



Forest and Wood Products Division

PRESS RELEASE – For immediate distribution

Île René-Levasseur Safeguard Order

**KRUGER REQUESTS PERMISSION TO
APPEAL AND TEMPORARILY SUSPEND THE ORDER**

Montreal (Quebec), July 5, 2005 – Kruger Inc. has sent a request to the Quebec Court of Appeal for permission to appeal the Safeguard Order issued on June 17, 2005. This request is also aimed at temporarily suspending the Safeguard Order, which forbids it to perform forest activities on Île René-Levasseur, especially so that it may access the trees that were burned during the recent forest fires on the island. Burnt trees can be recovered and converted to lumber if harvested and hauled away within a year and a half after the fire; otherwise insects will destroy them.

“Kruger Inc. estimates that the decision has caused immediate, serious and irreparable damage to the company, as well as to its employees, their families and the independent forest contractors whose services the company retains. This damage can only increase over time and the viability of the Kruger mills on the North Shore could even be affected. Therefore, to protect our rights and those of our employees, we have decided to appeal,” said Kruger Vice President of Corporate Affairs, Mr. Jean Majeau.

Kruger Inc. has already announced that the Safeguard Order awarded to the Betsiamites Innu Community has forced it to layoff 153 employees, 91 of which from the forest in Common Area 093-20 and 62 from the mills in Ragueneau, Forestville and Longue Rive. “The temporary suspension of the Safeguard Order would allow many jobs to be preserved until a decision is rendered on the appeal,” Mr. Majeau stated.

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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