



7071 Bayers Road, Suite 3007
Halifax, Nova Scotia B3L 2C2

December 10, 2012

Dear Plan Member/Former Member:

- **Pension Plan for Non-Salaried or Union Employees of Bowater Mersey Paper Company Limited (Registration #0241752)**
- **Pension Plan for Salaried Employees of Bowater Mersey Paper Company Limited (Registration #0241760)**

As announced, the Province of Nova Scotia has purchased the shares of Bowater Mersey Paper Company Limited. The new Board of Directors of the Company has appointed the Halifax office of Morneau Shepell as the third-party pension plan administrator, effective immediately. We are writing to introduce ourselves, discuss the future of the Bowater pension plans, advise you of upcoming member information meetings, and provide you with our contact information.

About Morneau Shepell

Morneau Shepell is the largest Canadian-owned employee benefits and actuarial consulting firm. We are a leading Canadian provider of pension and benefits services. We have broad and in-depth experience across Canada working with pension plan sponsors and members. We are committed to providing open and ongoing communication to all pension plan members and look forward to communicating and meeting with you in the near future.

As the administrator of the pension plans, Morneau Shepell will help ensure that the pension plans are administered in accordance with the plan documents and legislative requirements. As part of taking over administrator responsibilities, we will also conduct an independent review of the historical administration, funding, and interpretation of the pension plans.

Future of the Pension Plans

Given the stated intention of the Province to conduct an orderly sale of the assets of the Company, it is expected that the pension plans will be wound-up in the near future. **Based on the most recent estimate of Bowater's balance sheet at November 30, 2012, the assets of the Company are sufficient to cover all of the obligations of the Company including the shortfall in the pension plan. As such, the pension plans will be fully funded on wind-up.**

Please note that all assets of the pension plans are held in trust by CIBC Mellon for the exclusive benefits of members and former members of the pension plans. The pension funds are NOT available to satisfy any of Bowater Mersey's other obligations.

If you are currently receiving a monthly pension from the pension plans, please be assured that monthly payments will continue to be made.

If you are eligible to retire (age 55) and wish to start your pension, you should contact Morneau Shepell (our contact information is provided at the end of this letter) to request your pension entitlement package.

Upcoming Member Meetings

We encourage members to attend meetings on December 19th in Bridgewater and December 20th in Liverpool for more information on the following matters:

- Estimated Current Financial Position
- Future of the Pension Plans and Potential Wind-Up Date
- Wind-Up Process
- What to Expect in the Near Future

We would also be pleased to answer any other questions you may have at these meetings.

In order to ensure that we can communicate effectively with members, we are attempting to manage the number of members at each meeting by splitting some of the meetings by plan and status (e.g., active and retired status). We ask that you attend the meeting scheduled for your group unless it conflicts with your schedule, in which case, you may attend one of the other scheduled meetings for your plan. The material covered at each meeting will consist of the same general information and pension plan specific financial information.

Member Meetings

Date and Meeting Times	Suggested Groups	Location (Seating)
Wed, Dec 19 th 3:00-5:00 pm	Union Plan*	Best Western Bridgewater (300)
Wed, Dec 19 th 6:00-8:00 pm	Salaried Plan	Best Western Bridgewater (300)
Thurs, Dec 20 th 9:30-11:30 am	Union Plan* Retirees	Best Western Liverpool (200)
Thurs, Dec 20 th 1:00-3:00 pm	Salary Plan Retirees	Best Western Liverpool (200)
Thurs, Dec 20 th 3:00-5:00 pm	Salary Plan Actives	Best Western Liverpool (200)
Thurs, Dec 20 th 6:00-8:00 pm	Union Plan* Actives	Best Western Liverpool (200)

* Union plan covers unionized and non-salaried employees.

Contacting Morneau Shepell


While Bowater Mersey is still the sponsor of the pension plans, all pension related requests and questions should be directed to Morneau Shepell. The following toll free number and e-mail will be available starting Monday, January 7, 2013:

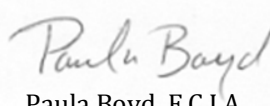
1-855-346-9067 or bowater@morneaushepell.com

We will also have general information, including copies of the December 19th and 20th presentations available (after the presentation dates) at: www.pensionwindups.morneaushepell.com

We look forward to working with all pension plan members.

Yours truly,


Paul Chang, F.C.I.A.
Partner


Paula Boyd, F.C.I.A.
Senior Consultant