éléments liés à la réorganisation, la charge d'impôts et la part des actionnaires sans contrôle	17 $	(488)$	418 $	511 $	467 $	538 $
Éléments liés à la réorganisation, montant net	(4)	(141)	—	—	—	—
Bénéfice avant la charge d'impôts et la part des actionnaires sans contrôle	13 $	(629)$	418 $	511 $	467 $	538 $
Économie (charge) d'impôts	(31)	199	(89)	(91)	(51)	(62)
Perte nette liée (bénéfice net lié) à la part des actionnaires sans contrôle	(2)	3	(34)	(33)	(32)	(31)
Résultat net	(20)$	(427)$	295 $	387 $	384 $	445 $

a) Ventes – Les ventes consolidées comprennent les ventes des principaux secteurs d'exploitation des débitrices : papiers couchés et pour usages spéciaux (« papiers d'impression commerciale »), pâte commerciale, papier journal et produits du bois. Les projections financières présument que la demande de papiers d'impression commerciale augmentera au cours des années à venir par rapport à son faible niveau actuel, entraînant des hausses des prix après un creux cyclique en 2009. Les marchés de la pâte devraient rester volatils, les prix atteignant des sommets en 2012, pour redescendre par la suite, suivant le mouvement de l'économie mondiale. On prévoit que le fléchissement à long terme de la demande interne de papier journal se poursuivra au cours de la période des projections, atténué en partie par des hausses prévues de la demande sur le marché de l'exportation. Le prix du papier journal devrait monter par rapport aux creux de 2009 et se stabiliser vers 2012. L'augmentation prévue de la demande de bois d'œuvre repose sur l'hypothèse d'une reprise importante, en regard du creux atteint en 2009, culminant en 2012 et stimulée par une remontée des mises en chantier à long terme aux États-Unis.

b) Coût des produits vendus – Le coût des produits vendus, y compris les frais de distribution, devrait représenter environ 89 % des ventes en 2010 et s'améliorer, représentant quelque 80 % des ventes d'ici 2014, surtout en raison de l'augmentation prévue de la demande du marché et des prix, ainsi que des économies obtenues grâce aux réductions négociées des coûts de main-d'œuvre.

c) Frais de vente et frais généraux et administratifs – Les frais de vente et frais généraux et administratifs devraient reculer à 132 millions de dollars, ou 2,4 % des ventes en 2014, en regard de 168 millions de dollars, ou 3,5 % des ventes en 2009. Ils ont diminué considérablement depuis la fusion en 2007 (332 millions de dollars en 2008 et 198 millions de dollars en 2009) et continueront de diminuer grâce à des réductions prévues de l'effectif et à une simplification de la structure organisationnelle de la Société, entre autres gains d'efficacité.

d) Résultat net – Le résultat net devrait s'améliorer, la perte de 2010 devenant un bénéfice net à compter de 2011. Les améliorations proviendront de la restructuration du capital, qui fera baisser la charge d'intérêts, de même que des réductions de coûts et de l'augmentation de la demande du marché et des prix. Ces améliorations devraient être annulées en partie par la hausse de l'inflation et des charges liées aux produits de base.

e) Éléments liés à la réorganisation – Les éléments liés à la réorganisation de 2010 comprennent des honoraires réels et estimatifs de conseillers professionnels postérieurs à la requête ainsi que des frais bancaires directement attribuables à la procédure en matière de faillite et à la restructuration du capital qui en résulte. Ce montant exclut les gains ou pertes liés à l'extinction de la dette et à la réévaluation des actifs et des passifs selon la méthode de la fusion à la juste valeur.

f) Charge d'intérêts – Du quatrième trimestre de 2010 jusqu'à 2014, les projections de la charge d'intérêts reposent sur la structure du capital estimative de la Société suivant la fin de la procédure qui devrait survenir le 1er octobre 2010. La charge d'intérêts de 2010 avant la date d'application ou date de mise en œuvre repose sur les intérêts présentés dans les états financiers de la Société au premier trimestre de 2010, qui constituent une estimation selon les PCGR par rapport à la dette de la société remplacée pour la période du 1er avril jusqu'à la date d'application.

g) Impôts sur les bénéfices – L'économie (la charge) d'impôts sur les bénéfices a été calculée selon une projection des taux d'imposition prévus par la loi applicables dans les pays où la Société œuvre. En ce qui a trait aux activités américaines, le taux d'imposition fédéral présumé est de 35 %. Les impôts étatiques ont été considérés comme négligeables pour la période des projections. Pour les activités canadiennes, le taux d'imposition fédéral présumé est de 30 % en 2010, puis diminue à 28 % en 2011 et à 26 % pour chacune des années suivantes de la période des projections.

Le bénéfice imposable aux États-Unis est ajusté à la baisse pour chaque année de la période des projections en raison de l'utilisation d'attributs fiscaux disponibles après la fin de la procédure qui ont été préservés grâce aux efforts de planification fiscale de la Société. Les attributs fiscaux américains disponibles après la fin de la procédure, comme les pertes nettes d'exploitation, les pertes en capital, les crédits d'impôt, les placements en actions dans des filiales et les immobilisations corporelles, tiennent compte de la diminution des attributs rendue nécessaire par la libération de la dette résultant de la procédure de restructuration en vertu du chapitre 11. Le bénéfice imposable prévu, une fois comptabilisés les avantages fiscaux disponibles, est estimé à quelque 50 à 90 millions de dollars par année pendant la période des projections.

Le bénéfice imposable au Canada est nul pour chaque année de la période des projections, une fois prise en compte l'utilisation des attributs fiscaux disponibles après la fin de la procédure. Ces attributs fiscaux tiennent compte de la diminution des attributs rendue nécessaire par la libération de la dette aux termes du plan en vertu de la LACC. Ils comprennent essentiellement la fraction non amortie du coût en capital (« FNACC ») et, dans une moindre mesure, les pertes nettes d'exploitation et les dépenses de recherche scientifique et développement expérimental.

Toutes les projections de nature fiscale reposent sur les flux de trésorerie utilisés par Blackstone dans son Évaluation de l'entreprise de la Société et prennent en considération les estimations des attributs fiscaux fournies par les débitrices et leurs conseillers fiscaux.

5. Bilans projetés d'ABH réorganisée

Les bilans projetés d'ABH réorganisée présentent les projections liées à la situation financière de la Société, tenant compte du bilan projeté au 30 septembre 2010, de la réorganisation proposée et des ajustements pro forma de la section 3 s'y rapportant. Les bilans d'ABH réorganisée ont été dressés selon les projections de résultats d'exploitation et de flux de trésorerie pour la période des projections.

Bilan projeté d'ABH réorganisée	Pro forma 30 septembre	Projections pour les exercices terminés les 31 décembre				
en millions $ US, sauf indication contraire	2010	2010E	2011E	2012E	2013E	2014E
ACTIF						
Actif à court terme :						
Trésorerie et équivalents	150 $	300 $	618 $	1 070 $	1 578 $	2 104 $
Débiteurs	879	872	980	1 014	989	1 017
Stocks, montant net	588	608	621	620	618	617
Autres actifs à court terme	121	115	115	115	115	115
Total de l'actif à court terme	**1 738 $**	**1 895 $**	**2 335 $**	**2 820 $**	**3 300 $**	**3 854 $**
Immobilisations corporelles, montant net	2 644 $	2 582 $	2 420 $	2 266 $	2 096 $	1 920 $
Placements non consolidés	66	65	65	66	70	75
Autres actifs à long terme	311	306	269	260	250	244
Actifs de la caisse de retraite	149	159	227	297	377	453
Total de l'actif	**4 907 $**	**5 008 $**	**5 316 $**	**5 709 $**	**6 094 $**	**6 545 $**
PASSIF						
Passif à court terme ne faisant pas l'objet de transactions :						
Créditeurs et autres charges à payer	297 $	422 $	428 $	431 $	431 $	434 $
Passifs liés aux actifs destinés à la vente	35	35	35	35	35	35
Total du passif à court terme ne faisant pas l'objet de transactions	**332 $**	**456 $**	**463 $**	**466 $**	**466 $**	**469 $**
Dette	241	241	241	241	241	241
Obligations liées aux prestations de retraite et aux autres avantages postérieurs à l'emploi	391	391	391	391	391	391
Autres passifs à long terme	55	55	55	55	55	55
Facilités de financement de sortie	1 191	1 191	1 191	1 191	1 191	1 191
Total du passif	**2 210 $**	**2 334 $**	**2 341 $**	**2 344 $**	**2 344 $**	**2 347 $**
Capitaux propres (capitaux propres négatifs)	**2 428 $**	**2 408 $**	**2 703 $**	**3 090 $**	**3 473 $**	**3 919 $**
Part des actionnaires sans contrôle	269 $	266 $	272 $	275 $	277 $	280 $
Total du passif et des capitaux propres	**4 907 $**	**5 008 $**	**5 316 $**	**5 709 $**	**6 094 $**	**6 545 $**

6. État des flux de trésorerie d'ABH réorganisée

L'état des flux de trésorerie d'ABH réorganisée présente les variations prévues dans la trésorerie de la Société, compte tenu de la réorganisation proposée.

État des flux de trésorerie projetés d'ABH réorganisée en millions $ US, sauf indication contraire	Trimestre se terminant le 31 décembre	Projections pour les exercices se terminant les 31 décembre			
	2010E	2011E	2012E	2013E	2014E
ACTIVITÉS D'EXPLOITATION					
Bénéfice net (perte nette)	(20)$	295 $	387 $	384 $	445 $
Ajustements de rapprochement des flux nets de trésorerie liés aux activités d'exploitation :					
Amortissement et coût du bois récolté	66	272	279	285	292
Impôts futurs	6	—	—	—	—
Bénéfice net (perte nette) attribuable à la part des actionnaires sans contrôle	2	34	33	32	31
Cotisations aux régimes de retraite, montant net	8	(49)	(52)	(62)	(58)
Cotisations aux régimes d'avantages postérieurs à l'emploi, montant net	(18)	(19)	(18)	(18)	(17)
Bénéfice net lié aux placements en actions	0	(7)	(8)	(10)	(10)
Amortissement des coûts de financement	4	18	18	18	13
Variations du fonds de roulement :					
Débiteurs	6	(108)	(34)	25	(29)
Stocks	(19)	(13)	1	2	1
Créditeurs	124	7	3	(0)	3
Flux nets de trésorerie liés aux activités d'exploitation	**160 $**	**429 $**	**608 $**	**656 $**	**671 $**
ACTIVITÉS D'INVESTISSEMENT					
Trésorerie consacrée à l'acquisition d'immobilisations corporelles	(24)	(110)	(125)	(116)	(115)
Cessions d'actifs	20	—	—	—	—
Autres activités d'investissement, montant net	(0)	27	(1)	(2)	(2)
Flux nets de trésorerie liés aux activités d'investissement	**(5)$**	**(83)$**	**(126)$**	**(117)$**	**(117)$**
ACTIVITÉS DE FINANCEMENT					
Distributions en espèces liées à la part des actionnaires sans contrôle	(5)	(28)	(30)	(30)	(28)
Flux nets de trésorerie liés aux activités de financement	**(5)$**	**(28)$**	**(30)$**	**(30)$**	**(28)$**
Augmentation (diminution) nette de la trésorerie et de ses équivalents	**150 $**	**318 $**	**452 $**	**508 $**	**526 $**
Trésorerie et équivalents					
Au début de la période	150 $	300 $	618 $	1 070 $	1 578 $
À la fin de la période	300 $	618 $	1 070 $	1 578 $	2 104 $

a) Cotisations aux régimes de retraite et aux régimes d'avantages postérieurs à l'emploi

(i) Régimes de retraite

La Société a un certain nombre de régimes de retraite à prestations déterminées, contributifs et non contributifs, auxquels participent la quasi-totalité de ses employés. La situation de capitalisation des régimes de retraite à prestations déterminées admissibles de la Société, établie selon une méthode comptable, était d'environ 93 % au 31 décembre 2009 (90 % selon la *Pension Protection Act*), et les régimes étaient sous-capitalisés d'un montant approximatif de 424 millions de dollars. Cela tient compte d'un déficit des régimes à prestations déterminées canadiens d'environ 1,4 milliard de dollars canadiens selon une approche de solvabilité. Le plan et le plan en vertu de la LACC homologués respectivement par le tribunal de faillite américain et par le tribunal canadien prévoient la prise en charge des régimes de retraite à prestations déterminées admissibles. Il est tenu pour acquis dans les projections financières que des cotisations en espèces considérables seront faites à ces régimes au cours des prochaines années suivant la fin de la procédure de faillite aux termes des lois américaines et canadiennes applicables. Il est également présumé qu'un règlement spécial sur l'allègement de la capitalisation du déficit sera approuvé relativement aux régimes enregistrés de retraite à prestations déterminées canadiens de la Société en ce qui a trait aux coûts des services passés. Les cotisations projetées dont il est fait mention ci-après correspondent aux montants en excédent des charges comprises dans le coût des produits vendus et les frais de vente et frais généraux et administratifs et figurent à l'état des flux de trésorerie réorganisé projeté des débitrices.

Le montant des cotisations projetées mentionné ci-après a été fourni par les conseillers en retraite de la Société et sont conformes aux flux de trésorerie utilisés par Blackstone dans son Évaluation de l'entreprise de la Société. Pour les régimes admissibles des États-Unis, ces cotisations sont estimées à environ 16 à 27 millions de dollars par année de 2010 à 2014 et correspondent aux paiements pour services courants et passés. Les cotisations projetées sont présentées déduction faite des économies d'impôts s'y rapportant.

Dans le cadre de la procédure en vertu de la LACC, le tribunal canadien a approuvé certaines restrictions à l'égard des cotisations en espèces obligatoires pour les régimes de retraite canadiens faisant en sorte que seuls les coûts liés aux services courants ont été capitalisés. Dans les projections financières, les cotisations interrompues au titre des services passés ont été reprises, à des niveaux estimatifs en cours de négociation avec les autorités gouvernementales compétentes. Les cotisations projetées pour les régimes de retraite canadiens admissibles sont d'environ 35 à 44 millions de dollars par année, ce qui tient compte des paiements correspondant aux services courants et passés, déduction faite des économies d'impôt s'y rapportant.

Les montants à verser réellement et le calendrier de ces cotisations en espèces futures seront très sensibles aux variations des taux d'actualisation applicables et des rendements des actifs des caisses de retraite. Ils pourraient aussi être touchés par des changements à venir dans les lois et règlements visant le financement des régimes de retraite et par la conclusion finale du règlement spécial sur l'allègement de la capitalisation du déficit auprès des autorités gouvernementales provinciales du Canada compétentes.

(ii) Régimes d'avantages postérieurs à l'emploi

La Société a aussi un certain nombre de régimes d'avantages postérieurs à l'emploi à l'intention de ses retraités.

Les cotisations projetées pour les régimes d'avantages postérieurs à l'emploi américains sont de 7 à 8 millions de dollars par année de 2010 à 2014 pour les services courants et passés. Ces niveaux de cotisation supposent une hausse annuelle de 7,2 % des frais de soins de santé et une augmentation de 2,9 % des taux de rémunération.

Les cotisations projetées pour les régimes d'avantages postérieurs à l'emploi canadiens représentent environ 8 à 9 millions de dollars par année de 2010 à 2014 pour les services courants et passés. Ces niveaux de cotisation supposent un taux tendanciel de 6,5 % des frais de soins de santé et une augmentation de 2,9 % des taux de rémunération.

Les montants à verser réellement et le calendrier de ces cotisations en espèces futures seront très sensibles notamment aux variations des taux d'actualisation applicables et aux hausses des taux de rémunération.

b) Fonds de roulement

(i) Le délai moyen de recouvrement des débiteurs varie selon la gamme de produits et la destination, s'établissant en moyenne à environ 55 à 60 jours. À l'échelle nationale, le papier journal, qui représente environ 45 % du total des ventes, affiche un délai moyen de recouvrement des débiteurs de 33 à 37 jours, tandis que les ventes à l'exportation présentent un délai plus long, de 120 à 130 jours. Le délai moyen de recouvrement des débiteurs des secteurs des papiers pour usages spéciaux et de la pâte est de 40 à 57 jours, alors que le bois d'œuvre a le cycle de ventes le plus court, de 12 à 15 jours. Les variations des comptes clients à la date de fin de la procédure reposent sur l'hypothèse que le programme de titrisation des débiteurs d'ACI se terminera à la date de fin de la procédure et qu'aucun autre débiteur n'est vendu par la suite par la voie du programme de titrisation.

(ii) Créditeurs : Le délai de paiement des fournisseurs est actuellement d'environ 13 jours. Ce délai devrait s'allonger graduellement jusqu'à environ 30 jours dans les mois suivant la fin de la procédure en vertu du chapitre 11 ou de la LACC, lorsque les débitrices commenceront à faire l'objet de modalités commerciales normales.

c) Dépenses en immobilisations

Les dépenses en immobilisations projetées se situent entre 110 et 125 millions de dollars par année. Le plan d'immobilisations projeté est fondé sur les prévisions de la Société quant à ses besoins de liquidités moyens au cours du cycle. Pour toutes les périodes, les dépenses en immobilisations comprennent les dépenses engagées aux fins du maintien du matériel, de l'accroissement de l'efficacité de l'exploitation et de l'observation des lois environnementales. Aucune dépense n'a été budgétée pour augmenter la capacité de production ou pour saisir des occasions de placement pouvant se présenter en réponse à un changement de dynamique du marché.

7. Sommaire du BAIIA et des flux de trésorerie disponibles sans endettement d'ACI et de D-Corp

BAIIA et flux de trésorerie disponibles sans endettement d'ACI (en millions $)	Trimestre se terminant le 31 décembre 2010	Projections pour les exercices se terminant les 31 décembre			
		2011E	2012E	2013E	2014E
Produits	527 $	2 353 $	2 369 $	2 419 $	2 415 $
BAIIA	44 $	353 $	355 $	424 $	436 $
Marge en %	*8,4 %*	*15,0 %*	*15,0 %*	*17,5 %*	*18,1 %*
Dépenses en immobilisations	(12)	(52)	(59)	(56)	(58)
Cotisations aux régimes de retraite et aux régimes d'avantages postérieurs à l'emploi	(6)	(32)	(34)	(39)	(38)
Variations du fonds de roulement	(219)	(58)	(1)	(1)	(6)
Dividendes en espèces versés à des actionnaires sans contrôle	0	0	0	(4)	(4)
Produit d'intérêts	0	2	5	11	17
Impôts	0	0	0	0	0
Autres éléments	(2)	27	(1)	(1)	(1)
Flux de trésorerie disponibles sans endettement	(194) $	239 $	265 $	335 $	347 $

BAIIA et flux de trésorerie disponibles sans endettement de D-Corp (en millions $)	Trimestre se terminant le 31 décembre 2010	Projections pour les exercices se terminant les 31 décembre			
		2011E	2012E	2013E	2014E
Produits	64 $	290 $	290 $	287 $	286 $
BAIIA	9 $	82 $	74 $	76 $	81 $
Marge en %	*14,1 %*	*28,3 %*	*25,4 %*	*26,6 %*	*28,3 %*
Dépenses en immobilisations	(1)	(4)	(5)	(6)	(7)
Cotisations aux régimes de retraite et aux régimes d'avantages postérieurs à l'emploi	6	(19)	(19)	(26)	(21)
Variations du fonds de roulement	267	(23)	(2)	0	(2)
Dividendes en espèces versés à des actionnaires sans contrôle	(5)	(23)	(22)	(19)	(17)
Produit d'intérêts	1	7	7	8	9
Impôts	0	0	0	0	0
Autres éléments	(0)	0	0	0	0
Flux de trésorerie disponibles sans endettement	277 $	21 $	34 $	33 $	43 $

8. Sommaire du BAIIA et des flux de trésorerie disponibles sans endettement de BI, BNS et BPFCI

BAIIA et flux de trésorerie disponibles sans endettement de BI *(en millions $)*	Trimestre se terminant le 31 décembre 2010	Projections pour les exercices se terminant les 31 décembre			
		2011E	2012E	2013E	2014E
Produits	346 $	1 491 $	1 514 $	1 473 $	1 495 $
BAIIA	51 $	290 $	287 $	233 $	245 $
Marge en %	*14,8 %*	*19,4 %*	*19,0 %*	*15,8 %*	*16,4 %*
Dépenses en immobilisations	(5)	(29)	(32)	(26)	(28)
Cotisations aux régimes de retraite et aux régimes d'avantages postérieurs à l'emploi	(9)	(3)	(2)	0	(1)
Variations du fonds de roulement	56	(31)	(12)	14	(7)
Dividendes en espèces versés à des actionnaires sans contrôle	0	(5)	(9)	(8)	(7)
Produit d'intérêts	0	4	7	11	14
Impôts	(21)	(71)	(66)	(42)	(49)
Autres éléments	(2)	(1)	(1)	(1)	(1)
Flux de trésorerie disponibles sans endettement	71 $	153 $	173 $	182 $	166 $

BAIIA et flux de trésorerie disponibles sans endettement de BNS *(en millions $)*	Trimestre se terminant le 31 décembre 2010	Projections pour les exercices se terminant les 31 décembre			
		2011E	2012E	2013E	2014E
Produits	114 $	456 $	487 $	446 $	465 $
BAIIA	12 $	69 $	98 $	51 $	62 $
Marge en %	*10,4 %*	*15,0 %*	*20,1 %*	*11,5 %*	*13,2 %*
Dépenses en immobilisations	(3)	(14)	(16)	(12)	(8)
Cotisations aux régimes de retraite et aux régimes d'avantages postérieurs à l'emploi	(0)	(3)	(3)	(3)	(3)
Variations du fonds de roulement	15	(2)	(8)	9	(5)
Dividendes en espèces versés à des actionnaires sans contrôle	0	0	0	0	0
Produit d'intérêts	0	1	1	2	3
Impôts	(9)	(18)	(26)	(9)	(13)
Autres éléments	0	0	0	0	0
Flux de trésorerie disponibles sans endettement	15 $	33 $	47 $	37 $	36 $

BAIIA et flux de trésorerie disponibles sans endettement de BPFCI *(en millions $)*	Trimestre se terminant le 31 décembre 2010	Projections pour les exercices se terminant les 31 décembre			
		2011E	2012E	2013E	2014E
Produits	174 $	751 $	820 $	791 $	813 $
BAIIA	15 $	73 $	145 $	123 $	147 $
Marge en %	*8,3 %*	*9,7 %*	*17,6 %*	*15,6 %*	*18,0 %*
Dépenses en immobilisations	(3)	(10)	(13)	(15)	(15)
Cotisations aux régimes de retraite et aux régimes d'avantages postérieurs à l'emploi	(2)	(11)	(12)	(13)	(13)
Variations du fonds de roulement	(5)	0	(8)	5	(5)
Dividendes en espèces versés à des actionnaires sans contrôle	0	0	0	0	0
Produit d'intérêts	0	1	1	2	3
Impôts	0	0	0	0	0
Autres éléments	(1)	0	0	0	0
Flux de trésorerie disponibles sans endettement	4 $	53 $	113 $	103 $	117 $

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
ABITIBIBOWATER INC., *et al.*,	)	Case No. 09-11296 (KJC) Jointly Administered
Debtors.	)	

DISCLOSURE STATEMENT FOR DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: August 2, 2010

EXHIBIT B

Projected Financial Information

The Company[1] prepared the Reorganized ABH Pro Forma Balance Sheet, Reorganized ABH Projected Balance Sheet, Reorganized ABH Projected Income Statement, Reorganized ABH Projected Cash Flow Statement and ACI, Donohue (for the purposes of this Exhibit, "D-Corp"), Bowater (for the purposes of this Exhibit, "BI"), Bowater Newsprint South Operations LLC (for the purposes of this Exhibit, "BNS") and BCFPI Projected Financials (collectively, the "Financial Projections") for the years 2010 through 2014 (the "Projection Period"). The Financial Projections are based on a number of assumptions made by management with respect to the future performance of the Company's operations. The Financial Projections and related assumptions in this Exhibit B are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although management has prepared the Financial Projections in good faith and believes the assumptions to be reasonable, it is important to note that the Company can provide no assurance that such Financial Projections and assumptions will be realized. As described in detail in the Disclosure Statement, a variety of risk factors could affect the Company's actual financial results and must be considered. You are encouraged to read these risk factors in their entirety. *See* Article VIII of the Disclosure Statement. The Financial Projections should be reviewed in conjunction with a review of these assumptions, including the accompanying qualifications and footnotes. Should actual results or conditions differ from such assumptions, the actual results and financial condition of the Company may differ materially from those presented in these Financial Projections. The Company did not prepare the Financial Projections with a view toward compliance with published guidelines of the Securities and Exchange Commission or guidelines established by the FASB, particularly for reorganization accounting.

All dollar amounts in the Financial Projections are U.S. dollars unless otherwise indicated and any reference to "GAAP" refers to the generally accepted accounting principles in the United States of America.

A. Accounting Policies

The Financial Projections have been prepared using accounting policies that are materially consistent with those applied in the Debtors' historical financial statements (GAAP consolidated basis). The Financial Projections do not reflect the formal implementation of reorganization accounting pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 852 Reorganizations ("FASB ASC 852"). In addition, for comparative presentation purposes, the operations and cash flows for 2010 combine the predecessor company (January 1, 2010 through the Effective Date / Implementation Date) and successor company (assumed Effective Date / Implementation Date through December 31, 2010) to allow for a full year presentation.

[1] Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan, as applicable.

B. General Assumptions

1. Methodology

The consolidated Financial Projections have been prepared by management and are based upon the Company's detailed operating forecast for 2010 – 2014. The Financial Projections reflect various strategic reviews and restructuring initiatives, including mill idling decisions, overhead rationalization and other initiatives implemented prior to the Effective Date and Implementation Date (as defined in the CCAA Plan).

2. Plan Consummation

The Financial Projections assume the Effective Date / Implementation Date will occur on October 1, 2010.

3. Macroeconomic and Industry Environment

The Financial Projections are based upon management's view of supply and demand dynamics in both North American and international markets as well as corresponding assumptions regarding pricing, operating rates and changes in the cost of material inputs for the key pulp and paper grades which the Company produces. Management's views are in part based upon the forecasts of RISI, a leading information provider for the global forest products industry and Wall Street equity research as appropriate.

4. Exchange Rate

The CAD / USD exchange rate is assumed to be $.99 for the balance of 2010, falling to $.98 in 2011, $.96 in 2012, $.93 in 2013 and $.91 in 2014. As of July 8, 2010, the CAD / USD exchange rate was $.96. For each $.01 change in the CAD / USD exchange rate, the Company's projected EBITDA changes by approximately $15-$20 million.

C. Projected September 30, 2010 Balance Sheet and Reorganized ABH Pro Forma Balance Sheet

The Projected September 30, 2010 Balance Sheet was developed using the Company's actual December 31, 2009 audited balance sheet adjusted to reflect management's projected operating results from December 31, 2009 through September 30, 2010. On the Effective Date / Implementation Date, actual results may differ due to a variety of risk factors as discussed in Article 8 of the Disclosure Statement. Pro forma adjustments consistent with consummation of the Plan and the CCAA Plan were then layered in to construct the Reorganized ABH Pro Forma Balance Sheet as of September 30, 2010. The Reorganized ABH Pro Forma Balance Sheet does not reflect, among other things, the formal implementation of reorganization accounting pursuant to FASB ASC 852. The estimated pro forma adjustments regarding the reorganized equity value of the

Company, its assets, or its liabilities pursuant to FASB ASC 852 will be based upon the fair value of the assets and liabilities as of the Effective Date / Implementation Date.

As described more fully below, the Reorganized ABH Balance Sheet reflects Reorganized ABH's pro forma capital structure resulting from consummation of the Plan and CCAA Plan. Specifically, and consistent with the Company's emergence funding requirements, the Reorganized ABH Balance Sheet assumes the Company will have pro forma funded indebtedness of approximately $1.5 billion consisting of (a) a Term Loan Exit Financing Facility of approximately $700 million as described more fully in Article VI.E of the Disclosure Statement, (b) $500 million of Rights Offering Notes issued pursuant to the Rights Offering, as described more fully in Article I.F and VI.E of the Disclosure Statement, and (c) other indebtedness of approximately $250 million relating primarily to existing indebtedness at certain of the Company's subsidiaries. In addition, the Company plans to have undrawn availability under an ABL Exit Financing Facility of approximately $500-$600 million as of the Effective Date / Implementation Date. The Company's pro forma capital structure may change depending upon market conditions with respect to the Company's capital raise efforts, operating performance and other sources of cash that may be available to the Company.

Reorganized ABH Pro Forma Balance Sheet						
In US$ millions unless otherwise noted	Projected September 30, 2010	Exit Financing (A)	Cash Settlement (B)	Non-Cash Settlement (C)	Accounting Adjustments (D)	Pro Forma September 30, 2010
ASSETS						
Current Assets						
Cash and cash equivalents	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Accounts receivable	[illegible]	-	-	-	-	[illegible]
Inventories, net	[illegible]	-	-	-	-	[illegible]
Other current assets	121	-	-	-	-	121
Total current assets	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Fixed assets, net	[illegible]	-	-	-	[illegible]	[illegible]
Goodwill	[illegible]	-	-	-	[illegible]	-
Intangible assets, net	211	-	-	-	[illegible]	-
Other noncurrent assets	[illegible]	26	-	-	[illegible]	[illegible]
Pension assets	[illegible]	-	-	-	-	[illegible]
Total assets	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
LIABILITIES						
Current liabilities not subject to compromise						
Accounts payable and accrued liabilities	[illegible]	-	-	-	-	[illegible]
Short-term bank debt	[illegible]	[illegible]	-	-	-	-
Debtor-in-possession financing	[illegible]	[illegible]	-	-	-	-
Liabilities associated with assets held for sale	[illegible]	-	-	-	-	[illegible]
Administrative Claims	[illegible]	-	[illegible]	-	-	-
Total current liabilities not subject to compromise	[illegible]	[illegible]	[illegible]	-	-	[illegible]
Debt not subject to compromise	[illegible]	[illegible]	-	-	-	[illegible]
Pension and OPEB	-	-	-	[illegible]	-	[illegible]
Other long-term liabilities	[illegible]	-	-	-	-	[illegible]
Exit Financing Proceeds	-	[illegible]	-	-	-	[illegible]
Liabilities Subject to Compromise (E)						
A/P Trade subject to compromise	[illegible]	-	-	[illegible]	-	-
Rejected Exec Contracts subject to comp	[illegible]	-	-	[illegible]	-	-
Pension and OPEB subject to compromise	[illegible]	-	-	[illegible]	-	-
Employee Claims and other LSTC	[illegible]	-	-	[illegible]	-	-
3rd party debt subject to compromise	[illegible]	-	-	[illegible]	-	-
Total LSTC	[illegible]	-	-	[illegible]	-	-
Total liabilities	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Shareholders' equity / (deficit)	[illegible]	-	-	[illegible]	[illegible]	[illegible]
Non-controlling interests	[illegible]	-	-	-	[illegible]	[illegible]
Total liabilities and shareholders' equity	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]

Notes to Reorganized ABH Pro Forma Balance Sheet

A Represents proceeds of the exit financing raised in connection with the Company's emergence from the Chapter 11 Cases and CCAA Proceedings and the associated repayment of secured debt claims, including the Bowater Secured Bank Claims, BCFPI Secured Bank Claims, DIP Facility Claims, ACCC Term Loan Secured Claims, 13.75% Senior Secured Notes, Securitization Claims and Other Secured Claims. Estimated transaction costs for the exit financing have been capitalized in other non-current assets and are amortized over the term of the financing. Any capitalized transaction costs associated with prepetition secured debt are assumed to be written off.

B Cash payments required pursuant to the Plan and the CCAA Plan, including payment of Administrative Claims which include professional fees and claims pursuant to section 503(b)(9) of the Bankruptcy Code.

C Reflects the cancellation or reinstatement of remaining liabilities subject to compromise pursuant to the Plan and the CCAA Plan.

D Represents illustrative adjustments to book value to reflect the pro forma Equity Value of the Company. The book value adjustments in connection with this Reorganized ABH Pro Forma Balance Sheet do not reflect the formal implementation of reorganization accounting pursuant to FASB ASC 852. The final adjustments will be based upon the fair value of the assets and liabilities as of the Effective Date / Implementation Date and could impact different balance sheet accounts or be materially different than the values assumed in the foregoing estimates.

E Claims levels are as reflected in the Plan and CCAA Plan, as applicable.

D. Reorganized ABH Projected Income Statement

[illegible]	3 Months Ended December 31, [illegible]	Projected Year Ending December 31 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
In US$ million unless otherwise noted						
Sales	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cost of sales, excluding depreciation, amortization and cost of timber harvested	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation, amortization, and cost of timber harvested	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Distribution costs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Selling and administrative expenses	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net gain on disposition of assets	-	[illegible]	-	-	-	-
Operating income / (loss)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest expense	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Partnership earnings (equity investments)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income before reorganization items, income taxes and noncontrolling interests	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reorganization items, net	[illegible]	[illegible]	-	-	-	-
Income before income taxes and noncontrolling interests	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income tax benefit / (expense)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net loss / (income) attributable to noncontrolling interests	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net (loss) income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

1. Sales

Consolidated sales include sales from the Debtors' primary operating segments: coated and specialty papers ("Commercial Printing Papers", or "CPP"), market pulp, newsprint and wood products. The Financial Projections assume CPP demand is projected to increase over the next several years from its current low base, driving price increases from a cyclical trough in 2009. Pulp markets are assumed to remain volatile, with pricing rebounding to peak levels in 2012, then declining thereafter with global economic activity. Domestic newsprint demand is forecast to continue its secular decline over the projected period, partially mitigated by projected increases in export market demand. Newsprint prices are projected to improve from trough levels in 2009 and level off by 2012. Forecasted improvements in lumber demand assume a material recovery from trough levels in 2009 to peak levels in 2012 driven by a recovery in long-term U.S. housing starts.

2. Cost of Sales

Cost of Sales, including distribution costs, is projected to be approximately 89% of sales in 2010 and improve to approximately 80% of sales by 2014, driven primarily by the forecasted improvement in market demand and pricing as well as savings from negotiated labor cost reductions.

3. Selling, General, & Administrative Expenses

Selling, General & Administrative ("SG&A") expenses are projected to decline to $132 million, or 2.4% of sales in 2014 from $168 million, or 3.5% of sales in 2009. SG&A has declined substantially since the Merger in 2007 ($332 million in 2008 and $198 million in 2009), and further SG&A reductions will result from anticipated reductions in headcount and a simplification of the Company's organizational structure, amongst other efficiency gains.

4. Net income (loss)

The net income (loss) is expected to improve from a loss in 2010 to positive net income beginning in 2011. Improvements will be driven by the capital restructuring, which will result in lower interest expense, as well as cost reductions and improving market demand and pricing. These improvements will be partially offset by increased commodity inflation and expenses.

5. Reorganization Items

The 2010 Reorganization Items consist of actual and estimated postpetition fees for professional advisors, bank fees directly attributable to the bankruptcy filing and related capital restructuring. This amount excludes any gains or losses associated with the extinguishment of debt and revaluation of assets and liabilities under fresh-start reporting.

6. Interest Expense

For 4Q10 through 2014, interest expense projections are based on the Company's estimated post-emergence capital structure assumed to be effective on October 1, 2010. Interest expense in 2010 prior to the Effective Date / Implementation Date is based on interest as disclosed in the Company's financial statements for the first fiscal quarter of 2010 and as estimated for the Predecessor Company debt in accordance with GAAP for the period from April 1 through the Effective Date.

7. Income Taxes

Income tax benefit / (expense) was calculated based on the projected applicable statutory tax rates in the countries in which the Company operates. For U.S. operations, the federal tax rate was assumed to be 35%. State taxes were deemed to not be material over the Projection Period. For Canadian operations, the federal tax rate was assumed to be 30% in 2010, stepping down to 28% in 2011 and 26% in each subsequent year of the Projection Period.

U.S. taxable income in each projected year is adjusted downwards for the use of available post-emergence tax attributes preserved by the Company's tax planning efforts. Post-emergence U.S. tax attributes such as net operating losses ("NOLs"), capital losses, tax credits, stock investments in subsidiaries and fixed assets take into account required attribute reduction due to discharge of indebtedness. Projected taxable income after accounting for available tax shields is estimated to be approximately $50-90 million per year over the projected period.

Canadian taxable income in each projected year is projected to be zero after accounting for usage of available post-emergence tax attributes. Post-emergence

Canadian tax attributes take into account required attribute reduction due to discharge of indebtedness under the CCAA Plan. Post-emergence attributes are primarily comprised of undepreciated capital cost ("UCC"), and to a lesser extent, NOLs and Scientific Research and Experimental Development expenses.

All tax-related projections conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company based upon consideration of tax attribute estimates provided by the Debtors and their tax advisors.

E. Reorganized ABH Projected Balance Sheets

The Reorganized ABH Projected Balance Sheets set forth the projected financial position of the Company, after giving effect to the Projected September 30, 2010 Balance Sheet, the proposed reorganization and related pro forma adjustments in Section 3. The Reorganized ABH Balance Sheets were developed based upon the projected results of operations and cash flows over the Projection Period.

Reorganized ABH Projected Balance Sheet

In US$ millions unless otherwise noted	Pro Forma September 30, 2010	Projected Year Ending December 31, 2010E	2011E	2012E	2013E	2014E
ASSETS						
Current Assets						
Cash and cash equivalents	$130	[illegible]	$418	$1,090	$1,578	[illegible]
Accounts receivable	894	873	903	1,004	989	1,013
Inventories, net	[illegible]	608	435	626	618	617
Other current assets	131	115	135	155	115	113
Total current assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fixed assets, net	[illegible]	$2,540	$2,420	$2,266	$2,096	$1,928
Unconsolidated investments	66	65	65	66	70	75
Other intangible assets	311	302	260	268	280	344
Pension assets	109	150	222	297	377	455
Total assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LIABILITIES						
Current liabilities not subject to compromise						
Accounts payable and other accrued liabilities	$297	$422	$428	$431	$431	$434
Liabilities associated with assets held for sale	35	35	35	35	35	35
Total current liabilities not subject to compromise	$332	$456	$463	$466	$466	$469
Debt	341	341	341	341	341	341
Pension and OPEB	391	391	391	391	391	391
Other long-term liabilities	55	55	55	55	55	55
Exit Financing Facilities	1,191	1,191	1,191	1,191	1,191	1,191
Total liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shareholders' equity / (deficit)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Non-controlling interests	$269	$266	$272	$275	$277	$280
Total liabilities and shareholders' equity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

F. Reorganized ABH Statement of Cash Flow

The Reorganized ABH Statement of Cash Flow sets forth the Company's forecasted changes in cash, after giving effect to the proposed reorganization.

[illegible]	3 Months Ended December 31, 2010E	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
In US$ millions unless otherwise noted					
OPERATING ACTIVITIES					
Net income / (loss)	(130)	$193	$307	$394	$441
Adjustments to reconcile to net cash provided by / (used in) operating activities					
Depreciation, amortization, and cost of timber harvested	46	232	270	265	292
Deferred income taxes	6	-	-	-	-
Net income / (loss) attributable to noncontrolling interests	3	34	33	31	11
Net pension contributions	8	(49)	(52)	(62)	(54)
Net OPEB contributions	(11)	(19)	(11)	(13)	(17)
Equity investments net income	0	(7)	(8)	(10)	(10)
Amortization of financing costs	4	16	18	15	13
Changes in working capital					
Accounts receivable	6	(148)	(34)	21	(29)
Inventories	(19)	(41)	1	2	1
Accounts payable	(34)	7	3	(4)	1
Net cash provided by / (used in) operating activities	$110	$439	$602	$656	$679
INVESTING ACTIVITIES					
Cash invested in fixed assets	(24)	(109)	(123)	(116)	(115)
Dispositions of assets	20	-	-	-	-
Other investing activities, net	(4)	37	(5)	(2)	(2)
Net cash provided by / (used in) investing activities	(39)	($42)	($126)	($117)	($117)
FINANCING ACTIVITIES					
Cash distributions attributable to non-controlling interests	(5)	(27)	(30)	(30)	(25)
Net cash provided by / (used in) financing activities	($4)	($21)	($30)	($30)	($28)
Net increase / (decrease) in cash and cash equivalents	$114	$371	$452	$506	$534
Cash and cash equivalents:					
Beginning of period	$230	$388	$618	$1,070	$1,576
End of period	$300	$438	$1,070	$1,576	$2,104

1. Pension and Other Postretirement Benefit ("OPEB") Contributions Pension

The Company has multiple contributory and non-contributory defined benefit pension plans covering substantially all of its employees. On an accounting basis, as of December 31, 2009 the qualified defined benefit retirement plans maintained by the Company had a funded status of approximately 93% (90% on a Pension Protection Act, or "PPA", basis) and were under-funded by approximately $424 million. This includes a deficit under Canadian defined benefit plans of approximately Cdn$ 1.4 billion as calculated on a solvency basis. The Plan and CCAA Plan confirmed by the Bankruptcy Court and Canadian Court, respectively, provide for the assumption of the qualified defined benefit retirement plans. The Financial Projections assume significant cash contributions will be made to these plans over the next several years following emergence from bankruptcy under applicable U.S. and Canadian laws. The Financial Projections also assume approval of special funding relief regulation with respect to the Company's Canadian defined benefit registered pension plans for prior service costs. All projected contributions referenced below are the amounts in excess of expense embedded in COGS and SG&A and appear in the Debtors' projected Reorganized Statement of Cash Flow.

The projected contributions stated hereafter were provided by the Company's pension advisors and conform to the cash flows used by Blackstone in its Enterprise Valuation of the Company. These contributions for United States qualified plans are estimated to be approximately $16-27 million per year from 2010-2014 reflecting payments for both current and past service. Projected contributions also appear net of associated tax savings.

In connection with the CCAA Proceedings, the Canadian Court approved certain restrictions on the required cash contributions for the Canadian pension plans such that only current service costs were funded. In the Financial Projections, suspended contributions for past service costs have been resumed at estimated levels currently being negotiated with the relevant government authorities. Projected contributions for Canadian qualified plans are estimated to be approximately $35-44 million per year reflecting payments for both current and past service, net of associated tax savings.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and returns on pension plan assets, and could also be impacted by future changes in the laws and regulations applicable to pension plan funding as well as the ultimate conclusion of the special funding relief regulation with the relevant Canadian Provincial government authorities.

2. **OPEB**

The Company also sponsors a number of OPEB plans for retirees. Projected contributions for U.S. OPEB plans are estimated to be $7-8 million per year from 2010-2014 for both current and past service. These contribution levels assume an annual health care cost increase of 7.2% and a rate of compensation increase of 2.9%.

Projected contributions for Canadian OPEB plans are estimated to be approximately $8-9 million per year from 2010-2014 for both current and past service. These contribution levels assume a health care cost trend rate of 6.5% and a rate of compensation increase of 2.9%.

The actual required amounts and timing of all such future cash contributions will be highly sensitive to changes in the applicable discount rates and rates of compensation increase, among other factors.

3. **Working Capital**

Accounts receivable days sales outstanding ("DSOs") vary based upon product line and destination, averaging approximately 55-60 DSOs. Domestic newsprint, which is approximately 45% of total sales have DSOs range from 33-37 days, while export sales are longer at 120-130 days. Specialty and Pulp DSOs range from 40-57 days while Lumber has the shortest sales cycle at 12-15 days. Changes in trade accounts receivable at emergence reflect the assumption that ACI's accounts receivable securitization program is terminated at emergence and receivables are no longer sold through the securitization program.

The current implied number of days for which trade accounts payable are outstanding is approximately 13 days. This is expected to rise gradually to approximately 30 days in the months after emergence from Chapter 11 / CCAA, as the Debtors begin to receive normalized trade terms.

4. Capital Expenditures

Capital expenditures are projected to range from $110 to $125 million per year. The projected capital plan is based on the Company's expectation for average capital requirements through the cycle. Capital expenditures for all periods include spending to maintain equipment, increase operating efficiency and comply with environmental laws. No spending has been budgeted for capacity increases or opportunistic investments that could be made in response to a change in market dynamics.

G. ACI and D-Corp Summary EBITDA and Unlevered Free Cash Flow

ACI - EBITDA and Unlevered Free Cash Flow ($ in millions)	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 527	$ 2,353	$ 2,369	$ 2,419	$ 2,415
EBITDA	$ 44	$ 353	$ 355	$ 424	$ 436
% Margin	*8.4%*	*15.0%*	*15.0%*	*17.5%*	*18.1%*
Capital Expenditures	(12)	(52)	(59)	(56)	(58)
Pension / OPEB Contributions	(6)	(32)	(34)	(39)	(38)
Change in Working Capital	(219)	(58)	(1)	(1)	(6)
Cash Dividends to Non-Controlling Interests	0	0	0	(4)	(4)
Interest Income	0	2	5	11	17
Taxes	0	0	0	0	0
Other Items	(2)	27	(1)	(1)	(1)
Unlevered Free Cash Flow	$ (194)	$ 239	$ 265	$ 335	$ 347

D-Corp - EBITDA and Unlevered Free Cash Flow ($ in millions)	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 64	$ 290	$ 290	$ 287	$ 286
EBITDA	$ 9	$ 82	$ 74	$ 76	$ 81
% Margin	*14.1%*	*28.3%*	*25.4%*	*26.6%*	*28.3%*
Capital Expenditures	(1)	(4)	(5)	(6)	(7)
Pension / OPEB Contributions	6	(19)	(19)	(26)	(21)
Change in Working Capital	267	(23)	(2)	0	(2)
Cash Dividends to Non-Controlling Interests	(5)	(23)	(22)	(19)	(17)
Interest Income	1	7	7	8	9
Taxes	0	0	0	0	0
Other Items	(0)	0	0	0	0
Unlevered Free Cash Flow	$ 277	$ 21	$ 34	$ 33	$ 43

H. BI, BNS and BCFPI Summary EBITDA and Unlevered Free Cash Flow

BI - EBITDA and Unlevered Free Cash Flow
($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 346	$ 1,491	$ 1,514	$ 1,473	$ 1,495
EBITDA	$ 51	$ 290	$ 287	$ 233	$ 245
% Margin	*14.8%*	*19.4%*	*19.0%*	*15.8%*	*16.4%*
Capital Expenditures	(5)	(29)	(32)	(26)	(28)
Pension / OPEB Contributions	(9)	(3)	(2)	0	(1)
Change in Working Capital	56	(31)	(12)	14	(7)
Cash Dividends to Non-Controlling Interests	0	(5)	(9)	(8)	(7)
Interest Income	0	4	7	11	14
Taxes	(21)	(71)	(66)	(42)	(49)
Other Items	(2)	(1)	(1)	(1)	(1)
Unlevered Free Cash Flow	$ 71	$ 153	$ 173	$ 182	$ 166

BNS - EBITDA and Unlevered Free Cash Flow
($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 114	$ 456	$ 487	$ 446	$ 465
EBITDA	$ 12	$ 69	$ 98	$ 51	$ 62
% Margin	*10.4%*	*15.0%*	*20.1%*	*11.5%*	*13.2%*
Capital Expenditures	(3)	(14)	(16)	(12)	(8)
Pension / OPEB Contributions	(0)	(3)	(3)	(3)	(3)
Change in Working Capital	15	(2)	(8)	9	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	(9)	(18)	(26)	(9)	(13)
Other Items	0	0	0	0	0
Unlevered Free Cash Flow	$ 15	$ 33	$ 47	$ 37	$ 36

BCFPI - EBITDA and Unlevered Free Cash Flow
($ in millions)

	3 Mos. Ended: Dec. 31, 2010	Projected Year Ending December 31, 2011E	2012E	2013E	2014E
Revenue	$ 174	$ 751	$ 820	$ 791	$ 813
EBITDA	$ 15	$ 73	$ 145	$ 123	$ 147
% Margin	*8.3%*	*9.7%*	*17.6%*	*15.6%*	*18.0%*
Capital Expenditures	(3)	(10)	(13)	(15)	(15)
Pension / OPEB Contributions	(2)	(11)	(12)	(13)	(13)
Change in Working Capital	(5)	0	(8)	5	(5)
Cash Dividends to Non-Controlling Interests	0	0	0	0	0
Interest Income	0	1	1	2	3
Taxes	0	0	0	0	0
Other Items	(1)	0	0	0	0
Unlevered Free Cash Flow	$ 4	$ 53	$ 113	$ 103	$ 117

APPENDIX "I"

SEPTEMBER 16, 2010 CORRESPONDENCE – ENGLISH

[UNOFFICIAL TRANSLATION]

September 16, 2010

Mr. David J. Paterson
President and Chief Executive Officer
AbitibiBowater Inc.
1155 Metcalfe St., Suite 800
Montreal, Quebec H3B 5H2

Re: Funding of certain AbitibiBowater pension plans

Dear Mr. Paterson,

Numerous discussions have taken place over the past few months between your company and the Régie des rentes du Québec (the Régie) with respect to the funding of certain AbitibiBowater pension plans.

During these discussions, AbitibiBowater undertook not to terminate its pension plans and to pay 100% of their pensions to retirees and beneficiaries. The Régie was sensitive to this commitment.

This led the Régie to develop a set of special measures designed to strike the best possible balance between the continuation of your company's business – the only avenue which would allow the large deficit in the pension plans to be repaid – and the protection of the rights of members and beneficiaries. The amortization payments provided for by these special measures take this concern into account.

Due to the exceptional nature of these measures and their possible impacts on members and beneficiaries, the Régie has incorporated follow-up mechanisms into the measures, both to avoid too serious a deterioration of the financial condition of the pension plans and to ensure that the funding relief is still needed as the company's financial situation evolves.

Given the issues involving the pension plans in the restructuring of AbitibiBowater and the importance of your company to Quebec's economy, I am prepared to recommend to the Cabinet the adoption of regulatory provisions which would give effect to the special measures, which are more fully described in the attached document entitled "*Overview of Measures for a Draft Regulation regarding Certain AbitibiBowater Pension Plans*".

I would also point out that the implementation of these measures is conditional upon Ontario taking equivalent measures for the pension plans under its jurisdiction. In this regard, based on discussions held between the Ontario Ministry of Finance and the Régie, it appears likely that such measures will be taken.

Lastly, if any of the conditions regarding these measures is not met, the government of Québec could of course put an end to their application. The same would apply if the commitments made in the *Agreement respecting pulp and paper operations in Quebec* between the Quebec government and Bowater Canadian Forest Products Inc. and Abitibi-Consolidated Company of Canada are not fulfilled.

Yours very truly,

(signed)

JULIE BOULET

Att.: *Overview of Measures for a Draft Regulation regarding Certain AbitibiBowater Pension Plans*

[UNOFFICIAL TRANSLATION]

Overview of Measures for a Draft Regulation regarding Certain AbitibiBowater Pension Plans

1. Affected obligations

The draft regulation sets out special funding measures regarding the obligations of certain pension plans of AbitibiBowater (hereinafter the "Company") in respect of service rendered prior to the earlier of the following dates:

- the effective date of new provisions of the Company's pension plans, registered by the *Régie des rentes du Québec* and covering service rendered from such date; and
- January 1, 2011.

2. Basic and additional contributions

The draft regulation provides for the remittance by the Company of a basic amortization contribution (i.e. special payment) in the amount of $50 M per year for 10 years, i.e. for the years 2011 to 2020.

For each of the years 2013 to 2020, if the solvency ratio of the pension plans falls below the target solvency ratio established for December 31 of the previous year, the basic amortization contribution will be supplemented by an annual **additional contribution** corresponding to 15% of the Company's free cash flow at such date, but not exceeding $15 M.

The **target solvency ratios**, for each year from 2011 to 2019 will be set by the actuarial valuation dated December 31, 2010 – or a subsequent date determined by the *Régie des rentes du Québec* should the Company's emergence from the Companies' Creditors Arrangement Act proceedings occur later than December 31, 2010. These targets will be established according to the same assumptions and methods as those used to determine, based on preliminary data provided by the Company, the provisional target solvency ratios appearing in Schedule A.

Free cash flow corresponds to earnings before depreciation, interest and taxes, less:

- Interest expense;
- Capital expenditures;
- Basic amortization contribution;

- Minority interest, net of tax[1].

3. Decrease in solvency ratio and supplementary amount

For the years prior to 2016, if the solvency ratio of the pension plans as of December 31 of the previous year falls below the target solvency ratio by more than 5 percent, the *Régie des rentes* will summon the parties to the plan to agree on corrective measures to be taken within a reasonable period of time.

For each year after 2015, if the solvency ratio of the pension plans as of December 31 of the previous year falls below the target solvency ratio by more than 2 percent, the amount of the shortfall must be determined.

- With respect to the first shortfall, the Company will remit a **supplementary contribution** equal to the amount of the shortfall or $25 M, whichever is less;
  - Such supplementary contribution will be paid in a lump sum within 30 days following the deadline for transmitting the actuarial valuation report to the *Régie des rentes*;
- With respect to each subsequent shortfall, the Company will pay a **supplementary contribution** corresponding to the amortization payment required to amortize the said shortfall over a maximum period of 3 years;
  - The amortization payments relating to such shortfall will be payable as long as the solvency ratio of the pension plans remains less than the target solvency ratio.

For a given year, the **amount of the shortfall** will correspond to the excess of the unfunded portion of benefits for such year over the sum of the basic amortization contribution and the additional contribution payable for such year.

The **unfunded portion of benefits** is made up of two components:
- The unfunded portion of the pensions paid;
- The unfunded portion of the balance of the value of the benefits.

The **unfunded portion of pensions paid** is determined by multiplying the amount of the pension payments for a given year by the difference between 100% and the solvency ratio of the pension plans at the beginning of the year. Such portion will be calculated for all the plans.

The **unfunded portion of the balance of the value of the benefits** corresponds to

[1] The MDEIE will be asked to verify whether this definition is appropriate.

the amounts the employer would normally remit pursuant to section 146 of the Supplemental Pension Plans Act (SPPA) to complete the settlement of the members' benefits. It also includes the sums owed by an employer due to its withdrawal from a multi-employer plan or the partial termination of a plan.

4. Improvements with respect to past service

In the event of an amendment to a pension plan which has the effect of improving benefits attributable to past service, a sum corresponding to the value of the additional solvency liability arising from the amendment must be paid into the pension fund immediately.

5. Disbursements

For each year prior to 2021, the pension committee may disburse from the assets a sum corresponding to the amount required to pay the unfunded portion of benefits in full.

With respect to the unfunded portion of the balance of the value of the benefits, such disbursement must be effected following the expiry of the period set forth in section 146 of the SPPA to complete the settlement of benefits.

6. Options of inactive members and beneficiaries

Inactive members and beneficiaries will be offered the following options:

a) For members entitled to a pension which is not yet in payment:
   i. Remain in the Company's pension plans and thus agree to the risk associated therewith;
   ii. Transfer part of the value of their benefits, determined according to the solvency ratio of the plan, to a retirement instrument authorized under the SPPA, with the balance of such value to be transferred upon the expiry of the time limit set forth in section 146 of the SPPA to complete the settlement of benefits;
b) For members and beneficiaries who are receiving a pension:
   i. Remain in the Company's pension plans and thus agree to the risk associated therewith;
   ii. Entrust the administration of their reduced pensions to the *Régie des rentes* according to the terms set forth in Chapter 1 of the Statutes of 2009 (i.e. Bill 1).

The Company shall send information relevant to the exercise of their option to inactive members and beneficiaries, after validation by the *Régie des rentes*. The Company shall also send the validated information to the pension committee.

7. Communications

With respect to the implementation of the regulation measures, the Company is responsible for relations with the members and beneficiaries who are receiving a pension. In particular, it shall answer their questions concerning the measures and provide them with adequate information.

Each year, the pension committee will inform the members and beneficiaries concerning the status of the plan and the measures which have been taken, after the information is validated by the *Régie des rentes*.

For each year from 2011 to 2020, the Company shall submit its audited financial statements to the *Régie des rentes* as soon as possible. For the years subsequent to 2015, if it believes that the Company's financial situation so warrants, the *Régie des rentes* may summon the parties to the plan to determine what measures and mechanisms could be considered in order to increase the target solvency ratios more quickly.

8. Affected pension plans

The pension plans governed by the regulation are those under the jurisdiction of the *Régie des rentes* listed in Schedule B.

However, as soon as a plan's solvency assets exceed its solvency liabilities, the plan will cease to be covered by the regulation, and the SPPA's normal rules will apply with respect to its funding.

The solvency ratio of the pension plans corresponds to the average solvency ratio (sum of total assets / sum of total liabilities) of all the pension plans listed in Schedule B.

9. Bankruptcy

In the event the Company goes bankrupt before January 1, 2012, the members and beneficiaries who are receiving a pension as well as the members and beneficiaries who would have been entitled to begin receiving a pension if they had applied therefor may, pursuant to Chapter 1 of the Statutes of 2009, choose to entrust the administration of their assets to the *Régie des rentes*. The compensation offered to offset the effect of the relief measures, set forth in the third paragraph of section

230.0.0.9 of the SPPA, will not apply, however, and no new guarantee will be provided for such members and beneficiaries.

10. Expiry of regulation

As from December 31, 2020, the SPPA's usual rules will begin to apply again, in particular regarding funding of the solvency deficit of each pension plan, consolidated as of such date.

SCHEDULE A

ILLUSTRATION OF BASIC AMORTIZATION AND ADDITIONAL CONTRIBUTIONS

(section 2)

Year	Basic amortization contribution (million $)	Additional contribution
2011	50	
2012	50	
2013	50	If solvency < 75% as at 31/12/2012: 15% of free cash flow (2012), up to $15 M
2014	50	If solvency < 76% as at 31/12/2013: 15% of free cash flow (2013), up to $15 M
2015	50	If solvency < 76% as at 31/12/2014: 15% of free cash flow (2014), up to $15 M
2016	50	If solvency < 77% as at 31/12/2015: 15% of free cash flow (2015), up to $15 M
2017	50	If solvency < 78% as at 31/12/2016: 15% of free cash flow (2016), up to $15 M
2018	50	If solvency < 80% as at 31/12/2017: 15% of free cash flow (2017), up to $15 M
2019	50	If solvency < 83% as at 31/12/2018: 15% of free cash flow (2018), up to $15 M
2020	50	If solvency < 85% as at 31/12/2019: 15% of free cash flow (2019), up to $15 M

SCHEDULE B
AFFECTED PENSION PLANS
(section 8)

Plan No.	Plan Name	Supervisory Authority
24239	Régime de retraite applicable aux employés syndiqués de la Compagnie Abitibi-Consolidated du Canada	QC
202440	Pension Plan for Ontario Hourly Employees of Abitibi-Consolidated Company of Canada	ON
101793	Régime de retraite applicable aux employés non-syndiqués de Abitibi-Consolidated inc.	QC
30064	Pension Plan for Executive Employees of Abitibi-Consolidated Inc.	QC
22112	Régime complémentaire de retraite des employés syndiqués de la Compagnie Abitibi-Consolidated du Canada - Division Pâtes et papier - Secteur Clermont	QC
27066	Régime complémentaire de retraite des employés syndiqués de la Compagnie Abitibi-Consolidated du Canada - Divisions Pâtes et papier - Secteur Amos	QC
294496	Supplementary Pension Plan for Unionized Employees of Abitibi-Consolidated Company of Canada – Pulp & Paper Divisions – Thorold Sector	ON
22322	Régime complémentaire de retraite des employés syndiqués de la Compagnie Abitibi-Consolidated du Canada - Division Pâtes et papier - Secteur Baie-Comeau	QC
30670	Régime de retraite des employés (1988) de Bowater Produits forestiers du Canada inc./Employees Retirement Plan (1988) of Bowater Canadian Forest Products Inc.	QC
5839	Régime de retraite des employés (1946) de Bowater Produits forestiers du Canada inc. / 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	Régime de retraite des salariés non syndiqués (1995) de Bowater Produits forestiers du Canada inc.	QC
31384	Régime de retraite des salariés syndiqués (1994) de Bowater Produits forestiers du Canada inc.	QC

APPENDIX "J"

SEPTEMBER 16, 2010 CORRESPONDENCE – FRENCH

Québec

Gouvernement du Québec
La ministre de l'Emploi et de la Solidarité sociale
et ministre responsable de la région de la Mauricie

Québec, le 16 septembre 2010

Monsieur David J. Paterson
Président et chef de la direction
AbitibiBowater Inc.
1155, rue Metcalfe, bureau 800
Montréal (Québec) H3B 5H2

Objet : Financement de certains régimes de retraite d'AbitibiBowater

Monsieur le Président et Chef de la direction,

Au cours des derniers mois, de nombreux échanges ont eu lieu entre votre entreprise et la Régie des rentes du Québec (la Régie) en ce qui a trait au financement de certains des régimes de retraite d'AbitibiBowater.

Dans le cadre de ces échanges, AbitibiBowater s'est engagée à ne pas terminer ses régimes de retraite et à verser 100 % de leurs rentes aux retraités et bénéficiaires. La Régie s'est montrée sensible à cet engagement.

Cela a amené la Régie à définir un ensemble de mesures particulières qui cherchent à établir le meilleur équilibre possible entre la poursuite des activités de votre entreprise, seule avenue pouvant permettre le remboursement de l'important déficit des régimes de retraite, et la protection des droits des participants et bénéficiaires. Les cotisations d'équilibre prévues par ces mesures particulières tiennent compte de cette orientation.

En raison de la nature exceptionnelle de ces mesures et leurs impacts possibles sur les participants et les bénéficiaires, la Régie a intégré à celles-ci des mécanismes de suivi, à la fois pour éviter une dégradation trop importante de la situation financière des régimes de retraite et pour assurer que les allègements concernant leur financement demeurent nécessaires compte tenu de l'évolution de la situation financière de l'entreprise.

...2

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Consciente des enjeux que présentent les régimes de retraite dans la restructuration d'AbitibiBowater et de l'importance de votre entreprise dans l'économie québécoise, je suis prête à recommander au Conseil des ministres l'adoption de dispositions réglementaires qui concrétiseraient les mesures particulières, davantage décrites dans le document ci-joint, intitulé « *Aperçu des mesures d'un projet de règlement concernant certains régimes de retraite d'AbitibiBowater* ».

En outre, je tiens à souligner que la mise en place de ces mesures est conditionnelle à la prise par l'Ontario de mesures équivalentes pour les régimes de retraite sous sa surveillance. À cet effet, sur la base des échanges entre le ministère des Finances de l'Ontario et la Régie, tout indique que de telles mesures seront prises.

Enfin, dans le cas où une des conditions prévues par ces mesures n'était pas respectée, le gouvernement du Québec pourrait bien sûr mettre fin à leur application. Il en serait de même si les engagements pris dans l'*Entente concernant les exploitations de pâtes et papiers au Québec* conclue entre le gouvernement du Québec et les entreprises Bowater produits forestiers du Canada inc. et Compagnie Abitibi-Consolidated du Canada n'étaient pas tenus.

Veuillez accepter, Monsieur le Président et chef de direction, mes salutations les plus sincères.

Julie Boulet

JULIE BOULET

p.j.: *Aperçu des mesures d'un projet de règlement concernant certains régimes de retraite d'AbitibiBowater*

Aperçu des mesures d'un projet de règlement concernant certains régimes de retraite d'AbitibiBowater

1. Engagements visés

Le projet de règlement définit des mesures particulières de financement à l'égard des engagements de certains régimes de retraite d'AbitibiBowater (ci-après « l'entreprise »), relatifs aux services effectués avant la première des dates suivantes :

- la date de prise d'effet de nouvelles dispositions de régimes de retraite de l'entreprise, enregistrées par la Régie des rentes du Québec et couvrant les services effectués à compter de cette date;
- le 1er janvier 2011.

2. Cotisation de base et additionnelle

Le projet de règlement prévoit le versement par l'entreprise d'une cotisation d'équilibre de base au montant de 50 M$ par année pendant 10 ans, soit pour les années 2011 à 2020.

Pour chacune des années 2013 à 2020, si le degré de solvabilité des régimes de retraite devient inférieur au degré de solvabilité cible établi pour le 31 décembre de l'année précédente, la cotisation d'équilibre de base est complétée par une **cotisation additionnelle** annuelle. Celle-ci correspond à 15 % du flux de trésorerie disponible de l'entreprise à cette date, mais ne peut excéder 15 M$.

Les **degrés de solvabilité cibles**, pour chacune des années 2011 à 2019, seront fixés par l'évaluation actuarielle du 31 décembre 2010 – ou d'une date ultérieure déterminée par la Régie des rentes du Québec dans le cas où l'émergence de l'entreprise de la Loi sur les arrangements avec les créanciers des compagnies serait postérieure au 31 décembre 2010. Ils seront établis selon les mêmes hypothèses et méthodes que celles utilisées pour établir, sur la base de données préliminaires fournies par l'entreprise, les degrés de solvabilité cibles provisoires apparaissant à l'annexe A.

Le **flux de trésorerie disponible** correspond au montant des bénéfices avant amortissement, intérêts et impôts duquel sont soustraits les montants relatifs aux éléments suivants :

- Charges d'intérêt;
- Dépenses en immobilisation;

- Cotisation d'équilibre de base;
- Part des actionnaires sans contrôle, déduction faite des impôts[1].

3. Diminution du degré de solvabilité et somme supplémentaire

Pour les années antérieures à 2016, si le degré de solvabilité des régimes de retraite en date du 31 décembre de l'année précédente devient inférieur au degré de solvabilité cible par plus de 5 points de pourcentage, la Régie des rentes convoque les parties au régime qui doivent convenir des mesures correctrices à apporter dans un délai raisonnable.

Pour chacune des années postérieures à 2015, si le degré de solvabilité des régimes de retraite en date du 31 décembre de l'année précédente devient inférieur au degré de solvabilité cible par plus de 2 points de pourcentage, le montant de l'insuffisance doit être établi.

- Quant à la première insuffisance, l'entreprise doit verser une **somme supplémentaire** égale au moindre du montant de l'insuffisance et de 25 M$;
  - Cette somme supplémentaire doit faire l'objet d'un versement unique, dans les 30 jours suivant la date limite pour transmettre à la Régie des rentes le rapport relatif à l'évaluation actuarielle;
- Quant à chaque insuffisance subséquente, l'entreprise doit verser une **somme supplémentaire** correspondant à la cotisation d'équilibre requise pour amortir cette insuffisance sur une période maximale de 3 ans;
  - Les cotisations d'équilibre relatives à cette insuffisance sont exigibles tant que le degré de solvabilité des régimes de retraite demeure inférieur au degré de solvabilité cible.

Le **montant de l'insuffisance** correspond, pour une année, à l'excédent de la part non financée des droits pour cette année sur le total de la cotisation d'équilibre de base et de la cotisation additionnelle payables pour cette année.

La **part non financée des droits** est constituée de deux composantes :
- La part non financée des rentes versées;
- La part non financée du solde de la valeur des droits.

La **part non financée des rentes versées** est obtenue en multipliant le montant des rentes en paiement pour une année par la différence entre 100 % et le degré de

[1] Des vérifications seront effectuées auprès du MDEIE quant au caractère approprié ou non de cette définition.

solvabilité des régimes de retraite au début de l'année. Cette part est calculée pour l'ensemble des régimes.

La **part non financée du solde de la valeur des droits** correspond aux sommes habituellement capitalisables et payables par l'employeur en application de l'article 146 de la Loi sur les régimes complémentaires de retraite (Loi RCR) pour compléter l'acquittement des droits des participants. Elle comprend également les sommes dues par un employeur en raison de son retrait d'un régime interentreprises ou de la terminaison partielle d'un régime.

4. Améliorations à l'égard du service passé

En cas de modification d'un régime de retraite ayant pour effet d'améliorer les prestations attribuables à des services passés, une somme correspondant à la valeur, selon l'approche de solvabilité, des engagements supplémentaires résultant de la modification doit être immédiatement versée à la caisse de retraite.

5. Prélèvements

Pour chacune des années antérieures à 2021, il peut être prélevé par le comité de retraite sur l'actif une somme correspondant au montant requis pour payer intégralement la part non financée des droits.

En ce qui a trait à la part non financée du solde de la valeur des droits, ce prélèvement doit être effectué à l'expiration du délai prévu à l'article 146 de la Loi RCR pour compléter l'acquittement des droits.

6. Options des participants non actifs et des bénéficiaires

Les participants non actifs et les bénéficiaires se verront offrir les options suivantes :

a) Pour les participants ayant droit à une rente qui n'est pas en service :
   i. Demeurer dans les régimes de retraite de l'entreprise et ainsi consentir au risque qui leur est associé;
   ii. Transférer une partie de la valeur de leurs droits, établie selon le degré de solvabilité du régime, dans un instrument de retraite autorisé par la Loi RCR, le solde de cette valeur étant transféré à l'expiration du délai prévu à l'article 146 de la Loi RCR pour compléter l'acquittement des droits;

b) Pour les participants et les bénéficiaires qui reçoivent une rente :
   i. Demeurer dans les régimes de retraite de l'entreprise et ainsi consentir au risque qui leur est associé;
   ii. Confier l'administration de leurs rentes, réduites, à la Régie des rentes suivant les modalités du chapitre 1 des lois de 2009 (la Loi n° 1).

L'information pertinente à l'exercice de leur option devra être transmise par l'entreprise aux participants non actifs et aux bénéficiaires, après validation par la Régie des rentes. L'entreprise transmettra également l'information validée au comité de retraite.

7. Communications

En ce qui a trait à la mise en œuvre des mesures du règlement, l'entreprise est responsable des relations avec les participants et bénéficiaires qui reçoivent une rente. Elle est notamment tenue de répondre aux questions soulevées par ceux-ci sur ces mesures et de leur communiquer une information adéquate.

Chaque année, le comité de retraite informe les participants et les bénéficiaires de l'état de la situation du régime et des mesures qui ont été prises. L'information est au préalable validée par la Régie des rentes.

Pour chacune des années 2011 à 2020, l'entreprise présente sans délai ses états financiers vérifiés à la Régie des rentes. Pour les années postérieures à 2015, dans le cas où elle considère que la situation financière de l'entreprise le justifie, la Régie des rentes convoque les parties au régime pour évaluer les mesures et les mécanismes pouvant être considérés en vue d'augmenter plus rapidement les degrés de solvabilité cibles.

8. Régimes de retraite visés

Les régimes de retraite visés par le règlement sont ceux sous la surveillance de la Régie des rentes du Québec énumérés à l'annexe B.

Toutefois, dès que l'actif d'un régime devient supérieur à son passif selon l'approche de solvabilité, ce régime cesse d'être visé par le règlement et les règles habituelles de la Loi RCR s'appliquent pour son financement.

Le degré de solvabilité des régimes de retraite correspond au degré de solvabilité moyen (somme de l'actif total / somme du passif total) de l'ensemble des régimes de retraite énumérés à l'annexe B.

9. Faillite de l'entreprise

En cas de faillite de l'entreprise avant le 1er janvier 2012, les participants et bénéficiaires qui reçoivent une rente de même que les participants et bénéficiaires qui auraient eu droit au service d'une rente s'ils en avaient fait la demande pourront, en application du chapitre 1 des lois de 2009, faire le choix de confier l'administration de leurs actifs à la Régie des rentes. La compensation offerte pour neutraliser l'effet des mesures d'allègement, prévue au troisième alinéa de l'article

230.0.0.9 de la Loi RCR, ne sera toutefois pas applicable et aucune nouvelle garantie ne sera prévue pour ces participants et bénéficiaires.

10. Fin de l'application du règlement

À compter du 31 décembre 2020, les règles habituelles de la Loi RCR recommencent à s'appliquer, notamment pour le financement du déficit de solvabilité de chaque régime de retraite, consolidé à cette date.

ANNEXE A

ILLUSTRATION DES COTISATIONS D'ÉQUILIBRE DE BASE ET ADDITIONNELLES

(article 2)

Année	Cotisation d'équilibre de base (million $)	Cotisation additionnelle
2011	50	
2012	50	
2013	50	Si solvabilité < 75 % au 31/12/2012 : 15 % du flux de trésorerie disponible (2012), sans excéder 15 M$
2014	50	Si solvabilité < 76 % au 31/12/2013 : 15 % du flux de trésorerie disponible (2013), sans excéder 15 M$
2015	50	Si solvabilité < 76 % au 31/12/2014 : 15 % du flux de trésorerie disponible (2014), sans excéder 15 M$
2016	50	Si solvabilité < 77 % au 31/12/2015 : 15 % du flux de trésorerie disponible (2015), sans excéder 15 M$
2017	50	Si solvabilité < 78 % au 31/12/2016 : 15 % du flux de trésorerie disponible (2016), sans excéder 15 M$
2018	50	Si solvabilité < 80 % au 31/12/2017 : 15 % du flux de trésorerie disponible (2017), sans excéder 15 M$
2019	50	Si solvabilité < 83 % au 31/12/2018 : 15 % du flux de trésorerie disponible (2018), sans excéder 15 M$
2020	50	Si solvabilité < 85 % au 31/12/2019 : 15 % du flux de trésorerie disponible (2019), sans excéder 15 M$

ANNEXE B
RÉGIMES DE RETRAITE VISÉS
(article 8)

Numéro du régime	Nom du régime	Autorité responsable de la surveillance
24239	Régime de retraite applicable aux employés syndiqués de la Compagnie Abitibi-Consolidated du Canada	QC
202440	Pension Plan for Ontario Hourly Employees of Abitibi-Consolidated Company of Canada	ON
101793	Régime de retraite applicable aux employés non-syndiqués de Abitibi-Consolidated inc.	QC
30064	Pension Plan for Executive Employees of Abitibi-Consolidated Inc.	QC
22112	Régime complémentaire de retraite des employés syndiqués de la Compagnie Abitibi-Consolidated du Canada - Division Pâtes et papier - Secteur Clermont	QC
27066	Régime complémentaire de retraite des employés syndiqués de la Compagnie Abitibi-Consolidated du Canada - Divisions Pâtes et papier - Secteur Amos	QC
294496	Supplementary Pension Plan for Unionized Employees of Abitibi-Consolidated Company of Canada – Pulp & Paper Divisions – Thorold Sector	ON
22322	Régime complémentaire de retraite des employés syndiqués de la Compagnie Abitibi-Consolidated du Canada - Division Pâtes et papier - Secteur Baie-Comeau	QC
30670	Régime de retraite des employés (1988) de Bowater Produits forestiers du Canada inc./Employees Retirement Plan (1988) of Bowater Canadian Forest Products Inc.	QC
5839	Régime de retraite des employés (1946) de Bowater Produits forestiers du Canada inc. / 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	Régime de retraite des salariés non syndiqués (1995) de Bowater Produits forestiers du Canada inc.	QC
31384	Régime de retraite des salariés syndiqués (1994) de Bowater Produits forestiers du Canada inc.	QC

APPENDIX "K"

SEPTEMBER 13, 2010 CORRESPONDENCE – ENGLISH AND FRENCH

Gouvernement du Québec
Le ministre du Développement économique, de l'Innovation et de l'Exportation
Député de Marguerite-Bourgeoys

Québec, le 13 septembre 2010

Monsieur Richard B. Evans
Président du conseil d'administration
AbitibiBowater inc.
1155, rue Metcalfe
Montréal (Québec) H3B 5H2

Monsieur,

Selon les renseignements que nous avons, vous procéderez aujourd'hui à la présentation de l'Entente concernant les exploitations de pâtes et papiers d'AbitibiBowater Canada au Québec, convenue avec le gouvernement du Québec et la Régie des rentes du Québec. Les créanciers auront également à se prononcer dès demain sur votre plan de restructuration.

Le gouvernement du Québec a déployé beaucoup d'efforts en vue de conclure cette entente avec AbitibiBowater. Celle-ci permettra, si votre plan de restructuration est accepté par les créanciers et les tribunaux, de favoriser l'affranchissement de votre entreprise des mécanismes prévus à la Loi sur les arrangements avec les créanciers du Canada et au chapitre 11 de la loi américaine sur les faillites. Cela assurera la poursuite des activités des usines toujours actives au Québec, ainsi que la protection des retraites de milliers de travailleurs québécois.

Nous comprenons également, et nous en sommes très heureux, que cette entente reçoit un accueil majoritairement favorable de la part des principaux intéressés par celle-ci : les milliers de travailleurs et les retraités d'AbitibiBowater.

Québec
710, place D'Youville, 6^e étage
Québec (Québec) G1R 4Y4
Téléphone : 418 691-5650

Montréal
380, rue Saint-Antoine, 5^e étage
Montréal (Québec) H2Y 3X7
Téléphone : 514 499-2552

Néanmoins, je tenais par la présente, à vous réitérer le désaccord du gouvernement du Québec avec les dispositions concernant les « primes de restructuration », prévues dans le Plan de rémunération et d'affaires proposé par la Société et soumis aux créanciers canadiens et américains le 2 août dernier, et sur lequel le gouvernement du Québec n'a pas eu à se prononcer.

En vertu de ce plan, aucune prime de restructuration ne peut être versée tant que la protection des créanciers s'appliquera et sans l'autorisation du tout nouveau conseil d'administration qui sera constitué lorsque l'entreprise s'en affranchira.

Par conséquent, je vous informe que le gouvernement du Québec souhaite que cette disposition soit revue par le nouveau conseil d'administration et qu'il en fera un suivi serré dans le cadre de la reddition de compte annuelle qu'AbitibiBowater s'est engagée à effectuer auprès du gouvernement du Québec en vertu de l'entente que nous venons de conclure. Je vous prie d'informer les créanciers de cette intention du gouvernement du Québec.

Je vous prie d'agréer, Monsieur, l'expression de nos sentiments les meilleurs.

Le ministre,

Clément Gignac

[TRANSLATION FROM THE FRENCH LANGUAGE ORIGINAL]

Québec, September 13, 2010

Mr. Richard B. Evans
Chairman of the Board of Directors
AbitibiBowater Inc.
1155 Metcalfe Street
Montréal, Québec
H3B 5H2

Sir,

According to our information, today you will disclose the Agreement concerning the Quebec pulp and paper operations of AbitibiBowater Canada, entered into with the Quebec government and the *Régie des rentes du Québec* (Quebec Pension Board). The creditors will also vote tomorrow on your restructuring plan.

The Quebec government has put a great deal of effort in order to conclude this agreement with AbitibiBowater. If approved by the creditors and the Courts, it will help permit the Company to emerge from the mechanisms provided for under of the Companies' Creditors Arrangement Act in Canada and Chapter 11 of the U.S. Bankruptcy Code. This will ensure the continued operations in the mills still active in Quebec and safeguard the pensions of thousands of Quebec workers.

We also understand, and are very pleased, that this agreement is well-received by the majority of the people most concerned, namely the thousands of AbitibiBowater workers and retirees.

Nevertheless, I wish to reiterate hereby that the Quebec government disagrees with the "restructuring bonuses" provided in the Compensation and Business Plan proposed by the Company and submitted to Canadian and U.S. creditors on August 2nd, and which the Quebec government was not called upon to approve.

According to this plan, no restructuring bonuses will be paid as long as creditor protection is in effect and until authorized by the new board of directors that will be constituted once the protection no longer applies.

Consequently, you are hereby informed that the Quebec government wishes the new board of directors to review this provision, and that it will monitor it closely as part of the annual reporting that AbitibiBowater has agreed to maintain with the Quebec government under the agreement that we have just signed.

Please inform the creditors of the Quebec government's intention.

Yours truly,

(s) Clément Gignac
Minister, Economic Development, Innovation and Export Trade

1155, rue Metcalfe, bureau 800
Montreal (Quebec) H3B 5H2 Canada
Tel. 514 875-2160 abitibibowater.com

Le lundi 13 septembre 2010

Monsieur Clément Gignac
Ministre du Développement Économique, de l'Innovation et de l'Exportation
710, place D'Youville, 6e étage
Québec (Québec) G1R 4Y4

Monsieur le ministre,

Tout d'abord, j'aimerais vous remercier de l'appui que votre ministère à démontrer au cours de la restructuration de notre Société. Le succès de cette opération aura des répercussions directes sur le maintien de la vitalité économique de plusieurs régions de la province. Nous poursuivons nos efforts afin qu'AbitibiBowater renforce sa contribution à l'économie du Québec.

Au nom du conseil d'administration, j'accuse réception de votre lettre datée du 13 septembre. Je vous assure que votre souhait de revoir la disposition en question sera partagé avec diligence auprès des nouveaux membres du conseil d'administration lors de sa première séance officielle.

Le nouveau conseil d'administration compte maintenir une excellente relation avec le gouvernement du Québec et la Société respectera les mécanismes de reddition de compte annuelle prévus dans l'entente que nous venons de conclure. Je tiens à vous souligner par ailleurs, que le nouveau conseil d'administration entrera en fonction après que la Société ait complétée sa restructuration avec succès.

Je vous prie d'agréer, Monsieur le ministre, mes salutations les meilleures.

Richard B. Evans
Président du conseil d'administration
AbitibiBowater Inc.

[TRANSLATION FROM FRENCH LANGUAGE]

[abitibi bowater letterhead]

Monday, September 13, 2010

Mr. Clément Gignac
Minister of Economic Development, Innovation and Export Trade
710 place D'Youville, 6^e étage
Québec QC G1R 4Y4

Dear Minister,

First of all, I would like to thank you for the support shown by your Ministry during the restructuring of our Company. The success of this transaction will directly contribute to maintaining the economic vitality of many regions of the province. We are continuing our efforts to ensure AbitibiBowater increases its contribution to the Québec economy.

On behalf of the Board, I acknowledge receipt of your letter of September 13. I assure you that your desire to review the clause in question will be earnestly shared with the new members of the Board at its first formal meeting.

The new Board is committed to maintaining an excellent relationship with the government of Québec and the Company will comply with the annual accounting procedure provided for in the agreement we have just entered into. I would also like to underline that the new Board will take office after successful completion of the Company's restructuring.

Yours truly,

Richard B. Evans
President of the Board
AbitibiBowater Inc.