

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

INTERNATIONAL PAPER COMPANY
and TEMPLE-INLAND INC.,

Defendants.

12 0227

ASSET PRESERVATION STIPULATION AND ORDER

It is hereby stipulated and agreed by and between the undersigned parties, subject to approval and entry by the Court, that:

I. DEFINITIONS

As used in this Asset Preservation Stipulation and Order:

A. "Acquirer" or "Acquirers" means the person, persons, entity, or entities to whom Defendants divest some or all of the Divestiture Assets.

B. "Containerboard" means linerboard and medium, the paper that is used to make corrugated boxes.

C. "Divestiture Assets" means the Divestiture Mills and all assets relating to the Divestiture Mills, including:

(1) all tangible assets necessary to operate, used in or for, or devoted to a Divestiture Mill, including, but not limited to, assets relating to research and development activities; all manufacturing equipment, tooling and fixed assets, real property (leased or owned), personal property, inventory, containerboard reserves, information technology

systems, office furniture, materials, supplies, docking facilities, warehouses and storage facilities, and other tangible property and all assets used exclusively in connection with the Divestiture Mills; all licenses, permits, and authorizations issued by any governmental organization relating to the Divestiture Mills; all contracts, teaming arrangements, agreements, leases (including renewal rights), commitments, certifications, and understandings, relating to the Divestiture Mills, including supply or purchase agreements; all customer lists, contracts, accounts, and credit records; all interests in, and contracts relating to, power generation; and all repair and performance records and all other records relating to the Divestiture Mills; and

(2) all intangible assets necessary to operate, used in or for, or devoted to a Divestiture Mill, including, but not limited to, all contractual rights, patents, licenses and sublicenses, intellectual property, copyrights, technical information, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, specifications for parts and devices, safety procedures for the handling of materials and substances, quality assurance and control procedures, environmental studies and assessments, design tools and simulation capability, all manuals and technical information Defendants provide to their employees, customers, suppliers, agents or licensees, and all research data concerning historic and current research and development efforts relating to the Divestiture Mills, including, but not limited to, designs of experiments, and the results of successful and unsuccessful designs and experiments.

D. “Divestiture Mills” means the Defendants’ containerboard mills in the following locations:

- (1) Temple-Inland's containerboard mill located at 2877 Scepter Road, Waverly, Tennessee 37185 (the "New Johnsonville Mill");
- (2) Temple-Inland's containerboard mill located at 5110 East Jurupa Avenue, Ontario, California 91761 (the "Ontario Mill");
- (3) International Paper's containerboard mill located at 5936 Perkins Road, Oxnard, California 93033 (the "Port Hueneme Mill"); and
- (4) International Paper's containerboard mill located at 1500 Commonwealth Drive, Henderson, Kentucky 42420 (the "Henderson Mill").

E. "International Paper" means Defendant International Paper Company, a New York corporation with its headquarters in Memphis, Tennessee, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

F. "Temple-Inland" means Defendant Temple-Inland Inc., a Delaware corporation with its headquarters in Austin, Texas, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

II. OBJECTIVES

The proposed Final Judgment filed in this case is meant to ensure Defendants' prompt divestiture of the Divestiture Assets that are required to be divested under the proposed Final Judgment for the purpose of maintaining competition in the market for the production and sale of containerboard in North America in order to remedy the anticompetitive effects that the United States alleges would otherwise result from International Paper's acquisition of Temple-Inland. This Asset Preservation Stipulation and Order ensures that until the divestitures required by the

proposed Final Judgment have been accomplished, the Divestiture Assets remain as economically viable, competitive, and ongoing business concerns.

III. JURISDICTION AND VENUE

The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, Defendants waive service of summons on the Complaint, and venue of this action is proper in the United States District Court for the District of Columbia.

IV. COMPLIANCE WITH AND ENTRY OF PROPOSED FINAL JUDGMENT

A. The parties stipulate that a proposed Final Judgment in the form attached hereto as Exhibit A may be filed with and entered by the Court, upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act ("APPA"), 15 U.S.C. § 16, and without further notice to any party or other proceedings, provided that the United States has not withdrawn its consent, which it may do at any time before the entry of the proposed Final Judgment by serving notice thereof on Defendants and by filing that notice with the Court. Defendants agree to arrange, at their expense, publication as quickly as possible of the newspaper notice required by the APPA. The publication shall be arranged no later than five calendar days after Defendants' receipt from the United States of the text of the notice and the identity of the newspaper within which the publication shall be made. Defendants shall promptly send to the United States (1) confirmation that publication of the newspaper notice has been arranged, and (2) the certification of the publication prepared by the newspaper within which the notice was published.

B. Defendants shall abide by and comply with the provisions of the proposed Final Judgment, pending the proposed Final Judgment's entry by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall,

from the date of the signing of this Asset Preservation Stipulation and Order by the parties, comply with all the terms and provisions of the proposed Final Judgment as though the same were in full force and effect as an order of the Court.

C. Defendants shall not consummate the transaction sought to be enjoined by the Complaint herein before the Court has signed this Asset Preservation Stipulation and Order.

D. This Asset Preservation Stipulation and Order shall apply with equal force and effect to any amended proposed Final Judgment agreed upon in writing by the parties and submitted to the Court.

E. In the event (1) the United States has withdrawn its consent, as provided in Section IV(A) above, or (2) the proposed Final Judgment is not entered pursuant to this Asset Preservation Stipulation and Order, the time has expired for all appeals of any court ruling declining entry of the proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then the parties are released from all further obligations under this Asset Preservation Stipulation and Order, and the making of this Asset Preservation Stipulation and Order shall be without prejudice to any party in this or any other proceeding.

F. Defendants represent that the divestitures ordered in the proposed Final Judgment can and will be made, and that Defendants will later raise no claim of mistake, hardship or difficulty of compliance as grounds for asking the Court to modify any of the provisions contained therein.

V. ASSET PRESERVATION PROVISIONS

Until the divestitures required by the proposed Final Judgment have been accomplished:

A. Defendants shall preserve, maintain, and continue to operate the Divestiture Assets as ongoing, economically viable, competitive businesses. Within 20 days after the entry of the Asset Preservation Stipulation and Order, Defendants will inform the United States of the steps Defendants have taken to comply with this Asset Preservation Stipulation and Order.

B. Defendants shall use all reasonable efforts to maintain and increase the sales and revenues of the products produced or sold by the Divestiture Assets, and shall maintain at actual 2011 or 2012 levels, or previously approved levels for 2012, whichever are higher, all promotional, advertising, sales, technical assistance, and marketing support for the Divestiture Assets. Defendants shall also ensure that all plans and efforts to improve current products sold using the Divestiture Assets are continued.

C. Defendants shall provide sufficient working capital and lines and sources of credit to continue to maintain the Divestiture Assets as economically viable, competitive, and ongoing businesses, consistent with the requirements of Section V(A) and (B).

D. Defendants shall take all steps necessary to ensure that the Divestiture Assets are fully maintained in operable condition at no less than their current capacity and sales, and shall maintain and adhere to normal repair and maintenance schedules for the Divestiture Assets. Defendants shall not cause the wasting or deterioration of the Divestiture Assets. Further, Defendants shall make all investments and capital expenditures scheduled as of July 11, 2011.

E. Defendants shall maintain, in accordance with sound accounting principles, accurate and complete financial ledgers, books and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues, and income of the Divestiture Assets.

F. Defendants shall not, except as part of a divestiture approved by the United States in accordance with the terms of the proposed Final Judgment, remove, sell, lease, assign, transfer, pledge, or otherwise dispose of any of the Divestiture Assets.

G. Defendants' employees with primary responsibility for the production, operation, distribution, and sales of the Divestiture Assets, shall not be transferred or reassigned to other areas within the companies except for transfer bids initiated by employees pursuant to Defendants' regular, established job posting policy. Defendants shall provide the United States with 10 calendar days' notice of any such transfer.

H. Defendants shall preserve the existing relationships with each of the Divestiture Mills' suppliers, customers, and others having business relations with the Divestiture Mills, in the ordinary course of the Divestiture Mills' business and in accordance with past practice.

I. Subject to the approval of the United States, Defendants shall appoint a person or persons to manage the Divestiture Assets, and who will be responsible for Defendants' compliance with this section. In the event such person is unable to perform his duties, Defendants shall appoint, subject to the approval of the United States, a replacement within 10 working days. Should Defendants fail to appoint a replacement acceptable to the United States within this time period, the United States shall appoint a replacement.

J. Defendants shall take no action that would jeopardize, delay, or impede the sale of the Divestiture Assets.

K. Defendants shall take no action that would interfere with the ability of any Trustee appointed pursuant to the proposed Final Judgment to complete the divestitures pursuant to the proposed Final Judgment to an Acquirer or Acquirers acceptable to the United States.

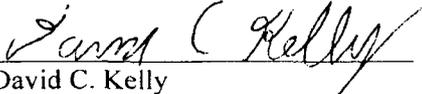
VI. DURATION OF ASSET PRESERVATION OBLIGATIONS

Defendants' obligations under Section V of this Asset Preservation Stipulation and Order shall remain in effect until (1) consummation of the divestitures required by the proposed Final Judgment or (2) until further order of the Court. If the United States voluntarily dismisses the Complaint in this matter, Defendants are released from all further obligations under this Asset Preservation Stipulation and Order.

Dated: February 10, 2012

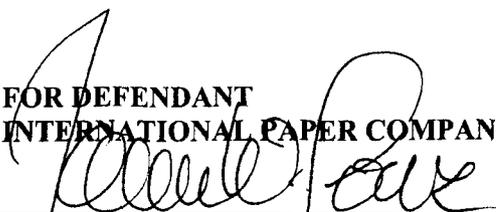
Respectfully submitted,

**FOR PLAINTIFF
UNITED STATES OF AMERICA**



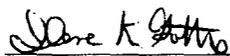
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ORDER

IT IS SO ORDERED by the Court, this ____ day of _____, 2012.

United States District Judge