

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

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UNITED STATES OF AMERICA,	)	
1401 H Street, N.W.	)	
Suite 3000	)	
Washington, D.C. 20530	)	
	)	
Plaintiff,	)	
	)	
v.	)	
	)	
PREMDOR INC.,	)	Civil No.: 1:01CV01696
1600 Britannia Road East	)	
Mississauga, Ontario	)	
Canada L4W 1J2	)	Filed August 3, 2001
	)	
PREMDOR U.S. HOLDINGS, INC.,	)	Judge: Gladys Kessler
One North Dale Mabry Highway	)	
Suite 950	)	
Tampa, Florida 33609	)	
	)	
INTERNATIONAL PAPER COMPANY,	)	
400 Atlantic Street	)	
Stamford, Connecticut 06921	)	
and	)	
	)	
MASONITE CORPORATION,	)	
1 South Wacker Drive	)	
Chicago, Illinois 60606	)	
	)	
Defendants.	)	

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**HOLD SEPARATE 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 Hold Separate Stipulation and Order:

A. “Acquirer” or “Acquirers” means the entity or entities to whom the Towanda Facility is divested.

B. “Premdor” means defendant Premdor Inc., a Canadian corporation with its headquarters in Mississauga, Ontario, Canada, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

C. “Premdor U.S.” means defendant Premdor U.S. Holdings, Inc., a Florida corporation and a wholly owned subsidiary of Premdor with its headquarters in Tampa, Florida, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

D. “IP” means defendant International Paper Company, a New York corporation with its headquarters in Stamford, Connecticut, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

E. “Masonite” means defendant Masonite Corporation, a Delaware corporation and a wholly owned subsidiary of IP with its headquarters in Chicago, Illinois, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

F. "Doorskin" means the facing components used in the manufacture of an interior flush door; two doorskins are required for each door -- one for the front facing and one for the rear facing of the door.

G. "Molded Doorskin" means a hardboard doorskin made from a fibrous mat that has been molded under extreme pressure and at a high temperature into a raised panel design.

H. "Proprietary Premdor Product" means any product manufactured by Masonite in which Premdor has an ownership interest and which Masonite has agreed in writing not to sell to anyone other than Premdor.

I. "Towanda Facility" means Masonite's Molded Doorskin production facility located in Towanda, Pennsylvania including:

- (1) all tangible assets that comprise the Towanda Facility, including research and development activities, all manufacturing equipment, tooling and fixed assets, personal property, inventory, materials, supplies, components, parts, designs and other tangible property or assets used at the Towanda Facility (provided, however, that all manufacturing equipment, tooling and fixed assets, personal property, inventory, materials, supplies, components, parts, designs and other tangible property or assets used exclusively in the production of any Proprietary Premdor Product are excluded from the provisions of this subparagraph); all licenses, permits and authorizations issued by any governmental organization relating to the Towanda Facility; all contracts, teaming arrangements, agreements (including supply agreements), leases, commitments, certifications, and understandings

relating to the Towanda Facility (provided, however, that any contracts, teaming arrangements, agreements (including supply agreements), leases, commitments, certifications, and understandings between Masonite and/or IP and Premdor and/or Premdor U.S. are excluded from this subparagraph); all lists, contracts, accounts, and credit records of customers (provided, however, that any contracts, accounts, and credit records relating exclusively to Premdor and/or Premdor U.S. are excluded from this subparagraph); all repair, performance, and Towanda Facility records and all other records relating to the Towanda Facility; and

- (2) any and all intangible assets used in the development, production, servicing and sale of Molded Doorskins at the Towanda Facility, including, but not limited to: (a) subject to the right of Premdor and Premdor U.S., for 180 days from the date of the consummation of the divestiture pursuant to Section IV or VI of the proposed Final Judgment, to use up any Premdor co-branded packaging or promotional material, exclusive use of the CraftMaster, Canterbury, Carmelle, Carolina, Carrera, Caspian, Castille, Classique, Clermont, Colonist, Harvest, Canyon, Corinth, Coventry, Cremona, Hakuju, Maletero, Mesa, Morning Sun, Natural, Trugrain Harvest, and Trugrain Natural brand names and all other intellectual property rights used in connection with the production of Molded Doorskins at the Towanda Facility, including all blueprints and engineering drawings needed for the manufacture of dies used in the Molded Doorskin

presses at the Towanda facility; (b) all information, documents and computer records, relating to the production, sales, marketing or distribution of any products sold under any of the brand names identified in section I(2)(a), including all files relating to purchasers (other than Premdor and Premdor U.S.) of Molded Doorskins or doors manufactured with Molded Doorskins; (c) with respect to all other intellectual property rights currently used or currently planned to be used in connection with the production of Molded Doorskins at both the Towanda Facility and other nondivested Molded Doorskin production facilities, a transferable license; (d) all existing licenses and sublicenses relating exclusively to the Towanda Facility; (e) a transferable sublicense, exclusive in the Acquirer(s) of the Towanda Facility, to all other existing licenses and sublicenses relating to the Towanda Facility; and (f) all research or market evaluations relating exclusively to the Towanda Facility or to customers and copies of all other research, market evaluations or information relating to plans for, improvements or updates to, or product line extensions of Masonite's Molded Doorskin business in existence as of the date the Towanda Facility is divested. Intellectual property rights comprise, but are not limited to, patents, licenses and sublicenses, technical information, copyrights, trademarks, trade names, service marks, service names, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for parts and devices, safety

procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, all manuals and technical information provided to employees, customers, suppliers, agents, or licensees, and all research data concerning historic and current research and development efforts relating to Masonite's Molded Doorskin business including, but not limited to, designs of experiments and the results of successful and unsuccessful designs and experiments. Intellectual property rights do not include rights to the "Masonite" brand name or to any Proprietary Premdor Product.

- (3) The Towanda Facility does not include IP corporate documents, intellectual property owned by IP or other materials regularly maintained at IP headquarters that were not part of the Purchase Agreement.

J. "The North American Molded Products Business" means Masonite's Molded Doorskin business, including:

- (1) production facilities located in Towanda, Pennsylvania and Laurel Mississippi, and all tangible assets that comprise the Towanda Facility and the Laurel Facility, including research and development activities, all manufacturing equipment, tooling and fixed assets, personal property, inventory, materials, supplies, components, parts, designs and other tangible property or assets used at the Towanda Facility and the Laurel Facility (provided, however, that all manufacturing equipment, tooling and fixed assets, personal property, inventory, materials, supplies, components,

parts, designs and other tangible property or assets used exclusively in the production of any Proprietary Premdor Product are excluded from the provisions of this subparagraph); all licenses, permits and authorizations issued by any governmental organization relating to the Towanda Facility and the Laurel Facility; all contracts, teaming arrangements, agreements (including supply agreements), leases, commitments, certifications, and understandings relating to the Towanda Facility and the Laurel Facility (provided, however, that any contracts, teaming arrangements, agreements (including supply agreements), leases, commitments, certifications, and understandings between Masonite and/or IP and Premdor and/or Premdor U.S. are excluded from this subparagraph); all lists, contracts, accounts, and credit records of customers (provided, however, that any contracts, accounts, and credit records relating exclusively to Premdor and/or Premdor U.S. are excluded from this subparagraph); all repair, performance, and Towanda Facility and Laurel Facility records and all other records relating to the Towanda Facility and the Laurel Facility;

- (2) any and all intangible assets used in the development, production, servicing and sale of Molded Doorskins at the Towanda Facility and the Laurel Facility, including, but not limited to: (a) subject to the right of Premdor and Premdor U.S., for 180 days from the date of the consummation of the divestiture pursuant to Section IV or VI of the proposed Final Judgment, to use up any Premdor co-branded packaging or promotional material, the

CraftMaster, Canterbury, Carmelle, Carolina, Carrera, Caspian, Castille, Classique, Clermont, Colonist, Harvest, Canyon, Corinth, Coventry, Cremona, Hakuju, Maletero, Mesa, Morning Sun, Natural, Trugrain Harvest, and Trugrain Natural brand names and all other intellectual property rights used in connection with the production of Molded Doorskins at the Towanda Facility and the Laurel Facility; (b) all existing licenses and sublicenses relating exclusively to the Towanda Facility and the Laurel Facility; and (c) all research, market evaluations or information relating to plans for, improvements or updates to, or product line extensions of Masonite's Molded Doorskin business. Intellectual property rights comprise, but are not limited to, patents, licenses and sublicenses, technical information, copyrights, trademarks, trade names, service marks, service names, computer software and related documentation, know-how, trade secrets, drawings, blueprints, designs, design protocols, specifications for parts and devices, safety procedures for the handling of materials and substances, quality assurance and control procedures, design tools and simulation capability, all manuals and technical information provided to employees, customers, suppliers, agents, or licensees, and all research data concerning historic and current research and development efforts relating to Masonite's Molded Doorskin business including, but not limited to, designs of experiments and the results of successful and unsuccessful



designs and experiments. Intellectual property rights do not include rights to any Proprietary Premdor Product; and,

- (3) the Illinois Corporate Offices, the Research Center and the Sales and Marketing Offices of Masonite, including all information maintained at these locations, all written and electronic records and files of these locations, and all tangible and intangible property and assets located at them, with the exception of such information, records, files and property that do not concern the production, sale, marketing, or distribution of Molded Doorskins or doors manufactured with Molded Doorskins in North America.
- (4) The North American Molded Products Business does not include IP corporate documents, intellectual property owned by IP or other materials regularly maintained at IP headquarters that were not part of the Purchase Agreement.

K. “Purchase Agreement” means the Purchase Agreement by and among IP, Premdor and Premdor U.S. dated as of September 30, 2000 and includes all associated schedules and any subsequent modifications to or revisions of that agreement.

## II.

### OBJECTIVES

The proposed Final Judgment filed in this case is meant to ensure defendants’ prompt divestiture of the Towanda Facility for the purpose of establishing a viable competitor in the Molded Doorskin business in order to remedy the effects that the United States alleges would

otherwise result from Premdor's acquisition of the Masonite business of IP. This Hold Separate Stipulation and Order ensures, prior to such divestitures, that the Towanda facility and the North American Molded Products Business remain independent, economically viable, and ongoing business concerns that will remain independent and uninfluenced by Premdor's acquisition of the Masonite business of IP, and that competition is maintained during the pendency of the ordered divestitures.

### III.

#### JURISDICTION AND VENUE

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

### IV.

#### COMPLIANCE WITH AND ENTRY OF FINAL JUDGMENT

A. Each defendant, upon signing this Hold Separate Stipulation and Order, thereby stipulates that a 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 (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.

B. Each defendant, upon signing this Hold Separate Stipulation and Order, thereby stipulates that it shall abide by and comply with the applicable provisions of the proposed Final Judgment, pending the 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 Stipulation by the parties, comply with all the applicable 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. Each defendant, upon signing this Hold Separate Stipulation and Order, thereby stipulates that it shall not consummate the transaction sought to be enjoined by the Complaint herein before the Court has signed this Hold Separate Stipulation and Order, and before each defendant has signed this Stipulation.

D. This Stipulation 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 Stipulation, 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 Stipulation, and the making of this Stipulation 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.

HOLD SEPARATE PROVISIONS

Until the divestiture required by the proposed Final Judgment has been accomplished, and subject to the provisions of Section VI of this Order:

A. Defendants shall preserve, maintain, and operate the North American Molded Products Business as an independent, ongoing, economically viable competitive business, with management, research, design, development, production, promotions, marketing, sales and operations of such assets held entirely separate, distinct and apart from those of the defendants' other operations. Defendants Premdor and Premdor U.S. shall not coordinate the production, marketing, or terms of sale of any products with those produced by or sold by the North American Molded Products Business, except to the extent necessary to sell Molded Doorskins to Premdor or Premdor U.S. Within twenty (20) days after the entry of the Hold Separate Stipulation and Order, defendants will inform the United States of the steps defendants have taken to comply with this Hold Separate Stipulation and Order.

B. Defendants shall take all steps necessary to ensure that (1) the North American Molded Products Business will be maintained and operated as an independent, ongoing, economically viable and active competitor in the Molded Doorskin industry; (2) the management of the North American Molded Products Business facility will not be influenced by defendants; and (3) the books, records, competitively sensitive sales, marketing and pricing information, and decision-making concerning research, development, marketing, production, distribution or sales of

products by or under any of the North American Molded Products Business will be kept separate and apart from the other operations of defendants.

C. Defendants shall use all reasonable efforts to maintain the research, development, sales and revenues of the products produced by or sold by the North American Molded Products Business, and shall maintain at 2001 levels all promotional, advertising, sales, technical assistance, marketing and merchandising support for the Towanda Facility.

D. Defendants shall provide sufficient working capital and lines and sources of credit to continue to maintain the North American Molded Products Business as economically viable and competitive, ongoing businesses, consistent with the requirements of Sections V (A) and (B).

E. Defendants shall take all steps necessary to ensure that the Towanda Facility is fully maintained in operable condition at no less than its current capacity and sales, and shall maintain and adhere to normal repair and maintenance schedules for the Towanda Facility.

F. Defendants shall not, except as stated in the Purchase Agreement or 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 asset of the North American Molded Products Business, subject to the provisions of Section VI of this Order. Except as stated in the Purchase Agreement, defendants shall not remove originals or make copies of any of the information, records, files or property of the North American Molded Products Business, other than in the regular course of business, and defendants shall not permit review or disclosure of such information, records, files or property to defendants Premdor or Premdor U.S., provided, however, that Premdor and Premdor U.S. may have access to such information, records, files or property to the extent necessary to comply with the provisions of the Final

Judgment and this Order, to obtain and maintain financing to consummate the transactions stated in the Purchase Agreement, and to make any disclosures mandated under the securities laws of the United States or Canada. Premdor and Premdor U.S. shall provide the monitoring trustee, if any, appointed under the proposed Final Judgment timely notice identifying: (1) which, if any, Premdor or Premdor U.S. employees have been given access to any of the information, records, files or property of the North American Molded Products Business; (2) the information, records, files or property of the North American Molded Products Business to which such employees have been given access; and (3) the reason for such access. In no event shall employees of Premdor and Premdor U.S. with direct responsibility for sales and marketing have access to any of the information, records, files or property of the North American Molded Products Business.

G. Defendants shall maintain, in accordance with sound accounting principles, separate, 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 North American Molded Products Business.

H. Defendants shall take no action that would jeopardize, delay or impede the sale of the Towanda Facility.

I. Defendants' employees with primary responsibility for the research, design, development, promotion, distribution, sale, and operation of the North American Molded Products Business shall not be transferred or reassigned to other areas within the company except for transfer bids initiated by employees pursuant to defendants' regular, established job posting policy. Defendants shall provide the United States with ten (10) calendar days notice of such transfer.

J. Prior to consummation of their transaction, defendants shall appoint Peter Heist to oversee and to be responsible for defendants' compliance with this section. Peter Heist shall have complete managerial responsibility for the North American Molded Products Business, subject to the provisions of the proposed Final Judgment. 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 ten (10) working days. Should a replacement acceptable to the United States not be appointed within this time period, the United States shall appoint a replacement.

K. Defendants shall take no action that would interfere with the ability of any trustee appointed pursuant to the proposed Final Judgment to monitor each defendant's compliance with the terms of the proposed Final Judgment and this Hold Separate Stipulation and Order applicable to it, or to complete the divestitures pursuant to the proposed Final Judgment to an Acquirer or Acquirers acceptable to the United States.

L. This Hold Separate Stipulation and Order shall remain in effect until consummation of the divestitures required by the proposed Final Judgment or until further order of the Court.

## VI.

### PARTITION PLAN

A. Defendants may present to the Department of Justice a plan within twenty-eight (28) days of this Order to partition from the Masonite business the Towanda Facility and any other assets of the North American Molded Products Business that are necessary to create a viable Molded Doorskin business. In the event the Department of Justice rejects the partition plan or in the event that the defendants do not submit a partition plan, defendants are ordered and

directed to hold separate the North American Molded Products Business until the divestiture of the Towanda Facility is complete. Acceptance of the partition plan is in the sole discretion of the Department of Justice. If the Department of Justice approves the partition plan submitted by defendants, Premdor U.S. can take control of the North American Molded Products Business with the exception of the Towanda Facility.



B. Premdor and Premdor U.S. shall ensure to the satisfaction of the Department of Justice that the operations of the Towanda Facility shall not be disrupted.

Respectfully submitted,

FOR PLAINTIFF  
UNITED STATES OF AMERICA

FOR DEFENDANTS  
PREMDOR INC., and  
PREMDOR U.S. HOLDINGS INC.

\_\_\_\_\_  
/s/

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\_\_\_\_\_  
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FOR DEFENDANTS  
INTERNATIONAL PAPER COMPANY and  
MASONITE CORPORATION

\_\_\_\_\_  
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ORDER

IT IS SO ORDERED by the Court, this 7<sup>th</sup> day of August, 2001.

\_\_\_\_\_/s/\_\_\_\_\_  
United States District Judge