

**For Immediate Release**



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TSX: FTP

## **FORTRESS PAPER ANNOUNCES FIRST QUARTER 2009 RESULTS**

**Vancouver, British Columbia, May 11, 2009** – Fortress Paper Ltd. (“Fortress Paper” or the “Company”) reported net income of \$3.6 million for the first quarter of 2009 on sales of \$46.6 million or basic and diluted earnings per share of \$0.35. For the first quarter of 2008 the Company reported net income of \$4.2 million on sales of \$49.8 million or basic and diluted earnings per share of \$0.41 and \$0.38 respectively. In the fourth quarter of 2008 the Company reported net income of \$2.8 million on sales of \$46.3 million or basic and diluted earnings per share of \$0.27.

EBITDA was \$5.0 million or 10.8% of sales for the three months ended March 31, 2009. For the three months ended March 31, 2008 EBITDA was \$6.6 million or 13.3% of sales. EBITDA for the fourth quarter of 2008 was \$6.0 million or 12.9% of sales.

The decrease in EBITDA relative to the prior year comparative period was primarily due to the product mix change at the Dresden mill and a challenging quarter for specialty papers at the Landqart mill which were a direct result of the global economic slowdown. At the Landqart mill the market for security papers continues to show strength.

EBITDA is defined as net income before interest, income taxes, depreciation, amortization, non-operating income and expenses and stock based compensation which the Company considers to be a key performance indicator. EBITDA is not a generally accepted earnings measure and should not be considered as an alternative to earnings or cash flows as determined in accordance with Canadian generally accepted accounting principles. As there is no standardized method of calculating EBITDA, the Company’s use for the term may not be comparable with similarly titled measures used by other companies.

Chad Wasilenkoff, Fortress Paper’s chief executive officer stated: “The first quarter of 2009, although challenging, certainly displayed the resilience of our business and ability to continue with strong results despite the global economic crisis. Our balance sheet remains strong and we continue to evaluate internal growth initiatives and accretive acquisition opportunities.

The market for security papers continues to show strength and our order book for wallpaper base has recovered to healthy levels. Specialty papers from our Landqart mill continue to experience challenges as a result of the global economic slowdown and will be a specific area where we intend to focus on implementing cost saving initiatives.”

## Selected Financial Information

The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, our audited consolidated financial statements as at and for the year ended December 31, 2008 and the related notes thereon and our Management's Discussion and Analysis filed on SEDAR.

### *Three Months Ended March 31, 2009*

#### Selected Financial Information and Statistics

(thousands of dollars, except per unit amounts and shipments, unaudited)	Q1 2009	Q4 2008	Q1 2008
Sales	46,623	46,331	49,789
EBITDA	5,032	5,966	6,643
Operating income	3,765	4,399	5,527
Net income	3,584	2,778	4,189
Basic EPS	\$0.35	\$0.27	\$0.41
Weighted average shares outstanding basic (thousands)	10,235	10,235	10,203
Diluted EPS	\$0.35	\$0.27	\$0.38
Weighted average shares outstanding diluted (thousands)	10,235	10,235	11,141
Shipments (tonnes)			
Landqart mill	3,721	4,338	4,603
Dresden mill	9,002	6,911	10,401
Total	12,723	11,249	15,004

## Operational Results

At the Landqart mill the market for security papers continues to show strength; however specialty papers experienced a difficult first quarter as a direct result of the global economic slowdown.

At the Dresden mill, the wallpaper base market experienced a decline in orders late in 2008 as a direct result of the financial and economic situation impacting global economies. Orders strengthened throughout the first quarter; however, due to the very small order book that we experienced in early January, we were not able to generate production schedules with run rates as long and efficient as previously experienced. This reduction in efficiency resulted in more down time for cleaning and changing products, more waste, and thus reduced overall margins. As the order book continued to grow during the quarter, so did the underlying efficiencies. Despite the global crisis, profitability remains strong and the order book continues to strengthen. The Dresden mill and the union ratified a new collective bargaining agreement through the end of 2010.

## The Company

Fortress Paper is a leading international producer of security and other specialty papers. The Company operates two paper mills, the Landqart Mill located in Switzerland and the Dresden Mill located in Germany. The Company's security papers include banknote, passport and visa papers and its specialty papers include non-woven wallpaper base products, and graphic and technical papers. As an extension of its security papers business, the Landqart Mill has been actively developing and marketing innovative paper-based security products.

## **Conference Call**

A conference call to discuss the financial results for the first quarter 2009 will be held on May 12, 2009 at 8:00 a.m. (PST). To attend the conference call, please dial one of the following numbers:

North America: 1-877-407-6177

International: 201-689-8055

A replay of the conference call will be available for 7 days. To access the replay, listeners may dial 1-877-660-6853. The pass code to access the replay is 321692.

## **Forward-Looking Statements**

Some information in this news release contains forward-looking statements that reflect the current views and/or expectations of the Company with respect to its performance, business and future events. The reader is cautioned that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation, those relating to damage to our reputation, competition, maintaining our market position, marketability and price of our products, technology and protection of our intellectual property, dependence on our major customers, fluctuations in the price and supply of raw materials, fluctuations in foreign exchange and other risk factors detailed in our filings with Canadian securities regulatory authorities. These risks, as well as others, could cause actual results and events to vary significantly. Fortress Paper Ltd. does not undertake any obligation to release publicly any revisions for updating any voluntary forward-looking statements.

For further information please contact:

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