

witness Koman. It is the view of Commissioner MacIntyre that the testimony of witness Koman should have been stricken for the reason stated in a dissenting opinion by him in January 1971 [78 F.T.C. 1564], during the course of an interlocutory appeal proceeding herein. Commissioner Jones agreed to the opinion on liability, but dissented to the order, and submitted a dissenting statement.

IN THE MATTER OF
GEORGIA-PACIFIC CORPORATION

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT AND CLAYTON ACT, SEC. 7

Docket 8843. Complaint, May 26, 1971—Decision, Dec. 26, 1972.

Consent order requiring, among other things, the divestiture by the nation's leading producer and distributor of softwood plywood, headquartered in Portland, Ore., of certain acquisitions alleged to be anticompetitive and monopolistic in nature. The principal provisions of the order are that the respondent shall create an independent corporation and transfer approximately 20 percent of its assets to said corporation. The order further restricts and prohibits future acquisitions in the timber industry in the South for five years and places a ten-year ban on the acquisition of the stocks and assets of softwood plywood concerns without prior Federal Trade Commission approval.

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, Section 18) through the acquisition of the stock and assets of various corporations, as hereinafter more particularly designated and described, hereby issues its complaint pursuant to the provisions of Section 11 of the aforesaid Clayton Act (U.S.C. Title 15, Section 21) stating its charges in this respect in the following Count I.

The Federal Trade Commission, having further reason to believe that aforesaid party respondent also has violated and is now violating the provisions of Section 5 of the Federal Trade Commission Act, as amended (U.S.C. Title 15, Section 45), through the acquisition of the stock and assets of various corporations, as hereinafter more particularly designated and described, and it appearing to the Commission that a proceeding by it with reference thereto would be in the public

interest, also issues its complaint pursuant to the provisions of the aforesaid Federal Trade Commission Act stating its charges in this respect in the following Count II.

COUNT I

DEFINITIONS

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

Softwood—wood coming from a gymnosperm tree, otherwise known as coniferous woods such as pines, firs, spruces, and hemlocks. Generally light in texture, non-resistant and easily worked.

Softwood plywood—materials consisting of sheets of softwood glued or cemented together with the grains of adjacent layers arranged at right angles or at a wide angle and usually being made

- (a) of uniformly thin veneer sheets, or
- (b) of equal number of veneer sheets on either side of a thicker central layer.

THE RESPONDENT

PAR. 2. Respondent, Georgia-Pacific Corporation, sometimes hereinafter referred to as "G-P," is, and has been, at least since January 1, 1960, a corporation organized, existing and doing business under the laws of the State of Georgia with its present office and principal place of business located at the Commonwealth Building, Portland, Oregon.

PAR. 3. G-P is engaged in the manufacture, sale, and distribution of a wide variety of wood products including, but not restricted to, softwood plywood, plywood specialties, lumber, and furniture. It also is engaged in the manufacture, sale and distribution of gypsum products, chemicals, wood by-products, and a variety of paper and paper products including board, newsprint, tissues, toweling and napkins, and paper.

PAR. 4. In the course and conduct of its business, G-P is, and has been, at least since January 1, 1960, engaged in selling its products to purchasers located in various States of the United States, and caused such products, when sold, to be transported from its facilities in various States of the United States to such purchasers located in various other States of the United States. In so doing G-P is engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended, and has been continuously so engaged at least since 1960.

PAR. 5. G-P's development has been characterized through the years by continuous growth. For calendar year 1949, G-P had net

sales of approximately \$35,042,000, and its total assets approximated \$16,973,000. For calendar year 1959, net sales were approximately \$191,997,000, and its total assets had risen to approximately \$264,225,000.

PAR. 6. Much of G-P's growth prior to 1960 was the result of its acquisitions of stock or assets of other corporations. By 1960, G-P had become a highly integrated corporation within the lumber and softwood plywood industries, having its own source of raw materials, its own manufacturing plants, and its own distribution system. In 1960, G-P was a leading producer of softwood plywood, with production in that year of approximately 620,934,000 square feet ($\frac{3}{8}$ " basis).

PAR. 7. By the end of 1969, G-P was the nation's largest producer of softwood plywood, with production in that year of approximately 1,922,379,000 square feet ($\frac{3}{8}$ " basis).

PAR. 8. In 1960, G-P had ten softwood plywood plants located on the West Coast. By the end of 1969, it had 17 softwood plywood plants, nine of which were located in the southern part of the United States.

PAR. 9. As of the early part of 1970, G-P had formulated plans for the construction of four additional softwood plywood plants, all located in the South. When construction of these plants is completed, G-P's softwood plywood capacity will be increased by approximately 480 million square feet ($\frac{3}{8}$ " basis).

PAR. 10. By 1969, G-P was the third largest producer of lumber in the United States and Canada, and the third largest producer of gypsum products in the United States. Additionally, it is a leading manufacturer of paper, pulp, and board products.

PAR. 11. In 1960, G-P owned in fee approximately 615,000 acres of timberland, and held cutting rights covering approximately 50 million additional board feet. At the end of 1969, G-P owned in fee in the United States, Canada, and Brazil, timberlands totaling approximately 4.5 million acres, of which approximately 3.5 million acres were in the United States. Also, it held exclusive cutting rights to an additional 1.5 million acres of timberlands.

PAR. 12. A significant portion of G-P's growth subsequent to 1960 is directly attributable to acquisitions by G-P of the stock or assets of formerly independent forest products corporations. During the period 1961-1968, G-P acquired 45 companies, whose total combined assets approximated \$396,000,000. Through these acquisitions, G-P gained ownership in excess of 2,432,000 acres of timberland.

THE NATURE OF TRADE AND COMMERCE

PAR. 13. Softwood plywood is a separate and distinct product which is distinguished from all other building materials and all other products in a number of ways including, but not restricted to, its unique manufacturing process, physical characteristics, and end uses.

PAR. 14. In the United States prior to 1964, softwood plywood was manufactured almost entirely on the West Coast. In that year the domestic production of softwood plywood began in the South as a result of the development of new manufacturing techniques permitting utilization of the woods of southern pine trees, hitherto unsuitable for the manufacture of softwood plywood.

PAR. 15. The manufacture of softwood plywood is a very substantial industry in the United States. In 1968, approximately 14.7 billion square feet ($\frac{3}{8}$ " basis) was produced with value of shipments approximately \$1,044,000,000.

PAR. 16. There has been a significant increase in the production of softwood plywood since 1963, with most of the increase occurring in the South. National production increased approximately 3.5 billion square feet ($\frac{3}{8}$ " basis) during the period 1963-1969, while southern production accounted for approximately 2.8 billion square feet ($\frac{3}{8}$ " basis) of this national increase.

PAR. 17. The participation by G-P in this increase in southern production has been substantial. G-P established the first plant for the production of southern pine softwood plywood at Fordyce, Arkansas, in 1963. By 1968 G-P had achieved a dominant position in the production of softwood plywood in the South, accounting for approximately 35.4 percent of softwood plywood produced in that region in that year. G-P's success in achieving this position has resulted primarily from a series of acquisitions and subsequent development of southern pine timber bases suitable for support of long term production of softwood plywood, including the acquisitions mentioned hereinafter, with the result that there is now a shortage of such bases in the southern pine region of the United States for development by others.

PAR. 18. Additionally, G-P is the leading producer of softwood plywood in the United States, accounting for approximately 14 percent of the nation's production in 1969, almost double the production of its nearest competitor.

PAR. 19. G-P is also the leading distributor of softwood plywood, accounting for approximately 18.3 percent of the mill shipments in the United States in 1969.

PAR. 20. There has been a significant increase in the level of concentration in the production of softwood plywood. In 1963, the top four and top eight producers had approximately 25.92 percent and 38.60 percent of the nation's production, respectively. By the end of 1969, these shares had increased to 34.59 percent and 49.21 percent, respectively.

PAR. 21. There has also been a significant increase in the level of concentration in the national distribution of softwood plywood. In 1963, the top four and top eight distributors of softwood plywood accounted for 36.38 percent and 50.04 percent of domestic mill shipments, respectively. By 1969, these shares had increased to 48.22 percent and 63.50 percent, respectively.

PAR. 22. The aforesaid increase in concentration has been paralleled by a number of independent softwood plywood concerns leaving the industry, either by virtue of merger, joint venture, or by voluntarily ceasing operations.

THE ACQUISITIONS

Fordyce Lumber Company

PAR. 23. Prior to and until April 1963, Fordyce Lumber Company, sometimes hereinafter referred to as "Fordyce," was a corporation organized, existing and doing business under the laws of the State of Arkansas with its office and principal place of business located at Fordyce, Arkansas.

PAR. 24. Fordyce was engaged in the production and sale of lumber. In the year preceding its acquisition by G-P, Fordyce produced approximately 32,384,000 board feet of lumber. In that year Fordyce's lumber sales amounted to approximately \$2,300,000, and the stated value of its assets was approximately \$20,937,000. Included among such assets were approximately 160,000 acres of forested timberlands.

PAR. 25. In the course and conduct of its business prior to April 1963, as aforesaid, Fordyce sold its products to purchasers located in various States of the United States and caused such products, when sold to be transported from its facilities in Arkansas to such purchasers located in various other States of the United States. In so doing Fordyce was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 26. In April 1963, Georgia-Pacific Corporation acquired all of the stock and assets of Fordyce Lumber Company for approximately \$20,800,000.

PAR. 27. Subsequent to the aforesaid acquisition G-P abandoned the lumber operation at Fordyce, Arkansas and constructed a plant for the

production of softwood plywood. Such plant with an original annual capacity to produce 90 million square feet of softwood plywood, subsequently enlarged to a 120 million square feet capacity, began production in December 1963. Such plant was supplied, at least in substantial part, with timber acquired in the aforesaid acquisition of Fordyce.

American Timber Products Company

PAR. 28. Prior to and until September 1, 1965, American Timber Products Company, sometimes hereinafter referred to as "American Timber," was a corporation organized, existing and doing business under the laws of the State of Delaware with its office and principal place of business located at Portsmouth, Virginia.

PAR. 29. American Timber was engaged in the production of lumber which was used internally by it and by its wholly-owned subsidiary corporations in the manufacture of a variety of wood products, including wooden crates and baskets, wire bound crates and veneer stock. American Timber had lumber facilities located at Portsmouth, Virginia and Murfreesboro, North Carolina. Various plants of its subsidiary corporations were located in Arkansas, Georgia, New Jersey, and North Carolina. In the year preceding its acquisition by G-P, American Timber produced approximately 8,677,000 board feet of lumber which it used internally. In that year the stated value of its assets was approximately \$11,667,960. Included among such assets were approximately 30,000 acres of timberlands situated in North Carolina and Virginia.

PAR. 30. In the course and conduct of its business prior to September 1, 1965, as aforesaid, American Timber sold its products to purchasers located in various States of the United States and caused such products, when sold, to be transported from its facilities in various States to purchasers located in various other States of the United States. In so doing American Timber was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 31. On or about September 1, 1965, Georgia-Pacific Corporation acquired all of the assets of American Timber Products Company for approximately 210,000 shares of G-P common stock valued at approximately \$11,970,000.

PAR. 32. In 1965, G-P constructed a softwood plywood plant at Emporia, Virginia, with a rated annual capacity of 100 million square feet. Subsequent to the aforesaid acquisition, G-P began using the timber so acquired to supply a part of the needs of this plant.

Jeffreys, Spaulding Manufacturing Company, Incorporated and
Spaulding Lumber Company, Incorporated

PAR. 33. Prior to and until October 1965, Jeffreys, Spaulding Manufacturing Company, Incorporated, sometimes hereinafter referred to as "Jeffreys," and Spaulding Lumber Company, Incorporated, sometimes hereinafter referred to as "Spaulding," were corporations organized, existing, and doing business under the laws of the State of Virginia, with their offices and principal places of business located at Chase City, Virginia.

PAR. 34. Jeffreys and Spaulding were closely held corporations administered by the same executive officer, George M. Spaulding, and operated so as to mutually benefit each other.

PAR. 35. Jeffreys and Spaulding were both engaged in the production and sale of lumber. In the year preceding their acquisition by G-P the combined lumber sales of Jeffreys and Spaulding amounted to approximately \$2,654,000, and the stated values of their assets were approximately \$2,300,000 and \$2,700,000, respectively. Included among such assets were the combined total of approximately 33,000 acres of timberland.

PAR. 36. In the course and conduct of their businesses prior to October 1965, as aforesaid, both Jeffreys and Spaulding sold their products to purchasers located in various States of the United States and caused such products, when sold, to be transported from their facilities in Virginia to such purchasers located in various other States of the United States. In so doing both Jeffreys and Spaulding were engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 37. In October 1965, Georgia-Pacific Corporation acquired all of the assets of Jeffreys, Spaulding Manufacturing Company, Incorporated and Spaulding Lumber Company, Incorporated. The combined consideration paid by G-P for these acquisitions was 80,112 shares of G-P common stock, which was valued at approximately \$4,570,000.

PAR. 38. The timberlands acquired in the aforesaid acquisitions served to assure long-term production stability for G-P's softwood plywood plant at Emporia, Virginia.

Barrow Manufacturing Company and Barrow Land & Timber
Company

PAR. 39. Prior to and until November 1966 Barrow Manufacturing Company, sometimes hereinafter referred to as "Barrow," and Barrow

Land & Timber Company, sometimes hereinafter referred to as "Barrow Land," were corporations organized, existing, and doing business under the laws of the State of North Carolina, with their offices and principal places of business located at Ahoskie, North Carolina.

PAR. 40. Barrow and Barrow Land were closely held corporations administered by the same executive officer, John K. Barrow, Jr., and operated so as to mutually benefit each other.

PAR. 41. Barrow was engaged in the production and sale of lumber. In the year preceding its acquisition by G-P, Barrow produced approximately 12,676,000 board feet of lumber. In that year Barrow's lumber sales amounted to approximately \$1,110,000. Barrow Land was a land and timber holding company which did not engage in manufacturing. The combined stated value of the assets of Barrow and Barrow Land was approximately \$1,015,000. Included among such assets were the combined total of approximately 6,000 acres of timberlands and cutting contract rights to approximately 5,000,000 board feet of timber.

PAR. 42. In the course and conduct of these businesses prior to November 1966, as aforesaid, Barrow sold its products to purchasers located in various States of the United States and caused such products, when sold, to be transported from Barrow's facilities in North Carolina to such purchasers located in various other States of the United States. In so doing Barrow was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended, and by virtue of the manner in which Barrow Land was operated for the benefit of Barrow, aforesaid Barrow Land was likewise engaged in "commerce."

PAR. 43. In November 1966, Georgia-Pacific Corporation acquired all of the assets of Barrow Manufacturing Company and all of the stock and assets of Barrow Land & Timber Company. The combined consideration paid by G-P for these acquisitions was 25,000 shares of G-P common stock, which was valued at approximately \$1,200,000.

PAR. 44. The timberlands acquired in the aforesaid acquisitions served to supplement G-P's timber supply for its softwood plywood plant at Emporia, Virginia.

Reynolds & Manley Lumber Company

PAR. 45. Prior to and until February 1966, Reynolds & Manley Lumber Company, sometimes hereinafter referred to as "Reynolds & Manley," was a corporation organized, existing, and doing business under the laws of the State of Georgia with its office and principal place of business located at Savannah, Georgia.

PAR. 46. Reynolds & Manley was engaged in the production and sale of lumber. In the year preceding its acquisition by G-P, Reynolds & Manley produced approximately 7,266,000 board feet of lumber. In that year, Reynolds & Manley's lumber sales amounted to approximately \$1,300,000, and the stated value of its assets was approximately \$1,877,000. Included among such assets were approximately 13,000 acres of timberland.

PAR. 47. In the course and conduct of its business prior to February 1966, as aforesaid, Reynolds & Manley sold its products to purchasers located in various States of the United States and caused such products, when sold, to be transported from its facilities in Georgia to such purchasers located in various other States of the United States. In so doing Reynolds & Manley was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 48. In February 1966, Georgia-Pacific Corporation acquired all of the assets of Reynolds & Manley Lumber Company for 40,500 shares of G-P common stock valued at approximately \$2,470,500.

PAR. 49. Subsequent to the aforesaid acquisition, G-P abandoned the lumber operations at Savannah, Georgia, and replaced them with a new mill located at Port Wentworth, Georgia. It also constructed a plant for the production of softwood plywood at Savannah, Georgia. This plant had an original annual capacity of 50 million square feet of softwood plywood. The acquisition of Reynolds & Manley served to assure long-term production stability for G-P's softwood plywood plant at Savannah, Georgia.

Williams Furniture Corporation and Southern Coatings and
Chemical Company

PAR. 50. Prior to and until October 20, 1967, Williams Furniture Corporation, sometimes hereinafter referred to as "Williams," and Southern Coatings and Chemical Company, sometimes hereinafter referred to as "Southern," were corporations organized, existing and doing business under the laws of the State of South Carolina with their offices and principal places of business located at Sumter, South Carolina.

PAR. 51. Many of the stockholders of Williams were also stockholders of Southern. The two corporations together with their subsidiaries were operated under similar management as a complex of interrelated businesses.

PAR. 52. Williams and its five wholly-owned subsidiaries were engaged in the manufacture and sale of furniture, softwood plywood and doors. Southern was engaged in the production and sale of paint

and a variety of chemical products. Additionally, it operated a pine sawmill at Russellville, South Carolina. In the year preceding their acquisition by G-P, Williams and Southern had combined sales of approximately \$26,290,000, and the stated value of their combined assets was approximately \$31,100,000. Included among such assets were approximately 170,000 acres of land in South Carolina containing in excess of 400 million board feet of pine and hardwood timber.

PAR. 53. In the course and conduct of their businesses prior to October 20, 1967, as aforesaid, both Williams and Southern sold their products to purchasers located in various States of the United States and caused such products, when sold, to be transported from their respective facilities located in various States of the United States to such purchasers located in various other States of the United States. In so doing both Williams and Southern were engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 54. By virtue of a merger occurring on or about October 20, 1967, whereby Williams Furniture Corporation and Southern Coatings and Chemical Company were merged with and into Georgia-Pacific Corporation, said Georgia-Pacific Corporation acquired all of the assets of said Williams Furniture Corporation and said Southern Coatings and Chemical Company. In connection with the aforesaid merger the consideration for the conversion of Williams stock and Southern stock was approximately 1,142,857 shares of G-P \$1.40 convertible preferred stock values at approximately \$40,000,000.

PAR. 55. Subsequent to the aforesaid merger, G-P constructed a softwood plywood plant at Russellville, South Carolina which was supplied, at least in substantial part, with timber acquired in the aforesaid merger with Williams and Southern.

Tommy Reynolds Lumber Company

PAR. 56. Prior to and until December 1967, Tommy Reynolds Lumber Company, sometimes hereinafter referred to as "T.R.," was a corporation organized, existing and doing business under the laws of the State of Arkansas with its office and principal place of business located at Hamburg, Arkansas.

PAR. 57. T.R. was engaged in the production and sale of lumber. In the year preceding its acquisition by G-P, T.R. produced approximately 42,162,000 board feet of lumber. In that year T.R.'s lumber sales amounted to approximately \$3,400,000, and the stated value of its assets was approximately \$2,300,000. Included among such assets was a 10-year cutting contract relating to Georgia-Pacific Corpora-

tion land, under the terms of which 100 million feet of timber remained to be cut by T.R.

PAR. 58. In the course and conduct of its business prior to December 1967, as aforesaid, T.R. sold its products to purchasers located in various States of the United States and caused such products, when sold, to be transported from its facilities in Arkansas to such purchasers located in various other States of the United States. In so doing T.R. was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 59. In December 1967, Georgia-Pacific Corporation acquired all of the assets of Tommy Reynolds Lumber Company for 27,080 shares of G-P common stock valued at approximately \$1,547,000.

PAR. 60. Subsequent to the aforesaid acquisition, G-P abandoned the lumber operations at Hamburg, Arkansas. Prior to the acquisition, G-P had constructed two softwood plywood plants at Crossett, Arkansas. The T.R. acquisition facilitated the utilization of such plants, and afforded access to needed timber supplies for these softwood plywood facilities.

The Urania Lumber Company, Limited

PAR. 61. Prior to and until September 1968, the Urania Lumber Company, Limited, sometimes hereinafter referred to as "Urania," was a corporation organized, existing, and doing business under the laws of the State of Louisiana with its office and principal place of business located at Urania, Louisiana.

PAR. 62. Urania was engaged in the production and sale of lumber. In the year preceding its acquisition by G-P, Urania produced approximately 25,281,000 board feet of lumber. In that year, Urania's lumber sales amounted to approximately \$2,200,000, and the stated value of its assets was approximately \$42,422,200. Included among such assets were approximately 130,000 acres of pine timberlands.

PAR. 63. In the course and conduct of its business prior to September 1968, as aforesaid, Urania sold its products to purchasers located in various States of the United States and caused such products, when sold, to be transported from its facilities at Urania, Louisiana to such purchasers located in various other States of the United States. In so doing Urania was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 64. In October 1967, Georgia-Pacific Corporation acquired all of the stock and assets of Edenborn, Inc., a Louisiana corporation, for approximately \$12,000,000. The principal asset of Edenborn, Inc.

was a 30 percent ownership in the outstanding capital stock of the Urania Lumber Company, Limited.

PAR. 65. In September 1968, Georgia-Pacific Corporation acquired the remaining outstanding stock and assets of the Urania Lumber Company, Limited for approximately \$34,122,200.

PAR. 66. Subsequent to the aforesaid acquisition of Urania, G-P abandoned the lumber operation at Urania, Louisiana and constructed a plant for the production of softwood plywood. Such plant had an original annual capacity to produce 140 million square feet of softwood plywood. Such plant will be supplied, at least in substantial part, with timber acquired in the aforesaid acquisition of Urania.

Sledge Lumber Corporation

PAR. 67. Prior to and until April 1969, Sledge Lumber Corporation, sometimes hereinafter referred to as "Sledge," was a corporation organized, existing and doing business under the laws of the State of North Carolina with its office and principal place of business located at Whiteville, North Carolina.

PAR. 68. Sledge was engaged in the production and sale of lumber. In the year preceding its acquisition by G-P, Sledge produced approximately 15,000,000 board feet of lumber. In that year Sledge's lumber sales amounted to approximately \$1,625,000, and the stated value of its assets was approximately \$7,070,000. Included among such assets were approximately 20,000 acres of forested timberlands.

PAR. 69. In the course and conduct of its business prior to April 1969, as aforesaid, Sledge sold its products to purchasers located in various States of the United States and caused such products, when sold, to be transported from its facilities in North Carolina to such purchasers located in various other States of the United States. In so doing Sledge was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 70. In April 1969, Georgia-Pacific Corporation acquired all of the assets of Sledge Lumber Corporation for approximately \$6,985,000.

PAR. 71. Subsequent to the aforesaid acquisition, G-P commenced the construction of a plant for the production of softwood plywood in Whiteville, North Carolina. Such plant with an original annual capacity to produce 110 million square feet of softwood plywood is scheduled to begin production in 1971. Such plant will be supplied, at least in substantial part, with timber acquired in the aforesaid acquisition of Sledge.

Reynolds & Draper Lumber Company

PAR. 72. Prior to and until August 1969, Reynold & Draper Lumber Company, sometimes hereinafter referred to as "Reynolds & Draper," was a corporation organized, existing, and doing business under the laws of the State of Arkansas with its office and principal place of business located at El Dorado, Arkansas.

PAR. 73. Reynolds & Draper was engaged in the production and sale of lumber. In the year preceding its acquisition by G-P, Reynolds & Draper produced approximately 44,700,000 board feet of lumber. In that year Reynolds & Draper's lumber sales amounted to approximately \$4,286,000, and the stated value of its assets was approximately \$3,400,000. Included among such assets were approximately 10,000 acres of pine timberland.

PAR. 74. In the course and conduct of its business prior to August 1969, as aforesaid, Reynolds & Draper sold its products to purchasers located in various States of the United States and caused such products, when sold, to be transported from its facilities in Arkansas to such purchasers located in various other States of the United States. In so doing Reynolds & Draper was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 75. In August 1969, Georgia-Pacific Corporation acquired all of the assets of Reynolds & Draper Lumber Company for 49,008 shares of Georgia-Pacific common stock valued at approximately \$2,450,000.

PAR. 76. Subsequent to the aforesaid acquisition, G-P commenced the construction of a plant for the production of softwood plywood at New Waverly, Texas. Such plant with an original annual capacity to produce approximately 140,000,000 square feet of softwood plywood is scheduled to begin production in early 1971. Such plant will be supplied, at least in substantial part, with timber acquired in the aforesaid acquisition of Reynolds & Draper.

Reynolds-Wilson Lumber Company

PAR. 77. Prior to and until August 1969, Reynolds-Wilson Lumber Company, sometimes hereinafter referred to as "Reynolds-Wilson," was a corporation organized, existing and doing business under the laws of the State of Texas with its office and principal place of business located at Corrigan, Texas.

PAR. 78. Reynolds-Wilson was engaged in the production and sale of lumber. In the year preceding its acquisition by G-P, Reynolds-Wilson produced approximately 53,800,000 board feet of lumber. In that year Reynolds-Wilson's lumber sales amounted to approximately

\$5,113,000, and the stated value of its assets was approximately \$6,154,000. Included among such assets were approximately 9,000 acres of pine timberland.

PAR. 79. In the course and conduct of its business prior to August 1969, as aforesaid, Reynolds-Wilson sold its products to purchasers located in various States of the United States and caused such products, when sold, to be transported from its facilities in Texas to such purchasers located in various other States of the United States. In so doing Reynolds-Wilson was engaged in "commerce," as "commerce" is defined in the Clayton Act, as amended.

PAR. 80. In August 1969, Georgia-Pacific Corporation acquired all of the assets of Reynolds-Wilson Lumber Company for approximately 89,820 shares of Georgia-Pacific common stock valued at approximately \$4,491,000.

PAR. 81. Subsequent to the aforesaid acquisition G-P commenced the construction of a plant for the production of softwood plywood at New Waverly, Texas. Such plant with an original annual capacity to produce 140,000,000 square feet of softwood plywood is scheduled to begin production in early 1971. Such plant will be supplied, at least in substantial part, with timber acquired in the aforesaid acquisition of Reynolds-Wilson.

ADVERSE COMPETITIVE EFFECTS

PAR. 82. The cumulative effect of the aforesaid acquisitions by Georgia-Pacific Corporation of the stock and assets of Fordyce Lumber Company; American Timber Products Company; Jeffreys, Spaulding Manufacturing Company, Incorporated; Spaulding Lumber Company, Incorporated; Barrow Manufacturing Company; Barrow Land & Timber Company; Reynolds & Manley Lumber Company; Williams Furniture Corporation; Southern Coatings and Chemical Company; Tommy Reynolds Lumber Company; the Urania Lumber Company, Limited; Sledge Lumber Corporation; Reynolds & Draper Lumber Company and Reynolds-Wilson Lumber Company may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of softwood plywood in the United States as a whole in the following ways, among others:

- (a) Potential competition between G-P and the aforesaid corporations acquired by it has been eliminated;
- (b) Potential competition among and between the aforesaid corporations acquired by G-P has been eliminated;
- (c) The dominant position of G-P has been enhanced and may be further enhanced;

(d) An industry trend toward concentration has been accelerated and may be further accelerated;

(e) The degree of concentration has been increased and may be further increased;

(f) The entry of new competitive entities has been and may continue to be made more difficult;

(g) The actual and potential competitive power of G-P has been enhanced to the point where it threatens the existence of a significant competitive segment of the industry structure;

(h) The availability of southern pine timber bases suitable to support long term production of softwood plywood has been substantially decreased.

THE NATURE OF THE VIOLATION

PAR. 83. The acquisition by Georgia-Pacific Corporation of the stock and assets of the aforesaid corporations together with the cumulative effect thereof as hereinbefore alleged in this Count I constitute a violation of Section 7 of the Clayton Act (U.S.C. Title 15, Section 18), as amended.

COUNT II

DEFINITIONS

PAR. 84. The allegations set forth in Paragraph 1 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

THE RESPONDENT

PAR. 85. The allegations set forth in Paragraphs 2 through 12, inclusive, of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

THE NATURE OF TRADE AND COMMERCE

PAR. 86. The allegations set forth in Paragraphs 13 through 22, inclusive, of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

THE ACQUISITIONS

Fordyce Lumber Company

PAR. 87. The allegations set forth in Paragraphs 23, 24, 26, and 27 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 88. A substantial part, if not all, of the assets obtained by G-P in the Fordyce acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of interstate operations.

American Timber Products Company

PAR. 89. The allegations set forth in Paragraphs 28, 29, 31 and 32 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 90. A substantial part, if not all, of the assets obtained by G-P in the American Timber acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

Jeffreys, Spaulding Manufacturing Company, Incorporated and
Spaulding Lumber Company, Incorporated

PAR. 91. The allegations set forth in Paragraphs 33, 34, 35, 37 and 38 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 92. A substantial part, if not all, of the assets obtained by G-P in the Jeffreys acquisition and in the Spaulding acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

Barrow Manufacturing Company and Barrow Land & Timber
Company

PAR. 93. The allegations set forth in Paragraphs 39, 40, 41, 43 and 44 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 94. A substantial part, if not all, of the assets obtained by G-P in the Barrow acquisition and in the Barrow Land acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

Reynolds & Manley Lumber Company

PAR. 95. The allegations set forth in Paragraphs 45, 46, 48 and 49 of the Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 96. A substantial part, if not all, of the assets obtained by G-P in the Reynolds & Manley acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

Williams Furniture Corporation and Southern Coatings and Chemical
Company

PAR. 97. The allegations set forth in Paragraphs 50, 51, 52, 54 and 55 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 98. A substantial part, if not all, of the assets obtained by G-P in the merger with Williams and Southern became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

Tommy Reynolds Lumber Company

PAR. 99. The allegations set forth in Paragraphs 56, 57, 59 and 60 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 100. A substantial part, if not all, of the assets obtained by G-P in the T.R. acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

Edenborn, Inc. and the Urania Lumber Company, Limited

PAR. 101. Prior to and until October 1967, Edenborn, Inc., sometimes hereinafter referred to as "Edenborn," was a Louisiana corporation.

PAR. 102. Edenborn owned approximately 30 percent of the capital stock of the Urania Lumber Company, Limited.

PAR. 103. In October 1967, Georgia-Pacific Corporation acquired all of the stock and assets of Edenborn.

PAR. 104. Prior to and until September 1968, the Urania Lumber Company, Limited, sometimes hereinafter referred to as "Urania," was a corporation organized, existing, and doing business under the laws of the State of Louisiana with its office and principal place of business located at Urania, Louisiana.

PAR. 105. Urania was engaged in the production and sale of lumber. In the year preceding its acquisition by G-P, Urania produced approximately 25,281,000 board feet of lumber. In that year, Urania's lumber sales amounted to approximately \$2,200,000, and the stated value of its assets was approximately \$42,422,200. Included among such assets were approximately 130,000 acres of pine timberlands.

PAR. 106. Already owning 30 percent of the stock of Urania by virtue of its acquisition of Edenborn, Georgia-Pacific Corporation, in September 1968, acquired the remaining outstanding stock and assets

of the Urania Lumber Company, Limited for approximately \$34,122,200.

PAR. 107. Subsequent to the aforesaid acquisition of Urania, G-P abandoned the lumber operation at Urania, Louisiana and constructed a plant for the production of softwood plywood. Such plant had an original annual capacity to produce 140 million square feet of softwood plywood. Such plant will be supplied, at least in substantial part, with timber acquired as a result of the aforesaid acquisitions of Edenborn and Urania.

PAR. 108. A substantial part, if not all, of the assets of Urania obtained by G-P by virtue of its acquisitions of Edenborn and Urania, as aforesaid, became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

Sledge Lumber Corporation

PAR. 109. The allegations set forth in Paragraphs 67, 68, 70 and 71 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 110. A substantial part, if not all, of the assets obtained by G-P in the Sledge acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

Reynolds & Draper Lumber Company

PAR. 111. The allegations set forth in Paragraphs 72, 73, 75, and 76 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 112. A substantial part, if not all, of the assets obtained by G-P in the Reynolds & Draper acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

Reynolds-Wilson Lumber Company

PAR. 113. The allegations set forth in Paragraphs 77, 78, 80 and 81 of Count I are hereby incorporated by reference and made a part of Count II as if fully rewritten herein.

PAR. 114. A substantial part, if not all, of the assets obtained by G-P in the Reynolds-Wilson acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

D. L. Fair Lumber Company

PAR. 115. Prior to and until January 9, 1965, D. L. Fair Lumber Company, sometimes hereinafter referred to as "D. L. Fair," was a corporation organized, existing and doing business under the laws of the State of Mississippi with its office and principal place of business located at Louisville, Mississippi.

PAR. 116. D. L. Fair owned a portable sawmill, a flooring mill and a dimension mill which, prior to January 9, 1965, were under lease to other parties. D. L. Fair also owned approximately 92,000 acres of pine timberlands located in the vicinity of Louisville, Mississippi.

PAR. 117. On or about January 9, 1965, Georgia-Pacific Corporation acquired all of the stock and assets of D. L. Fair Lumber Company for approximately \$11,750,000.

PAR. 118. Subsequent to the aforesaid acquisition G-P constructed a softwood plywood mill at Louisville, Mississippi, which was supplied, at least in substantial part, with timber acquired in the aforesaid acquisition of D. L. Fair.

PAR. 119. A substantial part, if not all, of the assets obtained by G-P in the D. L. Fair acquisition became a part of the interstate business of G-P and were used for the benefit and enhancement of its interstate operations.

ADVERSE COMPETITIVE EFFECTS

PAR. 120. The cumulative effect of the aforesaid acquisitions by Georgia-Pacific Corporation of the stock and assets of Fordyce Lumber Company; American Timber Products Company; Jeffreys, Spaulding Manufacturing Company, Incorporated; Spaulding Lumber Company, Incorporated; Barrow Manufacturing Company; Barrow Land & Timber Company; Reynolds & Manley Lumber Company; Williams Furniture Corporation; Southern Coatings and Chemical Company; Tommy Reynolds Lumber Company; Edenborn, Inc.; the Urania Lumber Company, Limited; Sledge Lumber Corporation; Reynolds & Draper Lumber Company; Reynolds-Wilson Lumber Company; and D. L. Fair Lumber Company may be substantially to lessen competition or to tend to create a monopoly in the manufacture and sale of softwood plywood in the United States as a whole in the following ways, among others:

(a) Potential competition between G-P and the aforesaid corporations acquired by it has been eliminated;

(b) Potential competition among and between the aforesaid corporations acquired by G-P has been eliminated;

- (c) The dominant position of G-P has been enhanced and may be further enhanced;
- (d) An industry trend toward concentration has been accelerated and may be further accelerated;
- (e) The degree of concentration has been increased and may be further increased;
- (f) The entry of new competitive entities has been and may continue to be made more difficult;
- (g) The actual and potential competitive power of G-P has been enhanced to the point where it threatens the existence of a significant competitive segment of the industry structure;
- (h) The availability of southern pine timber bases suitable to support long term production of softwood plywood has been substantially decreased.

THE NATURE OF THE VIOLATION

PAR. 121. The acquisition by Georgia-Pacific Corporation of the stock and assets of the aforesaid corporations together with the subsequent use of such assets and the cumulative effect thereof as hereinbefore alleged in this Count II were and are all to the prejudice and injury of the public and constitute unfair methods of competition in commerce and unfair acts in commerce in violation of Section 5 of the Federal Trade Commission Act (U.S.C. Title 15, Section 45), as amended.

DECISION AND ORDER

The Federal Trade Commission having issued a complaint charging that the respondent named in the caption hereof has violated the provisions of Section 7 of the Clayton Act, as amended, and Section 5 of the Federal Trade Commission Act, 15 U.S.C. 18, 45; and

The Commission, by order issued November 21, 1972 [p. 1041 herein], having withdrawn this matter from adjudication pursuant to Section 2.34(d) of its rules; and

The respondent and complaint counsel having executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the complaint which the Commission issued, 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 thereafter given careful consideration to the executed consent agreement and being of the opinion that the relief provided by the order contained therein will restructure the softwood

plywood industry by creating a new and viable national entity thereby enhancing competition on a nationwide basis, and having therefore determined that the relief is adequate and appropriate in all respects to dispose of this matter, and having also duly considered the data, views, arguments and comments submitted by interested members of the public and having held a public hearing before the Commission on December 18, 1972, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby makes the following jurisdictional findings and enters the following order:

1. Respondent Georgia-Pacific Corporation is a corporation organized, existing and doing business under the laws of the State of Georgia, with its office and principal place of business located at 900 S.W. Fifth Avenue, Portland, Oregon.
2. The Federal Trade Commission has jurisdiction of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

For the purposes of this order, the following definitions shall apply:

1. *Respondent*—Georgia-Pacific Corporation, its officers, directors, agents, representatives, employees, subsidiaries, affiliates, successors and assigns and any person, partnership, corporation, or other legal entity acting for or on its behalf or with its express or implied consent; *Provided, however*, That the term respondent shall not be construed to include Louisiana-Pacific.
2. *The South*—The States of Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Oklahoma, Arkansas, Louisiana, Texas, and Tennessee.
3. *Market price*—the price established within the same area, for similar quantities, grades and types of the commodity being sold.
4. *Single ownership*—one or more parcels of timberland in which any interest in the fee is commonly or jointly held by any one or more persons, trust, partnerships, corporations or other legal entities.
5. *Person*—any individual, partnership, firm, association, corporation, governmental agency or other legal or business entity.

PARAGRAPH 1

It is ordered, That Respondent shall:

- (A) Prior to thirty (30) days from the date of service of this order (hereinafter referred to as the "effective date") have existing or cause to be formed an independent corporation (herein-

after called "Louisiana-Pacific") with at least sufficient shares of authorized common stock in order to comply with the provisions of this order and with by-laws containing a provision which shall insure compliance with subparagraph (G) hereof;

(B) Within sixty (60) days of the effective date mail to its stockholders a notice of a special meeting of stockholders, together with a proxy statement containing the recommendation of management that the stockholders authorize the transfer of assets called for by this order;

(C) Prior to thirty (30) days after the effective date transfer to Louisiana-Pacific assets of respondent, including 45 plants and mills, having a net worth of not less than \$150,000,000 and more fully described in Appendices 1 and 2 of this order,* in exchange for all of the capital stock of Louisiana-Pacific and the assumption by Louisiana-Pacific of the liabilities transferred in connection with the assets referred to;

(D) Prior to February 1, 1973, after retaining shares of Louisiana-Pacific stock for possible distribution under respondent's Contingent Valuation Contracts, distribute the remainder of said stock of Louisiana-Pacific to the stockholders of record on January 2, 1973, in the ratio of one share of Louisiana-Pacific stock for each four shares of respondent's stock held on January 2, 1973, and shall make appropriate provisions for the handling of fractional shares;

(E) Within ninety (90) days of distribution of the Louisiana-Pacific stock, the amount credited to all salaried personnel in respondent's Stock Bonus Plan shall be transferred to a similar plan for the salaried employees who were former employees of respondent and who shall become employees of Louisiana-Pacific, and a like procedure shall be followed regarding the pensions of hourly employees so involved;

(F) Make available executive personnel of respondent, including officers who have present responsibility concerning the properties to be transferred by the respondent to Louisiana-Pacific. These officers shall resign from their respective positions with the respondent upon assuming their office with Louisiana-Pacific and all of the present personnel of the respondent presently employed by the respondent in the respective operations transferred to Louisiana-Pacific shall be transferred to Louisiana-

**Infra*, pages 1011-16.

Pacific. In addition, all of the present respondent personnel involved in timber management, timber and log purchases and logging for these operations shall likewise be transferred to Louisiana-Pacific. The present sales organization of respondent now selling all of its lumber production, kitchen cabinets, and aluminum and wood door and window production for the properties transferred to Louisiana-Pacific shall likewise be transferred to Louisiana-Pacific; and

(G) Respondent shall provide that:

1. prior to the distribution of the Louisiana-Pacific stock to the stockholders of respondent, respondent shall vote the stock of Louisiana-Pacific for the election of an interim board of directors to serve until the election of an initial board of directors by the stockholders of Louisiana-Pacific;

2. Louisiana-Pacific shall within sixty (60) days of the distribution of the Louisiana-Pacific stock call a stockholders' meeting for the purpose of electing an initial board of directors;

3. except as provided for in subparagraph 1 hereof and except with respect to organizational matters prior to the distribution of the Louisiana-Pacific stock to the stockholders of respondent, Georgia-Pacific Corporation shall not vote any stock of Louisiana-Pacific which it shall hold or which shall be held under its direction or control;

4. no nominee for the initial board of directors of Louisiana-Pacific shall at the time of his election be an officer or director of respondent; and

5. subsequent to the election of the initial board of directors of Louisiana-Pacific no officer or director of respondent shall concurrently serve as an officer or director of Louisiana-Pacific nor shall any officer or director of Louisiana-Pacific serve concurrently as an officer or director of respondent.

PARAGRAPH 2

It is further ordered, That Respondent may, as requested by Louisiana-Pacific, for a period of ten (10) years from the effective date, purchase the softwood plywood production of Louisiana-Pacific at the current market price for such product and on the same terms and conditions as other purchases of softwood plywood made by respond-

ent, but only up to the percentage of Louisiana-Pacific's production as set forth immediately hereafter:

	<i>Percent</i>
1st year-----	100
2nd year-----	80
3rd year-----	60
4th year-----	40
5th to the 10th year-----	20

Provided, however, That the purchases by respondent from Louisiana-Pacific of redwood plywood siding shall not be considered to be included in the limitations or in the percentages set forth above.

PARAGRAPH 3

It is further ordered, That for a period of five (5) years from the effective date, respondent shall cease and desist from acquiring directly or indirectly any fee ownership or leasehold interest in pine or mixed pine and hardwood timberland in the South which is held in single ownership exceeding 25,000 acres, *Provided, however,*

(A) that this limitation shall not apply to land acquired for and utilized for a purpose other than in plywood production;

(B) that, for the purpose of determining whether 25,000 acres have been acquired, acres acquired from a single owner in separate transactions will only be accumulated if they occur within 12 months of each other;

(C) that this limitation shall not apply to any tract regardless of its size on which respondent at the time of said acquisition and at the effective date shall have cutting rights thereon existing on the effective date and a bona fide offer has been made for such land by a person not affiliated with respondent; and

(D) that if respondent does acquire said timberland pursuant to Paragraph 3(C), respondent is:

(a) Prohibited from using from said lands so acquired any greater volume of plywood logs for use in any softwood plywood plant of respondent than the average annual amount taken from said lands by respondent in the three (3) years prior to said acquisition;

(b) Prohibited from terminating (except for substantial breach) any cutting contract, timber deed or any other right held by any other person other than the person from whom such timberland was acquired, in respect of timber on such acquired lands.

(c) Required to offer for sale annually, on the open market and at market prices, the same volume of softwood timber

from the acquired lands as that board footage constituting the average annual open market sales of softwood timber cut from the acquired lands during the three (3) calendar years ending immediately prior to such acquisition by third parties having no interest in the fee of such lands;

(d) Required, within sixty (60) days of any acquisition of such interest, to file a report in writing with the Federal Trade Commission setting forth in detail a description of the interest so acquired and the information necessary to insure compliance with the provisions of this order.

PARAGRAPH 4

It is further ordered, That for a period of five (5) years if respondent acquires, for utilization in any plywood plant, directly or indirectly any fee ownership or leasehold interest in pine or mixed pine and hardwood timberland in the South, which is held in single ownership ranging in size from 10,000 acres to 25,000 acres, respondent is:

(A) Prohibited from using from said lands so acquired any greater volume of plywood logs for use in any softwood plywood plant of the respondent than the average annual amount taken from said lands by respondent in the three (3) years prior to said acquisition;

(B) Prohibited from terminating (except for substantial breach) any cutting contract, timber deed or any other right held by any other person other than the person from whom such timberland was acquired, in respect of timber on such acquired lands;

(C) Required to offer for sale annually, on the open market and at market prices, the same volume of softwood timber from the acquired lands as that board footage constituting the average annual open market sales of softwood timber cut from the acquired lands during the three (3) calendar years ending immediately prior to such acquisition by third parties having no interest in the fee of such lands;

(D) Required, within sixty (60) days of any acquisition of such interest, to file a report in writing with the Federal Trade Commission setting forth in detail a description of the interest so acquired and the information necessary to insure compliance with the provisions of this order; and

(E) Prohibited from acquiring in any one year more than 100,000 such acres.

PARAGRAPH 5

It is further ordered, That for a period of five (5) years from the effective date, respondent is prohibited from utilizing in its individual softwood plywood plants now in operation any higher percentage of pine timber purchased in the open market (which as used herein shall mean all acquisitions of southern pine plywood timber other than from lands held by respondent in fee), than the percentage of such timber utilized by the said individual plants of respondent from open market purchases made in 1972, except that the following plants of respondent may purchase on the open market such logs up to the percentage set opposite the plant listed below:

	Percent
Crossett, Arkansas Number 1	20
Crossett, Arkansas Number 2	20
Fordyce, Arkansas	20
Chiefland, Florida	95
Emporia, Virginia	95
Russellville, S. C.	75
Whiteville, N.C.	85

Provided, however, That if any event beyond the control of respondent shall occur which prevents respondent from cutting timber on lands held by respondent in fee, respondent shall be relieved of the limitation on open market purchases, but only to the extent that such event shall have prevented the acquisition of timber from lands held in fee by respondent; *and provided further,* That within ninety (90) days following the end of each of the five annual periods during which this prohibition is in effect, respondent shall file with the Federal Trade Commission a report showing compliance with the provision of this order.

PARAGRAPH 6

It is further ordered, That for ten (10) years from the effective date, respondent shall cease and desist from acquiring, directly or indirectly through subsidiaries, or otherwise, for its use in the manufacture of softwood plywood, from any person, firm or corporation other than the manufacturer thereof or a regular dealer or distributor of such equipment in the ordinary course of such dealer's or distributor's business:

- (A) Any equipment specifically designed for the manufacture of softwood plywood;
- (B) Any equipment specifically designed and theretofore used in the manufacture of softwood plywood; and

(C) Any equipment thereafter converted by respondent, directly or indirectly, into equipment specifically designed for the manufacture of softwood plywood; in the absence of prior Federal Trade Commission approval of such acquisition.

PARAGRAPH 7

It is further ordered, That for a period of ten (10) years from the effective date, respondent shall cease and desist from acquiring, directly or indirectly, through subsidiaries, or otherwise, the whole or any part of the share capital or assets of, or any other interest in, any other person, firm or corporation engaged in the manufacture of softwood plywood in the United States immediately prior to such acquisition, in the absence of prior Federal Trade Commission approval of such acquisition; *Provided, however*, That nothing contained in this paragraph shall preclude or be deemed to preclude respondent from acquiring timberlands or any interest therein or timber in any form (including but not limited to stumpage, logs, veneers, chips, sawdust, and cores); and, *Further provided*, That nothing contained in this paragraph shall apply to purchases of lumber, plywood, machinery, or any other product, by respondent in the regular conduct of its business from suppliers in the regular conduct of their businesses, or to sales made by respondent in the regular conduct of its business.

PARAGRAPH 8

It is further ordered, That respondent while it has voting control of Louisiana-Pacific shall not cause or permit except in the ordinary course of the operation of its business any deterioration in the value of any of the plants, machinery, parts, equipment, timberland, or any other property or assets of the corporations to be transferred which may impair their present capacity or market value unless such capacity or value be restored prior to transfer.

PARAGRAPH 9

It is further ordered, That respondent shall within sixty (60) days after date of service of this order, and every ninety (90) days thereafter during the first calendar year following the effective date and thereafter sixty (60) days following each succeeding nine annual periods submit in writing to the Federal Trade Commission a verified report setting forth in detail the manner and form in which respondent intends to comply or has complied with this order. All compliance reports shall include such information necessary or pertinent to insure compliance with the provisions of this order.

PARAGRAPH 10

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any change in the corporation which may affect compliance obligations arising out of the order.

FOREWORD TO APPENDICES 1 AND 2

The contracts relating to the purchase of raw material for use in connection with the operation of the various properties described in Appendices 1 and 2, together with all property leases and leases on automotive and other equipment will be assigned to Louisiana-Pacific Corporation by Georgia-Pacific Corporation.

APPENDIX 1

SAMOA DIVISION

This division, headquartered at Samoa, California, with timberlands and plants located in the Northern California coastal area, manufactures kraft pulp, lumber and plywood products.

Division assets include the following:

Timber. Three major tracts of fee timber, involving 125,000 acres of timberland. Timber is 71 percent redwood, 25 percent Douglas fir, and 4 percent other species. Annual harvest is approximately 300,000M ft. Logging is performed by company and contract personnel.

Sawmills. Three redwood sawmills, located at Samoa, Big Lagoon and Carlotta with a combined capacity of 214,000M ft. operate on a two-shift basis with a crew of 680 men. Rough lumber is transferred to three remanufacturing plants located at Eureka, Cloverdale and Healdsburg. The remanufacturing plants process approximately 50,000M ft. per year and employ 210 persons. A studmill, cutting 60,000M ft. per year and glueboard plant is also located at Samoa.

Plywood. This plant, located at Samoa, employs 290 men and produces approximately 127,000M ft. ($\frac{3}{8}$ "') of fir and redwood plywood per year.

Pulp. 600 ton per day pulp mill constructed in 1964-65 employs 275 people and operates on 65 percent fir and 35 percent redwood chips. Redwood and fir chips come from G-P operations and from local mills in the area. This mill produces bleached kraft pulp which is shipped approximately 55 percent to export markets and 45 percent domestically. G-P converting plants are a user of this pulp.

Chip Export. A new chip export facility has just been completed wherein G-P will supply redwood chips for export and handle and load fir chips for other exporters.

All plants are in good repair with many continued capital improvements being made. Total Samoa division employment is 1,800.

UKIAH DIVISION

The Ukiah operations, headquartered at Ukiah, California, is made up of 8 sawmills and one millwork plant. Principal products are Douglas fir, redwood and white fir lumber, pulp chips and moulding. A total of 865 people are employed.

Division's assets include the following:

Timber. Fee timber involves 157,500 acres of timberland. The timber species is principally Douglas fir, along with some redwood, white fir and pine. In addition to fee timber, the mills cut a substantial volume of Forest Service timber purchased on the open market. Logging is performed principally by contract operators.

Sawmills. 8 sawmills, located at Alderpoint, Covelo, Dinsmore, Fort Bragg, Orrville, Potter Valley, Ukiah and Willits, California, have an annual rated capacity of 413,000M ft. A remanufacturing or millwork plant, located at Calpella, California, produces door jambs and mouldings. All plants are in good repair and equipped with modern milling equipment.

INTERMOUNTAIN DIVISION

This operation, headquartered at Coeur D'Alene, Idaho, consists of seven sawmills and one planing mill located in southeastern Washington, eastern Oregon, and northern Idaho, and manufactures pine, fir, hemlock and other white wood species of lumber and pulp chips. A total of 765 people are employed in the division.

Division assets include the following:

Timber. Fee timber consists of 107,000 acres of timberland. The timber species are principally pine, fir, hemlock and other white woods. The mills are currently cutting a substantial volume of Forest Service timber purchased on the open market. Logging is performed principally by contract loggers.

Sawmills. 7 sawmills located at Pilot Rock, Oregon, Walla Walla, and Ione, Washington, and Post Falls, Moyie Springs, Chilco, and Priest River, Idaho, have an annual rated capacity of 225,000M ft. A remanufacturing or planing mill located at Sandpoint, Idaho, processes rough lumber produced at the Priest River and Chilco sawmills. All plants are in good repair and equipped with modern milling equipment.

WEATHER-SEAL DIVISION

The Weather-Seal Division is comprised of six plants manufacturing complete lines of wood windows, doors and cabinets, and aluminum windows and doors. About 50 percent of 1972 sales will be made through the Distribution Division, with the balance sold by outside salesmen or through Nu-Sash dealers.

The *Orrville, Ohio*, plant produces wood windows, most of which are sold by outside salesmen. This is a union plant employing 109 people. Annual rated capacity (one 8-hour shift, five days a week) is 200,000 windows. G-P owns the 157,000 square foot plant, which is 13 years old and in good condition.

The *Ottawa, Ohio*, plant produces wood casement windows, solid core doors and kitchen cabinets. Windows and doors are sold through the Distribution Division and by outside salesmen. Cabinets are produced in six major styles and three colors with many size variations and are sold through the Distribution Division. This is a union plant employing 153 people. Annual rated capacity is 75,000 windows, 200,000 doors and 125,000 cabinets. G-P owns the 351,000 square foot plant, which is nine years old and in good condition.

The *Caldwell, Ohio*, plant manufactures aluminum windows used by schools and offices as replacement windows. All sales are made outside G-P, with Nu-Sash dealers handling about 50 percent of the volume. This small, non-union plant employs 30 people. Annual rated capacity is 126,000 windows. G-P has a lease option on the 24,000 square foot plant, which is four years old and in very good condition.

The *Winesburg, Ohio*, plant produces aluminum storm doors and windows for residential construction. All sales are made through the Distribution Division. This is a non-union plant employing 152 people. Annual rated capacity is 450,000 windows and 200,000 doors. G-P has a lease option on the 41,000 square foot plant, which is 15 years old and in good condition.

The processing operation at *Norton, Ohio*, produces Nu-Sash aluminum windows and doors for residential replacement. The windows are sold mainly through Nu-Sash dealers and the doors mainly through Distribution Division and outside salesmen. This union plant employs 134 people. Annual rated capacity is 210,000 windows and 282,000 doors.

The extrusion operation at *Norton, Ohio*, produces aluminum sashes from purchased aluminum billets. All production is used in the processing operation at Norton or is transferred to the Caldwell and Winesburg plants. This union plant employs 38 people. Annual rated capacity is 9 million pounds of extrusions.

The extrusion and processing operations at *Norton* are both located in one 138,000 square foot plant which is owned by G-P. It is 12 years old and in fair condition.

An agreement may be reached with the Anaconda Company to acquire the metal operations of the Weather-Seal Division which encompass the plants at Norton, Caldwell and Winesburg, Ohio. This is subject to board approval of the Anaconda Company.

TEXAS-LOUISIANA OPERATIONS

These operations consist of three plywood plants, one particleboard plant with another one under construction, five sawmills with another one under construction, and one wood treating plant. Products produced are softwood plywood, particleboard, creosoted poles and lumber. A total of approximately 1,500 people are employed.

Timber and Timberland. Fee timber involves 118,000 acres of timberland.

Plants. The three plywood plants located at Urania, Louisiana; New Waverly, Texas; Corrigan, Texas, with an annual rated capacity of 499 million square feet, $\frac{3}{8}$ " basis.

The particleboard plant is at Urania, Louisiana, with an annual rated capacity of 72 million square feet $\frac{3}{4}$ " basis; and one is under construction at Corrigan, Texas.

Five sawmills, located at DeQuincy, Louisiana; Jasper, Texas; Kountze, Texas; and two at New Waverly, Texas, have a total annual rated capacity of 144,800,000 board feet; an additional sawmill is under construction at Carthage, Texas.

One 1600M cu. ft. treating plant for creosote and Womax treating of poles and lumber is at Urania, Louisiana. Raw material comes mostly from Urania lands. Sales are primarily to public utilities for transmission poles.

Miscellaneous. The Forestry Department, which also operates the treating plant, is responsible for managing the timber and procurement of all raw materials for the plants.

KETCHIKAN (50 PERCENT OWNED)

The Ketchikan operations, located at Ketchikan and Annette, Alaska, are comprised of a pulp mill and two sawmills. Georgia-Pacific and FMC each share 50 percent ownership in these operations.

Pulp Mill. This modern 640-ton per day pulp mill, constructed in 1954, produces approximately 225,000 tons per year of dissolving pulp for shipment to domestic and export markets. This pulp is used principally in the manufacture of rayon fibers and cellophane film. Sub-

stantial capital expenditures have been made over the recent years to keep the mill up to date and modern. Approximately 500 persons are employed.

Sawmills. Two sawmills located at Ketchikan and Metlakatla, Alaska, with an annual capacity of 160,000M bd. ft. produce spruce and hemlock lumber, principally for export markets. The mills have been recently remodeled and modernized. Total employment in the two sawmills is approximately 190 people.

Timber. Approximately 200,000M bd. ft. per year of hemlock and spruce logs for the pulpmill and sawmill operations are taken from the Tongass National Forest under a Forest Service allotment program through purchases at periodic sales conducted by the Forest Service. Approximately 5,000,000M bd. ft. remain to be logged in the allotment. A small volume of logs is available from fee lands and private owners. Logging is performed by company and contract personnel. The timber division employs 75 people.

APPENDIX 2

LOUISIANA-PACIFIC CORPORATION PLANTS AND MILLS JUNE 30, 1972

[Figures in thousands]

	Rated capacity	1971 production
Fir plywood plants (3/4" rough—3 shifts):		
Samoa, Calif. (sq. ft.)	127,000	137,280
Southern pine plywood (3/4" rough—3 shifts):		
Corrigan, Tex.	162,000	
New Waverly, Tex.	162,000	54,950
Urania, La.	175,000	184,600
Total (sq. ft.)	499,000	239,550
West Coast sawmills redwood specialty:		
Big Lagoon, Calif.	46,000	40,695
Carlotta, Calif.	63,000	57,800
Cloverdale, Calif.	(1)	(1)
Eureka, Calif.	(1)	(1)
Healdsburg, Calif.	(1)	(1)
Samoa, Calif.	105,000	97,040
Total (bd. ft.)	214,000	195,535
Fir and western pine:		
Alder Point, Calif.	42,000	40,350
Calpella, Calif.	(1)	(1)
Chilco, Idaho	31,000	29,165
Covelo, Calif.	49,000	47,235
Dinsmore, Calif.	42,000	34,100
Ione, Wash.	32,000	28,365
Moyie Springs, Idaho	42,000	33,885
Orrville, Calif.	96,000	79,045
Pilot Rock, Oreg.	58,000	54,805
Post Falls, Idaho	31,000	36,640
Potter Valley, Calif.	33,000	23,950
Priest River, Idaho	34,000	31,530
Sandpoint, Idaho	(1)	(1)
Ukiah, Calif.	54,000	51,790
Walla Walla, Wash.	20,000	21,245
Total (bd. ft.)	564,000	515,105

Decision and Order

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LOUISIANA-PACIFIC CORPORATION PLANTS AND MILLS JUNE 30, 1972—Continued

	Rated capacity	1971 production
Spruce and hemlock:		
Ketchikan, Alaska (50 percent ownership)	100,000	76,010
Metlakatla, Alaska (50 percent ownership)	60,000	10,705
Total (bd. ft.)	160,000	86,715
Stud mills:		
Fort Bragg, Calif.	56,000	51,830
Samoa, Calif.	60,000	44,520
Willits, Calif.	64,000	55,925
Total (bd. ft.)	180,000	152,275
Southern pine sawmills:		
DeQuincy, La. (Chip-N-Saw)	36,000	
Jasper, Tex.	42,000	39,675
Kountze, Tex.	20,000	18,745
New Waverly, Tex. (Chip-N-Saw)	31,200	18,855
Total (bd. ft.)	129,200	77,275
Southern Pine stud mills:		
New Waverly, Tex. (bd. ft.)	15,600	
Particleboard plants:		
Urania, La. (sq. ft.)	72,000	91,680
Wood treating plants:		
Urania, La. (cu. ft.)	1,600	1,285
Pulp plants:		
Ketchikan, Alaska—dissolving pulp (50 percent ownership)	225	210.91
Samoa, Calif.—kraft pulp	210	171.99
Total (tons)	435	382.90
Kitchen cabinets, aluminum and wood door and window plants:		
Caldwell, Ohio		
Norton, Ohio (2 plants)		
Ottawa, Ohio		
Orrville, Ohio		
Winesburg, Ohio		

¹ Remanufacturing.² 1 shift.

LOUISIANA-PACIFIC CORPORATION 1972-1973 PLANT ADDITIONS JUNE 30, 1972

	Millions	Approximate completion
Particleboard plants:		
Corrigan, Tex. (Sq. ft. ¾")	90	March 1973.
Pine sawmills:		
Carthage, Tex. (Chip-N-Saw) (Bd. ft.)	33	Second quarter 1973.
West coast stud mills:		
Moyie Springs, Idaho (Bd. ft.)	60	November 1972.