



# Department of Justice

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## **3M COMPANY ABANDONS ITS PROPOSED ACQUISITION OF AVERY DENNISON'S OFFICE AND CONSUMER PRODUCTS GROUP AFTER JUSTICE DEPARTMENT THREATENS LAWSUIT**

### *Resolves Antitrust Concerns and Preserves Competition in the Sale of Labels and Sticky Notes in the United States*

WASHINGTON — 3M Co. abandoned its plan to acquire Avery Dennison Corp.'s Office and Consumer Products Group, its closest competitor in the sale of adhesive-backed labels and sticky notes, after the Department of Justice informed the companies that it would file a civil antitrust lawsuit to block the deal. The department said that the proposed acquisition would have substantially lessened competition in the sale of labels and sticky notes, resulting in higher prices and reduced innovation for products that millions of American consumers use every day.

On Dec. 21, 2011, 3M and Avery agreed that 3M would acquire Avery's Office and Consumer Products Group, which includes Avery's labels business, for approximately \$550 million. The agreement specifically excluded some sticky notes assets, but left Avery without its brand or the sales and distribution system necessary to compete effectively in the sticky notes market.

"We welcome the companies' decision to abandon this deal, which raised competitive concerns in the sale of labels and sticky notes," said Joseph Wayland, Acting Assistant Attorney General in charge of the Department of Justice's Antitrust Division. "As a result of the abandonment of this transaction, American customers will continue to receive the benefits of competition including lower prices and greater innovation in these basic office supplies."

The department's investigation found that 3M and Avery have dominated adjacent spaces in the office products business for many years – Avery in labels and 3M in sticky notes sold under its Post-it Brand. 3M entered the labels market in the United States in 2009 and began competing with Avery. Avery responded to 3M's entry by lowering wholesale prices, increasing promotions and customer rebates and accelerating innovations in labels. Avery also responded to 3M's labels competition by selling Avery branded sticky notes. As a result of the competition between 3M and Avery for the sale of office products, customers have saved millions of dollars and benefited from innovative labels and sticky notes products, the department said.

The proposed merger would have given 3M more than an 80 percent share of both the U.S. labels and sticky notes markets, according to the department.

3M is a Delaware corporation based in Saint Paul, Minn. 3M had 2011 revenues of \$27 billion, has operations in 65 countries, and is one of the world's largest manufacturers and suppliers of office products, including tape, sticky notes, labels, flags and other office products. In 2011, 3M's Office Supplies Division had world-wide sales of approximately \$1.6 billion.

Avery Dennison is a Delaware corporation based in Pasadena, Calif. Avery had 2011 revenues of \$6 billion and is a leading global manufacturer and supplier of office and consumer products, including labels, dividers, binders, note tabs, writing instruments and sticky notes. In 2011, Avery's Office and Consumer Products Group had \$765 million in world-wide sales.

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