



**PRESS RELEASE – For immediate distribution**

**SCOTT PAPER LIMITED ANNOUNCES TWO EXPANSION PROJECTS  
AT ITS KTG (USA) LP SUBSIDIARY IN MEMPHIS, TENNESSEE**

**A US\$30 million investment and 100 new jobs created**

**Toronto (Ontario) – September 8, 2005** – Scott Paper Limited is pleased to announce an expansion project at its KTG (USA) LP mill, which produces tissue for in-home consumer use in Memphis, Tennessee. Kruger Inc. acquired this mill, which was idle at the time, in 2002 and created KTG whose business activities were integrated with those of Scott Paper to produce synergy in sales, technical innovation and new product development. The KTG operation is situated on 80 acres of land just north of downtown Memphis and its facilities cover 40 acres, making it the largest industrial complex in the city.

“In undertaking these two major projects, our main priority is to increase customer satisfaction with our service, as well as with the availability and quality of our products,” said Mr. Mario Gosselin, Chief Operating Officer for Scott Paper Limited. The first investment amounts to US\$10 million and will be used to speed up two machines already in operation at the mill. These speed-ups will increase the production capacity of the mill by 10,000 tons in the first quarter of 2006. “Preliminary engineering is also underway to rebuild an idle paper machine.” Mr. Gosselin added. This second project, which is valued at US\$20 million, will add 37,000 tons of capacity in 2007.

Once the expansion projects are completed, KTG will have more than doubled its current production capacity and will have added 100 new jobs to the 275 existing jobs at the Memphis mill. Interviewing and hiring for the expansion are already underway.

KTG is a subsidiary of Scott Paper and manufactures bathroom tissue and facial tissue under the White Cloud brand name and private labels, for stores such as Wal\*Mart and many other major players in the US retail market.

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 other wood products, including DRICore, the most recently patented unique engineered sub-flooring system. In March 2004, Kruger Inc. established a new business unit, the Kruger Energy Group, to achieve its growth objectives in the energy sector. Scott Paper Limited, a member of the Kruger Company, is the leading tissue manufacturer in Canada. Scott Paper serves the Canadian consumer market with well-known brands including Cashmere from Cottonelle, Purex, SpongeTowels, 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.

- 30 -

**INFORMATION:**

Jean Majeau  
Vice President, Corporate Affairs  
Tel.: (514) 343-3213  
E-mail: [jmajeau@kruger.com](mailto:jmajeau@kruger.com)  
Web Site: [www.kruger.com](http://www.kruger.com)

