



Department of Justice

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JUSTICE DEPARTMENT REQUIRES MILL DIVESTITURES IN INTERNATIONAL PAPER'S ACQUISITION OF TEMPLE-INLAND

Without Divestitures Consumers Would Pay More for Containerboard and Corrugated Boxes; Divestitures Affect Mills in Central California, Tennessee and Possibly Kentucky

WASHINGTON — The Department of Justice announced today that it will require International Paper Company and Temple-Inland Inc. to divest three containerboard mills in order to proceed with their \$4.3 billion merger. The department said that the merger, as originally proposed, would have substantially lessened competition in the production and sale of containerboard, the type of paper used to make corrugated boxes, in the United States.

The department's Antitrust Division filed a civil antitrust lawsuit today in U.S. District Court in Washington, D.C., to block the proposed transaction. At the same time, the department filed a proposed settlement that, if approved by the court, will resolve the lawsuit by requiring International Paper and Temple-Inland to divest three containerboard mills to resolve the competitive concerns alleged in the lawsuit.

"Corrugated boxes made from containerboard are used to ship more than 90 percent of all goods nationwide," said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice's Antitrust Division. "With the mill divestitures, the transaction can proceed and American consumers and businesses across the country can be assured that competition is preserved in this important industry that is vital to the U.S. economy."

According to the complaint, International Paper and Temple-Inland are, respectively, the largest and third-largest producers of containerboard in North America. The merger, as originally proposed, would have produced a single firm in control of approximately 37 percent of North American containerboard capacity.

The department said that by combining the containerboard capacity of International Paper and Temple-Inland, the proposed merger would significantly expand the volume of containerboard over which International Paper would benefit from a price increase, and likely would have led International Paper to strategically reduce its output of containerboard in order to increase the market price.

The proposed settlement requires the divestiture of Temple-Inland's containerboard mills in Waverly, Tenn., and Ontario, Calif., and either International Paper's containerboard mill in

Oxnard, Calif., or International Paper's containerboard mill in Henderson, Ky., but not both of those mills. Collectively, the divestitures account for approximately 950,000 tons of containerboard capacity. The department's Antitrust Division must approve the purchaser or purchasers of the divested mills.

International Paper is a New York corporation headquartered in Memphis, Tenn. International Paper owns and operates 12 containerboard mills and 133 box plants that convert containerboard into corrugated boxes in the United States. In 2010, International Paper reported revenues of approximately \$25.2 billion, with its North American Industrial Packaging Group, which produces containerboard and corrugated products, accounting for \$8.4 billion.

Temple-Inland is a Delaware corporation headquartered in Austin, Texas. Temple-Inland owns and operates seven containerboard mills and 53 box plants in the United States. In 2010, Temple-Inland reported revenues of approximately \$3.8 billion, with its corrugated-packing business accounting for approximately \$3.2 billion.

The proposed settlement, along with the department's competitive impact statement, will be published in the Federal Register, as required by the Antitrust Procedures and Penalties Act. Any person may submit written comments concerning the proposed settlement within 60 days of its publication to Joshua H. Soven, Chief, Litigation I Section, Antitrust Division, U.S. Department of Justice, 450 Fifth Street, N.W., Suite 4100, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the settlement upon a finding that it is in the public interest.

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