

Impact of Merger on Bowater's Equity Compensation Plans and Awards

In connection with Bowater's merger with Abitibi-Consolidated, all outstanding stock options, equity participation rights and restricted stock units will be converted automatically into equivalent awards based on AbitibiBowater common stock. The conversion will give holders the right to acquire equity in AbitibiBowater that is the economic equivalent of the equity the holder would have had the right to acquire in Bowater. The number of shares covered by the converted awards will be determined by multiplying the number of shares subject to the Bowater award by the exchange ratio (0.52) used in the merger transaction (rounded to the nearest whole share). The exercise price for the Bowater stock options and the base price for the Bowater equity participation rights will be converted on a per share basis by dividing the applicable exercise or base price for the Bowater awards by the same exchange ratio (0.52) (rounded to the nearest one-hundredth of a cent). The converted awards will continue to be subject to the same terms and conditions as were applicable to the Bowater awards under the original award agreements.

Example: A stock option award for 100 Bowater shares with an exercise price of \$50 per share and an expiration date of January 26, 2010 will be converted into a stock option award for 52 AbitibiBowater shares with an exercise price of \$96.15 per share with the same expiration date of January 26, 2010. The total exercise price that the holder pays for the economically equivalent stock after the merger is the same as before the merger. The total exercise price is \$5,000 (\$50 times 100 shares) before the merger and \$5,000 (52 shares times \$96.15) after the merger. The percentage of vested shares before conversion will continue to apply to the converted awards. So, if the option is vested for 50 shares, the converted option will be vested for 26 shares.

Example: A restricted stock unit award for 100 Bowater shares subject to a vesting date of January 24, 2009 will be converted into a restricted stock unit award for 52 AbitibiBowater shares with the same vesting date of January 24, 2009.

After the closing, the equity compensation plans and outstanding awards will be amended to document the conversion. The converted awards will continue to have the same terms and conditions as applied to the original awards relating to (i) vesting and (ii) the expiration of the award, depending upon the date of grant, the type of award and which equity plan applies.

Section 303A.08 of the New York Stock Exchange Listed Company Manual generally requires that shareholders be given the opportunity to vote on all material revisions to equity compensation plans, with certain limited exemptions. Shareholder approval is not required, however, to convert, replace or adjust outstanding equity compensation awards to reflect a merger transaction (such as the merger of Bowater and Abitibi-Consolidated). The conversion of outstanding Bowater awards and the related amendments are being made with the approval of Bowater's independent directors, and the company is providing this notice as required by the New York Stock Exchange.

Accordingly, shareholder approval is not required with respect to the conversion of the outstanding Bowater awards. This notice is being issued in compliance with the requirements of Section 303A.08 of the NYSE Listed Company Manual.

If you have any questions about this notice, please call Holly Olson at 864-282-9446.