

## Press Release

**Source:** Supremex Income Fund

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### SUPREMEX INCOME FUND SIGNS DEFINITIVE AGREEMENT ON CONVERSION TO A CORPORATION

**Montreal, Québec, March 22, 2010** – Supremex Income Fund (TSX: SXP.UN) (the "Fund") is pleased to announce that it has entered into an agreement (the "Arrangement Agreement") pursuant to which the Fund will convert from an income trust structure to a corporation (the "Arrangement").

The board of trustees of the Fund and the board of directors of Supremex (collectively, "Board") and the senior management ("Management") of Supremex Inc. ("Supremex") believe that the proposed corporate structure will maximize long term value for the benefit of holders of units of the Fund ("Unitholders"). Given the diminished value of the income fund structure, Management and the Board believe that the best opportunity for creating value is to reinvest the funds from operations into internally generated opportunities. By converting to a corporation, Management and the Board believe that Supremex will be in a better position to pursue these opportunities and reduce its debt. Management and the Board believe that the Arrangement provides a number of compelling and strategic benefits, including, without limitation, the expectation that a conversion to a public corporation would remove the uncertainty that exists in the income fund marketplace today, allow Supremex's financial and operational performance to be more appropriately valued relative to its corporate peers and attract new investors.

#### DETAILS OF THE ARRANGEMENT

The Arrangement will occur pursuant to a statutory plan of arrangement (the "Plan of Arrangement") under Section 192 of the *Canada Business Corporation Act*. If approved, the Arrangement will result in the reorganization of the Fund's income trust structure into a public corporation, "**Supremex Inc.**". Pursuant to the Arrangement, Unitholders will receive, for each Unit held, one common share ("Common Share") of Supremex. It is a condition to the completion of the Arrangement that the Toronto Stock Exchange (the "TSX") shall have conditionally approved the substitutional listing of the Common Shares, subject to the fulfilling of the requirements of the TSX as soon as possible after the effective time of the Arrangement, which is expected to be on or about January 1, 2011.

#### APPROVALS AND CLOSING OF THE TRANSACTION

Additional details of the Arrangement will be announced by way of news release and filings on SEDAR ([www.sedar.com](http://www.sedar.com)) in the coming weeks. The Fund expects to mail an information circular to Unitholders which will include a summary of the Arrangement Agreement and additional details concerning the

Arrangement in early April 2010. The Unitholders will vote on the Arrangement at the Annual and Special Meeting of the Fund ("Meeting"), which is currently scheduled to be held at 7213 Cordner, LaSalle, Québec, H8N 2J7, on May 7, 2010 at 10:00 A.M. (Montreal time). The record date for determining Unitholders entitled to vote on the Arrangement is March 31, 2010.

The Arrangement is subject to, among other customary conditions, approval by the Quebec Superior Court of the Plan of Arrangement, the approval of the TSX and a positive vote in favour of the Arrangement by the holders of at least 66⅔% of the Fund's voting units cast by Unitholders, either in person or by proxy, voting at the Meeting. There can be no certainty, nor can the Fund provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If these conditions are satisfied as anticipated, the Arrangement is scheduled to close on or about January 1, 2011 (the "Effective Date").

Following a thorough analysis of material information and relevant considerations including, but not limited to, capital requirements, the changing credit environment, capital markets, changes to its business environment, economic conditions and considering their duties and responsibilities to the Unitholders, the Board concluded that the proposed transaction was in the best interests of the Fund and fair to Unitholders and recommends that Unitholders vote in favour of the Arrangement.

## **DISTRIBUTIONS**

Distributions paid to Unitholders for the months of March 2010 through to December 2010 will not be affected by the proposed Arrangement and the Fund expects that they will be paid in the usual manner. Accordingly, Unitholders of record on March 31, 2010 would receive their regular monthly cash distribution of \$0.01 on the 15<sup>th</sup> day of the following month, subject to the Board of Trustees' consideration of, among other things, operating cash flow generated by Supremex, financial requirements of Supremex and restrictions under credit facilities. Provided the Arrangement is approved at the Meeting, the last distribution paid to Unitholders by the Fund is expected to be for the month of December 2010.

If the Arrangement is approved by Unitholders at the Meeting and the Effective Date occurs on or about January 1, 2011, as currently scheduled, it is anticipated that the dividend policy of Supremex will be set at \$0.03 per Common Share per quarter. The dividend policy will be subject to the discretion of the board of directors of Supremex and may vary depending on, among other things, Supremex's earnings, financial requirements, the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends and other conditions existing at such future time.

## **BOARD OF DIRECTORS AND MANAGEMENT TEAM**

Following completion of the Arrangement, the board of directors and senior management of Supremex will be comprised of all of the current members of the board of trustees of the Fund and the board of directors of Supremex and all of the senior management of Supremex. Mr. Gilles Cyr will serve as President and Chief Executive Officer and Mr. Stephane Lavigne will serve as Vice-President, Chief Financial Officer and Corporate Secretary of Supremex.

## **ABOUT SUPREMEX**

Supremex Income Fund is Canada's largest manufacturer and marketer of a broad range of stock and custom envelopes and related products. Supremex is the only national envelope manufacturer in Canada with facilities in seven provinces and employs approximately 650 people. This nationwide presence enables it to manufacture products tailored to the specifications of major national customers such as leading Canadian corporations, national resellers and governmental entities, as well as paper merchants and process and solutions providers.

## **FORWARD-LOOKING STATEMENTS**

This press release contains "forward-looking statements" within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the EBITDA projection, future performance of Supremex and similar statements concerning anticipated future results, circumstances, performance or expectations. A statement is forward-looking when it uses what Supremex knows and expects today to make a statement about the future. Forward-looking statements may include words such as anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target and will. These statements relate to future events or future performance and reflect current assumptions, expectations and estimates of Management regarding growth, results of operations, performance, business prospects and opportunities, Canadian economic environment and ability to attract and retain customers. Such forward-looking statements reflect current assumptions, expectations and estimates of Management and are based on information currently available to Supremex as at the date of this press release. Forward-looking statements are subject to certain risks and uncertainties, and should not be read as guarantees of future performance or results and actual results may 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 the following: economic cycles, availability of capital, decline in envelope consumption, increase of competition, exchange rate fluctuation, raw material increases, credits risks with respect to trade receivables, increase in funding of pension plans, postal services deficiencies, interest rates fluctuation and potential risk of litigation. Consequently, we can not guarantee that any forward-looking statements will materialize. Readers should not place any undue reliance on such forward-looking statements. For additional information on these risks and uncertainties, see Supremex's most recently filed Annual Information Form and its 2009 Annual MD&A, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Supremex disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.