

BESTAR INC. SIGNS A MERGER AGREEMENT AND OBTAINS THE SUPPORT OF ITS PRINCIPAL SHAREHOLDERS

Lac Mégantic, November [10], 2014 – Bestar Inc. ("Bestar") is pleased to announce that it has concluded a merger agreement today for the privatization of Bestar (the "Merger Agreement"), for a total monetary consideration exceeding \$2.7 million.

The Merger Agreement provides for the merger of Bestar and 9310-1574 Québec Inc. ("Nouco") under the *Business Corporations Act* (Quebec) (the "merger"), establishes the terms and conditions of the merger and all the other necessary conditions for its completion, and provides for the organization of the company resulting from the merger ("Amalco"). Pursuant to the merger, all of Amalco's shares will be held by a group consisting of Mario Aubé, Mario Beaulieu and other investors from Lac Mégantic. Amalco will keep the name "Bestar Inc." and its head office will remain at 4220 Villeneuve Street, Lac-Mégantic, Quebec, G6B 2C3.

Bestar's current employees will continue to be employed by Amalco, which will continue Bestar's current operations.

Financial terms and conditions of merger

According to the financial terms and conditions set out in the Merger Agreement:

- Bestar's common shares will be converted into an equal number of redeemable class "A" preferred shares of Amalco;
- Bestar's class "B" preferred shares will be converted into an equal number of redeemable class "B" preferred shares of Amalco;
- Bestar's stock options will be canceled;
- Nouco's class "AV" shares will be exchanged for an equal number of class "AV" shares of Amalco;
- Nouco's class "ONV-1" shares will be exchanged for an equal number of class "ONV-1" shares of Amalco; and
- Nouco's class "PF-3" shares will be exchanged for an equal number of class "PF-3" shares of Amalco.

Immediately after the merger, each redeemable class "A" preferred share of Amalco will be automatically redeemed for the amount of \$0.18 per share and each redeemable class "B" preferred share of Amalco will be automatically redeemed for the amount of \$1.50 per share, payable in cash. In addition, each stock option holder of Bestar will be entitled, in respect of each canceled option, to the payment of an amount equal to \$0.18 minus the exercise price of the stock option so canceled.

Bestar's shares will then cease being traded on the Canadian Securities Exchange.

Approval of Merger Agreement by Bestar shareholders

The Merger Agreement is subject, among other things, to approval by 66 2/3% of the votes cast by the shareholders of Bestar at a special meeting of the shareholders to be called for this purpose. A proxy solicitation circular will be mailed to Bestar's shareholders by no later than December 2, 2014 relating to the special shareholders' meeting which will be held on

December 29, 2014 to approve the merger. If the conditions precedent set out in the Merger Agreement are met, the closing should occur in January 2015.

Support of principal shareholders

Last September 19, Bestar's two principal shareholders, the Fonds de solidarité des travailleurs du Québec (F.T.Q.) and Placements Paulin Tardif Inc., a corporation controlled by Mr. Paulin Tardif, Vice-Chair of the board of directors of Bestar, who together hold a total of 8,056,750 shares of Bestar (i.e. 61.79% of the issued and outstanding shares of Bestar), as well as other shareholders holding a total of 741,000 shares of Bestar (5.7% of the issued and outstanding shares of Bestar) have concluded support and voting agreements with Nouco, whereby they undertake to exercise the voting rights attached to their shares in favour of the Merger.

The Merger Agreement, as well as the support and voting agreements signed by the principal shareholders, contain the standard provisions prohibiting Bestar and the principal shareholders from soliciting other acquisition proposals. They are, however, authorized to respond to a unsolicited superior proposal, subject to the payment by Bestar of a termination fee in the amount of \$125,000 to Nouco.

Approval by board of directors

In accordance with the applicable securities regulations, Bestar's board of directors has created a committee independent of the board of directors charged with examining the terms and conditions of the proposed merger.

The independent committee retained the services of an independent financial advisor and independent legal counsel to assist it in the discharge of its duties. The financial advisor reviewed the offer and the financial situation of Bestar, discussed with key management personnel of Bestar and informed the independent committee that in its opinion, the offer is not fair to the shareholders from a financial point of view.

Despite the fact that the financial advisor cannot agree with the fairness of the offer to the shareholders from a financial point of view, the independent committee has recommended to the board of directors to approve the signature of the Merger Agreement and to submit the matter to Bestar's shareholders for the following reasons:

- the offer was supported by a sufficient majority of shareholders, which makes virtually certain that the shareholders would vote in favour of the resolution pertaining to the merger at the meeting of shareholders;
- the low liquidity of Bestar's shares;
- the offer of a definite and final amount to the shareholders for their shares of Bestar;
- the shareholders who disagree with the transaction benefit from the redeeming right provided under the *Business Corporations Act* (Québec); and
- Nouco's undertaking to ensure the continuity of the activities of, and invest in Bestar.

However, the independent committee made no recommendation to the shareholders as to the exercise of their voting rights on the resolution pertaining to the merger.

Bestar's board of directors has reviewed the independent committee's report and approved the Merger Agreement, taking into account all the factors referred to in the committee's report.

The board of directors would like Bestar's shareholders to decide on the merger at a special meeting of shareholders to be held on December 29, 2014. The proxy solicitation circular will be sent to Bestar's shareholders in the coming weeks. More details on the terms and conditions of the merger will be set out in the proxy solicitation circular. A copy of the Merger Agreement, the support and voting agreements, PwC's opinion, the proxy solicitation circular, and certain related documents will be filed in due course on SEDAR at the following address: www.sedar.com.

Bestar's shareholders should consult these documents and their own legal and financial advisors with respect to any matter concerning the merger.

Corporate profile

Founded in 1948, Bestar Inc. designs, manufactures, and distributes ready-to-assemble furnishings. Its products are mostly distributed in Canada and the United States. In 2006, Bestar also began manufacturing components. The company, which went public in 1986, operates out of its plant in Lac-Mégantic, Quebec, Canada.

Bestar's shares are currently listed on the Canadian Securities Exchange under the symbol "BES".

Forward-looking statements

This press release may contain information and statements of a forward-looking nature on the future performance of Bestar. They are based on assumptions and uncertainties and the best possible assessment of future events by management, and are subject to certain risk factors such as fluctuating exchange rates, growing competition from emerging markets, as well as changes in commodity prices and shipping costs.

Shareholder Information

Shareholders may find this press release in the news file at www.marketwired.com, on SEDAR at www.sedar.com, and on the website of the Canadian Securities Exchange at www.theitse.ca.

Source:
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