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**KRUGER INVESTS \$200 MILLION IN A DE-INKING PLANT
AT ITS TROIS-RIVIÈRES MILL**

Major environmental benefits

Trois-Rivières (Québec), February 23, 2007 – Kruger Inc. today announced, with Mr. Jean Charest, Premier of Quebec, and Mr. Joseph Kruger II, Chairman of the Board and Chief Executive Officer of Kruger Inc., that it will invest \$200 million at its Trois-Rivières mill to build a de-inking plant with an annual capacity of 342,000 metric tonnes. This project will position Kruger as the North American leader in the manufacture of publication papers with a high recycled fiber content.

Also present for the announcement were Economic Development, Innovation and Export Minister, Mr. Raymond Bachand, and the Minister responsible for Transport and for the Mauricie region, Mrs. Julie Boulet.

Environmental Benefits:

- Recycling by Kruger of an additional 422,000 MT/year of recovered paper, the equivalent of the entire annual Quebec consumption of newsprint and specialty printing papers, for a total of 1,122,000 MT per year of paper and board. Thanks to this increase in its recycling capacity, Kruger will be the number-one recycler in Quebec and one of the largest recyclers in North America;
- 46 MW reduction of energy consumption, i.e. a 20% less than the mill currently uses or the energy required to supply 24,000 households;
- A reduction in virgin fiber consumption of 200,000 MT/year of chips and 229,000 m³/year of roundwood.

Mr. Bernard Routhier, Executive Vice President and Chief Operating Officer of Kruger, emphasized that this project will allow the company to improve its competitive position while offering its customers papers with high recycled fiber content. “Almost half of the fiber currently being used in our mills’ manufacturing processes is recycled. This project, in addition to our other recent initiatives, allows us to improve our environmental balance sheet even more,” says Mr. Routhier.

This \$200 million investment was made possible thanks to a \$20 million non-refundable contribution from Investissement Québec. The project also meets the eligibility criteria of Hydro-Québec's Plant Retrofit Program – Major Customers (PAMUGE) for energy efficiency, i.e. a contribution of \$30 million. Lastly, Investissement Québec also contributed a \$50 million loan.

The project will create 200 full-time jobs with a total payroll of \$50 million during construction, while purchases of goods and services are estimated to be \$125 million.

The de-inking plant will use a new technology to produce two grades of pulp that can be used to manufacture newsprint as well as supercalendered and coated papers. This pulp will entirely replace groundwood pulp, and will be used to produce value-added papers with recycled fiber content.

The project will be carried out over slightly more than two and a half years (32 months).

Founded in 1904, Kruger Inc. is a major producer of publication papers, tissue, lumber and other wood products, corrugated cartons from recycled fibers, and green and renewable energy. The Company is also a leader in paper and paperboard recycling in North America. It recently continued its expansion in the retail sector with the acquisition of the Maison des Futailles, a leading winemaker, bottler and marketer of wines and spirits. Kruger operates facilities in Quebec, Ontario, Alberta, British Columbia, Newfoundland and Labrador, in the United States and the United Kingdom and has 10,000 employees.

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