



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN VERSO PAPER CORP.'S ACQUISITION OF NEWPAGE HOLDINGS INC.

Divestitures Will Preserve Competition in North American Coated Paper Markets

WASHINGTON – The Department of Justice announced today that it will require Verso Paper Corp. (Verso) and NewPage Holdings Inc. (NewPage) to divest two paper mills, one in Rumford, Maine, and another in Biron, Wisconsin, in order for Verso to proceed with its acquisition of NewPage. Without this divestiture, the department said, the transaction would have risked higher prices in the United States and Canada for papers used for labels, magazines and catalogues.

The Antitrust Division filed a civil antitrust lawsuit today in the U.S. District Court for the District of Columbia to block the proposed acquisition. At the same time, the division filed a proposed settlement that, if approved by the court, would resolve the competitive concerns alleged in the lawsuit.

“This deal threatened to weaken competition in key coated publication and label paper markets in the United States and Canada,” said William J. Baer, Assistant Attorney General of the department’s Antitrust Division. “Competition between Verso and NewPage historically has resulted in lower prices, improved products, and better service. By requiring the divestiture of mills that produce these products, today’s proposed settlement will ensure that consumers benefit from continuing competition in the sale of coated paper. The Antitrust Division remains committed to preserving competitive vigor in markets for forest products.” Baer also noted that this divestiture requirement follows two other proposed mergers between forest products suppliers that were abandoned after the department expressed concern.

Coated freesheet web paper is bright, heavier-weight glossy paper with excellent print qualities that is used for magazine covers, premium magazines, and similar products. Coated groundwood paper is typically used for the covers of low-cost magazines and the interior pages of magazines and catalogues. Label paper, a type of freesheet paper, is coated on only one side to allow for the use of graphics on the coated side and adherence of the uncoated side to a product. Coated label paper is used on a wide variety of products, from soup cans to wine bottles.

According to the department's complaint, Verso's acquisition of NewPage would significantly increase concentration in various coated paper markets in the United States and Canada. Verso and NewPage's combined share is approximately 50 percent in coated freesheet web paper, 40 percent in coated groundwood paper, and 70 percent in coated label paper. Preserving competition between Verso and NewPage is particularly important in the shrinking coated freesheet web and coated groundwood markets, which are likely to see higher-cost competitors exit in the next few years.

The proposed divestitures address these competitive concerns. Under the terms of the proposed consent decree, Verso must divest NewPage's Rumford and Biron paper mills to Catalyst Paper Corporation (Catalyst) or an alternative, independent buyer approved by the United States. Collectively, the mills to be divested produced approximately 940,000 tons of coated groundwood, coated freesheet, and other papers, which is approximately the same amount of production as Verso currently operates.

Verso is a Delaware corporation headquartered in Memphis, Tennessee. It operates two mills that collectively produce coated freesheet web paper, coated groundwood paper, label paper, and other types of paper. In 2013, Verso had approximately \$1.4 billion in sales.

NewPage is a Delaware corporation headquartered in Miamisburg, Ohio. NewPage operates eight mills that collectively produce coated freesheet web paper, coated groundwood paper, label paper, and other types of paper. Its annual sales for 2013 were approximately \$3.1 billion.

Catalyst is a Canadian corporation headquartered in Richmond, British Columbia. Catalyst operates three paper mills. Catalyst's 2013 sales totaled approximately \$1 billion.

As required by the Tunney Act, the proposed settlement, along with a competitive impact statement, will be published in the *Federal Register*. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Peter Mucchetti, 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 U.S. District Court for the District of Columbia may approve the proposed settlement upon finding that it is in the public interest.

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