



# News Release

For Immediate Release

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## FIBREK TO OPPOSE ABITIBIBOWATER'S APPLICATION TO STRIKE DOWN ITS SHAREHOLDER RIGHTS PLAN

*Competition Bureau issued Supplementary Information Request to Abitibi making it highly unlikely that Abitibi will be able to proceed with its insider bid on January 20, 2012*

MONTREAL, JANUARY 19, 2012 — Fibrek Inc. ("Fibrek") announced today that a hearing before the *Bureau de décision et de révision* (Québec) (the "BDR"), the administrative tribunal with statutory jurisdiction in securities law and regulatory matters in the Province of Québec, will be held on February 1, 2, 3, 7 and 8, 2012 to consider the application filed by AbitibiBowater Inc. (carrying on business as Rolute Forest Products) ("Abitibi") and one of its affiliates for an order to cease trade Fibrek's shareholder rights plan (the "Rights Plan"), which was adopted on December 19, 2011. Fibrek is preparing its submissions to the BDR to oppose Abitibi's application, which follows Abitibi's hostile insider bid for all of Fibrek's outstanding shares launched on December 15, 2011.

Abitibi's unsolicited insider bid (the "Insider Bid") is scheduled to expire at 5:00 p.m. (Eastern Standard Time) on January 20, 2012, unless extended or withdrawn. Abitibi's Insider Bid is subject to certain conditions including, among others, receipt of all regulatory, governmental and third-party approvals, consents and waivers.

Fibrek has been advised by the Competition Bureau that it has issued a Supplementary Information Request (SIR) to Abitibi under the *Competition Act* (Canada), which extends the period during which Abitibi is prohibited from taking up the Fibrek shares under the Insider Bid. Unless Abitibi obtains all regulatory approvals by 5:00 p.m. on January 20, 2012, which Fibrek believes is highly unlikely, certain conditions of its offer, including the fact that the Rights Plan has not been cease traded, will not be satisfied at the expiry of its offer. Consequently, Abitibi will not be in a position to take up and pay for any Fibrek common shares tendered under the Insider Bid which are subject to the right of withdrawal. Therefore, unless Abitibi withdraws its offer or lets it expire, it will be required to extend its Insider Bid on January 20, 2012 for an additional period of a minimum of 10 days.

"Our strategic alternatives review process is well underway and I can confirm that Fibrek is in serious discussions with a number of interested parties concerning potential value-maximizing transactions. We will continue to actively pursue these opportunities and properly serve the interests of our shareholders, our employees and other stakeholders. In this regard, by no means has our rights plan outlived its usefulness and we will certainly contest Abitibi's application," stated Hubert T. Lacroix, Chairman of the Board of Fibrek.

"We would like to remind our shareholders that they are under no obligation to take any action before the insider bid's expiry date, you will not lose your rights," added Mr. Lacroix.

## More Information on Competition Bureau Request

The Supplementary Information Request (SIR) received by Abitibi under the *Competition Act* (Canada) has the effect of extending the period during which Abitibi is prohibited from taking up the Fibrek shares pursuant to the Insider Bid until 30 days after Abitibi complies with the SIR or such earlier time as the Commissioner of Competition issues an advance ruling certificate or a "no-action" letter advising Abitibi that the Competition Bureau does not, at the time of such advice, intend to make an application under section 92 of the *Competition Act* (Canada) in respect of its proposed acquisition.

## Reasons to Reject the Offer

"While we continue to focus on operating our business, we are also very much focused on providing our shareholders with value that is rightfully theirs. Abitibi's insider bid blatantly deprives our shareholders of such value by ignoring significant new streams of operating income in energy and RBK businesses. We are confident that we will be able to deliver more value to our shareholders than the illusory premium presented in Abitibi's inadequate, unsolicited insider bid" stated Pierre Gabriel Côté, President and Chief Executive Officer of Fibrek.

Shareholders are also reminded that the Board has undertaken a rigorous process in order to ensure that all shareholders are treated fairly by Abitibi's unsolicited Insider Bid. As part of such process and for the reasons disclosed in a press release dated December 19, 2011, including the close operational relationship between Fibrek and Abitibi and the fact that Fairfax is the largest shareholder of both companies, the Board has appointed an independent committee which has retained Canaccord Genuity Corp. as independent valuator to prepare a formal valuation of the Fibrek common shares. The Board believes it is in the best interest of shareholders to benefit from a formal valuation of Fibrek's common shares. Shareholders are advised that the information to be contained in the formal valuation could materially affect their decision to accept or reject the Insider Bid and as such, the Board urges Fibrek's shareholders not to take any action before the formal valuation has been completed and publicly disclosed.

The Board's recommendation to Fibrek shareholders that they **REJECT** the Insider Bid and **DO NOT TENDER** their common shares, as well as a more detailed discussion of the reasons for rejecting the Insider Bid and the inadequacy opinion provided by Fibrek's financial advisor, are contained in the Directors' Circular.

The Directors' Circular is available on SEDAR at [www.sedar.com](http://www.sedar.com) and has been mailed to shareholders on December 30, 2011. It is also available at [www.fibrek.com](http://www.fibrek.com). Shareholders are advised and encouraged to read the Directors' Circular in its entirety, as it contains important information regarding the Board's recommendation to **REJECT** Abitibi's Insider Bid.

Questions and requests for assistance or any other inquiries regarding the Insider Bid may be directed to Fibrek's information agent, Phoenix Advisory Partners, at 1-800-398-1129 (North American Toll Free) or via email at [inquiries@phoenixadvisorypartners.com](mailto:inquiries@phoenixadvisorypartners.com).

## **About Fibrek**

*Fibrek (TSX: FBK) is a leading producer and marketer of high-quality virgin and recycled kraft pulp. The company operates three mills located in Saint-Félicien, Québec, Fairmont, West Virginia, and in Menominee, Michigan with a combined annual production capacity of 760,000 tonnes. Fibrek has approximately 500 employees. The Saint-Félicien mill provides northern bleached softwood kraft pulp (product known as NBSK pulp) to various sectors of the paper industry mainly in Canada, the United States and Europe, for use in the production of specialized products. The Fairmont and Menominee mills manufacture air-dried recycled bleached kraft pulp (product known as RBK pulp) and primarily supply manufacturers of fine uncoated paper, tissue paper for commercial and industrial uses, and coated paper in the United States.*

## **Forward-Looking Statements**

*This press release contains "forward-looking statements" within the meaning of applicable securities laws. These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical facts and include statements concerning Fibrek's future outlook, business strategy, plans, expectations, results or actions, or the assumptions underlying any of the foregoing. Forwardlooking statements can generally be identified by words such as "may", "should", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", "outlook" and similar expressions. These statements are based on information currently available to Fibrek's management and on the current assumptions, intentions, plans, expectations and estimates of Management regarding Fibrek's future growth, results of operations, performance, business prospects and opportunities and ability to attract and retain customers as well as the economic environment in which it operates. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors which could cause actual results of Fibrek to differ materially from the conclusion, forecast or projection stated in such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: actions taken by Abitibi, actions taken by shareholders of Fibrek in respect of the Insider Bid, the possible effect of the Insider Bid on Fibrek's business, the qualification of Fibrek under the new Québec government cogeneration program, general economic conditions, pulp prices and sales volume, exchange rate fluctuations, cost and supply of wood fibre, wastepaper and other raw materials, pension contributions, competitive markets, dependence upon key customers, increased production capacity, equipment failure, disruptions of production, capital requirements and other factors referenced in Fibrek's continuous disclosure filings which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Readers should not place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of this press release and, except as required by applicable securities laws, Fibrek assumes no obligation to update or revise them to reflect new events or circumstances.*

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