



December 26, 2011

Dear Fellow Shareholders:

AbitibiBowater Inc. ("**Abitibi**") (doing business as Resolute Forest Products) and RFP Acquisitions Inc., an indirect wholly-owned subsidiary of Abitibi, (collectively, the "**Offeror**") filed documents with Canadian securities regulatory authorities and with the United States Securities and Exchange Commission on December 15, 2011 relating to its unsolicited offer to purchase all of the issued and outstanding common shares (the "**Common Shares**") of Fibrek Inc. ("**Fibrek**" or the "**Corporation**") for either (i) \$0.55 in cash and 0.0284 of a common share of Abitibi per Common Share, (ii) 0.0632 of a common share of Abitibi per Common Share, subject to a pro-ration based on a maximum of approximately 3.7 million common shares of Abitibi to be issued, or (iii) \$1.00 in cash per Common Share, subject to a pro-ration based on a maximum of approximately \$71.5 million, upon the terms and subject to the conditions set forth in the Offeror's takeover bid circular dated December 15, 2011 (the "**Offeror's Circular**") and in the related letter of transmittal and notice of guaranteed delivery (which, collectively, constitute the "**Unsolicited Offer**").

After careful consideration, including a thorough review of the terms and conditions of the Unsolicited Offer, for the reasons described in more detail below and in the accompanying Directors' Circular, the board of directors of Fibrek (the "**Board**" or the "**Board of Directors**") after consultation with its legal and financial advisors:

- has unanimously determined that the Unsolicited Offer is **NOT** in the best interests of holders of Common Shares (the "**Shareholders**") or other Fibrek stakeholders; and
- unanimously recommends that you **REJECT** the Unsolicited Offer, **TAKE NO ACTION** and **NOT TENDER** your Common Shares to the Unsolicited Offer.

If you have already tendered any of your Common Shares, you should **WITHDRAW** them immediately.

The Board firmly believes that the Unsolicited Offer deprives you, our Shareholders, of the true value of your Common Shares. The Unsolicited Offer significantly undervalues Fibrek and its attractive asset base and future growth prospects. The Board has undertaken a rigorous process in order to ensure all of the Shareholders are treated fairly by Abitibi's unsolicited insider bid. Discussions are being pursued with third parties in order to generate value-creating alternatives. While it is impossible to predict whether any compelling proposals will emerge from these efforts and discussions, the Board believes that Fibrek and its assets are potentially very attractive to additional third parties other than the Offeror.

We have concerns with Abitibi's unsolicited insider bid, which does not provide you with the benefit of a formal valuation by an independent valuator. A formal valuation would provide you with a clear value range for your Common Shares of Fibrek. Abitibi is unfortunately relying on a technical exemption from the legal requirement to obtain such a valuation on the basis, as they claim, that they do not have material information concerning Fibrek's business. Accordingly, for the reasons disclosed in a press release dated December 19, 2011, your Board has appointed an independent committee which has retained Canaccord Genuity Corp. as independent valuator to prepare a formal valuation of the fair market value of your Common Shares.

As described in more detail in the Directors' Circular, the Board considered many factors in reaching its

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unanimous recommendation, including a written opinion dated December 18, 2011 from Fibrek's financial advisor TD Securities Inc., to the effect that, as of that date and subject to the scope of review, assumptions, limitations and qualifications discussed therein, the consideration offered to Shareholders of Fibrek (other than those who have entered into lock-up agreements with the Offeror) pursuant to the Unsolicited Offer is inadequate, from a financial point of view, to such Shareholders. The full text of the opinion is attached as Schedule A to the Directors' Circular.

The Unsolicited Offer comes at a turning point in Fibrek's corporate strategy adopted by the Board and Management in 2010. Fibrek has moved towards a strategic orientation with a focus of seeking profitable growth and diversification opportunities, with a priority on tissue and power generation. Over the last year, Fibrek has been actively pursuing discussions with third parties regarding potential vertical integration opportunities in the tissue and power generation sectors.

Moreover, Fibrek's dedicated operational efforts and focus have led to improved margins and the strengthening of Fibrek's balance sheet. For example, since July 2010, Fibrek has:

- decreased its debt level to a debt-to-total capitalization ratio of 22.7% as at September 30, 2011, which is amongst the lowest in the industry, with its refinancing transactions of July 2010 and the early redemption of all of its debentures in February and June 2011;
- maintained its selling, general and administrative costs amongst the lowest in the industry, with a ratio of 2.8% of total sales;
- signed a new collective bargaining agreement with the Saint-Félicien mill employee union, which agreement contains several measures, including the implementation, effective April 2014, of a new fixed employer contribution pension plan for future service, representing in the aggregate savings of approximately \$2 million annually; and
- optimized its supply chain and logistics management, including a commercial strategy on fibre supply which contributed to lowering wood chip costs following the cancellation in 2009 of our 20-year wood chip supply agreement by Abitibi in connection with its financial restructuring.

In the current context, the Board has mandated management and its financial and legal advisors to build actively upon existing strategies to develop a full set of highest-value initiatives and continue to explore alternatives consistent with its corporate strategy and with the best interests of Shareholders. The Board is confident that given the strategic and operational repositioning which it has undergone, Fibrek would be able to continue realize upon the opportunities available to it, and deliver more value to Shareholders than the Unsolicited Offer.

The reasons for the recommendation that Shareholders **REJECT** the Unsolicited Offer and **NOT TENDER** their Common Shares are detailed in the attached Directors' Circular and include:

- The Unsolicited Offer is opportunistic.
- The Unsolicited Offer deprives Shareholders of full value as it does not reflect an adequate premium for control of Fibrek.
- The Unsolicited Offer fails to compensate Fibrek Shareholders for the value of Fibrek's attractive asset base and growth prospects.
- The Unsolicited Offer does not adequately compensate Fibrek's Shareholders for the operational efficiencies and other benefits that the Offeror would enjoy from acquiring Fibrek.

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- Fibrek's financial advisor, TD Securities Inc., has delivered a written opinion stating that the consideration offered to Shareholders of Fibrek (other than those who have entered into lock-up agreements with the Offeror) pursuant to the Unsolicited Offer is inadequate, from a financial point of view, to such Shareholders.
- A formal valuation of the Common Shares will be prepared by an independent valuator.
- Discussions are being pursued with third parties and superior offers or other value-creating alternatives may emerge.
- The value of the Unsolicited Offer is uncertain and does not compensate Fibrek Shareholders adequately for the risks and uncertainties relating to the Offeror's business as shares of the Offeror constitute a substantial part of the consideration offered pursuant to the Unsolicited Offer. We remind you that demand for Abitibi's core newsprint (representing 38% of Abitibi's revenue for the last twelve months ("**LTM Revenue**")) and coated and uncoated commercial printing papers (also representing 38% of Abitibi's LTM Revenue) has weakened significantly over the last decade. As disclosed in the Offeror's Circular, industry statistics indicate that North American newsprint demand has experienced annual declines of 10.3% in 2007, 11.2% in 2008, 25.3% in 2009, 6.0% in 2010 and 7.2% through October of 2011. The Offeror also states in the Offeror's Circular that third-party forecasters indicate that these declines may continue in the future. You should carefully review the section entitled "Risk Factors – Risk Factors relating to Resolute's Business" of the Offeror's Circular before taking any action in respect of your Common Shares.
- Fibrek's directors and officers do NOT intend to TENDER to the Unsolicited Offer.

We are confident that you will conclude, as we have, that the Unsolicited Offer fails to provide full value for your Common Shares.

For the above reasons, we urge you to **REJECT** the Unsolicited Offer and **NOT TENDER** your Common Shares to the Unsolicited Offer. If you have already tendered any of your Common Shares, you should **WITHDRAW** them immediately. If you have tendered Common Shares to the Unsolicited Offer and wish to obtain advice or assistance in withdrawing your Common Shares, we urge you to contact your broker or Fibrek's information Agent, Phoenix Advisory Partners ("**Phoenix**") at 1-800-398-1129 or by email at inquiries@phoenixadvisorypartners.com. Phoenix is also available to respond to your other enquiries about any information in the attached Directors' Circular.

On behalf of the Board of Directors of Fibrek, we thank you for following our recommendation . We will keep you fully informed of developments as they occur, through press releases or other direct communications.

Yours very truly,



HUBERT T. LACROIX
*Chairman
 Fibrek Inc.*



PIERRE GABRIEL CÔTÉ
*President, Chief Executive Officer and Director
 Fibrek Inc.*

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