



# Department of Justice

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## **JUSTICE DEPARTMENT REQUIRES MILL DIVESTITURES IN PROPOSED MERGER OF ALTIVITY AND GRAPHIC PACKAGING**

### ***Divestitures in Indiana and Pennsylvania Preserve Competition in Market for Coated Recycled Boxboard***

WASHINGTON — The Department of Justice announced today that it will require Altivity Packaging LLC (Altivity) and Graphic Packaging International Inc. (Graphic) to divest two paperboard mills—one in Indiana and the other in Pennsylvania—in order to proceed with their proposed \$1.75 billion merger. The Department said that the merger, as originally proposed, would have substantially lessened competition in the production and sale of a type of paperboard used to make folding cartons for consumer and commercial packaging, including cereal boxes.

Altivity is the largest producer of coated recycled boxboard (CRB) in North America and Graphic is the fourth largest. Both companies also are major integrated producers of folding cartons made from CRB. The merger, as originally proposed, would have produced a single firm with approximately 42 percent of the production and sale of CRB 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 settlement that, if approved by the court, will resolve the lawsuit and the Department's competitive concerns. The proposed settlement would require divestiture of two mills currently owned and operated by Altivity for the production of CRB—one in Wabash, Ind., and the other in Philadelphia. If for any reason divestiture of the Philadelphia CRB mill is not accomplished, the proposed settlement would require the sale of Altivity's Santa Clara, Calif. mill.

"The proposed merger would have created incentives for the combined company to reduce CRB production capacity or output, which would result in increased CRB prices," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "The divestitures will remove such incentives and preserve competitive conditions in the CRB market."

Altivity, a Delaware limited liability company headquartered in Elk Grove Village, Ill., owns and operates five CRB mills as well as several folding carton plants in North America. In 2006, Altivity had total sales of approximately \$2 billion, including approximately \$660 million in North American sales of CRB and CRB folding cartons.

Graphic, incorporated in Delaware and headquartered in Marietta, Ga., has one CRB mill and several folding carton converting plants in North America. In 2006, Graphic's total sales were approximately \$2.4 billion, including approximately \$357 million in North American sales of CRB and CRB folding cartons.

As required by the Tunney Act, the proposed settlement, along with the Department's 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 Joshua H. Soven, 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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