



**PRESS RELEASE – For immediate release**

**A 300 Million Dollar Investment and Conservation of 475 Jobs in Trois-Rivières**

**THE QUÉBEC GOVERNMENT AND KRUGER PARTICIPATE  
IN THE RE-LAUNCHING OF THE WAYAGAMACK MILL**

**Trois-Rivières, May 4, 2001** – Québec Premier, Bernard Landry, and Mr. Joseph Kruger II, Chairman and Chief Executive Officer of Kruger Inc., today announced the conclusion of a partnership agreement that will permit the re-launching of the Wayagamack Mill in Trois-Rivières. In addition, the Québec government—through SGF Rexfor, an affiliate of the Société générale de financement (SGF)—and Kruger Inc. will be partners in a significant modernization project that will generate an investment of over 300 million dollars and save 475 jobs in the Mauricie region.

Mr. Landry and Mr. Kruger were accompanied by Mr. Gilles Baril, Minister of State for the Regions, Minister of Industry and Commerce and Minister of Sports and Recreation; Mr. Jacques Brassard, Minister of Natural Resources; Mr. Guy Julien, Member for Trois-Rivières and Minister of Revenue, as well as Mr. Claude Blanchet, Chairman, President and Chief Executive Officer of SGF.

The new company, Kruger Wayagamack Inc., will be 51% owned by Kruger Inc. and 49% by SGF Rexfor. The modernization program will transform this mill into an industrial complex with state-of-the-art technology, producing lightweight coated paper destined for the North American market.

The Premier said that he is very pleased with this association because it ensures the security of 475 direct jobs that would have been in jeopardy without this intervention. “The re-launching of this mill and saving these jobs, thanks to concerted efforts between the public and private partners, demonstrates the government’s willingness to support the regional economy and to provide the best possible tools for development,” the Premier declared.

“We are very proud to be increasing our activity in the Trois-Rivières region and to be able to save hundreds of jobs. We are anxious to meet with the employees in the next few days so that together with them, we can begin this very important modernization program,” said Mr. Joseph Kruger II, Chairman and Chief Executive Officer of Kruger Inc.

“The participation of SGF in the Kruger Wayagamack project,” said Minister of State for the Regions, Mr. Gilles Baril, “is an outstanding example of the importance of SGF’s commitment to Québec’s regional economy. Since 1997, some 54% of investments by SGF and their partners in Québec have been made off the Island of Montréal.” The Minister also pointed out that Investissement Québec is participating in this project through a reimbursable financial contribution in the form of an interest-free loan of some 30 million dollars.

“It is no accident that we are here today. SGF Rexfor, an affiliate of the Société générale de financement, is renowned for its involvement, expertise and success in the development of the forest industry,” added Claude Blanchet, Chairman, President and Chief Executive Officer of SGF.

Minister Brassard, for his part, confirmed the allocation of 100 000 cubic meters of wood coming from the public forest. “Do I need to point out that without raw material, without wood fiber, projects such as these would never see the light of day? I am also very proud to confirm this morning that the company Inno-Pap will contribute financially to the modernization of some of the equipment. This assistance may be as high as 45 million dollars, which is equivalent to 15% of the admissible amount of this program. The Wayagamack mill is a pillar of the economy in the Trois-Rivières area, deeply rooted in the daily lives of hundreds of families. It was the government’s duty to do everything possible to preserve the social fabric of the region, and to cooperate with those who wished to reinforce this flagship of the Québec pulp and paper industry.”

In welcoming the two partners, the Member for Trois-Rivières and Minister of Revenue, Mr. Guy Julien, pointed out that now the future of the Wayagamack mill was assured, there would finally be an end to years of uncertainty and anxiety for the families of mill workers.

### **Kruger, a Well-Established Quebec Company in the Mauricie**

Mr. Louis Sabourin, Vice President of Manufacturing at Kruger Inc. will become the General Manager of Kruger Wayagamack Inc. From 1994 to 1999 Mr. Sabourin was General Manager of the Bromptonville mill and for the last year he has been Vice President of Newsprint and Coated Paper Manufacturing for the Trois-Rivières and Bromptonville mills. The mill currently produces 140 000 tonnes of uncoated GWD specialty grades. It has two paper machines in operation as well as a mechanical ground wood pulp mill and a kraft chemical pulp mill. These are two types of pulp essential for the production of lightweight coated paper.

Kruger has over 27 years experience in the production and sale of lightweight coated paper at its mill in Trois-Rivières. The North American market for lightweight coated paper has grown constantly over the years and it is anticipated the growth will continue and surpass other categories of paper. This increase stems from the growth of specialized magazines, catalogues and advertising supplements.

Kruger Inc. is a leader in sustainable forest ecosystems and is at the forefront of recycling. The company manufactures newsprint, lightweight coated paper, specialty grades, industrial and domestic tissue, recycled board and boxes, lumber, wood panels and other forest products. The organization employs over 10 000 people and has operations in Québec, Ontario, Alberta, British Columbia, Newfoundland, the United States and the U.K.

SGF Rexfor Inc. is a subsidiary of the Société générale de financement du Québec whose mission is to carry out economic development projects meeting normal profitability requirements, in collaboration with business partners. Since it was restructured in 1998, SGF has generated investments of about \$4.4 billion, creating over 19 400 direct and indirect jobs in the operating phase, not counting the thousands of jobs created during the construction phase. As at September 30, 2000, SGF's consolidated assets totaled close to \$2.2 billion. SGF has 52 international partners operating in Québec.

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