



Department of Justice

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JUSTICE DEPARTMENT ANNOUNCES ITS INTENTION TO BLOCK FORMICA'S ACQUISITION OF INTERNATIONAL PAPER COMPANY'S HPL BUSINESS

WASHINGTON, D.C. -- The Department of Justice today announced that it would seek to block Formica Corporation from acquiring the decorative high pressure laminate (HPL) business of International Paper Company because the transaction would result in higher prices for HPL.

The Department's Antitrust Division said the proposed acquisition would remove a key competitor from the approximately \$1 billion United States HPL market, and would substantially increase the opportunity for the two dominant players to coordinate their prices. The risk of this coordinated interaction is especially pronounced where the competitors have timely access to pricing announcements and other competitively sensitive information.

HPLs are used to make durable and impact-resistant decorative surfacing products, such as kitchen and bath countertops, eating surfaces, doors, lavatory dividers, desktops and work surfaces.

Currently, only four domestic firms produce HPL. Formica is the leading seller of HPL worldwide, and the second largest domestic supplier. International Paper is the third largest seller of HPL in the world, and the number three domestic supplier.

"Competition in the high pressure laminate business has resulted in lower prices and more consumer choice," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. "Unless this transaction is blocked, those who use high pressure laminate in products

for homes, restaurants, and workplaces -- and ultimately the homeowners and businesses that purchase the products--will pay higher prices, and receive fewer services.”

Formica, located in Cincinnati, Ohio, manufactures and sells HPL under the Formica® brand, a trade name that is virtually synonymous with HPL. International Paper, headquartered in Purchase, New York, is a global paper and forest products company that manufactures and sells HPL under the Nevamar® and Micarta® trade names in the United States and the Polyrey® trade name in Europe. In 1997, International Paper reported United States sales of \$12.9 billion.

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