



# Department of Justice

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## **LOUISIANA-PACIFIC CORP. ABANDONS ITS PROPOSED ACQUISITION OF AINSWORTH LUMBER CO. LTD.**

### *Decision to Abandon Deal Eliminates Justice Department's Antitrust Concerns and Preserves Existing Competition in the Oriented Strand Board Industry*

WASHINGTON – Louisiana-Pacific Corp. (LP) abandoned its plan to acquire Ainsworth Lumber Co. Ltd., its close competitor in the sale of a type of manufactured wood-based panel called oriented strand board (OSB), after the Department of Justice expressed concerns about the transaction's likely anticompetitive effects. The department said that the transaction likely would have substantially lessened competition in the market for the production of OSB sold to customers in the Pacific Northwest and Upper Midwest regions of the United States.

According to the department, OSB is widely used in the construction and remodeling of homes and other buildings. An increase in the price of OSB would likely result in significant harm to consumers in the Pacific Northwest and Upper Midwest by making it more expensive to purchase or remodel homes, the department said.

"The companies' decision to abandon the transaction, which would likely have resulted in less competition and higher OSB prices, is a win for customers in the Pacific Northwest and the Upper Midwest," said Renata B. Hesse, Deputy Assistant Attorney General of the Department of Justice's Antitrust Division. "As a result of the abandonment of this transaction, consumers will continue to benefit from Ainsworth's presence as an independent competitive force in the OSB industry."

LP and Ainsworth are two of only four principal producers selling OSB into the Pacific Northwest, and two of only three principal producers selling OSB into the Upper Midwest. The proposed merger would have given the combined firm a 63 percent market share in the Pacific Northwest region of the United States and a 55 percent market share in the Upper Midwest.

According to the department, the merger would have allowed LP to substantially increase its market share by acquiring one of the largest suppliers of OSB in the Pacific Northwest and Upper Midwest, while also eliminating the significant head-to-head competition between LP and Ainsworth in these regions, thereby enabling LP to better target its customers in these areas for price increases. By gaining control over Ainsworth's mills, LP would have been in a better position to restrict the amount of OSB supply available in these regions, and to coordinate output

and price decisions with its few remaining principal competitors, driving prices above competitive levels.

During the course of its investigation of the transaction, the department's Antitrust Division closely coordinated its investigation of the transaction with the merger review conducted by Canada's Competition Bureau.

"Cooperation among competition agencies around the world enables our agencies to more efficiently and effectively achieve our shared goals of enhancing competition and protecting consumers," said Deputy Assistant Attorney General Hesse. "The Antitrust Division and the Canadian Competition Bureau have a long history of working closely together, as reflected by the recent issuance of best practices for coordinating, among the Antitrust Division, the Canadian Competition Bureau and the Federal Trade Commission, the review of mergers affecting both the United States and Canada."

LP is a Delaware corporation with headquarters in Nashville, Tennessee. In 2013, LP had net sales of \$2.1 billion, with \$1.1 billion coming from its OSB business. Ainsworth is a Canadian corporation with its headquarters in Vancouver, British Columbia. In 2013, Ainsworth had sales of \$488 million CAD, all of which came from OSB production.

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