

PRESS RELEASE – For Immediate Distribution

**HYDRO-QUÉBEC SELECTS KRUGER
BROMPTON 16 MW PROJECT**

Biomass Cogeneration

Sherbrooke, December 18, 2003. Kruger Inc. today confirmed that Hydro-Québec has retained the 16 MW biomass cogeneration project of the Brompton Mill following the call for tenders issued by Hydro-Québec – Distribution on April 15, 2003 for the supply of 100 MW of electricity produced from biomass.

The green energy production project consists of installing a boiler to burn biomass residue for the production of steam. The steam will then be sent to a new power-generating turbine. An investment of over \$60 million is required to complete the project.

“We are very happy that Hydro-Québec has selected our project; its realization will allow us to reduce our production costs and will have positive impacts on the environment”, said Mr. Denis Lafrenière, General Manager of the Kruger Brompton mill. “The project will burn sludge, bark and wood waste that would otherwise might have been sent to landfill”, he added.

Using biomass will reduce the Brompton mill’s annual consumption of fossil fuel by 25-million-liters. This change will contribute an annual reduction in greenhouse gas equivalent to 80 000 tonnes of carbon dioxide (CO₂e) .

Kruger Inc. will take all the necessary steps to obtain the required authorizations over the next few months. Construction work could begin as soon as all government authorizations are received.

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Kruger is a major pulp and paper company engaged in the manufacturing and sale of newsprint, specialty grades, lightweight coated paper, directory paper, tissue, recycled linerboard, corrugated containers, lumber and other wood products. Scott Paper Limited, a member of the Kruger Company, is the leading tissue manufacturer in Canada. Scott Paper serves the Canadian consumer market with well-known brands including Cottonelle, Purex, ScotTowels, Scotties, White Swan, Capri and Viva, as well as away from home products for industrial and commercial use across Canada. The Kruger company has operations in Québec, Ontario, Alberta, British Columbia and Newfoundland, the United States, United Kingdom and employs over 10 500 people.

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