



Forest and Wood Products Division

**PRESS RELEASE – For immediate distribution**

## **KRUGER ANNOUNCES 153 LAYOFFS ON THE NORTH SHORE**

### **Impact of the Superior Court Decision**

**Montreal (Quebec), June 20, 2005** – Following the decision by the Quebec Superior Court granting the Betsiamites Innu a Safeguard Order that temporarily forbids Kruger Inc. to perform harvesting and forest management activities on Île René-Levasseur, the Company is forced to layoff 153 workers on the North Shore. Thus, between July and October, the company will gradually abolish 91 jobs in the forest, and one work shift each at the Manic sawmill in Ragueneau, the HCN sawmill in Forestville, and the Longue Rive dressing and drying plant, for as long as the Order remains in effect.

“Granting of the Safeguard Order deprives Kruger Inc. of 288,000 cubic meters of wood (the forest volume located on and to the north of Île René-Levasseur), to which we must add the loss of 200,000 cubic meters related to implementation of recommendations from the Coulombe Commission, for a total 44%-reduction of the Company’s forest volume. If this significant reduction in forest supplies is permanent, it will directly affect the competitiveness of the Kruger mills on the North Shore, and the company is currently looking at all options that will allow it to maintain viable operations in the region in the long term. Kruger Inc. would also like to point out that Île René-Levasseur constitutes the only economically viable access route to the forest volume situated on the mainland, to the north of the island,” said Mr. Jean Majeau, Vice President of Corporate Affairs.

With regard to the Mauricie where the Kruger Wayagamack mill will see its chip supplies from the North Shore reduced by 27%, the Company must find alternative sources of supply in the next few weeks, at acceptable prices. While no immediate impact on jobs is anticipated, the situation remains critical.

Today, Kruger Inc. met with union representatives from the North Shore and the Mauricie to inform them of the consequences of the reduction in wood supplies ordered by the Quebec Superior Court. It also met with its socio-economic partners on the North Shore and assured all parties of its determination to have its rights respected and to find viable solutions that will permit it to continue its activities on the North Shore.

To this end, Kruger Inc. today met in Ragueneau with Ministers Claude Béchar, Minister of Economic Development, Innovation and Export Trade and Minister responsible for the Côte-Nord region, Pierre Corbeil, Minister of Natural Resources and Wildlife, and Geoffrey Kelley, Minister for Aboriginal Affairs, to discuss the most appropriate solutions in view of the loss of volume that will affect Kruger’s activities on the North Shore and in the Mauricie.

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. In March 2004, Kruger created a new Business Unit, Kruger Energy Group, to ensure its growth in the energy sector. Scott Paper Limited, a member of the Kruger Company, is the leading tissue manufacturer in Canada, with well-known brands including Cashmere from Cottonelle, Purex, ScotTowels, Scotties, White Swan, Capri and Viva, as well as away from home products for industrial and commercial use across Canada. The Kruger Company has operations in Québec, Ontario, Alberta, British Columbia and Newfoundland and Labrador, the United States, United Kingdom and employs over 10,500 people.

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## **INFORMATION**

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