



TSX: SFK.UN

## **News Release**

*For immediate release*

### **SFK PULP FUND UNITHOLDERS APPROVE THE CONVERSION OF SFK PULP INTO A CORPORATION AND DISCOVER FIBREK**

**Longueuil (Quebec), May 19, 2010** – SFK Pulp Fund (TSX: SFK.UN) is proud to announce that during its annual general and special meeting, which was held today in Montreal, its unitholders approved the previously announced arrangement plan pursuant to which its income trust structure will be reorganized into a corporation to be named “FibreK Inc.”. This arrangement plan will be submitted for approval to the Quebec Superior Court on May 20, 2010 and the conversion is expected to take effect on May 25, 2010.

#### **From Income Trust to Corporation**

By approving the arrangement plan by over 99% of the votes cast, unitholders recognized the numerous advantages represented by a conversion into a corporation. In addition to eliminating the uncertainty that is prevalent in today’s income trust market due to changes in Canadian fiscal legislation regarding income trusts, the new structure will attract a broader investor base and provide an active, attractive and liquid market for its shareholders. It will also give greater access to various types of capital which the company needs in order to ensure its long-term growth and success. This conversion will allow for the \$190M refinancing from the SGF, Fairfax Financial Holdings and GE Capital, announced on May 10<sup>th</sup>.

Upon completion of the Conversion, units of the Fund (“Units”) held by the unitholders will be transferred to Fibrek in consideration for common shares of Fibrek (“Common Shares”) on the basis of one Common Share for each Unit so transferred. The holders of the Fund’s 7% extendible convertible unsecured subordinated debentures (“Debentures”) will be entitled to receive Common Shares rather than Units on conversion of such Debentures, on the same conversion basis as Units were previously issuable on conversion thereof, being \$4.80 per Unit.

#### **FibreK**

The Fund’s special general meeting also provided management with the opportunity to disclose the corporation’s new name (“FibreK”), new colors, as well as a new logo and a clear vision: innovative solutions for a sustainable future.

#### **ABOUT SFK PULP**

*SFK Pulp (TSX: SFK.UN), a leader in the production and distribution of high-quality virgin and recycled kraft pulp, operates three mills located in Saint-Félicien, Québec, Fairmont, West Virginia, and in Menominee, Michigan. The SFK Pulp workforce totals 500 employees approximately. The company’s annual production capacity is 745,000 metric tons. 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, household paper for commercial and industrial uses, and coated paper in the United States.*

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