

PRESS RELEASE – For immediate release

KRUGER AND NORBORD TO CREATE A NEW JOINT VENTURE

**Longlac Wood Industries and Norbord Cochrane
to combine their hardwood plywood operations**

Cochrane (Ontario), December 1, 2008 – Norbord Inc. (TSX:NBD) and Kruger Inc. today announced an agreement in principle to form a joint venture to combine their respective Hardwood Plywood operations. The joint venture is subject to necessary approvals and is expected to close on December 31, 2008.

Following the creation of the new company, Kruger's Longlac plywood facility will close down, effective January 31, 2009, and all customers will be supported from the Cochrane site.

The equal partnership joint venture will continue to provide the same high quality hardwood plywood products that the two mills have been known for producing. "Joining forces will enable us to run the Cochrane mill at full capacity and maintain both companies' impressive track records of providing high quality products and consistent service," said Jean Roy, Vice President, Northern Operations, Norbord Inc.

"This joint venture will secure ongoing business for both companies and provide a solid platform for the sustainable growth of our panel products by reaching more customers than ever before," said Eric Bisson, Senior Vice President, Forest and Wood Products, at Kruger Inc.

Current difficult market conditions, declining US housing starts and greater competition from imports were all factors in this decision. Every possible solution to keep the Longlac facility in operation has been evaluated by Kruger; however Norbord's Cochrane mill has a lower operating cost structure. The decision to close Longlac will directly affect 130 employees, some of whom will transfer to the new venture, while the others will be considered should vacancies arise in Cochrane. The Company will also provide support to Longlac workers who wish to transition to alternative work.

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About Norbord Inc.

Norbord Inc. is an international producer of wood-based panels with assets of \$1.1 billion, employing approximately 2,700 people at 15 plant locations in the United States, Europe and Canada. Norbord is one of the world's largest producers of oriented strand board (OSB). In addition to OSB, Norbord manufactures particleboard, medium density fibreboard (MDF), hardwood plywood and related value added products. Norbord is a publicly traded company listed on the Toronto Stock Exchange under the symbol NBD.

About Longlac Wood Industries and Kruger Inc.

Longlac Wood Industries Inc., a subsidiary of Kruger Inc., is a major manufacturer of high quality hardwood plywood. Founded in 1904, Kruger Inc. is a major producer of publication papers, tissue, lumber and other wood products, corrugated cartons from recycled fibers, green and renewable energy and wines and spirits. The Company is also a leader in paper and paperboard recycling in North America. Kruger operates facilities in Quebec, Ontario, Alberta, British Columbia, Newfoundland and Labrador, in the United States and the United Kingdom and has 9,000 employees.

INFORMATION:

Jean Roy
Vice President, Northern Operations
Norbord Inc.
Tel. (819) 333-5464 ext. 482
E-mail: jean.roy@lasarre.norbord.com

Jean Majeau
Vice President, Corporate Affairs
Kruger Inc.
Tel.: (514) 343-3213
E-mail: jmajeau@kruger.com
Website: www.kruger.com