

Complaint

IN THE MATTER OF

THE MEAD CORPORATION

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
SEC. 7 OF THE CLAYTON ACT*Docket C-880. Complaint, Feb. 12, 1965—Decision, Feb. 12, 1965*

Consent order requiring one of the five largest paper and paperboard companies in the United States, to divest itself absolutely, within five years, of the following seven corrugated box converting plants which it acquired since 1956: (1) corrugator plant located at York, Pa., acquired from York Container Corp., in December 1956; (2) corrugator plant located at Chicago, Ill., acquired from Industrial Container and Paper Corp., in June 1957; (3) corrugator plant located at Grand Rapids, Mich., acquired from Grand Rapids Container Co., Inc., in June 1958, and must install a corrugator machine as specified; (4) corrugator plant located at Baltimore, Md., acquired from Industrial Container Corp., in January 1959; (5) corrugator plant located at North Bergen, N.J., acquired from Gibraltar Corrugated Paper Co., Inc., in March 1959; (6) sheet plant located at Elizabeth, N.J., acquired from Gibraltar Corrugated Paper Co., Inc., in March 1959, which must be reestablished and divested as specified; (7) corrugator plant located at East St. Louis, Ill., acquired from Taylor Container Corp., in March 1964; prohibiting for the next ten years any further acquisitions by respondent in the container board manufacturing or converting industries, without prior approval of the Federal Trade Commission, and to comply with other requirements of the order of divestiture as set forth below.

COMPLAINT

The Federal Trade Commission, having reason to believe that the party respondent named above, as hereinafter more particularly designated and described, has violated and is now violating the provisions of Section 7 of the Clayton Act as amended (U.S.C., Title 15, Sec. 18), through the acquisition of the stock and assets of 22 corporations, hereinafter more particularly designated and described, hereby issues its complaint pursuant to Section 11 of the aforesaid Act (U.S.C., Title 15, Sec. 21) charging as follows:

I

Definitions

1. For the purposes of this complaint, the following definitions shall apply:

(a) *Paperboard*—a general term descriptive of a sheet made of fibrous material on a paper machine. Paperboard is commonly made from wood pulp, straw, or waste papers, or any combination thereof.

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(b) *Containerboard*—a type of paperboard used for the manufacture of corrugated board and solid fibre board.

(c) *Corrugated board*—relatively lightweight, rigid sheets made by combining two sheets of containerboard, which serve as the outer plies, together with a third sheet of containerboard which is fluted or corrugated and pasted between the outer plies.

(d) *Solid fibre board*—rigid sheets made by combining sheets of containerboard. Two sheets of containerboard which serve as the outer plies are combined with one or more flat sheets of containerboard between them, to produce a solid sheet whose thickness and weight depend on the number of inner plies.

(e) *Linerboard*—a type or kind of containerboard usually employed as the smooth outer plies in the manufacture of corrugated board or solid fibre board.

(f) *Corrugating medium*—a type or kind of containerboard employed as the fluted or corrugated component of corrugated board.

(g) *Container chip and filler*—a type or kind of containerboard usually employed, in the manufacture of solid fibre board, as the middle plies of the finished board.

(h) *Corrugated products*—articles, primarily comprising corrugated shipping containers and other types of corrugated boxes, manufactured from corrugated board.

(i) *Solid fibre products*—articles, including shipping containers and boxes, made from solid fibre board.

(j) *Corrugator plant*—a manufacturing facility where containerboard is combined into sheets of corrugated board, and such corrugated board is converted into corrugated products.

(k) *Sheet plant*—a manufacturing facility which converts sheets of corrugated board into corrugated products. Sheet plants do not manufacture corrugated board and are indirect, not direct, consumers of containerboard.

II

The Respondent

2. Respondent, The Mead Corporation (hereinafter referred to as Mead), is a corporation organized and existing under the laws of the State of Ohio with its office and principal place of business at 118 West First Street, Dayton, Ohio.

3. Mead is engaged in commerce as "commerce" is defined in the Clayton Act, as amended.

4. Mead is engaged principally in the manufacture, sale and distribution of white paper, paperboard and converted paperboard prod-

ucts. Sales of paperboard and converted paperboard products accounted for approximately 35% of Mead's consolidated net sales in 1962. Mead is integrated at all levels in the production and sale of paper and paperboard products.

5. On the basis of net sales, Mead, as of March 1963, was one of the five largest paper and paperboard companies in the United States. In 1962, it had net sales of \$435,116,370 and its assets totaled \$315,231,807.

6. Converted paperboard products are manufactured by the Mead Container Division of The Mead Corporation and by the Mead Packaging Division of The Mead Corporation. Paperboard is distributed and sold principally through Mead Board Sales, Inc., a wholly owned subsidiary.

7. Mead is the third largest manufacturer of containerboard in the United States. In 1962, Mead produced approximately 237,000 tons of containerboard in containerboard mills located at Harriman, Tennessee; Knoxville, Tennessee; Lynchburg, Virginia; Sylva, North Carolina; and North Bergen, New Jersey.

8. Mead owns a 50% stock interest in Georgia Kraft Company, a joint venture between Mead and Inland Container Corporation. Georgia Kraft Company produced 618,000 tons of linerboard in 1962, and one half of this production, or approximately 309,000 tons, represented the share of this company's production available to, and under the control of, Mead. Georgia Kraft Company owns and operates two containerboard mills, located at Rome, Georgia, and Macon, Georgia.

9. During 1962 Mead and Inland Container Corporation were engaged in another joint venture named Forest Kraft Company. Forest Kraft Company was formed by Mead and Inland for the purpose of constructing and operating a third containerboard mill, in addition to the two containerboard mills already jointly owned by Mead and Inland, which are operated by the Georgia Kraft Company. The Forest Kraft Company mill is being built in Rome, Georgia, adjacent to the site of the Georgia Kraft Company mill already located there. It has been announced that, when completed, this mill will be capable of producing 500 tons of containerboard per day, or in excess of 150,000 tons annually.

10. In 1962, Mead operated 18 plants for the manufacture of corrugated products and solid fibre products. These plants converted approximately 320,000 tons of containerboard during 1962.

11. Mead also owns substantial minority stock interests in two other companies whose plants convert containerboard into corrugated

products and solid fibre products. These two companies converted approximately 40,000 tons of containerboard during 1962.

III

The Nature of Trade and Commerce

12. The manufacture of containerboard is a very substantial industry in the United States. In 1962, approximately nine million tons of containerboard were produced, with a dollar valuation of nearly one billion dollars, based on price levels current during that year.

13. The manufacture of corrugated products and solid fibre products constitutes the largest market for the sale or use of containerboard, accounting in 1962 for approximately 95% of all domestic containerboard consumption. By far the greater part of this containerboard was used in the making of corrugated products, rather than solid fibre products. In 1962, corrugated products accounted for about 98% of the combined shipments of corrugated products and solid fibre products.

14. The production of corrugated products is also a very substantial industry in the United States. In 1962, 120.9 billion square feet of corrugated products were shipped, with a total sales valuation of approximately \$1.9 billion. In 1962, approximately 1.2 billion square feet of solid fibre products were produced with a total sales valuation of approximately \$44 million.

15. Most containerboard manufactured in the United States East of the Rocky Mountains is shipped and sold in this same area. It is economically possible to ship containerboard manufactured within this area to any other point within it. Similarly, containerboard manufactured West of the Rocky Mountains, in the Pacific Coast states, is usually shipped and sold in that same area. Containerboard manufactured in either of these areas is usually not shipped or sold in the other, because of freight costs and other factors.

16. There has been in recent years a significant increase in the level of integration between the containerboard and the corrugated products and solid fibre products industries. This has resulted, in large measure, from acquisitions by containerboard manufacturers of consumers of containerboard, and, to a lesser extent, from acquisitions by corrugated products and solid fibre products manufacturers of suppliers of containerboard. By 1962, a very large proportion of all converting plants for the manufacture of corrugated products and solid fibre products were owned or controlled by producers of the containerboard used as the raw material in these plants. Approximately 65%

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to 75% of all corrugated products and solid fibre products shipments were made by such plants owned or controlled by containerboard producers.

17. The manufacture of containerboard is a relatively concentrated industry. In 1962, the twenty largest manufacturers of containerboard produced approximately 80.5% of all containerboard.

18. The increase in integration between the containerboard and corrugated products industries has produced, in recent years, a concomitant rise in horizontal concentration in the corrugated products industry. As the largest containerboard producing companies have made multiple acquisitions of corrugated products companies, including most of the larger companies in this industry, a greater and greater share of the corrugated products business has been concentrated in the hands of these relatively few containerboard producing companies. In 1962, the twenty largest manufacturers of corrugated products accounted for approximately 67% of total industry shipments.

19. Mead is an important member of the containerboard industry. In 1962, its volume of containerboard sales ranked third among members of the industry, and it produced about 6% of the total industry production of containerboard.

20. Mead is an important member of the corrugated products industry. In 1962, its volume of corrugated products sales ranked third among members of that industry and it made about 4.7% of total industry shipments.

21. In 1955, Mead owned no facilities for the conversion of containerboard into corrugated products. Since 1956, Mead has made its entry into the corrugated products and solid fibre products industries by acquiring 20 corporations engaged in the manufacture of corrugated products and solid fibre products.

IV

Violation of Section 7 of the Clayton Act

22. In 1951, Mead acquired 48.7% of the stock of Jackson Box Company. On December 10, 1956, Mead acquired, in exchange for 85,620 shares of its common stock, the remaining 51.3% of stock of the Jackson Box Company. Through this acquisition, Mead acquired Jackson's Cincinnati, Ohio corrugator plant and obtained ownership interests in four subsidiaries and affiliates of Jackson Box Company, as described in paragraphs 23 through 26 of this complaint.

23. Jackson Box Company owned a 100% interest in the Durham Container Corporation which operated a corrugator plant in Durham, North Carolina. As a result of its acquisition of Jackson Box Company, Mead acquired this 100% interest in Durham Container Corporation.

24. Jackson Box Company owned a 45% stock interest in Delavans, Inc., which operated a corrugator plant in Syracuse, New York. As a result of its acquisition of Jackson Box Company, Mead obtained this 45% interest in Delavans, Inc. In 1959, Mead acquired, for 33,636 shares of its common stock, the remaining outstanding shares of Delavans, Inc.

25. Jackson Box Company owned a 35% stock interest in the Evert Container Corporation which operated a corrugator plant in Milwaukee, Wisconsin. As a result of its acquisition of Jackson Box Company, Mead acquired this 35% stock interest in Evert Container Corporation.

26. Jackson Box Company owned a 49% stock interest in the York Container Corporation which operated a corrugator plant at York, Pennsylvania. As a result of the acquisition of the Jackson Box Company, Mead obtained this 49% stock interest in the York Container Corporation.

27. On December 13, 1956, Mead acquired, in exchange for 273,925 shares of its common stock, the stock of the Atlanta Paper Company which operated a corrugator plant at Atlanta, Georgia.

28. The Atlanta Paper Company owned a 50% stock interest in the Palm Container Company which operated a sheet plant at Miami, Florida. As a result of its acquisition of the Atlanta Paper Company, Mead obtained this 50% interest in Palm Container Company. In 1957, Mead acquired, in exchange for 4,000 shares of its common stock, the remaining outstanding stock of the Palm Container Company.

29. On or about June 1957, Mead acquired, in exchange for 68,200 shares of its common stock, the assets of Industrial Container and Paper Corporation, which operated a corrugator plant at Chicago, Illinois.

30. On October 1, 1957, Mead acquired, in exchange for 40,000 shares of its common stock, the assets of the Shelby Paper Box Co., which operated a corrugator plant at Memphis, Tennessee.

31. On or about January 8, 1958, Mead acquired, in exchange for 70,250 shares of its common stock, the assets of the Ottawa River Paper Company which operated two corrugator plants, one located at Toledo, Ohio, and the other located at Flint, Michigan.

32. On June 23, 1958, Mead acquired, in exchange for 30,000 shares of its common stock, the assets of the Grand Rapids Container Co., Inc., which operated a corrugator plant at Grand Rapids, Michigan.

33. On July 11, 1958, Mead acquired, in exchange for 6,525 shares of its common stock, the stock of Miller Container Corporation, which operated a sheet plant at Louisville, Kentucky.

34. On January 12, 1959, Mead acquired, in exchange for 30,000 shares of its common stock, the assets of Industrial Container Corporation, which operated a corrugator plant at Baltimore, Maryland.

35. On January 7, 1959, Mead acquired, in exchange for 100,650 shares of its common stock, the assets of A & P Corrugated Box Corporation, which operated a corrugator plant at Gardner, Massachusetts, and a small paperboard mill at Lawrence, Massachusetts.

36. On March 20, 1959, Mead acquired, in exchange for 113,000 shares of its common stock, the assets of Gibraltar Corrugated Paper Company, Inc., which operated a corrugator plant at North Bergen, New Jersey, and a small containerboard mill at that same location.

37. Gibraltar Corrugated Paper Company, Inc. owned a 100% interest in Containers, Inc., which operated a sheet plant at Elizabeth, New Jersey. As a result of its acquisition of Gibraltar Corrugated Paper Company, Inc., Mead obtained this 100% interest in Containers, Inc.

38. Prior to 1957, Mead owned a 37.1% interest in Excello Paper Products Co. On August 5, 1957, Mead acquired, in exchange for 55,726 shares of its common stock, the remaining 62.9% of the outstanding shares of Excello Paper Products Co., which operated a containerboard mill at Cincinnati, Ohio.

39. On September 5, 1961, Mead acquired, in exchange for 90,816 shares of its common stock, the assets of Waterloo Container Corp., which operated a corrugator plant at Waterloo, Iowa.

40. Waterloo Container Corporation owned a 100% interest in Waterloo Corrugated Box Company, Inc., which operated a sheet plant at Waterloo, Iowa. As a result of the acquisition of Waterloo Container Corporation, Mead obtained this 100% interest in Waterloo Corrugated Box Company, Inc.

41. Waterloo Container Corporation owned a 100% interest in Fort Dodge Container Corporation, which operated a sheet plant at Fort Dodge, Iowa. As a result of its acquisition of Waterloo Container Corporation, Mead obtained this 100% interest in Fort Dodge Container Corporation.

42. Prior to 1962, Mead owned a 50.005% interest in Southern Extract Co. On January 16, 1962, Mead acquired, in exchange for

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45,000 shares of its common stock, the remaining 49.995% of the outstanding shares of Southern Extract Co., which operated a containerboard mill at Knoxville, Tennessee.

43. In March 1964, Mead acquired Taylor Container Corporation, which operated a sheet plant at East St. Louis, Illinois.

44. Prior to their acquisition by Mead, each of the acquired companies was engaged in interstate commerce as "commerce" is defined in the Clayton Act, as amended.

45. The effect of the aforesaid acquisitions of Jackson Box Company, Durham Container Corporation, Delavans, Inc., Evert Container Corporation (a 35% stock interest), York Container Corporation (a 49% stock interest), Atlanta Paper Company, Palm Container Company, Industrial Container and Paper Corporation, Shelby Paper Box Co., Ottawa River Paper Company, Grand Rapids Container Co., Inc., Miller Container Corporation, Industrial Container Corporation, A & P Corrugated Box Corporation, Gibraltar Corrugated Paper Company, Inc., Containers, Inc., Waterloo Container Corp., Waterloo Corrugated Box Company, Inc., Fort Dodge Container Corp., and Taylor Container Corp. by Mead, may be substantially to lessen competition or to tend to create a monopoly, in the manufacture and sale of containerboard, in the United States as a whole, and in that area of the country which consists of all, or any part, of the States of the United States other than the States of Washington, Oregon, California, Idaho, Hawaii and Alaska, in the following ways, among others:

(1) Competition between Mead and other sellers of containerboard has been eliminated or restricted;

(2) Independent purchasers and consumers of containerboard have been eliminated;

(3) A substantial portion of the market for containerboard has been acquired by Mead, thereby foreclosing other manufacturers of containerboard from effectively competing for the containerboard purchases made by such acquired companies;

(4) In an industry already characterized by the existence of a trend towards vertical integration and by the existence of a high degree of vertical integration, the acquisitions have further reduced the number of available independent purchasers and consumers of containerboard;

(5) The trend towards vertical integration between manufacturers of containerboard and manufacturers of corrugated products and solid fibre products has been, or may be, encouraged or stimulated;

(6) The level of integration between the containerboard industry and the manufacturers of corrugated products and solid fibre products has been substantially increased, both as a direct result of the concentration in Mead of the manufacturing and sales activities of the non-integrated companies acquired, and because the trend towards vertical integration between manufacturers of containerboard and manufacturers of corrugated products and solid fibre products has been encouraged or stimulated;

(7) The entry of new competitive entities into the manufacture and sale of containerboard has been made more difficult.

46. The effect of the aforesaid acquisitions of Jackson Box Company, Durham Container Corporation, Delavans, Inc., Evert Container Corporation (a 35% stock interest), York Container Corporation (a 49% stock interest), Atlanta Paper Company, Palm Container Company, Industrial Container and Paper Corporation, Shelby Paper Box Co., Ottawa River Paper Company, Grand Rapids Container Co., Inc., Miller Container Corporation, Industrial Container Corporation, A & P Corrugated Box Corporation, Gibraltar Corrugated Paper Company, Inc., Containers, Inc., Waterloo Container Corp., Waterloo Corrugated Box Company, Inc., Fort Dodge Container Corp., and Taylor Container Corp., by Mead, may be substantially to lessen competition or to tend to create a monopoly, in the manufacture and sale of corrugated products and solid fibre products, in the United States as a whole, and in the area of the country which consists of all, or any part, of the States of the United States other than the States of Washington, Oregon, California, Idaho, Hawaii and Alaska, in the following ways, among others:

(1) Actual or potential competition between Mead and the companies acquired has been eliminated;

(2) Actual or potential competition among and between the companies acquired has been eliminated;

(3) Each of the companies acquired has been eliminated as an independent competitive factor;

(4) In an industry already characterized by the existence of a trend towards horizontal concentration and by the existence of a high degree of horizontal concentration, the level of horizontal concentration has been substantially increased, both as a direct result of the concentration in Mead of the manufacturing and sales activities of all of the companies acquired, and because the trend towards horizontal concentration has been encouraged and stimulated.

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(5) The entry of new competitive entities into the manufacture and sale of corrugated products and solid fibre products has been made more difficult;

(6) The actual and potential competitive power of Mead has been enhanced to the point where it threatens the existence of non-integrated manufacturers and sellers of corrugated products and solid fibre products.

47. The effect of the aforesaid acquisitions of A & P Corrugated Box Corp., Excello Paper Products Co., Southern Extract Co. and Gibraltar Corrugated Paper Co. may be substantially to lessen competition or to tend to create a monopoly, in the manufacture and sale of containerboard, in the United States as a whole and in that area of the country which consists of all, or any part, of the States of the United States other than the States of Washington, Oregon, California, Idaho, Hawaii and Alaska, in the following ways, among others:

(1) Actual or potential competition between Mead and the companies acquired has been eliminated;

(2) Actual or potential competition between and among the companies acquired has been eliminated;

(3) Each of the companies acquired has been eliminated as an independent competitive factor;

(4) Concentration in the manufacture and sale of containerboard has been increased.

48. The acquisitions of Jackson Box Company, Durham Container Corporation, Delavans, Inc., Evert Container Corporation (a 35% stock interest), York Container Corporation (a 49% stock interest), Atlanta Paper Company, Palm Container Company, Industrial Container and Paper Corporation, Shelby Paper Box Co., Ottawa River Paper Company, Grand Rapids Container Co., Inc., Miller Container Corporation, Industrial Container Corporation, A & P Corrugated Box Corporation, Gibraltar Corrugated Paper Company, Inc., Containers, Inc., Waterloo Container Corp., Waterloo Corrugated Box Company, Inc., Fort Dodge Container Corp., Taylor Container Corp., Excello Paper Products Co., and Southern Extract Co. constitute violations of Section 7 of the Clayton Act (15 U.S.C. 18), as amended.

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The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of Section 7 of the Clayton Act, as amended, and the re-

spondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent The Mead Corporation is a corporation organized, existing and doing business under the laws of the State of Ohio with its office and principal place of business located at 118 West First Street, Dayton, Ohio.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent.

ORDER

I

It is ordered, That The Mead Corporation shall divest itself, absolutely and in good faith, subject to the prior approval of the Commission, of the corrugated box plant located at North Bergen, New Jersey, which was acquired by respondent as a result of its acquisition of Gibraltar Corrugated Paper Company, Inc., including all rights, title, interests, assets and properties acquired by respondent as a result of said acquisition, which are now located at said plant and used in the manufacture of corrugated shipping containers, together with such machinery and equipment as has been added to or placed on the premises of said plant for use in the manufacture of corrugated shipping containers, in a manner contemplating the operation of this plant, by the purchaser, as a going concern in the manufacture and sale of corrugated products: *Provided*, That said plant shall be divested by respondent in good faith to a person or persons who, insofar as respondent can reasonably determine, intend to and will operate said plant as a going concern for the production of corrugated products: *And provided further*, That pending the divesti-

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ture of said plant, respondent shall not make any change in the plant, machinery, building, equipment, or other property of whatever description which might impair the present capacity for the production of corrugated products by said plant, unless such capacity is fully restored prior to divestiture.

II

It is ordered, That The Mead Corporation shall divest itself, absolutely and in good faith, subject to the prior approval of the Commission, of the corrugated box plant located at East St. Louis, Illinois, which was acquired by respondent as a result of its acquisition of Taylor Container Corporation, including all rights, title, interests, assets and properties acquired by respondent as a result of said acquisition, which are now located at said plant and used in the manufacture of corrugated shipping containers, together with such machinery and equipment as has been added to or placed on the premises of said plant for use in the manufacture of corrugated shipping containers, in a manner contemplating the operation of this plant, by the purchaser, as a going concern in the manufacture and sale of corrugated products: *Provided*, That said plant shall be divested by respondent in good faith to a person or persons who, insofar as respondent can reasonably determine, intend to and will operate said plant as a going concern for the production of corrugated products: *And provided further*, That pending the divestiture of said plant, respondent shall not make any change in the plant, machinery, building, equipment, or other property of whatever description which might impair the present capacity for the production of corrugated products by said plant, unless such capacity is fully restored prior to divestiture.

III

It is ordered, That The Mead Corporation shall divest itself, absolutely and in good faith, subject to the prior approval of the Commission, of the corrugated box plant located at Chicago, Illinois, which was acquired by respondent as a result of its acquisition of Industrial Container and Paper Corporation, including all rights, title, interests, assets and properties acquired by respondent as a result of said acquisition, which are now located at said plant and used in the manufacture of corrugated shipping containers, together with such machinery and equipment as has been added to or placed on the premises of said plant for use in the manufacture of corrugated shipping containers, in a manner contemplating the operation of this plant, by

the purchaser, as a going concern in the manufacture and sale of corrugated products: *Provided*, That said plant shall be divested by respondent in good faith to a person or persons who, insofar as respondent can reasonably determine, intend to and will operate said plant as a going concern for the production of corrugated products: *And provided further*, That pending the divestiture of said plant, respondent shall not make any change in the plant, machinery, building, equipment, or other property of whatever description which might impair the present capacity for the production of corrugated products by said plant, unless such capacity is fully restored prior to divestiture.

IV

It is ordered, That The Mead Corporation shall divest itself, absolutely and in good faith, subject to the prior approval of the Commission, of the corrugated box plant located at Baltimore, Maryland, which was acquired by respondent as a result of its acquisition of Industrial Container Corporation, including all rights, title, interests, assets and properties acquired by respondent as a result of said acquisition, which are now located at said plant and used in the manufacture of corrugated shipping containers, together with such machinery and equipment as has been added to or placed on the premises of said plant for use in the manufacture of corrugated shipping containers, in a manner contemplating the operation of this plant, by the purchaser, as a going concern in the manufacture and sale of corrugated products: *Provided*, That said plant shall be divested by respondent in good faith to a person or persons who, insofar as respondent can reasonably determine, intend to and will operate said plant as a going concern for the production of corrugated products: *And provided further*, That pending the divestiture of said plant, respondent shall not make any change in the plant, machinery, building, equipment, or other property of whatever description which might impair the present capacity for the production of corrugated products by said plant, unless such capacity is fully restored prior to divestiture.

V

It is further ordered, That The Mead Corporation shall reestablish in or near Elizabeth, New Jersey, or at a location designated by a purchaser approved by the Commission, a sheet plant with facilities and equipment which are substantially equivalent to the facilities and equipment at Elizabeth, New Jersey, owned by Containers, Inc., which was acquired by respondent as a result of its acquisition of

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Gibraltar Paper Company, Inc., and which facilities and equipment are capable of converting five thousand tons of corrugated board into corrugated products per year, and shall divest itself absolutely and in good faith, subject to the prior approval of the Commission of such reestablished plant in a manner contemplating the operation of this plant by the purchaser as a going concern in the manufacture and sale of corrugated products; and said reestablished plant shall be divested by respondent in good faith to a person or persons who, insofar as it can reasonably determine, intend to and will operate said plant as a going concern for the production of corrugated products.

VI

It is further ordered, That The Mead Corporation shall install a corrugator machine in the sheet plant located at Grand Rapids, Michigan, which was acquired by respondent as a result of its acquisition of the assets of the Grand Rapids Container Co., Inc., so that said Grand Rapids plant, with the corrugator machine installed, shall be capable of converting approximately eighteen thousand tons of containerboard into corrugated products and shall divest itself, absolutely and in good faith, subject to the prior approval of the Commission, of such corrugated box plant located at Grand Rapids, Michigan. Said divestiture shall include all rights, title, interests, assets and properties acquired by respondent as a result of said acquisition, which are now located at said plant and used in the manufacture of corrugated shipping containers, together with such machinery and equipment as has been added to or placed on the premises of said plant, including the corrugator machine referred to above, for use in the manufacture of corrugated shipping containers, in a manner contemplating the operation of this plant, by the purchaser, as a going concern in the manufacture and sale of corrugated products: *Provided*, That said plant shall be divested by respondent in good faith to a person or persons who, insofar as it can reasonably determine, intend to and will operate said plant as a going concern for the production of corrugated products: *Provided further*, To facilitate the sale of said plant and accomplish the objectives of this Order, Mead may, at its option, negotiate with prospective purchasers for the sale of said plant prior to installation of a corrugator machine as above referred to, but on the condition that said prospective purchasers are advised that Mead is obligated to and will install, prior to said purchase or at a time specified by the purchaser, and subject to the approval of the Federal Trade Commission, a corru-

gator machine in said plant capable of converting approximately eighteen thousand tons of containerboard into corrugated products per year.

VII

It is further ordered, That The Mead Corporation shall divest itself, absolutely and in good faith, subject to the prior approval of the Commission, of all of its stock in York Container Corporation, acquired by said respondent as a result of the acquisition in 1956 of Jackson Box Company by respondent: *Provided*, That such approval shall not be required if Mead sells such stock to the present owners of the remaining share capital of York Container Corporation.

VIII

It is further ordered, That none of the stock, assets and properties, described in Paragraphs I, II, III, IV, V, VI and VII of this Order, shall be divested, sold or transferred, directly or indirectly, to any person who, after such divestiture, is an officer, director, employee or agent of, or under the control or direction of respondent or any of respondent's subsidiary or affiliated corporations, or who owns or controls, directly or indirectly, one (1) per cent of the outstanding shares of common stock of The Mead Corporation, or, subject to Paragraph VII, to any purchaser who is not approved in advance by the Federal Trade Commission.

As used in this Order, "person" or "persons" shall include all members of the immediate families of the individuals specified and corporations, partnerships, associations and other legal entities as well as natural persons.

IX

With respect to the seven specific corrugated box plant divestitures ordered herein, The Mead Corporation shall make every reasonable effort to accomplish divestiture of all of its interest in one of the seven plants herein ordered to be divested within one year from the date of service upon Mead of this Order; a second plant within two years of that same date; a third and fourth plant within three years of that same date; a fifth and sixth plant within four years of that same date; and a seventh plant within five years of that same date.

X

If any of the assets or stock described in Paragraphs I, II, III, IV, V, VI and VII are not sold or disposed of entirely for cash,

nothing in this Order shall be deemed to prohibit respondent from retaining, accepting and enforcing a lien, mortgage, deed of trust or other security interest in or to any of the aforesaid assets or stock for the purpose of securing to respondent full payment of the prices, with interest, at which any of said properties are sold or disposed of; but if after bona fide disposal of any of the aforesaid assets or stock in accordance with the provisions of this Order, respondent, by enforcement of such security interest regains ownership or control of any of such assets or stock, said assets or stock regained shall be redivested, subject to the provisions of this Order, within six (6) months from the time of said reacquisition.

XI

It is further ordered, That for a period of ten years after the service upon it of this Order, The Mead Corporation shall cease and desist from acquiring, directly or indirectly, through subsidiaries, or otherwise, the whole or any part of the share capital, or assets (other than products sold or purchased in the course of business), of, or any other interest in, any domestic concern, corporate or non-corporate, engaged principally or as one of its major commodity lines at the time of such acquisition, in any state of the United States or the District of Columbia, in the business of manufacturing containerboard, or in the business of converting containerboard into corrugated products, without the prior approval of the Federal Trade Commission: *Provided,* That nothing contained herein shall prohibit the purchase by respondent in the ordinary course of business, of second hand machinery or equipment, used or useful in the manufacture or conversion of any of such products, if such machinery or equipment does not constitute a major part of the assets of the seller.

XII

It is further ordered, That respondent shall within sixty (60) days of the service upon it of this Order, submit in writing to the Federal Trade Commission its plan for complying with the provisions of this Order, and shall every ninety (90) days thereafter, until the last of the divestitures covered by Paragraphs I, II, III, IV, V, VI, and VII herein shall have been completed, submit to the Federal Trade Commission a report, in writing, setting forth in detail the actions taken by respondent in compliance with the terms of this Order. There shall be included in such reports a summary, including indications of the identities of prospective purchasers, of contacts

and negotiations of representatives of respondent authorized to negotiate with potential purchasers or their representatives, relating to the sale of such assets, and, subject to any legally recognized privilege, copies of all written communications pertaining to negotiations, offers to buy, or indications of interest in the acquisition of the whole