

## **ABITIBIBOWATER INC.**

### **HUMAN RESOURCES AND COMPENSATION COMMITTEE CHARTER**

Effective as of April 28, 2009

#### **1. Purpose**

The purpose of the Human Resources and Compensation Committee (the "Committee") is to discharge certain responsibilities of the Board of Directors (the "Board") with respect to (i) human resources strategy, policies and programs and (ii) matters relating to utilization of human resources. Without limiting the foregoing, the Committee shall have direct responsibility for the compensation of the President and Chief Executive Officer ("CEO") of AbitibiBowater Inc. (the "Company") and the officers who report directly to the CEO (such officers, together with the CEO, the "Senior Executives") and assure that they are compensated effectively in a manner consistent with the stated compensation strategy of the Company and the requirements of the appropriate regulatory bodies. In addition, the Committee, with the assistance of the Nominating and Governance Committee, shall evaluate and make recommendations to the Board regarding the compensation of Directors.

#### **2. Membership and Member Qualifications**

The Committee shall consist of four or more "independent" Directors in accordance with the definition set forth in the Company's Corporate Governance Principles, the New York Stock Exchange and any other applicable regulatory requirements ("Independent Directors"). The Committee members shall also satisfy the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder, including Treasury Regulations Section 1.162-27, and a "non-employee director" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"). The Committee members, including the Chair of the Committee, shall be appointed and removed as set forth in the Company's By-Laws (the "By-Laws") and Corporate Governance Principles. Members of the Committee and the Chair shall receive such remuneration for their services on the Committee as the Board may determine from time to time.

#### **3. Meetings and Operations**

The Committee shall meet as often as necessary to carry out its responsibilities, but not less frequently than twice each year. Meetings may be called by the Committee Chair, by the Chair of the Board, or by a majority of the Committee members. Subject to compliance with the By-Laws, the Committee may create one or more subcommittees and may delegate, in its discretion, a portion of its responsibilities to such subcommittees, provided that the subcommittees are composed entirely of Independent Directors. Any such subcommittee shall have its own Charter, which shall be posted on the Company's website.

Meetings may be held telephonically to the extent permitted by the Company's organizational documents and applicable Delaware law. All meetings of and actions by the Committee shall be held or otherwise taken pursuant to the By-Laws, including provisions governing notices of

meetings, waivers of notice, the number of Committee members required to take action at meetings or by written consent, and other related matters. The Committee shall report to the Board on its activities after each of its Committee meetings. Each of the Committee's reports to the Board may take the form of an oral report by the Committee Chair or his or her delegate.

Under the guidance of the Nominating and Governance Committee, the Committee shall review and assess the adequacy of this Charter annually. Any revision to this Charter suggested by the Nominating and Governance Committee or this Committee shall be submitted for Board approval by the Nominating and Governance Committee. Once approved by the Board, this Charter and any revisions thereto shall be published on the Company's website, in the Company's proxy statement or otherwise as required by the Securities and Exchange Commission (the "SEC"). Under the guidance of the Nominating and Governance Committee, the Committee shall undertake and review with the Board an annual evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted pursuant to the process established by the Nominating and Governance Committee.

#### **4. Goals, Responsibilities and Authority**

In carrying out its purpose, the Committee shall have the following goals, responsibilities and authority. The Committee shall:

A. Review from time to time, modify if necessary, and approve the structure of the Company's executive compensation to ensure that such structure is appropriate to achieve the Company's objectives of (1) rewarding the Company's Senior Executives appropriately for their contributions to the Company's growth and profitability and the Company's other goals and objectives and (2) linking the interests of the Company's Senior Executives to the interests of the Company's equity owners.

B. Annually, with the assistance of the Nominating and Governance Committee, evaluate the compensation of the CEO, and recommend to the Independent Directors of the Board the amounts and individual elements of total compensation for him consistent with the Company's corporate goals and objectives.

C. Annually, and with the assistance of the Nominating and Governance Committee, (1) review and approve appropriate corporate goals and objectives relating to the CEO, (2) assess his performance in light of such corporate goals and objectives and review such assessment with all Directors who are not officers of the Company (the "Non-Employee Directors"), and (3) evaluate the compensation and performance of the CEO relative to the compensation of the other Senior Executives.

D. At least annually, work with the Chair of the Board and the CEO to plan for CEO succession, develop plans for the interim succession for the CEO in the event of an unexpected occurrence and review such succession planning with the Board.

E. With the assistance of the Nominating and Governance Committee, participate in and oversee the evaluation of the performance of the Senior Executives other than the CEO and report the results of such evaluation to the Board at least annually.

- F. Approve the individual elements of total compensation for the Senior Executive other than the CEO. In determining executive compensation, the Committee shall consider the Company's performance versus its financial and strategic objectives and the creation of stockholder value, the compensation of executives employed by comparable companies, and individual performance measures.
- G. With the assistance of the Nominating and Governance Committee and in accordance with the Company's Corporate Governance Principles, consider and recommend to the Board the appropriate structure and amount of compensation of Non-Employee Directors.
- H. Periodically evaluate the terms and administration of the Company's Senior Executive incentive plans to assure that they are structured and administered in a manner consistent with the Company's goals and objectives.
- I. Periodically evaluate and approve proposed amendments to existing Senior Executive equity-based plans and evaluate and approve the adoption of any new equity-based plans. Determine when it is necessary or otherwise desirable to (1) modify, discontinue or supplement any such plans, or (2) submit such amendment or adoption to a vote of the Independent Directors of the Board and/or to the Company's stockholders (upon the advice of counsel).
- J. Periodically evaluate and approve proposed amendments to benefit plans for Senior Executives and evaluate and approve the adoption of any new benefit plans for Senior Executives. Determine when it is necessary or otherwise desirable to (1) modify, discontinue or supplement any such plans, or (2) submit such proposed amendment or adoption to the Independent Directors of the Board for recommendation and approval. For the avoidance of doubt, the Committee does not assume any responsibility with respect to any other benefit plans, including any other executive benefit plans that are not sponsored by the Company.
- K. Review and approve employment, severance and change in control agreements, as well as any special or supplemental benefit arrangements, for Senior Executives, as well as any other employment-related transactions with Senior Executives.
- L. Make recommendations to the Board regarding the Company's perquisite policies and oversee compliance with such policies, as adopted by the Board.
- M. Periodically recommend to the Board, in consultation with the CEO, nominees to serve as officers of the Company.
- N. Review and establish Senior Executive and director indemnification and insurance matters.
- O. Review and recommend for Board approval significant changes in benefit plan design.
- P. Other matters:
- (1) Address any other subject within the purpose of the Committee as determined by the Committee Chair or by the Chair of the Board.

(2) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purpose, responsibilities and authority specified in this Charter, the By-Laws or governing law, as may be delegated from time to time to the Committee by the Board, and as designated in plan documents.

(3) Review the Company's compensation disclosures in its annual proxy statement and its annual report on Form 10-K filed with the SEC. Review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A"). Recommend to the Board whether such compensation disclosures and CD&A should be disclosed in the Company's annual report on Form 10-K or annual proxy statement filed with the SEC, as applicable.

(4) Prepare any report required by applicable rules and regulations or listing standards, including the report required by the SEC to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC, as applicable.

Nothing in this Charter shall preclude the Board from discussing CEO or non-CEO compensation generally or any other subject. The foregoing responsibilities and duties set forth in this Charter should serve as a guide only, with the express understanding that the Committee may carry out additional responsibilities and duties and adopt additional policies and procedures as may be necessary in light of any changing business, legislative, regulatory, legal or other conditions.

## **5. Compensation of Employees Other Than Senior Executives.**

Unless otherwise prohibited by any applicable governmental or listing authority rule or regulation, the Committee delegates to the CEO the authority for making recommendations to the Board with respect to compensation and incentive- and equity-based plans for employees who report to him and who are not Senior Executives.

## **6. Additional Resources**

The Committee shall have the right to retain appropriate advisors to the extent it deems necessary or appropriate.