



PRESS RELEASE – For immediate release

Creation of 175 new jobs

**INAUGURATION OF THE NEW COATED PAPER MACHINE
AT THE KRUGER WAYAGAMACK MILL**

Trois-Rivières, September 29, 2004 – The Minister responsible for Transport and for the Mauricie Region, Mrs. Julie Boulet, who was representing the Minister of Economic and Regional Development and Research, Mr. Michel Audet, the Chairman of the Board and Chief Executive Officer of Kruger Inc., Mr. Joseph Kruger II, the MNA for Trois-Rivières, Mr. André Gabias, and the Chairman and Chief Executive Officer of the Société générale de financement (SGF), Mr. Henri A. Roy, today presided over the official inauguration of the new, ultramodern coated paper machine at the Kruger Wayagamack Inc. mill.

The two partners, the Kruger Company (51%) and SGF (49%) invested a total of \$500 million in a major modernization program involving the acquisition and installation of a brand new, ultramodern, high-performance coated paper machine, as well as the modernization of two existing paper machines that produce directory and supercalendered papers. The addition of this new machine increased the mill's total production from 134,000 tonnes to 334,000 tonnes of paper annually.

“The financial participation of the Government of Québec in such major modernization and expansion programs is vital to enabling Québec companies to take a leadership role in both domestic and international markets by improving their response to the demand and often high expectations of various customer bases. Québec needs dynamic and ambitious organizations like Kruger that contribute through their investments and job creation to Québec's economic development,” said Mrs. Boulet.

This major modernization program was implemented with financial input from Investment Québec in the form of a direct loan totalling \$148 million.

The modernization of Kruger Wayagamack Inc. has created 175 new jobs, in addition to consolidating the mill's existing 475 jobs. Globally, the project required more than one million hours of planning, engineering, construction and management, as well as 235,000 hours of professional training. More than 3,000 construction workers took part in the modernization program. “With its 650 employees and a total payroll of \$40 million a year, the mill's revitalization represents a very important contribution to the economic development of the Mauricie region,” said Mr. Gabias.

“The SGF targets projects where initiative, financial risk and operations management are assumed by a private sector partner. This mill is undoubtedly the result of a successful business partnership between the Société générale de financement du Québec and Kruger, which is recognized as a leader in the pulp and paper industry,” said SGF’s Chairman and Chief Executive Officer Mr. Henri A. Roy.

The project took three years to complete and 60% of the goods and services contracts were awarded to Québec companies, including 25% to companies in the Mauricie. “Without the financial participation of the SGF and the excellent work of the people who were involved in the mill’s revitalization, this major project would never have taken place,” said Kruger’s Executive Vice President and Chief Operating Officer Mr. Bernard Routhier.

This is the only entirely new coated production unit to be installed in North America in the past 15 years, and its start-up was an unprecedented success in the industry. In addition to a complete range of coated products, Kruger Wayagamack Inc. manufactures directory and supercalendered grades.

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 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 Cashmere from 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 and Labrador, the United States, United Kingdom and employs over 10,500 people.

The Société générale de financement du Québec (SGF) is an industrial and financial holding company whose mission is to carry out economic development projects, especially in the industrial sector, in cooperation with partners and in accordance with accepted requirements for profitability and the Government of Québec’s economic development policy. (www.sgfqc.com)

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