



NEWS RELEASE - For Immediate Distribution

SCOTT PAPER ANNOUNCES COMPLETION OF \$5 MILLION EXPANSION PROJECT

A total of \$12 Million invested in Calgary

Calgary, October 9, 2002 – Scott Paper, a member of the Kruger group of companies, announced today the completion of Phase I in the expansion of its Calgary Converting Facility which converts paper into tissue products. The installation of a new converting winder doubles the previous output of the facility to 1.5 million cases of tissue products per year for distribution and sale across the Prairie provinces.

The Scott Paper Calgary facility injects some \$5 million annually into the Alberta economy through wages and the purchase of goods and services, and represents a \$12 million investment in Calgary. It employs 22 people directly and another 10 in the distribution and warehousing facility next door.

“Scott Paper has been here in Calgary for only two years, but already we have seen that Alberta has a very positive business climate,” said Don Cayouette, Executive Vice President and Chief Operating Officer of Scott Paper Limited. “This City has good transportation connections, a youthful, vigorous and disciplined workforce and an encouraging tax and regulatory structure,” he concluded.

“Scott Paper and Kruger are excited to be a part of this City’s and this Province’s economic development,” said Joseph Kruger II, Chairman and Chief Executive Officer of Kruger Inc., the owner of Scott Paper. “This is only Phase I of our development program and we hope to continue to expand our operation here even further,” he added.

Scott Paper is Canada’s leading tissue manufacturer serving the Canadian consumer market with well-known brands including Purex (Western Canada’s leading brand), Cottonelle (Eastern Canada’s leading brand), ScotTowels, Scotties, White Swan, Capri and Viva, as well as away-from-home products for industrial and commercial use across Canada. Scott Paper, which was acquired by Kruger Inc. in 1997, represents approximately 40 percent of total installed Canadian tissue manufacturing capacity and has facilities in Calgary and New Westminister, B.C. as well as in Crabtree, Hull and Lennoxville, Quebec.

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. The Kruger company has operations in Québec, Ontario, Alberta, British Columbia and Newfoundland, as well as in the United States and the United Kingdom and employs over 10,500 people.

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