

**PRESS RELEASE – For Immediate Distribution**

**SCOTT PAPER LIMITED INVESTS 116.4 MILLION DOLLARS IN  
THE CRABTREE AND LENNOXVILLE MILLS  
WITH HELP FROM THE QUEBEC GOVERNMENT**

**Creation of 60 new jobs**

**Crabtree, November 18, 2002** – Quebec Premier Mr. Bernard Landry, the Chairman and Chief Executive Officer of Kruger Inc., Mr. Joseph Kruger II, and the Executive Vice President and Chief Operating Officer of Scott Paper -- a Kruger Company -- Mr. Donald Cayouette, today announced a 116.4 million dollar investment in the Scott Paper mills in Crabtree and Lennoxville. Investissement Québec will participate in this project with a contribution of 11.1 million dollars, refundable under the FAIRE program. Innovation-Papier will also participate with a non-refundable contribution of 16.6 million dollars, which is the equivalent of 15% of the eligible capital expenditures in this program. The investment project will create 60 new jobs and will secure the existing 636 jobs at these mills.

Premier Landry emphasized the importance of the Kruger Company to Quebec. “Québec has a world-class industry that is continually evolving with regard to sustainable development and which is a source of pride for all of us. Kruger’s major investments over the years reflect the dynamic nature of this company whose activities produce significant spin-offs in many regions of Québec.”

“These investments are essential for Scott Paper to retain its privileged position among the manufacturers in North America”, explained Mr. Joseph Kruger II, Chairman and Chief Executive Officer of Kruger Inc. “They will allow the Eastern Canada Manufacturing Division to improve its competitive edge in the highly competitive tissue product market. With these investments, Scott Paper will be able to reduce its manufacturing costs, increase production by acquiring new state-of-the-art equipment, and improve the quality of its products, while maintaining its position as a major employer in Lanaudière,” Mr. Kruger added.

The upgrading program at the Crabtree mill includes the installation of a new paper machine and two winders for hygienic paper, automation of one wrapping line for finished product cases, and the addition of a new robotized line for unitization of the cases. The upgrading of No. 5 paper machine in Lennoxville includes the addition of a new wet end. Employee training programs are also planned.

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These investments will meet the future needs of the Canadian market by making innovative products of superior quality. In addition they will enable Scott Paper to intensify its efforts to increase its share of the American market. “Scott Paper has acquired ownership rights for the *White Cloud* trademark and has reached an agreement for the exclusive use of this brand with the giant Wal-Mart USA”, announced Mr. Donald Cayouette, Executive Vice President and Chief Operating Officer for Scott Paper. “With our new facilities we will be able to produce a good part of Wal-Mart USA’s requirements and they will serve as our anchor point in the United States”, he added. Mr. Cayouette also called attention to the commitment of the employees who have signed a collective agreement for the period of 2001 to 2006 and who agreed to extend this collective agreement up to 2009 if the company invests in the Crabtree mill.

Work will be completed in the summer of 2003. The project will require a total of 60 000 hours of engineering and 250 000 hours of construction, if we include management of the various projects totaling \$116.4 million. At the peak period, 300 people will be working on the construction sites.

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 Westminster, B.C. as well as in Crabtree, Hull and Lennoxville, Quebec. Scott Paper employs 1700 people.

Kruger is a major pulp and paper company engaged in the manufacturing and sale of newsprint, groundwood specialty paper, lightweight coated paper, directory paper, tissue, recycled linerboard, corrugated containers, lumber and wood products. The company has operations in Québec, Ontario, Alberta, British Columbia and Newfoundland, the United States and the United Kingdom and employs over 10 500 people.

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