



NEWS RELEASE – For immediate release

Kruger Products invests US\$316 M in state-of-the-art manufacturing equipment as part of its North American growth strategy

The Company will implement a new tissue machine at its Memphis Mill to pursue its growth

Montréal (Québec), August 19, 2011 – Kruger Products L.P. (KPLP) today announced that it will continue to expand its presence in the North American tissue market by implementing new state-of-the-art manufacturing equipment at its Memphis, Tennessee mill. The US\$316 million investment will increase the Company's production capacity by 18 percent, or 60,000 metric tonnes per year of additional products to be distributed for the most part in U.S. markets.

The expansion project is an integral part of KPLP's long term strategic development plan. "The proximity of our Memphis Mill to growing U.S. markets will further strengthen our competitive position in North America, which will benefit all our establishments in both Canada and the U.S.," said Mario Gosselin, Chief Operating Officer for Kruger Products L.P.

Since the Kruger Company acquired its tissue mills in 1997, it has made significant investments of over CAN\$450 million in its four Canadian mills, including CAN\$230 million to modernize its Crabtree (QC) facility, which allowed Kruger Products to remain a leader in the Canadian market. The new investment announced today will not only help consolidate this leading position, but it will give Kruger Products the latitude it needs to develop its activities at the North American level.

The project, which involves the investment of a new tissue machine and a state-of-the-art facility to accommodate this new asset, is partly financed by a US\$211 million loan from the Caisse de dépôt et placement du Québec, a leading Canadian institutional fund manager.

About Kruger Products L.P.

A subsidiary of Kruger Inc., Kruger Products L.P. is Canada's leading manufacturer of quality tissue products for household, industrial and commercial use. The Company serves the Canadian consumer market with such well-known brands as Cashmere®, Purex®, SpongeTowels®, Scotties® and White Swan®. In the U.S., Kruger Products manufactures the White Cloud® brand, as well as many private label products. The Company has 2,500 employees and operates five FSC® CoC-certified mills, four of which are located in Canada and one in the US. For more information, visit www.krugerproducts.ca.

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