

Paul H. Vishny

April 29, 1998

VIA FEDERAL EXPRESS

Joel I. Klein, Esq.
Assistant Attorney General
Antitrust Division
Department of Justice
Washington, DC 20530

Dear Mr. Klein:

The undersigned represents the Association of Independent Corrugated Converters ("AICC"). On behalf of AICC, I am herewith requesting a statement by the Department of Justice, pursuant to its Business Review Procedure, 28 CFR § 50.6, concerning a proposed program: (a) by which AICC would advise its members as to a model by which members of the AICC may form one or more joint selling groups for the purpose of contracting with national or regional account customers; and (b) with respect to the formation and operation of joint selling groups which would be organized and operated strictly in accordance with the method hereinafter described.

The AICC is a national trade association located at 113 South West Street, Alexandria, Virginia 22313, with a membership of 560 manufacturers of corrugated paper packaging materials and 259 associate members who are suppliers to manufacturers. Among its members are non-United States companies, although the overwhelming majority are located in the United States. AICC manufacturing, or general, members are privately owned companies which do not have any shares publicly traded and which are not reporting companies under the Securities Exchange Act of 1934. AICC believes that its general members, collectively, account for the sale of approximately 15-20 % of all of the products of the type and kind sold by such general members in the United States. Some of the AICC general members have multiple plants in different geographical locations.

Generally, the geographical area in which the plant of a general member sells and ships its products does not exceed a radius of 150 miles from such plant. As such, such members are unable to compete for national or regional account business. In the latter part of December, 1997 and early in January, 1998, the AICC circulated a survey to its general members. The survey was answered by 120 companies. Of the companies who responded: (a) 68 companies stated that, in the prior three years, they had lost business to an integrated competitor because a customer needed a supplier with plants located nationally; (b) the aggregate annual dollar value of the business thus lost was estimated at \$30,000,000; (c) in the same period of three years, 52

companies indicated that they had lost business to an integrated competitor because the customer said it needed a supplier with plants located in a multi-state regional area; (d) and the aggregate annual dollar value of the business involved was estimated at \$104,000,000. The general members of AICC typically lack the resources to compete on a national basis and thus are unable to successfully sell their products to companies who may select one supplier for all of their national or regional locations.

The AICC proposes a model program, in response to the expression of interest by its general members, under which members may establish one or more joint selling groups. It is proposed that each model joint selling group be along the following lines:

(1) One general member or a third party would constitute the lead member of a group of companies who will jointly sell to one or more national accounts. The lead member of each group within a joint selling group will select the members of such group.

(2) As stated above, the lead member of each group may establish the group but: (a) each member of the group shall remain free at all times to compete with the group for the business of any national or regional account ("proposed customer") except as respects a specific bid or order for which the member participates in the group; (b) the proposed customer will be advised of each group member and the customer shall have the right to decline to deal with any member of the group; (c) only the lead member will negotiate pricing with the proposed customer.

(3) The lead member may (i) negotiate a contract with the proposed customer and subcontract out portions of the work to the members of the group or (ii) invite bids from proposed members of the group, which the lead member can accept or reject.

(4) No member of the group will be advised of the prices quoted by any other member of the group nor of the price at which the lead member proposes or agrees to sell products to the proposed customer.

(5) Participation in the program or in any group will be voluntary and can be terminated at anytime by any member, subject to the rights and obligations of parties to a contractual obligation.

(6) No member of the group may be a company that has the capability to meet the national (or regional, as the case may be) requirements of the proposed customer in a satisfactory manner.

(7) The lead member will not submit a bid or seek a quote from any member of the group for delivery to any proposed customer location where the lead member is capable of meeting the requirements of the customer in a satisfactory manner.

(8) The various joint selling groups will be free to compete with each other.

(9) Each joint selling group will be independent of every other joint selling group. The makeup of joint selling groups will not be identified to the AICC nor will any one joint selling group identify its existence or its membership to any other joint selling group.

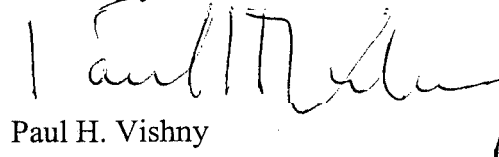
(10) When and if a letter is received from the Department of Justice indicating a favorable view with respect of the proposed program, the contents of such letter will be circulated to all members of the AICC. Thereafter, one or more seminars will be conducted by the AICC at which the contents of the letter and the nature of the program will be announced and explained by the general counsel of AICC.

(11) At the time of each such explanation, the members of the AICC will be advised that the letter of the Department of Justice will not be applicable with respect to any action which deviates in any respect from the contents of such letter.

The undersigned respectfully suggests that the proposed program above defined will be pro-competitive, enabling hundreds of independent, smaller business concerns effectively to compete with their integrated competitors for national and regional account business.

We will be happy to discuss this matter or provide additional information as you may wish in your evaluation of this request. We appreciate your consideration of this matter and would appreciate your attention to the matter at your earliest convenience.

Sincerely yours,



Paul H. Vishny

PHV/jb