FAQ – Stock Sale Option Election and Withholding Tax Letter for U.S. Employees And Former U.S. Employees

Questions	Answers
1. Will I receive cash or shares in satisfaction of my Employee Claim?	If your claim is a Convenience Claim (by default or because you have elected to participate in the Convenience Class), you will receive cash. You may also receive cash if a portion of your Employee Claim is entitled to priority or administrative treatment. Otherwise, your Employee Claim will be satisfied by the distribution of shares of the new AbitibiBowater Inc.
2. My claim is a Convenience Claim. Is this letter relevant for me?	Probably not. But you can still elect the Stock Option Sale in the event there is a change of circumstances and you later become entitled to a share distribution.
3. If I am entitled to a share distribution, can I elect to receive cash instead of shares?	Yes. You may elect to receive cash under the Stock Sale Option.
4. How does the Stock Sale Option work?	If you elect the Stock Sale Option, your Shares will be transferred to the Company's Transfer Agent and sold on the open market, along with all the shares withheld by the Company to satisfy its withholding obligations and all the shares sold pursuant to the Stock Sale Option, in connection with US Employee Claims, on any given distribution date. Pursuant to the Stock Sale Option, you will receive the weighted average transaction price obtained by the Transfer Agent for the sale of all the shares sold on any given distribution date, less any applicable transaction costs.
5. Under the Stock Sale Option, how will the cash proceeds for the sale of my share distribution be calculated?	The proceeds of the sale will be the weighted average transaction price obtained by the Transfer Agent for the sale of all the shares distributed on account of your claim at the time of any given distribution. This includes proceeds from both the shares withheld by the Company to satisfy its withholding obligations, and all the shares sold pursuant to the Stock Sale Option , less any applicable transaction costs.

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6. If I'm entitled to a share distribution and I don't want to my shares to be sold, do I need to fill in an election form?	No. If you are entitled to a share distribution and want to receive shares on account of your claim, you don't have to make any further election.
7. Can I modify my Stock Sale Option election?	No. The election for the Stock Sale Option is made only one time, is <u>irrevocable</u> and will apply to <u>all</u> share distributions that you will receive.
8. Now that the Company is offering the Stock Option Sale, can I revoke my election to participate in the Convenience Class?	You cannot unilaterally change your Convenience Class election. The Company may, however, consider requests to change your election, based on a change in your circumstances, on a case by case basis. If you want to change your election, you should send your request to EPIQ Bankruptcy Solution LCC without delay.
9. Will I have to pay income tax on the distributions received in satisfaction of my Employee Claim?	AbitibiBowater considers that all distributions on account of an Employee Claim, whether in cash and in shares, and including when an employee elects the Stock Option Sale, will be taxable and as such, the tax information slips prepared by AbitibiBowater for each taxation year in which you will receive a distribution will include an amount of taxable benefit.
10. What will be the amount of my taxable benefit on my <u>share</u> distributions?	The taxable benefit will be based on the weighted average transaction price obtained by the Transfer Agent for the sale of all the shares withheld by the Company to satisfy its withholding obligations and all the shares sold pursuant to the Stock Sale Option, in connection with US Employee Claims, on any given share distribution date, less any applicable transaction costs. Your taxable benefit will be the same whether or not you elect for the Stock Sale Option.
11. What will be the amount of my taxable benefit on my Convenience Claim and the portion of my claim entitled to priority and/or administrative treatment?	The taxable benefit will be the amount of your cash distribution.

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12. Will my distributions be subject to withholding tax?	Yes. AbitibiBowater has the obligation to make U.S. withholding on any distributions made to you, including share distributions. If you receive cash on account of your **Convenience Claim, and/or the portion of your claim entitled to priority and/or administrative treatment,** AbitibiBowater will withhold the amount of cash required to cover the withholding obligation. If you receive shares, AbitibiBowater will withhold a sufficient number of shares from your distributions to cover the withholding obligation. Accordingly, the shares to be delivered to you in satisfaction of your Employee Claim will correspond to the number of shares to which you are entitled after the applicable withholdings. If you elect to receive cash under the Stock Sale Option, AbitibiBowater will withhold a sufficient amount of cash from the sale of your shares to cover the withholding obligation. Accordingly, the cash to be delivered to you in satisfaction of your Employee Claim will correspond to the cash received from the sale of your shares (net of any transaction costs) less the applicable withholdings.
13. I have new personal banking information and/or a new address. How do I inform AbitibiBowater?	If your banking information has changed since you terminated your employment, you must complete and return the relevant attached form. If your address has changed since the filing of your Employee Claim, you must provide your new address in your election letter.
14. How and until when can I elect the Stock Sale Option?	You must use the Election Letter to irrevocably elect the Stock Sale Option. Your Election Letter must be actually received by Epiq Bankruptcy Solutions, LLC on or before 5:00 pm prevailing eastern time on November 19, 2010, or your election will not be counted. You may submit your Election Letter by mail, facsimile or electronic submission at the following addresses and numbers: <u>By Regular Mail</u>: AbitibiBowater Inc. Stock Election Processing Center c/o Epiq Bankruptcy Solutions, LLC FDR Station, P.O. Box 5269 New York, NY 10150-5269

Questions	Answers
	By Overnight Mail: AbitibiBowater Inc. Stock Election Processing Center c/o Epiq Bankruptcy Solutions, LLC 757 Third Avenue, 3rd Floor New York, NY 10017 By Fax : 877-797-5688 By E-mail: abitibistockelection@epiqsystems.com
15. What if my Election Letter is not completed correctly or if my Election Letter is received after 5:00 pm on November 19, 2010?	If you do not check the box, if the Election Letter is not completed correctly or if the Election Letter is received after 5:00 pm on November 19, 2010, your Election Letter will not be counted and you will receive Shares in satisfaction of your Employee Claim.