

**ABITIBIBOWATER INC.**  
**BOARD OF DIRECTORS**  
**CORPORATE GOVERNANCE PRINCIPLES**

Effective as of April 28, 2009

The following are the corporate governance principles and practices of the Board of Directors (the "Board") of AbitibiBowater Inc. (the "Company").

**I. Statement On Corporate Governance**

These corporate governance principles provide a structure within which Directors and management can effectively pursue the Company's objectives for the benefit of its stockholders and supervise the management of the Company. These principles are guidelines that are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations.

The Company's business is managed under the direction of the Board, with the Board delegating the management of the Company to the President and Chief Executive Officer ("CEO"), working with other executive officers, in a manner consistent with the Company's objectives and in accordance with the Company's By-Laws (the "By-Laws"). The foregoing general delegations of authority to the CEO are not intended to diminish the supervisory authority of the Board as set forth below.

**II. Board of Directors' Responsibilities**

The Board represents the stockholders' interest in perpetuating a successful business and optimizing long-term financial returns in a manner consistent with applicable legal requirements and ethical considerations. The Board is responsible for identifying and taking reasonable actions to help assure that the Company is managed in a way designed to achieve this result. Consistent with the importance of the Board's responsibilities, each Director is expected to be familiar with the Company's business and public disclosures, to review in advance of Board and stockholder meetings all related materials distributed to the Board, and to attend and participate in meetings of the Board, the Company's stockholders, and meetings of any committee of which such Director is a member. Each Director should act in the best interests of the Company.

**A. Selection, Evaluation, and Retention of the CEO, Succession Planning and Oversight of Selection and Performance of Other Executive Officers**

The Board, with assistance from the Human Resources and Compensation Committee and the Nominating and Governance Committee, has the responsibility to select, evaluate the performance of, approve the compensation of, and make decisions about the retention of, the CEO, to oversee the selection and evaluation of the performance of other executive officers, to plan for management succession (including succession of the CEO), and to monitor on a regular basis the effectiveness and execution of management strategies and decisions in optimizing the Company's long-term financial returns in a manner consistent with applicable legal requirements and ethical considerations; provided that only "independent" Directors in accordance with the definition set forth on Appendix 1 to these principles ("Independent Directors") shall participate

in discussions and approve the compensation of the CEO. The Human Resources and Compensation Committee, with the assistance of the Nominating and Governance Committee, shall conduct an annual evaluation of the CEO and shall review such evaluation with all Directors who are not officers of the Company (the “Non-Employee Directors”). At least annually, the Human Resources and Compensation Committee shall work with the Chair of the Board and the CEO to plan for CEO succession, develop plans for interim succession for the CEO in the event of an unexpected occurrence, and review such succession planning with the Board.

#### **B. Executive Compensation**

The Human Resources and Compensation Committee is responsible for approving the structure of the Company’s executive compensation. With the assistance of the Nominating and Governance Committee, the Human Resources and Compensation Committee shall submit to the Independent Directors of the Board for approval the compensation of the CEO, based on the Human Resources and Compensation Committee’s assessment of the performance, goals, and objectives of the CEO. The Human Resources and Compensation Committee shall also approve the compensation of the officers who report directly to the CEO (the “Senior Executives”).

#### **C. Understanding, Reviewing and Monitoring Implementation of Strategic Plans and Annual Operating Plans**

The Board reviews the Company’s strategic plans and monitors the implementation of such plans. The Board also reviews the Company’s annual operating and capital plans and management’s periodic updates to those plans.

#### **D. Selection and Oversight of Independent Auditors; Oversight of Public Financial Reporting**

The Audit Committee of the Board has sole responsibility to appoint, compensate and replace all independent audit firms hired by the Company, including the Company’s independent auditors, and to pre-approve the engagement terms and the provision of any audit and non-audit services performed by such independent auditors. As more fully set forth in its charter, the Audit Committee will have direct responsibility for monitoring the performance of the independent auditors and guarding against any compromise of their independence, as well as overseeing the financial reports prepared by management, with the goal of assuring that they fairly present the Company’s financial condition, results of operations, cash flows, discussion and analysis of operations, and related risks in a clear and understandable manner.

#### **E. Advising Management on Significant Issues**

The Board is responsible for utilizing the broad range of experiences and perspectives of Directors to advise and counsel management, both in meetings and in informal consultations, on significant issues facing the Company.

#### **F. Review and Approval of Significant Company Actions and Certain Other Matters**

The Board is responsible under state corporate law to review and approve significant actions by the Company, including appointment of executive officers, declaration of dividends and major

transactions. In addition, the Board is responsible for approving certain actions by the Company as set forth in the By-Laws, this policy, the exhibits to this policy and any other Company policies that may be adopted from time to time by the Board, or as otherwise required by any applicable national securities exchange on which the Company's securities are traded.

#### **G. Nominating Directors and Committee Members and Overseeing Effective Corporate Governance**

Subject to compliance with the By-Laws, the Board and the Nominating and Governance Committee are responsible for (i) evaluating candidates and nominating Directors and members of Board committees, (ii) overseeing the structure and practices of the Board and the committees and (iii) overseeing other corporate governance matters, as more fully set forth in this policy and the charter of the Nominating and Governance Committee.

### **III. Board Structure**

#### **A. Board Size**

Subject to compliance with the By-Laws, unless otherwise determined by the affirmative vote of the Board consisting of two-thirds of the total number of directors, the total number of members of the Board shall be between 9 and 15.

#### **B. Board Composition**

##### **1. Criteria**

Subject to compliance with the By-Laws, the Nominating and Governance Committee shall recommend candidates to the Board that will result in the Board being composed of all Independent Directors, except for the CEO and, at the discretion of the Board, up to two other Directors. Candidates nominated for election or reelection to the Board shall possess the following general qualifications:

- (a) High personal and professional ethics, integrity and values;
- (b) An inquiring and independent mind;
- (c) Practical wisdom, vision and mature judgment;
- (d) Substantial training and experience at the policy making level in business, government, or education;
- (e) Expertise that is useful to the Company and complementary to the background and experience of other Board members, so that an optimum balance of expertise among members on the Board can be achieved and maintained;
- (f) Willingness and ability, in light of other business and personal commitments, to devote the required amount of time to diligently fulfill the duties and responsibilities of Board membership;

- (g) Commitment to serve on the Board over a period of years to develop knowledge about the Company's operations;
- (h) Involvement only in activities or interests that do not create a conflict that violates any applicable law or regulation or interferes with the proper performance of the duties and responsibilities of Board membership;
- (i) A strong sense of partnership and the ability to work well with others; and
- (j) Capacity and desire to represent the balanced best interests of the stockholders as a whole.

In addition, to the extent possible, the composition of the Board should be such that each of the following specific areas of expertise/experience are represented by at least one Board member:

- (a) Professional Services (e.g., attorneys; investment bankers; university professors);
- (b) Politics/Government Relations;
- (c) Management/Operating Experience (e.g., as a CEO, COO or senior manager); or
- (d) Financial/Accounting Experience (e.g., as a CFO, CFA, CPA or analyst).

It is desirable that each member of the Board has recent experience as a member of the board of at least one other company, preferably a publicly-held reporting company.

## **2. Term Limits**

Term limits could deprive the Board of Directors who, over time, have developed increasing insight into and experience regarding the Company and its operations, and therefore provide an increasing contribution to the Board as a whole; accordingly, the Directors shall not be subject to term limits but the Nominating and Governance Committee shall review and recommend to the Board the continuation of each Director's services on the Board at least annually.

## **3. Mandatory Retirement**

In accordance with the By-Laws, Directors who are also Company employees shall resign at the earlier of age 65 or the time of such Director's retirement or termination from employment with the Company. All other Directors shall be eligible for re-election until reaching age 72, and must retire at age 72, although the Board may waive this limitation if it determines such waiver to be in the best interests of the Company.

## **4. Other Board Memberships**

Directors shall inform the Chair prior to joining any additional outside boards. Directors should not serve on more than four other boards of public companies in addition to the Company's Board unless approved by a majority of the Board consisting of two-thirds of the total number of directors. Positions in excess of these limits as of the Closing Date may be maintained unless

the Board determines that doing so would impair the Director's service on the Company's Board.

## **5. Change in Professional Status**

Upon a Director's resignation or retirement from, or termination of, his or her principal current employment, or other material change in a Director's professional occupation or association, the Director shall notify the Chair of such change.

## **C. Board Independence**

Although all Directors are expected to act independently, the entire Board shall consist of Independent Directors, except for the CEO and, at the discretion of the Board, up to two other Directors. This will not, however, prevent the Board from taking valid actions if, due to temporary vacancies on the Board, there is less than the intended number of Independent Directors on the Board.

The Audit Committee shall develop and recommend to the Board policies and procedures for related party transactions and conflicts of interest situations involving the Company, its directors, employees and related persons. The Audit Committee shall also review and oversee related party transactions and conflicts of interest situations involving the Company, its directors, officers and related parties. Directors shall disclose to the Board and the Audit Committee any business relationships with the Company or any other potential conflicts of interest as they become aware of them. In addition, the Company shall disclose to the Board and the Audit Committee any business relationships of a Director with the Company or any other potential conflicts of interest as the Company becomes aware of them. Directors may not enter into a transaction with the Company without first disclosing the transaction and obtaining advance approval by the Board and the Audit Committee. The Director must recuse himself or herself from Board consideration and decision on any such transaction.

The Board must determine, based on all of the relevant facts and circumstances, whether each Director satisfies the criteria for independence and must disclose each of these determinations in the Company's public filings.

## **D. Criteria and Procedure for Evaluating Board Performance**

The Nominating and Governance Committee oversees the process of evaluating the performance of Board committees and the Board as a whole. Each of the full Board, Nominating and Governance Committee, Human Resources and Compensation Committee, Audit Committee and Environmental, Health and Safety Committee shall conduct an annual self-assessment of its performance pursuant to the process established by the Nominating and Governance Committee. This process shall specifically review areas in which the Board and/or management believes a better contribution could be made.

## **E. Committee Structure**

There shall be four standing committees of the Board: Audit, Human Resources and Compensation, Nominating and Governance and Environmental, Health and Safety. Each standing committee shall consist of at least four members. Additional standing committees may

be created, subject to compliance with the By-Laws. Any new standing committee shall have its own charter, which shall be posted on the Company's website.

The Board, on the recommendation of the Nominating and Governance Committee and subject to the By-Laws, shall review annually the appropriate size and composition of Board committees.

The Audit, Human Resources and Compensation and Nominating and Governance Committees shall each be comprised solely of Independent Directors, in accordance with the definition of such term set forth in [Appendix 1](#).

Each member of the Audit Committee shall be "financially literate." The term "financial literacy" shall mean a basic understanding of finance and accounting and an ability to read and understand fundamental financial statements. At least one member of the Audit Committee shall have accounting or related financial management expertise as the Board determines in its business judgment.

#### **F. Board Leadership**

The Chair shall preside over each Board meeting and the separate meetings of the Independent Directors or the Non-Employee Directors.

#### **G. Board Compensation**

In accordance with its charter, the Human Resources and Compensation Committee, with the assistance of the Nominating and Governance Committee, considers and recommends to the Board the appropriate structure and amount of Director compensation. In making such recommendations, the Human Resources and Compensation Committee considers substantial charitable contributions, if any, made by the Company to any organization with which a Director is affiliated. Directors who are also employees of the Company receive no compensation, other than their normal salary, for serving on the Board or its committees.

Management of the Company shall report periodically to the Human Resources and Compensation Committee regarding the status of the Company's Board compensation in relation to other comparable U.S. companies.

To enhance the alignment of Directors' interests with those of stockholders, the Board shall periodically establish requirements of stock ownership applicable to the Directors.

Changes in Board compensation, if any, shall come at the suggestion of the Human Resources and Compensation Committee, after consultation with the Nominating and Governance Committee, with full discussion and concurrence by the Board.

#### **H. Management's Responsibilities**

Management is responsible for operating the Company in an effective, ethical and legal manner designed to produce value for the Company's stockholders consistent with the Company's policies and standards, including these principles. Management is also responsible for enforcing and complying with mandatory provisions of the Company's policies and standards. Senior management is responsible for understanding the Company's income-producing activities and

the material risks being incurred by the Company and is also responsible for avoiding conflicts of interest with the Company and its stockholders.

## **1. Financial Reports and Disclosures**

Management is responsible for: (a) producing under the oversight of the Board and the Audit Committee financial reports that fairly present the Company's financial condition, results of operations, cash flows, discussion and analysis of operations, and related risks in a clear and understandable way; (b) making timely and complete disclosures to investors; and, (c) keeping the Board and the appropriate committees of the Board well-informed on a timely basis as to all matters of significance to the Company.

## **2. Strategic Planning**

The CEO, as well as senior management, are responsible for developing and presenting to the Board for review the Company's strategic plans and for implementing those plans.

## **3. Annual Operating Plans and Budgets**

The CEO, as well as senior management, are responsible for developing and presenting to the Board the Company's annual operating and capital plans and for implementing those plans after review by the Board.

## **4. Setting a Strong Ethical "Tone at the Top"**

The CEO, as well as senior management, are responsible for setting a "tone at the top" of integrity, ethics and compliance on the part of all persons associated with the Company, with applicable legal requirements and with the Company's Code of Business Conduct and other policies and standards.

## **5. Internal Controls and Procedures**

Senior management is responsible for developing, implementing and monitoring an effective system of "internal controls and procedures" to provide reasonable assurance that the Company's transactions are properly authorized; the Company's assets are safeguarded against unauthorized or improper use; and the Company's transactions are properly recorded and reported. Such internal controls and procedures also shall be designed to permit preparation of financial reports for the Company in conformity with generally accepted accounting principles or any other requirements applicable to such reports.

## **6. Disclosure Controls and Procedures**

Senior management is also responsible for establishing, maintaining and evaluating the Company's "Disclosure Controls and Procedures" as defined by Securities and Exchange Commission ("SEC") regulations.

## **7. Executive Stock Ownership Requirement**

To enhance the alignment of executives' interests with those of stockholders, the Board shall periodically establish requirements of stock ownership applicable to the Company's executives.

## **I. Board Relationship to Senior Management**

### **1. Board Access to Senior Management**

The Board, each Board committee, and each Director individually will have complete and open access to the Company's CEO, Chief Financial Officer and Chief Legal Officer and will also have reasonable access to all other members of the Company's management. Board members are expected to reasonably inform the Chair of the Board and the CEO when they have contacted management. At the invitation of the Board and with the consent of the Chair and the CEO, senior management may attend and make presentations at meetings of the full Board and, if also requested by a committee Chair, at such committee meetings.

The Board encourages executive officers who are permitted to attend Board meetings to bring non-executive managers to Board meetings, from time to time, who: (i) can provide additional insight into the items being discussed because of personal involvement in these areas, or (ii) represent managers with future potential that the executive officers believe should be given exposure to the Board.

### **2. Information About Developments**

Between regular meetings of the Board, the CEO shall keep the Board generally apprised of developments that the CEO believe to be significant.

### **3. Senior Executive Evaluation**

The Human Resources and Compensation Committee, with the assistance of the Nominating and Governance Committee, shall participate in and oversee the evaluation of Senior Executives, and report the results of such evaluation to the Board at least annually.

### **4. Interactions With Third Parties**

The Board believes that management should speak for the Company and that the Chair should speak for the Board. In order to ensure compliance with applicable securities laws and to avoid the potential detriment to the interests of the Company and its stockholders and other constituencies that could result from inconsistent communications, the members of the Board will not respond to media inquiries or make statements to the media regarding the Company and its business without consultation with, and approval by, the Chair or the Board.

## **J. Board Operations**

### **1. Number of Meetings and Attendance**

Directors are expected to regularly attend Board meetings, meetings held by committees on which the Directors sit, and annual and special meetings of the Company's stockholders.

### **2. Selection of Agenda Items for Board Meetings**

The CEO and the Chair shall establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of item(s) on the agenda.

### **3. Board Materials Distributed and Reviewed in Advance**

Management shall be responsible for assuring that, as a general rule, information and data that are important to the Board's and each Board committee's understanding of the Company's business and to all matters expected to be considered and acted upon by the Board or committee be distributed in writing to the Board or committee sufficiently in advance of each Board or committee meeting, as applicable, and each action to be taken by written consent to provide the Directors a reasonable time to review and evaluate such information and data.

It is recognized that circumstances will arise when it is not feasible to provide information relating to certain agenda items in advance (or at least not very much in advance) of a Board meeting or an action to be taken by written consent. In such event, reasonable steps shall be taken to permit the Directors to become reasonably informed as to the matter before voting on it.

The Board believes maintaining confidentiality of information and deliberations is an imperative. Information learned during the course of service on the Board is to be held confidential and used solely in furtherance of the Company's business.

### **4. Separate "Executive Session" Meetings of Non-Employee Directors**

The Non-Employee Directors shall meet at least annually without the presence of management Directors or executive officers of the Company. Such meetings shall be held at such times as may be determined by the Chair of the Board. Moreover, at the request of any Non-Employee Director, the Non-Employee Directors shall meet at the end of any meeting of the Board without the presence of the management Directors or other executive officers of the Company. The Chair of the Board shall serve as the presiding director at any "executive session" of the Non-Employee Directors.

## **K. Committee Operations**

### **1. Number, Structure and Independence of Committees**

Each of the Audit, Human Resources and Compensation, Nominating and Governance and Environmental, Health and Safety Committees shall have charters outlining their duties and responsibilities that have been approved by the Board. Annually, the Nominating and Governance Committee shall undertake the review of all committee charters and, after consultation with the other board committees, recommend to the Board appropriate revisions to the charters. The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter.

### **2. Assignment of Committee Members**

Subject to compliance with the By-Laws, committee assignments and committee Chairs shall be determined by the Board. In furtherance and not in limitation of the foregoing, the Nominating and Governance Committee, in consultation with the Chair and the CEO, shall recommend to the Board the assignment of Board members to the Company's various committees and Chairs.

### **3. Committee Agenda, Background Materials and Reports**

The Chair of each Board committee, in consultation with the appropriate members of management and staff, will develop the committee's agenda. At each Board meeting, the Chair of each committee (or his or her delegate) shall report the matters considered and acted upon by such committee since the preceding Board meeting, except to the extent covered in a previous written report to the full Board, and shall be available to answer any questions the other Directors may have regarding the matters considered and actions taken by such committee.

### **4. Committee Attendance by Others**

Independent Directors may attend the meeting of any committee on which he or she does not serve. Directors who are not Independent Directors may attend the meeting of any committee only upon the invitation of such committee.

## **L. Resources**

Except as otherwise provided in the applicable committee charters, the Board and each committee of the Board shall have the right to retain appropriate advisors (including legal and accounting professionals) to the extent it deems necessary or appropriate after consultation with the Chair.

### **1. Reliance**

Each Director is entitled to rely in good faith on (a) corporate records, corporate officers, corporate employees or board committees or (b) any other person as to matters reasonably believed to be within the person's professional or expert competence and who have been selected with reasonable care by or on behalf of the Company. Without limiting the generality of the foregoing, the Audit Committee shall be entitled to rely on (x) the integrity of those persons within the Company and of the professionals and experts (such as the Company's independent auditors) from which it receives information, (y) the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts and (z) representations made by the Company's independent auditors as to any services provided by such firm to the Company. The Board shall assess the qualifications of all such persons on whom it relies, shall inquire as to the processes used by such persons to reach their decisions, prepare their reports and make their recommendations and also shall inquire as to the substance of such matters, and shall hold such persons accountable for any follow-up reasonably needed to satisfy the Board.

### **2. Director Orientation and Continuing Education**

The Nominating and Governance Committee shall arrange for continuing education for all Directors and orientation for Directors in their first year of service.

Each new Director shall be given an orientation with respect to his or her duties as a Director, including: (a) a Director's Guidebook developed and compiled by the Company's Law Department; (b) meetings with the Company's Chief Legal Officer and Nominating and Governance Committee; and (c) except to the extent unnecessary for any Director who is also an executive officer of the Company, background material with respect to the Company, its

business and issues of particular significance to the Company, and meetings with the senior management. Each new Director and each new member of any Board committee also shall cooperate in fulfilling any additional orientation guidelines that may be recommended generally or on an ad hoc basis by the Nominating and Governance Committee to help assure that such Director has the necessary skills to perform his or her responsibilities as a Director and/or new member of any Board committee.

Each Director also shall cooperate in fulfilling all applicable continuing education guidelines established and periodically updated by the Nominating and Governance Committee.

### **3. Disclosure of this Policy**

This policy, including the attached committee charters and the Company's Code of Business Conduct and the Board of Directors Code of Business Conduct and Ethics, will be posted on the Company's website and also will be available in print to any stockholder requesting it. Such availability on the Company's website and in print will be noted in the Company's annual report to stockholders.

### **4. Code of Business Conduct and Board of Directors Code of Business Conduct and Ethics**

The Company will maintain, and the Nominating and Governance Committee will oversee compliance with, the Company's Code of Business Conduct and the Board of Directors Code of Business Conduct and Ethics. Such codes as currently in effect are set forth in Appendix 2 and 3 to these principles, and such codes may be modified and replaced from time to time by the Board on the recommendation of the Nominating and Governance Committee. The Nominating and Governance Committee shall review and approve any amendment to or waiver from the Company's Code of Business Conduct and the Board of Directors Code of Business Conduct and Ethics for its Directors, CEO and other executive officers and any public disclosure made regarding such change or waiver.

**ABITIBIBOWATER INC.**  
**CORPORATE GOVERNANCE PRINCIPLES**

APPENDIX 1

INDEPENDENT DIRECTORS

General Criteria

An "independent" Director of the Company shall be any Director who the Board affirmatively determines has no material relationship with the Company, either directly or through his or her role as a partner, stockholder or officer of an organization which has a relationship with the Company (which for this purpose includes any subsidiary), and shall not include any Director who meets any of the following criteria:

A. Is or has been at any time in the past three years an employee of the Company, or who has an immediate family member who is or has been at any time in the past three years an executive officer of the Company;

B. Receives or has received at any time in the past three years, or who has an immediate family member who receives or has received at any time in the past three years, more than \$120,000 per year in direct compensation from the Company, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service);

C. (i) Is, or has an immediate family member who is, a current partner of a firm that is the company's internal or external auditor; (ii) is a current employee of such a firm; (iii) is, or has an immediate family member who is, a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (iv) was, or has an immediate family member who was, within the last three years (but is no longer), a partner or employee of such a firm and personally worked on the Company's audit within that time;

D. Is or has been at any time in the past three years, or who has an immediate family member who is or has been at any time in the past three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on the compensation committee of such company; or

E. Is or has been at any time in the past three years an employee or executive officer, or who has an immediate family member who is or has been at any time in the past three years an executive officer, of a company which makes payments to or receives payments from the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1,000,000 or 2% of the other company's consolidated gross revenues.

For the purposes of this Appendix 1, an "immediate family member" means a Director's spouse, parents, children, siblings, parents-in-law, children-in-law, siblings-in-law, and any other person (other than domestic employees) sharing such individual's home. The term "immediate family member" does not include any individual who is no longer an immediate family member of the Director as a result of legal separation or divorce, and it does not include any individual who has died or become incapacitated.

For the purposes of this Appendix 1, an “executive officer” shall mean the Company’s executive chairman, president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Officers of the Company’s parent(s) or subsidiaries shall be deemed officers of the Company if they perform such policy-making functions for the Company.

In assessing the materiality of an existing or proposed Director’s relationship with the Company (other than an employment relationship, which will always be deemed material), the Board will consider all relevant facts and circumstances. The Board has determined that the following categories of relationships are not material and will not impair a Director’s independence: (i) if a Director owns less than five percent of the equity of, or is a director of, another company that does business with the Company and the annual sales to, or purchases from, the Company are less than five percent of the annual revenues of either company; (ii) if a Director owns less than five percent of the equity of, or is an executive officer or director of, an unaffiliated company that is indebted to the Company (or to which the Company is indebted) and the total amount of either company’s indebtedness to the other is less than five percent of the total consolidated assets of either company; and (iii) if a Director serves as an officer, director or trustee of a charitable organization, and the Company’s charitable contributions to the organization are less than two percent of that organization’s total annual charitable receipts, or \$20,000 per year, whichever is less.

In addition to satisfying the applicable independence standards described above, Directors shall also satisfy the independence standards of any stock exchange on which the securities of the Company are listed.

#### Additional Criteria for Audit Committee Members

In addition to satisfying the general independence standards as described above, Audit Committee members are required to satisfy the SEC independence standards found in Rule 10A-3, which was enacted pursuant to Section 301 of the Sarbanes-Oxley Act of 2002 as well as the listing standards of the New York Stock Exchange, as each may be amended from time to time. In general, these standards state that no fee (other than for service as a Director, including consulting and advisory fees) may be received from the Company or its subsidiaries, regardless of the amount. In addition, no member of the Audit Committee may be a partner, member or principal of a law firm, accounting firm or investment banking firm that accepts consulting or advisory mandates from the Company or any of its subsidiaries.

**ABITIBIBOWATER INC.**

**CORPORATE GOVERNANCE PRINCIPLES**

**APPENDIX 2**

**CODE OF BUSINESS CONDUCT**

As posted on website.

**ABITIBIBOWATER INC.**

**CORPORATE GOVERNANCE PRINCIPLES**

**APPENDIX 3**

**BOARD OF DIRECTORS CODE OF BUSINESS CONDUCT AND ETHICS**

As posted on website.