



Department of Justice

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DEPARTMENT OF JUSTICE REQUIRES DIVESTITURE IN ABITIBI /BOWATER MERGER

Companies to Divest Newsprint Mill in Arizona to Preserve Competition

WASHINGTON — The Department of Justice announced today that it will require two of the nation's largest newsprint manufacturers – Abitibi-Consolidated Inc. and Bowater Inc.– to divest a newsprint mill in Arizona in order to proceed with their proposed \$1.6 billion transaction. The Department said that the merger, as originally proposed, would have substantially lessened competition in the production and sale of newsprint in North America.

The Department's Antitrust Division filed a civil antitrust lawsuit today in U.S. District Court in Washington, D.C. to block the transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, will resolve the lawsuit and the Department's competitive concerns.

Under the proposed consent decree, Abitibi and Bowater agree to divest Abitibi's newsprint mill in Snowflake, Arizona. The Snowflake mill is one of the largest and most profitable newsprint mills in North America. In addition, the merged company will be required to notify the Department before acquiring an additional interest in any mill or machine that is currently jointly-owned by either Abitibi or Bowater with any third party, if the value of the acquisition exceeds \$2 million.

“Without a divestiture, the combined company could have strategically closed capacity and raised prices,” said Deborah A. Garza, Deputy Assistant Attorney General in the Department's Antitrust Division. “This divestiture will ensure that newsprint consumers continue to enjoy the benefits of competition.”

Abitibi is a Canadian corporation based in Montreal, Quebec, Canada. Abitibi owns 12 paper mills worldwide that produce newsprint, including 11 in the United States and Canada. In 2006, Abitibi reported worldwide sales of approximately \$4.8 billion, including about \$1.7 billion in North American newsprint sales.

Bowater is a Delaware corporation based in Greenville, S.C. Bowater owns nine mills that produce newsprint, eight of which are in the United States and Canada. In 2006, Bowater reported total sales of approximately \$3.5 billion, including approximately \$1.1 billion in North American newsprint sales.

The proposed settlement and the 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 consent decree within 60 days of its publication to Joseph Miller, Assistant Chief; Litigation I, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Room 4000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the proposed final judgment upon finding that it serves the public interest.

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