

**KRUGER HAS INVESTED \$145 MILLION TO IMPROVE
PRODUCTIVITY AT ITS MILLS AND THE QUALITY OF ITS PAPER**

Production shutdowns related to these investments and market conditions have resulted in a reduction of over 45 000 metric tonnes of newsprint on the market since the beginning of the year

Montréal, September 5th, 2001 – Since the beginning of January, 2001, the Kruger company has invested 145 million dollars in its newsprint mills in Trois-Rivières and Bromptonville in Québec, and in that of Corner Brook Pulp and Paper Limited, its affiliate company in Newfoundland. Various upgrading and expansion projects have been carried out at these facilities in order to improve the quality of newsprint as well as the machine productivity.

“These investments enable us to better respond to the needs of our clients by offering them newsprint with superior quality printability and runability,” said Mr. Bernard Routhier, Executive Vice President – Operations. “Completion of these projects has also enabled us to improve machine productivity, thereby reinforcing our competitive market position,” Mr. Routhier added.

The downtime related to the mill upgrading projects entailed a drop in production of 25 000 metric tonnes of newsprint and a decrease in production levels due to slow market conditions resulted in a drop of a further 20 000 metric tonnes. In total, more than 45 000 metric tonnes of newsprint have been withdrawn from the market since the beginning of the year.

Kruger is a leader in sustainable forest ecosystems and recycling. The company is a major pulp and paper producer engaged in the manufacturing and sale of newsprint, supercalendered and coated grades, specialty publication paper, tissue (Scott Paper Limited – Canada), linerboard, packaging, lumber and other forest products. The company has operations in Québec, Ontario, Alberta, British Columbia and Newfoundland, the United States and the United Kingdom and employs over 10 500 people.

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