



## News Release

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### BOISE INC. TO RESTRUCTURE PACIFIC NORTHWEST PULP AND PAPER ASSETS

- **Will permanently eliminate pulp manufacturing and 200,000 TPY of uncoated freesheet paper production at St. Helens, Oregon, mill**
- **Initiative expected to enhance EBITDA margins and generate positive cash flow**

BOISE, Idaho – Boise Inc. (NYSE: BZ), a leading manufacturer of packaging products and communications papers, announced today that it will restructure its paper mill in St. Helens, Oregon, permanently halting pulp production at the plant and reducing annual paper production capacity by 200,000 tons. Boise Inc. said the move will allow the company to increase operating margins, better match production levels to demand for its products, and discontinue production of its least profitable papers.

The company expects restructuring to be complete no later than January 16, 2009. Boise will permanently cease paper production on machines #1 and #4 at the mill. Paper machine #2 at St. Helens will continue to operate, primarily manufacturing lightweight opaque and flexible packaging papers, as will the #3 machine, which is owned by Cascades Tissue Group.

The company expects the restructuring to enable it to better adjust pulp and paper production to market demand, while reducing exposure to Pacific Northwest energy and fiber price fluctuations, enhance EBITDA margins, and improve its balance sheet. It will also reduce the company's dependence on export market pulp sales, increase the rate of internal consumption of its pulp production, and lower dependence on high-cost residual wood chips.

"This is an extremely difficult but necessary decision to improve the financial performance of the company, while executing our strategic shift to packaging grades," said Alexander Toeldte, President and Chief Executive Officer of Boise Inc. "Our St. Helens team has achieved some incredible accomplishments since we first declared our need to significantly improve the financial performance of the mill two years ago. Unfortunately, despite the team's extraordinary innovation and commitment, the decision was primarily a function of declining product demand coupled with continuing high costs, which made it impossible to meet the company's long-term financial objectives. We will work closely with our customers and suppliers to ensure a smooth transition."

The permanent capacity reductions will result in a loss of approximately 300 jobs at the St. Helens mill and 25 jobs in related sales, marketing, and logistics functions elsewhere in the company. Eligible salaried employees will be offered severance packages and outplacement assistance. Closure agreement negotiations will be scheduled with the AWPPW Local 1 to determine the impact for union employees.

The company expects to employ approximately 170 employees at the mill after restructuring.

### **About Boise Inc.**

Headquartered in Boise, Idaho, Boise Inc. (NYSE: BZ) manufactures packaging products and communications papers including corrugated containers, containerboard, label and release and flexible packaging papers, imaging papers for the office and home, printing and converting papers, newsprint, and market pulp. Our entire team of more than 4,550 employees is committed to delivering excellent value while managing our businesses to sustain environmental resources for future generations. Visit our website at [www.BoiseInc.com](http://www.BoiseInc.com).

### **Forward-Looking Statements**

This press release may contain forward-looking statements. These statements reflect management's current views and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. There are factors, some of which are beyond our control, that could affect our ability to achieve the intended business and financial objectives

of the restructuring. Some of these factors include changes in business and general economic conditions, unforeseen technical issues associated with machine and equipment closures, unexpected environmental excursions, our ability to retain customers, and our ability to transfer production to other mills. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise. Other factors that could cause or contribute to actual results differing materially from such forward-looking statements are discussed in detail in the company's Securities and Exchange Commission filings.