

***Case No COMP/M.4753 -
ANTALIS / MAP***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(2) NON-OPPOSITION
Date: 24/10/2007

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 24-10-2007

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In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION IN
CONJUNCTION WITH 6(2)

To the notifying party:

Dear Sir/Madam,

**Subject: Case No COMP/M.4753 – Antalis / MAP
Notification of 05.09.2007 pursuant to Article 4 of Council Regulation
No 139/2004¹**

1. On 05.09.2007, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 ("the EC Merger Regulation") by which the undertaking Antalis International SAS (Antalis) controlled by Sequana Capital acquires within the meaning of Article 3(1)(b) of the EC Merger Regulation control of the whole of MAP Merchant Group BV (MAP) by way of purchase of shares.
2. In the course of the proceedings, the notifying party submitted remedies designed to eliminate competition concerns identified by the Commission, in accordance with Article 6(2) of the EC Merger Regulation. In the light of these modifications, the Commission has concluded that the notified operation does not significantly impede effective competition in the common market or in a substantial part of it.

I THE PARTIES

3. Antalis, a wholly owned subsidiary of Sequana Capital, is a French company primarily active in the sale of communication support materials, i.e. packaging, paper for printers and offices, visual communication and promotional products. Sequana Capital also owns Arjowiggins, a subsidiary active in the upstream market of paper manufacturing.

¹ OJ L 24, 29.1.2004 p. 1.

- MAP, a subsidiary of the Finnish M-Real Corporation, is a Dutch company active in paper distribution, consumer packaging, publishing and commercial printing. Unlike Antalis with respect to Arjowiggins, MAP is fully vertically integrated with M-Real. Like Arjowiggins, M-Real is active in the manufacture of paper.

II THE CONCENTRATION

- According to the “Share Purchase Agreement”, [...] Antalis will acquire the entire issued share capital of MAP and will therefore acquire sole control over MAP. The operation, thus, constitutes a concentration within the meaning of Article 3(1)(b) of the EC Merger Regulation.

III COMMUNITY DIMENSION

- The parties have a combined worldwide turnover of more than €5,000 million (Sequana [3-4] million, MAP [1-2] million) and the individual Community-wide turnover for each of at least two of the undertakings concerned exceeds €250 million (Sequana [2-3] million, MAP [1-2] million). Neither Antalis nor MAP has achieved two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation, therefore, has a Community dimension within the meaning of Article 1(2) of the EC Merger Regulation.

A Relevant product markets

A.1 Distribution of paper

- The notified transaction concerns the distribution of fine paper by merchants. Fine papers are mainly printing and writing papers of high quality. They are made out of pulp and can be either coated with a special surface or uncoated. Fine paper includes “print paper”², “office paper”³ and “fine arts and communication paper”⁴.
- The notifying party submits that, due to considerable changes recently experienced by the paper industry, the relevant product market is that of general fine paper distribution, which includes as suppliers not only paper merchants, such as the notifying party and MAP, but also paper manufacturers (i.e. paper mills) performing direct sales, Original Equipment Manufacturers (OEMs)⁵, Office Supply Dealers (OSDs),⁶ traders⁷ and print managers⁸.

² Paper dedicated to commercial documentation, advertising support and “conversion” (envelopes, creative, coated and offset printing paper, bristol board, graphical board, letter papers, covers, post-cards).

³ Paper dedicated to offices use (printer, fax machines, photocopies etc...).

⁴ Paper dedicated to communication and creative uses in the graphics industries, design, advertising and marketing sectors as well as to leisure uses i.e. for technical drawing (watercolour, white and drawing papers).

⁵ OEMs are companies such as Xerox or Canon who are buying paper from mills and supply it under their own brand name alongside their branded printing equipment. Their service includes delivery and maintenance of printers as well as paper supply.

⁶ OSDs are companies which supply large, medium and small offices, schools or universities with a full range of office products ranging from paper and envelopes to furniture, computer supplies and writing instruments. Lyreco and Office Depot are widely known OSDs.

9. The Commission has in previous decisions⁹ considered the relevant market as essentially limited to sale and distribution of paper by merchants. The Commission has also considered that a certain degree of substitutability between sales performed by merchants and direct sales performed by paper manufacturers (paper mills) existed only in relation to deliveries of very large quantities of paper, leaving merchants as the only realistic source of supply of paper for medium and small customers.
10. The market investigation showed in this case that paper manufacturers are gradually becoming more flexible as regards their terms and conditions of supply and some customers confirmed that, in the print segment in particular, paper manufacturers can to a certain extent compete with paper merchants. However, the majority of respondents and notably the paper manufacturers themselves and most customers point out that the paper mills are still not able to provide the high service standards which a paper merchant is able to provide in terms of professional sales teams, networks of local warehouses storing of different types of paper or large fleets of trucks and vans, which together allow the paper merchants to effectively supply at short notice a very large number of different-size customers with a large variety of paper products.
11. Alternative distribution channels, notably OEMs and OSDs, have mostly replied that they consider themselves to be competitors of the paper merchants for the supply of office paper only, but not for other types of fine paper. Print managers and traders do not consider that they compete in the paper distribution market. Customers have confirmed this statement. While dismissing print managers and traders as sources of a competitive constraint on paper merchants, some customers indicated that they can rely on direct sales by paper manufacturers for large orders of print paper and on OSDs and OEMs for office paper.
12. Overall, despite the competitive constraint which some alternative operators (mills, OSDs and OEMs) are exercising from outside, the evidence from the market investigation confirms that the product market in which the parties operate is the market for the sale and distribution of fine paper through merchants.
13. It is concluded that the relevant product market for the assessment of the transaction is the market for the sale and distribution of fine paper through merchants.

A.2 Production of fine paper

14. The production of paper is an activity situated upstream of the distribution of fine paper through merchants.
15. Previous Commission decisions have considered printing and writing paper, together referred to as graphic or fine paper, as a separate product market.¹⁰ The market investigation has not revealed information which puts into question this approach.

⁷ Traders are companies which buy directly from the paper mills across the world and resell to all types of customers, regardless of the quantity required.

⁸ Print managers are independent operators to which the printing, mailing, data management and paper procurement activities of large and midsize companies are outsourced.

⁹ Decisions of the Commission COMP/M. 884 – KNP BT/Bunzl/Wilhelm Seiler of 14 February 1997 COMP/M. 3227 - Paperlinx/Buhrmann Paper Merchanting division of 10 October 2003 ; and COMP/M. 3822 Stora Enso/Schneidersoehne Papier of 25 July 2005.

¹⁰ Decisions M.3822 – Stora Enso/Schneidersöhne Papier of 25 July 2005, comp/m.2245 – Metsä-Serla/Zanders of 15 December 2000, paragraph 8.

However, for the purpose of this decision the precise market definition can be left open as no competition concerns arise irrespective of the market definitions.

B Relevant geographic market

B.1 Distribution of fine paper

16. The notifying party submits that the scope of the fine paper distribution market is EEA-wide, due to elements such as increasing pan-European purchases, centralised warehousing and efficient delivery systems including, e.g., overnight trucking over wider distances.
17. The Commission in previous decisions considered the market to be no bigger than national in scope.¹¹ In a more recent case¹², the Commission indicated that “the most appropriate geographic definition [...] corresponds to an area of a radius of maximum 200-250 km from the warehouse”.
18. In the present case, the market investigation points towards, at most, national geographic markets in the larger Member States and possibly wider geographic markets in the case of the smaller Member States. Although there are no legal and hardly any practical obstacles to cross-border trade, transport costs are relatively high, about [0-10]% of the final cost of paper, and the majority of the market players indicated the need to have warehouses with a wide variety of paper close to the customers. The closeness to the customer is stressed in connection with the need to be able to fulfil orders overnight, i.e. by the next day. In border areas of large Member States or in Member States with a small territory, such service can be provided from abroad. In the central areas of larger Member States, only merchants established in that Member States can be considered to be part of the same market.
19. For the purpose of this decision, the question whether the relevant geographic market coincided with the national territory or is wider can be left open, as no competition concerns arise irrespective of the market definitions with the exception of the UK. For the UK, the market investigation reveals that the market is to be considered as national in geographic scope.
20. It is concluded that the relevant product market for the assessment of the transaction is the national market for the distribution of fine paper through merchants in the UK, and that the relevant geographic market for the other parts of the EEA is at least national if not wider.

B.2 Production of fine paper

21. The notifying party submits, in line with the Commission’s previous findings¹³, that the fine paper manufacture market is at least EEA-wide in scope. The market investigation has not revealed information which would question the EEA-wide scope of the market

¹¹ Decision of the Commission COMP/M. 3227 - Paperlinx/Buhrmann Paper Merchants division of 10 October 2003, paragraph 13.

¹² Commission decision Case No COMP/M.3822, - Stora Enso / Schneidersöhne Papier, of 25 July 2005, paragraph 11

¹³ Decision of the Commission COMP/M.2245 – Metsä-Serla/Zanders of 15 December 2000, paragraph 11: “at least EEA dimension”, decision of the Commission n° COMP/M. 3822 – Stora Enso/Schneidersöhne Papier of 25 July 2005, paragraph 14.

for the manufacture of fine paper. However, the precise definition of the relevant geographic market can be left open since the present transaction does not give rise to competition concerns irrespective of the market definition.

C. COMPETITIVE ASSESSMENT

22. The proposed concentration gives rise to (i) horizontally affected markets for fine paper distribution in Belgium/Luxembourg, the Czech Republic, Finland, Ireland, Lithuania, the Netherlands, Poland, Romania, Slovakia, Spain, and the UK and (ii) vertically affected paper distribution markets in the above mentioned countries except the Netherlands but including Denmark, Estonia, Norway and Sweden, given the fact that Antalis' sister company Arjowiggins is active on the upstream market of (fine) paper production.

C.1 Horizontally affected markets

23. Depending on the circumstances in each geographic market, the following elements may limit the horizontal effects of the proposed transaction:
- (1) the increasing trend to use sources of supply other than merchants. Many respondents have indicated that paper mills, OSD and OEM are trading actively in certain geographic markets to varying degrees and may exert a degree of competitive constraint.
 - (2) the possibility to supply in other countries. The market investigation indicated that the distance for transport of fine paper varies depending on the type and quantity of paper required. Consequently, national markets may be constrained by players active in neighbouring countries, especially in border areas and for smaller member states.
24. The notifying party has indicated that the market shares (in volume) of the merging entities in 2006 are as follows on a merchants' only market:

	Antalis and Arjo- wiggins	MAP	New entity	Igepa	Inapa	Euro papier	PPX	Stora mer- chants	Burgo	Torras	Other Eugropa mer- chants	Other mer- chants	Total market
Austria		[20-30]%	[20-30]%	[5-10]%		[30-40]%	[20-30]%	[0-5]%				[10-20]%	100,00%
Belgium and Luxembourg	[20-30]%	[10-20]%	[30-40]%	[20-30]%			[5-10]%	[10-20]%			[5-10]%	[5-10]%	100,00%
Bulgaria		[10-20]%	[10-20]%								[80-90]%		100,00%
Czech Republic	[10-20]%	[10-20]%	[30-40]%	[5-10]%		[10-20]%	[20-30]%	[10-20]%			[0-5]%	[5-10]%	100,00%
Denmark		[30-40]%	[30-40]%	[10-20]%			[5-10]%	[40-50]%			[0-5]%	[0-5]%	100,00%
Estonia		[50-60]%	[50-60]%					[40-50]%					100,00%
Finland	[10-20]%	[40-50]%	[50-60]%	[0-5]%			[0-5]%	[20-30]%			[0-5]%	[0-5]%	100,00%
France	[30-40]%		[30-40]%	[0-5]%	[20-30]%			[10-20]%		[5-10]%	[10-20]%	[10-20]%	100,00%
Germany	[5-10]%	[0-5]%	[5-10]%	[20-30]%	[10-20]%		[10-20]%	[30-40]%			[0-5]%	[5-10]%	100,00%
Hungary		[10-20]%	[10-20]%			[20-30]%	[10-20]%	[10-20]%			[0-5]%	[20-30]%	100,00%
Ireland	[5-10]%	[10-20]%	[20-30]%				[20-30]%				[50-60]%		100,00%
Italy					[0-5]%		[20-30]%		[30-40]%	[5-10]%	[10-20]%	[20-30]%	100,00%
Latvia		[50-60]%	[50-60]%	[10-20]%				[20-30]%			[0-5]%		100,00%
Lithuania	[10-20]%	[20-30]%	[40-50]%	[10-20]%				[30-40]%			[0-5]%		100,00%
Netherlands	[0-5]%	[10-20]%	[10-20]%	[0-5]%			[50-60]%	[20-30]%			[5-10]%		100,00%
Poland	[10-20]%	[20-30]%	[40-50]%	[5-10]%		[10-20]%	[0-5]%	[5-10]%			[10-20]%	[10-20]%	100,00%
Portugal	[10-20]%		[10-20]%		[40-50]%		[5-10]%			[30-40]%	[0-5]%	[5-10]%	100,00%
Romania	[10-20]%	[20-30]%	[30-40]%			[10-20]%					[50-60]%		100,00%
Slovakia	[20-30]%	[10-20]%	[40-50]%			[20-30]%	[10-20]%				[20-30]%		100,00%
Slovenia		[10-20]%	[10-20]%				[10-20]%				[70-80]%		100,00%
Spain	[10-20]%	[5-10]%	[20-30]%		[5-10]%		[5-10]%		[10-20]%	[20-30]%	[10-20]%	[5-10]%	100,00%
Sweden		[50-60]%	[50-60]%	[5-10]%			[5-10]%	[30-40]%					100,00%
United Kingdom	[10-20]%	[20-30]%	[30-40]%				[30-40]%				[10-20]%	[10-20]%	100,00%
Norway		[30-40]%	[30-40]%	[10-20]%				[50-60]%			[0-5]%		100,00%
EEA	[10-20]%	[10-20]%	[20-30]%	[10-20]%	[5-10]%	[0-5]%	[10-20]%	[10-20]%	[0-5]%	[0-5]%	[5-10]%	[5-10]%	100,00%

source: the notifying party

C.1.1 Belgium and Luxembourg

25. Both parties sell fine paper in Belgium and in Luxembourg. Under the merchants' only market definition, the merged entity will become the market leader, with a [30-40]% market share ([20-30]% Antalis and [10-20]% MAP), as compared with [20-30]% for Igepa and [10-20]% for Stora.
26. The market investigation indicated that, given the relatively small geographical size of this market, fine paper customers may be supplied from neighbouring countries such as the Netherlands, Germany¹⁴ and France¹⁵. In addition, alternative sources of supply such as OSDs and OEMs account for a sizeable volume of sales and exert a competitive constraint on merchants.¹⁶
27. Consequently, the merger does not raise any competition concern in this market.

C.1.2. Czech Republic

28. In the Czech Republic, the transaction would give rise to a [30-40]% combined market share ([10-20]% Antalis and [10-20]% MAP). The parties will face strong competition from other merchants such as Paperlinx with a [20-30]% market share, Europapier with [10-20]%, Stora with [10-20]% and IGEPA with [5-10]%, as well as from other distribution channels such as OSDs and OEMs.
29. The parties also argue that the Czech paper distribution market is characterized by dynamic growth, with new actors entering the market offering better prices and sophisticated services. Furthermore, the notifying party submits that several OSDs have recently switched from merchants to direct supply from paper mills¹⁷, thus increasing their independence from the merchants and strengthening their ability to act as a competitive constraint on the latter.
30. Overall, the market investigation confirms the parties' description of the Czech paper distribution market. It follows that the merger does not raise any concerns in this market.

C.1.3. Finland.

31. In Finland, the new entity becomes the market leader with a [50-60]% market share (Antalis [10-20]% and MAP [40-50]%). The largest competitor would remain Stora with a [20-30]% market share.
32. On the basis of these market shares and of limited returns in the initial stage of the market investigation, the Commission signalled to the notifying party that there might be serious doubts about the Finnish market for the distribution of fine paper through merchants. [...].

¹⁴ In Germany the market share of the merged entity will be only [0-10]%.

¹⁵ In France Antalis has app. [20-30]% of the market. The effect of the merger will be limited due to the absence of MAP in this market.

¹⁶ For example Lyreco accounts for [10-20,000]t paper distributed in 2006 in Belgium and Luxembourg, Xerox, for [10-20,000]t and other OSDs and OEMs for about [10-20,000]t paper.

¹⁷ For instance, Activa, Interpap, Buroprofi Papirius, Kampi, which are all OSD companies active in the Czech market have recently started to purchase paper directly from producers such as IP, Radece (Slovenian mill), Mondi, Stora and Suzano Papel e Celulose (Brazilian paper mill).

33. During the further market investigation, the Commission, on the grounds explained hereafter, has come to the conclusion that the serious doubts regarding the Finnish market are dispelled. [...].
34. According to the notifying party, direct sales by mills in Finland are four times higher in volume than merchant sales. The market investigation confirms that supply from mills is a credible alternative and exerts a significant competitive pressure on merchants. Indeed, volumes sold directly by paper mills are more important in Finland than in most other countries due to the large presence of mills.¹⁸
35. In addition to paper manufacturers, OSDs (such as Lyreco) and OEMs, (such as Xerox and Canon) exert a significant competition pressure on the merchant market in Finland.¹⁹
36. The market investigation indicated that customers do not rely on one supplier but multi-source and do not consider the merged entity will be able to raise its prices as they would otherwise switch to other suppliers. OSDs and OEMs confirmed that consumers are able to switch easily.
37. Consequently, the merger does not raise any competition concerns in Finland.

C.1.4. Ireland

38. In Ireland, the new entity will have a [20-30]% market share (Antalis [5-10]% and MAP [10-20]%). It will become the largest supplier followed by Paperlinx ([20-30]% market share). Eugropa²⁰ merchants operating in Ireland, including A.P. Swan and Realt, together account for [50-60]% of the merchant market.
39. The notifying party argues that the new entity will face competitive pressure from other distribution channels, most notably from mills, OEMs and OSDs whose market share has significantly increased over the last few years.
40. During the market investigation, some competitors stated that the merchant market is constrained by mills to a certain extent and that OEMs and OSDs account for about 5-10% of fine paper sales.
41. Within this context, the merged entity's ability to exercise market power is limited. It follows that the merger does not raise competition concerns in this market.

C.1.5. Lithuania

42. In Lithuania, the new entity will have a [40-50]% market share (Antalis [10-20]% and MAP [20-30]%) and become the market leader. The second and third largest companies (Stora and Igepa) have a market share of [30-40]% and [10-20]% respectively.

¹⁸ For instance, the paper mill UPM confirmed that its direct sales account for 3 times and 6 times the merchant sales in the print and office segments respectively.

¹⁹ Data from the notifying party confirmed in the market investigation.

²⁰ Eugropa (EUropäischer Verband für GROsshändler in PApier) is a Confederation of 22 National Paper Merchants Associations.

43. The market investigation reveals that the new entity will face strong competition from direct sales by mills²¹, from major OSDs such as Papiarius and Incas, which operate in Lithuania only, and Daily Service and Aigas Nam which operate throughout the whole Baltic region²².
44. Moreover, paper customers who responded to the market investigation indicated that they purchase fine paper from neighbouring countries, in particular from Poland, Latvia and/or Sweden on a regular basis. This information is in line with that provided by Polish merchants, OSDs and OEMs.²³
45. Against this background, the merged entities will not have the ability to exercise market power in the market for distribution of fine paper in Lithuania. It follows that the merger does not raise competition concerns in this market.

C.1.6. The Netherlands

46. In the Netherlands, the new entity would have an [10-20]% market share (Antalis [0-5]% and MAP [10-20]%) while Paperlinx holds [50-60]%, Stora [20-30]% and Igepa [0-5]%. The new entity will thus face strong competition as the largest distributor holds half of the merchant market. OSDs and OEMs also exert competitive pressure. In addition, according to the market investigation, Dutch customers can also purchase fine paper from different neighbouring countries, Germany in particular.
47. The market analysis has revealed that customers consider that the merger strengthens competition in the Dutch paper distribution market.
48. It follows that the merger does not raise any concerns in this market.

C.1.7. Poland

49. In Poland, the new entity will become the market leader with a combined market share of [40-50]% (Antalis [10-20]% and MAP [20-30]%). The largest competitor, Europapier, has an [10-20]% market share. Competitors such as Igepa and Stora have [5-10]% and [5-10]% respectively.
50. The market investigation showed that the Polish market is very dynamic. Respondents indicated that paper sales increase by about 10% per year (in volume), compared with an average EU growth rate of approximately 2%. New players such as Podlaskie Centrum Papieru, which started a franchising concept for small retailers, have emerged over the recent years.
51. The market investigation confirms that consumers use several sources of supply thus limiting the merged company's ability to raise prices. Moreover, merchants in Poland face competitive pressure from OSDs (notably Lyreco), OEMs, paper manufacturers and

²¹ According to the Parties estimates, the most active of the mills who supply directly are M-Real (with about [20-30,000]t distributed), UPM ([10-20,000]t), Stora Enso ([0-10,000]t), Holmen ([0-10,000]t) and Arctic Paper ([0-10,000] t).

²² The parties particularly submit that the Baltic countries constitute a geographical zone as there is a high level of cross border business. Merchants as well as OSDs and paper mills are running offices in all three Baltic countries and are therefore able to service Latvia and Estonia.

²³ For example Xerox indicated that it transports papers to retail customers a maximum distance of 600 km from its warehouse in Warsaw. The distance between Vilnius and Warsaw is 441km.

traders, which have most notably successfully bid for major direct tenders from the public sector and financial service companies.

52. It follows that the merger does not raise any doubt in the market for the distribution of fine paper in Poland.

C.1.8. Romania

53. In Romania, the new entity will have a [30-40]% market share (Antalis [10-20]% and MAP [[20-30]%). The largest competitor Europapier has a [10-20]% market share and together with strong local players, such as Agressione, will account for around [40-50]% of the market.
54. Customers have confirmed in the market investigation that multi sourcing is common and that they will continue to have alternatives to the parties after the merger. Moreover, respondents have indicated that the merger may lead to a decrease of retail prices due to the increased bargaining power of the merged entity.
55. Consequently, the merger does not raise competition concerns on this geographic market.

C.1.9. Slovakia

56. In Slovakia, the new entity will become the market leader with a [40-50]% market share ([20-30]% Antalis and [10-20]% MAP). The largest competitors, Europapier and Paperlinx, have a [20-30]% and [10-20]% market share respectively.
57. The market investigation confirmed that consumers will have alternative sources of supply from other paper merchants, OEMs and OSDs²⁴, as well as direct sales from mills.²⁵ Moreover, given the geographic position of Slovakia, customers can source from nearby countries such as the Czech Republic.
58. It follows that the merger does not raise any concerns in the market for fine paper distribution in Slovakia.

C.1.10 Spain

59. In Spain, the new entity will have a combined market share of [20-30]% (Antalis [10-20]% and MAP [5-10]%) and will be the second largest competitor behind Torras (which is integrated in a paper mill group) with a [20-30]% market share. Other players such as Inapa, Paperlinx and Burgo have market shares of between [5-10]% and [5-10]% each.

²⁴ OSDs such as Office Depot, Lyreco, Vectra Line, Otto Office, Activa, Corporate express, Sev/Office One and Herlitz and OEMs such as Xerox, Minolta, Canon, Sharp, HP, IBM and Océ also operate on the Slovakian market, Xerox being known as the most aggressive brand on the market

²⁵ The notifying party submits that direct sales from mills represent about [50-60]% of the market and that paper manufacturers such as Mondi, Norske Skog, UPM, International Paper, and to a lesser extent Gorican, Radece (a Slovenian producer) and Kappa have developed capacities to increase their volume of direct sales.

60. Some respondents indicated during the market investigation that mills, OEMs and OSDs are quite active in the Spanish market.²⁶ It follows that the merger does not raise any doubts in the market for the distribution of fine paper in Spain.

C.1.11. UK

61. In the **UK**, the new entity will become the second largest player with a [30-40]% market share (Antalis [10-20]% and MAP [20-30]%). Paperlinx will remain the leader with a [30-40]% market share²⁷, Other players will account for well below [10-20]% of the market.²⁸
62. The majority of respondents to the market investigation expressed concerns as regards this operation as the merger will reduce the number of major players from three to two, although there is no risk of creation or strengthening of a single dominant position The Commission thus thoroughly investigated the risks of non-coordinated and of coordinated effects.

Non coordinated effects

63. The Commission assessed to which extent the transaction may significantly impede effective competition by removing important competitive constraints.
64. The Commission did not find substantial elements to support possible non-coordinated effects after the transaction for the following reasons: (i) the majority of the respondents to the market investigation did not consider MAP and Antalis as particularly close competitors ; (ii) no element suggests that in the past any of the merging companies did constitute an important competitive force; (iii) as explained hereafter, multi-sourcing is such a common pattern that should the new entity either significantly reduce quantities of increase prices, customers could switch to other suppliers; (iv) no indication was provided that should the new entity increase prices, its competitors would not be in a position to increase supply.

Coordinated effects

65. Some respondents to the market investigation clearly quoted the risk of creation of a duopoly, as the new entity together with the market leader Paperlinx would account for about [70-80]% of the market²⁹. Therefore, the Commission assessed the risk of collective dominance in the UK market, taking full account of the case law of the Community courts and where necessary the Commission's previous decisions. The Commission has considered whether the concentration leads to a situation in which effective competition in the relevant market is significantly impeded taking into account

²⁶ The parties give as example OEMs such as HP and Océ which have 10% yearly growth in the copier paper, at constant market size. The parties further indicate that in 2006, OSD distributed about [100-200]kt paper and OEM, including Xerox, [0-100]kt.

²⁷ See footnote 12.

²⁸ Furthermore, figures provided by the parties upon request indicate that in the UK market prices are generally higher than in most other national markets in the EEA. The parties submitted that such high prices mainly resulted from the necessity for the UK merchants to source paper upstream at a higher price, due to the limited presence of paper mills in the UK territory making it necessary to source paper from continental Europe. [...].

²⁹ Some respondents indicated and even a higher "combined" market share of about [80-90]%.

the actual characteristics of the relevant market. In the case of the UK, the three criteria of collective dominance have been scrutinized, a specifically thorough focus being put on price transparency and the strength of the competitive fringe.

Price transparency

66. The parties submitted that this criterion is not met in the UK for a series of reasons relating (i) to the absence of price lists in the UK, (ii) to the common pattern in the UK of negotiating on a one-to-one and even on a day-to-day basis, (iii) to the existence of high rebates favouring the variability of prices and (iv) to the very wide range of types of paper products.³⁰
67. The market investigation did not clearly dispel the possibility of price transparency. The market investigation confirmed that in the UK clients indeed engage in negotiation with several paper merchants. However, as in a post merger scenario the new entity together with Paperlinx would account for a very high percentage of the market, important information on prices may be disclosed during these negotiations by the customers. Moreover, clients *a priori* select the most favourable offer. Information on competitors' prices, including rebates, can also be given by the rejection of an offer. The habit of merchants in the UK to give their important customers a printed individualised price list could also enable the rival merchants to obtain transparency via the customers. Under these circumstances, the absence of universally applied price lists does not exclude that merchants are able to monitor prices, including rebates, applied by other merchants.
68. As for the wide range of types of paper, the existence of a wide variety of products and packaging may indeed decrease the degree of transparency of the market if, in particular, the prices of each of these products vary independently from each other. However, the fact that merchants offer a wide range of paper in different sizes, packaging and finishings does not exclude that the price of each of these products can be easily observed through a very limited number of criteria. For instance, all products in different size could be sold at the same price per weight plus a mark-up for different quality of finish (uncoated, satin, etc.).
69. The Commission, based on data provided upon request by the parties, thoroughly assessed a series of price samples. The result of this assessment did not enable the Commission to exclude that prices can be observed by competitors.
70. For the above reasons the Commission came to the conclusion that the absence of price transparency could not be established in the UK market with the required standard of evidence. The Commission also came to the conclusion that the existence of a deterrent mechanism necessary to monitor to a certain degree a possible coordination, i.e. the second criteria of collective dominance, could not be dispelled, should the market conditions reach a certain level of transparency.

³⁰ As an example, the parties stressed that Antalis's customer base in the UK amounted to [...] customers, thus triggering more than one million different prices, such complexity making coordination, *de facto*, impossible.

Indirect constraints from OEM, OSD and mills

71. As regards the criteria referring to the strength of the competitive fringe, the parties submitted that considerable pressure on any possible duopoly would be exerted by the OEMs, OSDs, and to an even bigger extent by paper mills.
72. The market investigation did not confirm the parties' assertion. Although a number of respondents admitted that OEMs, OSDs and paper mills could to some extent compete with fine paper merchants, an even more important proportion of respondents clearly dismissed such possibility, insisting on the difficulty for these actors to provide the same level of service and the same range of products.
73. The proportion of sales from OEM and OSD is limited in the UK. The parties indicate that they account for [5-10]% of a widely defined paper distribution market (including mills, OSD, OEM beside the paper merchants). The Commission cannot conclude that OEM and OSD exert significant competitive constraints on the merchant market.
74. As regards the paper manufacturers, the parties argued that they would exercise considerable pressure as they would increasingly compete on the merchant market. Such statement is however not supported by clear evidence in the UK. The parties have indicated that direct sales from mills account for [40-50]% of sales in the UK.
75. However, several paper manufacturers have indicated that they only perform direct sales marginally in the UK (less than [5-10]%) and/or have engaged into a strategic partnership with a paper merchant in the UK. Moreover, a significant part of the market investigation respondents insisted on the difficulty for paper mills to cope with the merchants offers, not only as far as prices are concerned, but also considering the services provided by merchants (time of delivery, range of product etc.). Finally, the market investigation also indicated that some mills limit their direct sales to end customers to some types of paper in the UK, and showed no indication that they would undertake in the future any strategy aiming at strengthening their commercial position on the fine paper distribution market.
76. Therefore, in the light of the information at its disposal, the Commission cannot conclude that the constraints exercised by paper mills, OSD and OEM on the merchant market, dispel the existence of serious risks as regards possible coordinated effects in the UK market.

Conclusion on the UK market for merchant distribution of fine paper

77. Therefore, the proposed transaction raises serious doubts as to its compatibility with the common market for what regards the UK market for the distribution of fine paper.

C.2 Vertically affected markets

78. The new entity will have a market share exceeding 25% in the fine paper distribution market in Belgium/Luxembourg, the Czech Republic, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Norway, Poland, Romania, Slovakia, Spain, Sweden and the UK. In Denmark, Estonia, Latvia, Norway and Sweden, where Antalis is not active, this market share is attained by MAP alone.
79. The distribution of fine paper is situated downstream of the market for the production of fine paper, on which both Arjowiggins and M-Real are active. M-Real will not be

acquired by this transaction and the notifying party points out that the concentration will result in a de-integration of MAP from M-Real.

80. Both Arjowiggins and Antalis belong to Sequana Group. The notifying party underlines that the vertical integration between Antalis and Arjowiggins is limited as Antalis purchases from Arjowiggins less than [10-20]% of the paper it distributes.
81. Furthermore, Arjowiggins has a market share of below [0-5]% in overall fine paper production in the EEA. In the absence of market power from Arjowiggins in the paper production market the risk of input or customer foreclosure can be dismissed. Moreover paper manufacturers such as M-Real ([10-20]%), Stora ([10-20]%), UPM ([10-20]%), Sappi ([5-10]%), Lecta ([5-10]%) Mondi ([5-10]%) and IP ([0-5]%) are very active in the market.
82. On the basis of the above, it is concluded that the transaction raises no vertical competition concerns.

IV. REMEDY

A. Procedure

83. In order to address the competition concerns identified by the Commission, the notifying party submitted on [...] a remedy package consisting in the divestment of Premier Paper Group Limited [...] and aiming at dispelling the serious doubts raised by the transaction in the UK market.
84. The Commission has assessed the [...] remedy package and has concluded that it is sufficient to remove the competition concerns identified and that the divested business constitutes an independent and economically viable entity able to compete effectively with the merged entity on the market for the merchant distribution of fine paper in the UK. The Commission therefore concludes that the [...] remedy package is sufficient to remove the competition concerns brought about by the proposed transaction.

B. Description of the remedy package

85. The remedy package proposed by the notifying party on [...] comprises Premier Paper Group Limited (Premier) and all related tangible and intangible assets, licences and authorisations issued for the benefit of the business, all existing contracts and customer orders and the personnel (Premier). The parties also offered the purchaser of Premier the possibility to enter into a logistic service contract with MAP UK's logistics arm, gm2. However the 50% share in gm2 is not included in the divestment and will be acquired by either Antalis or its Affiliated Undertakings, thus removing any structural link between the new entity and Premier³¹.
86. Premier is alongside MacNaughton part of MAP UK. Premier has warehouses in Carlisle, Leeds, Manchester, Romford, Southampton, Bristol, Minworth and Liverpool, thus covering the entire English territory and (in Carlisle) close to Scotland.

³¹ It is to be noted that gm2 is currently mainly serving MacNaughton.

MacNaughton has a similar number of warehouses throughout Great-Britain. MAP UK, i.e. the addition of Premier and MacNaughton, has a few years ago set up a common logistics subsidiary in which Premier and MacNaughton each own 50% of the shares.

C. Assessment of the remedies

1. Introduction

87. As explained in the Commission notice on remedies³², under the EC Merger Regulation, the Commission assesses the compatibility of a notified concentration with the common market. Where a concentration raises competition concerns as it could lead to a significant impediment to effective competition, the parties may seek to modify the concentration in order to resolve the competition concerns raised by the Commission and thereby gain clearance of the merger. In assessing whether or not the remedy will restore effective competition, the Commission considers the type, scale and scope of the remedies by reference to the structure of and particular characteristics of the market in which competition concerns arise.
88. Where a proposed concentration threatens to significantly impede effective competition, creating the conditions for the emergence of a new competitive entity or the strengthening of existing competitors via divestiture may be an effective way to restore effective competition. The divested activities must consist of a viable business that, if operated by a suitable purchaser, can compete with the merged entity on a lasting basis.
89. Whenever the notifying parties submit remedies, the Commission has thus to assess whether the remedies will lead to the restoration of effective competition on the relevant markets. In so doing, the Commission has to assess both (i) the independence, the viability and the competitiveness of the divested business on the long term and (ii) the effectiveness of the proposed remedy in removing the competition concerns. In order to carry out this assessment, the Commission may seek the views of competitors and customers on the relevant markets.
90. The Commission's assessment concluded that the proposed remedy package addresses all concerns identified during the course of the procedure, and incorporates satisfactorily the comments and suggestions put forward by market participants as regards the [...] remedy package. Therefore the Commission has concluded that the [...] remedy package is effective in removing all competition concerns brought about by the proposed transaction.

2. Independence, viability and competitiveness

91. The Commission's investigation has confirmed that the divested business would constitute an independent and viable business.
92. A large majority of respondents to the market test of the remedy consider that the divestment of Premier would create a viable entity which would be capable to exert competitive pressure on the merging parties. One respondent to the market test of the remedies has expressed interest in purchasing the divested business, thus confirming that the divested entity is seen as viable. The majority of respondents also considers that the

³² Commission Notice on remedies acceptable under Council Regulation (EEC^o No 4064/89 and under Commission Regulation (EC) No 447/98.

possibility (but not the obligation) for the purchaser of Premier to conclude a service contract with gm2 for a limited period of time strikes a good balance between allowing the purchaser to rely on the current logistics arrangements and avoiding a lasting structural link between the divested entity and the merged entity. In this context, it is to be taken into account that Premier for the moment relies to a large extent on internal logistics and only to a more limited extent on logistics supplied by gm2, which historically originates in the logistics resources of MacNaughton.

3. Effectiveness of the remedies in removing the competition concerns

93. The divestment removes approximately half the overlap between the parties in the UK and therefore is effective in removing the competition concern. MAP UK, of which Premier constitutes one half, has a larger market share than Antalis UK. By divesting Premier, the notifying party is divesting more than half the overlap in terms of sales and approximately half the overlap in warehouse capacity.
94. This is confirmed by the large majority of respondents to the market test of the remedy.

4. Conclusion

95. The assessment of the final remedy package carried out by the Commission shows that the warehouse leases and the Premier brand name to be divested would constitute stand-alone and viable businesses capable of competing with the merged entity on the UK market where serious concerns were found.

D. Conditions and obligations

96. Under the first sentence of the second subparagraph of Article 6(2) of the Merger Regulation, the Commission may attach to its decision conditions and obligations intended to ensure that the undertakings concerned comply with the commitments they have entered into vis-à-vis the Commission with a view to rendering the concentration compatible with the common market. The commitments under Section B of the Commitment text attached herewith constitute conditions of this decision, as only through full compliance therewith can the structural change on the relevant market be achieved.
97. Where a condition is not fulfilled, the Commission's decision declaring the concentration compatible with the common market no longer stands. Where the undertakings concerned commit a breach of an obligation, the Commission may revoke the clearance decision in accordance with Article 8(5) of the Merger Regulation. The undertakings concerned may also be subject to fines and periodic penalty payments under Articles 14(2) and 15(1) of the Merger Regulation. In accordance with the basic distinction described above, the decision in this case is conditioned on the full compliance with Section B, paragraphs 1-4 of the Commitments submitted by the notifying party on 23 October 2007.
98. The remaining commitments constitute obligations, as they concern the implementing steps, which are necessary to achieve the sought structural change.

V. CONCLUSION

99. For the above reasons the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement pursuant to Article 2(2) of Council Regulation (EC) No 139/2004, subject to full compliance with the Commitments annexed to this Decision that form an integral part to this Decision.
100. Consequently, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1) (b) and Article 6(2) of Council Regulation (EC) No 139/2004 and of Article 57 of the EEA Agreement.

For the Commission
signed
Neelie KROES
Member of the Commission

By email and by fax: 00 32 2 296 4301
European Commission
DG Competition
Rue Joseph II, 70
B-1000 BRUSSELS

COMP/M. 4753

Antalis / MAP

COMMITMENTS TO THE EUROPEAN COMMISSION

Pursuant to Article 6(2) of Council Regulation (EEC) No. 139/2004 (the “Merger Regulation”), Antalis International SAS (“Antalis”) hereby provides the following commitments (the “Commitments”) in order for the European Commission (the “Commission”) to declare the acquisition by Antalis of sole control over MAP Merchant Group BV (“MAP”) (the “Transaction”) compatible with the common market and the EEA Agreement by its decision pursuant to Article 6(1)(b) of the Merger Regulation (the “Decision”). The Commitments are therefore conditional upon the issuance, by the Commission, of an authorization decision pursuant to Article 6(1)(b) in case COMP/M. 4753.

In the Commitments, Antalis and MAP are also individually referred to as a “Party”, and together as the “Parties”.

The Commitments shall take effect [...].

This text shall be interpreted in the light of the Decision to the extent that the Commitments are attached as conditions and obligations, in the general framework of Community law, in particular in the light of the Merger Regulation, and by reference to the Commission Notice on remedies acceptable under Council Regulation (EEC) No 139/2004 and under Commission Regulation (EC) No 802/2004.

Section A. Definitions

For the purpose of the Commitments, the following terms shall have the following meaning:

Affiliated Undertakings: undertakings controlled by any of the Parties and/or by the ultimate parents of the Parties, whereby the notion of control shall be interpreted pursuant to Article 3 Merger Regulation and in the light of the Commission Notice on the concept of concentration under Council Regulation (EEC) No 139/2004.

Closing: the transfer of the legal title of the Divestment Business to the Purchaser.

Divestment Business: the business as defined in Section B and Schedule 1, that Antalis commits to divest.

Divestiture Trustee: the natural or legal person, independent from the Parties, who is approved by the Commission and appointed by Antalis, and who has received from Antalis the exclusive Trustee Mandate to sell the Divestment Business to a Purchaser [...].

Effective Date: [...].

First Divestiture Period: [...].

Hold Separate Manager: the person appointed by Antalis to manage the day-to-day business of the Divestment Business under the supervision of the Monitoring Trustee.

Key Personnel: all personnel necessary to maintain the viability and competitiveness of the Divestment Business, as listed in the Schedules.

Monitoring Trustee: the natural or legal person, independent from the Parties, who is approved by the Commission and appointed by Antalis, and who has the duty to monitor Antalis' compliance with the conditions and obligations attached to the Decision.

Personnel: all personnel effectively employed by the Divestment Business at the Effective Date, including, if any, Key Personnel, staff seconded to the Divestment Business, shared personnel and the additional personnel listed in Schedule 1.

Premier: Premier Paper Group Limited, incorporated under the laws of England and Wales, with its registered office at Midpoint Park, Kingsbury Road, Minworth, Birmingham B76 1 AF England, and registered with Companies House under number 03672117, which is the entity to be divested as part of the Commitments for the United Kingdom.

Purchaser: the entity approved by the Commission as acquirer of the Divestment Business in accordance with the criteria set out in Section D.

Trustee(s): the Monitoring Trustee and the Divestiture Trustee.

Trustee Divestiture Period: [...].

Section B. The Divestment Business

Commitment to divest

1. Antalis commits to divest, or procure the divestiture of the Divestment Business by the end of the Trustee Divestiture Period as a going concern to a purchaser and on terms of sale approved by the Commission in accordance with the procedure described in paragraphs 14 and 15. To carry out the divestiture, Antalis commits to find a purchaser for the Divestment Business and to enter into a final binding sale and purchase agreement for the sale of the Divestment Business within the First Divestiture Period. If Antalis has not entered into such an agreement at the end of the First Divestiture Period, Antalis shall grant the Divestiture Trustee an exclusive mandate to sell the Divestment Business in accordance with the procedure described in paragraph 24 in the Trustee Divestiture Period.
2. Antalis shall be deemed to have complied with this commitment if, by the end of the Trustee Divestiture Period, Antalis has entered into a final binding sale and purchase agreement, if the Commission approves the Purchaser and the terms in accordance with the procedure described in paragraphs 14 and 15 and if the closing of the sale of the Divestment Business takes place [...].
3. In order to maintain the structural effect of the Commitments, the Parties shall, [...], not acquire direct or indirect sole control over the whole or part of the Divestment Business, unless the Commission has previously found that the structure of the market has changed to such an extent that the absence of influence over the Divestment Business is no longer necessary.

Structure and definition of the Divestment Business

4. The Divestment Business consists of Premier. The present legal and functional structure of the Divestment Business as operated to date is described in Schedule 1. The Divestment Business, includes, if any:
 - (a) all tangible and intangible assets (including intellectual property rights) which effectively contribute to the current operation or are necessary to ensure the viability and competitiveness of the Divestment Business;
 - (b) all licences, permits and authorisations issued by any governmental organisation for the benefit of the Divestment Business;
 - (c) all existing contracts, leases, commitments and customer orders of the Divestment Business; all customer, credit and other records of the Divestment Business (items referred to under (a)-(c) hereinafter collectively referred to as “Assets”);
 - (d) the Personnel; and
 - (e) Antalis commits to offer the Purchaser an option enabling Premier to enter into a logistic service contract with gm2, as detailed in attached Schedule 1.

Section C. Related commitments

Preservation of Viability, Marketability and Competitiveness

5. From the Effective Date until Closing, Antalis shall preserve the economic viability, marketability and competitiveness of the Divestment Business, in accordance with good business practice, and shall minimise as far as possible any risk of loss of competitive potential of the Divestment Business. In particular Antalis undertakes:
 - (a) not to carry out any act upon its own authority that might have a significant adverse impact on the value, management or competitiveness of the Divestment Business or that might alter the nature and scope of activity, or the industrial or commercial strategy or the investment policy of the Divestment Business;
 - (b) to make available sufficient resources for the development of the Divestment Business, on the basis and continuation of the existing business plan; and
 - (c) to take all reasonable steps to encourage all Key Personnel to remain with the Divestment Business.

Hold-separate obligations

6. Antalis commits, from the Effective Date until Closing, to keep the Divestment Business separate from the businesses it is retaining and to ensure that Key Personnel of the Divestment Business – including the Hold Separate Manager – have no involvement in any business retained and vice versa. Antalis shall also ensure that the Personnel do not report to any individual outside the Divestment Business (except the Hold Separate Manager and the Monitoring Trustee).
7. Until Closing, Antalis shall assist the Monitoring Trustee in ensuring that the Divestment Business is managed as a distinct and saleable entity separate from the businesses retained by the Parties.
8. Antalis shall appoint a Hold Separate Manager who shall be responsible for the management of the Divestment Business, under the supervision of the Monitoring Trustee. The Hold Separate Manager shall manage the Divestment Business independently and in the best interest of the business with a view to ensuring its continued economic viability, marketability and competitiveness and its independence from the businesses retained by the Parties.

Ring-fencing

9. Antalis shall implement all necessary measures to ensure that it does not after the Effective Date obtain any business secrets, know-how, commercial information, or any other information of a confidential or proprietary nature relating to the Divestment Business. In particular, the participation of the Divestment Business in a central information technology network shall be severed to the extent possible, without compromising the viability of the Divestment Business. Notwithstanding the above, Antalis may obtain information relating to the Divestment Business which is reasonably necessary for the divestiture of the Divestment Business or whose disclosure to Antalis is required by law.

Non-solicitation clause

10. The Parties undertake, subject to customary limitations, not to actively solicit, and to procure that Affiliated Undertakings do not actively solicit, the Key Personnel transferred with the Divestment Business [...].

Due Diligence

11. In order to enable potential purchasers to carry out a reasonable due diligence of the Divestment Business, Antalis shall, subject to customary confidentiality assurances and dependent on the stage of the divestiture process:
 - (a) provide to potential purchasers sufficient information as regards the Divestment Business; and
 - (b) provide to potential purchasers sufficient information relating to the Personnel, and allow them reasonable access to the Personnel.

Reporting

12. Antalis shall submit written reports in English on potential purchasers of the Divestment Business and significant developments in the negotiations with such potential purchasers to the Commission and to the Monitoring Trustee no later than ten (10) days after the end of every month following the Effective Date (or otherwise at the Commission's request).
13. Antalis shall inform the Commission and the Monitoring Trustee on the preparation of the data room documentation and the due diligence procedure and shall send a copy of any information memorandum to the Commission and the Monitoring Trustee at least one week before sending the memorandum out to potential purchasers.

Section D. The Purchaser

14. The Purchaser, in order to be approved by the Commission, must:
 - (a) be independent of and unconnected to the Parties;
 - (b) have the financial resources, proven expertise and incentive to maintain and develop the Divestment Business as a viable and active competitive force in competition with the Parties and other competitors;
 - (c) neither be likely to create, in the light of the information available to the Commission, *prima facie* competition concerns nor give rise to a risk that the implementation of the Commitments will be delayed, and must, in particular, reasonably be expected to obtain all necessary approvals from the relevant regulatory authorities for the acquisition of the Divestment Business, if any (the before-mentioned criteria for the purchaser hereafter the "Purchaser Requirements").
15. The final binding sale and purchase agreement shall be conditional on the Commission's approval. When Antalis has reached an agreement with a purchaser, it

shall submit a fully documented and reasoned proposal, including a copy of the final agreement, to the Commission and to the Monitoring Trustee. Antalis must be able to demonstrate to the Commission that the purchaser meets the Purchaser Requirements and that the Divestment Business is being sold in a manner consistent with the Commitments. For the approval, the Commission shall verify that the purchaser fulfils the Purchaser Requirements and that the Divestment Business is being sold in a manner consistent with the Commitments. The Commission may approve the sale of the Divestment Business without one or more Assets or parts of the Personnel, if this does not affect the viability and competitiveness of the Divestment Business after the sale, taking account of the proposed purchaser.

Section E. Trustees

I. Appointment Procedure

16. Antalis shall appoint a Monitoring Trustee to carry out the functions specified in the Commitments. If Antalis has not entered into a binding sale and purchase agreement [...] or if the Commission has rejected a purchaser proposed by Antalis at that time or thereafter, Antalis shall appoint a Divestiture Trustee to carry out the functions specified in the Commitments for a Divestiture Trustee. The appointment of the Divestiture Trustee shall take effect upon the commencement of the Trustee Divestiture Period.
17. The Trustees shall be independent of the Parties, possess the necessary qualifications to carry out their respective mandate, for example as an investment bank or consultant or auditor, and shall neither have nor become exposed to a conflict of interest. The Trustees shall be remunerated by the Parties in a way that does not impede the independent and effective fulfilment of their mandate. In particular, where the remuneration package of a Divestiture Trustee includes a success premium linked to the final sale value of the Divestment Business, the fee shall also be linked to a divestiture within the Trustee Divestiture Period.

Proposal by the Parties

18. [...], Antalis shall submit a list of one or more persons whom Antalis proposes to appoint as the Monitoring Trustee to the Commission for approval. [...], Antalis shall submit a list of one or more persons whom Antalis proposes to appoint as Divestiture Trustee to the Commission for approval. The proposal shall contain sufficient information for the Commission to verify that the proposed trustee fulfils the requirements set out in paragraph 17 and shall include:
 - (a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the proposed trustee to fulfil its duties under these Commitments;
 - (b) the outline of a work plan which describes how the proposed trustee intends to carry out its assigned tasks; and
 - (c) an indication whether each proposed trustee is to act as both Monitoring Trustee and Divestiture Trustee or whether different trustees are proposed for the two functions.

Approval or rejection by the Commission

19. The Commission shall have the discretion to approve or reject the proposed trustee(s) and to approve the proposed mandate subject to any modifications it deems necessary for the Trustee(s) to fulfil its (their) obligations. If only one name is approved, Antalis shall appoint or cause to be appointed the individual or institution concerned as Trustee, in accordance with the mandate approved by the Commission. If more than one name is approved, Antalis shall be free to choose the Trustee to be appointed from among the names approved. The Trustee(s) shall be appointed within one (1) week of the Commission's approval, in accordance with the mandate approved by the Commission.

New proposal by the Parties

20. If all the proposed trustees are rejected, Antalis shall submit the names of at least two more individuals or institutions within one (1) week of being informed of the rejection, in accordance with the requirements and the procedure set out in paragraphs 16 and 19.

Trustee(s) nominated by the Commission

21. If all further trustees proposed by Antalis pursuant to paragraph 18 are rejected by the Commission, the Commission shall nominate a Trustee, whom Antalis shall appoint, or cause to be appointed, within two (2) weeks of the Commission's nomination in accordance with a trustee mandate approved by the Commission.

II. Functions of the Trustee(s)

22. The Trustee(s) shall undertake its (their) specified duties in order to ensure compliance with the Commitments. The Commission may, on its own initiative or at the request of the Trustee(s) or Antalis, give any orders or instructions to the Trustee(s) in order to ensure compliance with the conditions and obligations attached to the Decision.

Duties and obligations of the Monitoring Trustee

23. The Monitoring Trustee shall:
- (i) propose in its first report to the Commission a detailed work plan describing how it intends to monitor compliance with the obligations and conditions attached to the Decision;
 - (ii) oversee the on-going management of the Divestment Business with a view to ensuring its continued economic viability, marketability and competitiveness and monitor compliance by Antalis with the conditions and obligations attached to the Decision. To that end, the Monitoring Trustee shall:
 - (a) monitor the preservation of the economic viability, marketability and competitiveness of the Divestment Business, and the keeping separate of the Divestment Business from the businesses retained by the Parties, in accordance with paragraphs 5 and 6 of the Commitments;

- (b) supervise the management of the Divestment Business as a distinct and saleable entity, in accordance with paragraph 7 of the Commitments;
 - (c) (i) in consultation with Antalis, determine all necessary measures to ensure that Antalis does not after the Effective Date obtain any business secrets, know-how, commercial information, or any other information of a confidential or proprietary nature relating to the Divestment Business, in particular strive for the severing of the Divestment Business' participation in a central information technology network to the extent possible, without compromising the viability of the Divestment Business, and (ii) decide whether such information may be disclosed to Antalis as the disclosure is reasonably necessary to allow Antalis to carry out the divestiture or as the disclosure is required by law;
 - (d) monitor the splitting of assets and the allocation of Personnel between the Divestment Business and Antalis or Affiliated Undertakings, if any;
- (iii) undertake the other functions assigned to the Monitoring Trustee under the conditions and obligations attached to the Decision;
- (iv) propose to Antalis such measures as the Monitoring Trustee considers necessary to ensure Antalis' compliance with the conditions and obligations attached to the Decision, in particular the maintenance of the full economic viability, marketability and competitiveness of the Divestment Business, the holding separate of the Divestment Business and the non-disclosure of competitively sensitive information;
- (v) review and assess potential purchasers as well as the progress of the divestiture process and verify that, dependent on the stage of the divestiture process, (a) potential purchasers receive sufficient information relating to the Divestment Business and the Personnel in particular by reviewing, if available, the data room documentation, the information memorandum and the due diligence process, and (b) potential purchasers are granted reasonable access to the Personnel;
- (vi) provide to the Commission, sending Antalis a copy at the same time, a written report within fifteen (15) days after the end of every month following the first day of the Trustee Divestiture Period. This report shall cover the operation and management of the Divestment Business so that the Commission can assess whether the Divestment Business is held in a manner consistent with the Commitments and the progress of the divestiture process as well as potential purchasers. In addition to these reports, the Monitoring Trustee shall promptly report in writing to the Commission, sending Antalis a copy at the same time, if it concludes on reasonable grounds that Antalis is failing to comply with the Commitments;
- (vii) within one (1) week after receipt of the documented proposal referred to in paragraph 15, submit to the Commission a reasoned opinion as to the suitability and independence of the proposed purchaser and the viability of the Divestment Business after the sale, and as to whether the Divestment Business is sold in a manner consistent with the conditions and obligations attached to the Decision, in particular, if relevant, whether the sale of the Divestment Business without one or

more Assets or not all of the Personnel affects the viability of the Divestment Business after the sale, taking account of the proposed purchaser.

Duties and obligations of the Divestiture Trustee

24. Within the Trustee Divestiture Period, the Divestiture Trustee [...] the Divestment Business to a Purchaser, provided that the Commission has approved both the Purchaser and the final binding sale and purchase agreement(s) in accordance with the procedure laid down in paragraphs 14 and 15. The Divestiture Trustee shall include in the sale and purchase agreement such terms and conditions as it considers appropriate for an expedient sale in the Trustee Divestiture Period. In particular, the Divestiture Trustee may include in the sale and purchase agreement such customary representations and warranties and indemnities as are reasonably required to effect the sale. The Divestiture Trustee shall protect the legitimate financial interests of Antalis, subject to the Antalis' unconditional obligation [...].
25. In the Trustee Divestiture Period (or otherwise at the Commission's request), the Divestiture Trustee shall provide the Commission with a comprehensive monthly report written in English on the progress of the divestiture process. Such reports shall be submitted within fifteen (15) days after the end of every month following the first day of the Trustee Divestiture Period, with a simultaneous copy to the Monitoring Trustee and to Antalis.

III. Duties and obligations of the Parties

26. Antalis shall provide and shall cause its advisors to provide the Trustee(s) with all such cooperation, assistance and information as the Trustee(s) may reasonably require to perform its (their) tasks as defined in the Commitments. The Trustee(s) shall have full and complete access to any of Antalis' or the Divestment Business' books, records, documents, management or personnel, facilities, sites and technical information necessary for fulfilling its duties under the Commitments, and Antalis and the Divestment Business shall provide the Trustee(s) upon request with copies of any relevant document. Antalis and the Divestment Business shall make available to the Trustee(s) one or more offices on their premises and shall be reasonably available for meetings in order to provide the Trustee(s) with all information reasonably necessary for the performance of its tasks as defined in the Commitments.
27. Antalis shall provide the Monitoring Trustee with all managerial and administrative support that it may reasonably request on behalf of the management of the Divestment Business. This shall include all reasonable administrative support functions relating to the Divestment Business which may be currently carried out at headquarters level. Antalis shall provide and shall cause its advisors to provide the Monitoring Trustee, on request, with the information submitted to potential purchasers, in particular give the Monitoring Trustee access, on request, to the data room documentation and all other information granted to potential purchasers in the due diligence procedure. Antalis shall regularly inform the Monitoring Trustee on possible purchasers, submit a list of potential purchasers, and keep the Monitoring Trustee informed of all significant developments in the Trustee Divestiture Period.
28. Antalis shall grant or procure Affiliated Undertakings to grant comprehensive powers of attorney, duly executed, to the Divestiture Trustee to effect the sale, the Closing and

all actions and declarations which are reasonably necessary or appropriate to achieve the sale and the Closing, including the appointment of advisors to assist with the sale process. Upon request of the Divestiture Trustee, Antalis shall cause the documents required for effecting the sale and the Closing to be duly executed.

29. Antalis shall indemnify the Trustee(s) and its employees and agents, if any, (each an “Indemnified Party”) and hold each Indemnified Party harmless against, and hereby agrees that an Indemnified Party shall have no liability to Antalis for any liabilities arising out of the performance of the Trustee(s)’s duties under the Commitments, except to the extent that such liabilities result in particular from the wilful default, recklessness, gross negligence or bad faith of the Trustee(s), its employees, agents or advisors.
30. At the expense of Antalis and if reasonably necessary, the Trustee(s) may appoint advisors (in particular for corporate finance or legal advice), subject to Antalis’ prior written approval (this approval not to be unreasonably withheld or delayed) if the Trustee(s) consider(s) the appointment of such advisors reasonably necessary or appropriate for the performance of its duties and obligations under the Mandate, provided that any fees and other expenses incurred by the Trustee(s) are reasonable. Should Antalis refuse to approve the advisors proposed by the Trustee(s) the Commission may approve the appointment of such advisors instead, after having heard Antalis. Only the Trustee(s) shall be entitled to issue instructions to the advisors. Paragraph 29 shall apply mutatis mutandis. In the Trustee Divestiture Period, the Divestiture Trustee(s) may use advisors who served Antalis during the Divestiture Period if the Divestiture Trustee(s) considers this in the best interest of an expedient sale.

IV. Replacement, discharge and reappointment of the Trustee(s)

31. If the Trustee(s) cease(s) to perform its (their) functions under the Commitments or for any other good cause, including the exposure of the Trustee(s) to a conflict of interest:
 - (a) the Commission may, after hearing the Trustee(s), require Antalis to replace the Trustee(s); or
 - (b) Antalis, with the prior approval of the Commission, may replace the Trustee(s).
32. If the Trustee(s) is (are) removed according to paragraph 31, the Trustee(s) may be required to continue in its (their) functions until a new Trustee(s) is effectively in place, to whom the Trustee(s) has effected a full hand over of all relevant information. The new Trustee(s) shall be appointed in accordance with the procedure referred to in paragraphs 16-21.
33. Beside the removal according to paragraph 31, the Trustee(s) shall cease to act as Trustee(s) only after the Commission has discharged it (them) from its (their) duties after all the Commitments with which the Trustee(s) has (have) been entrusted have been implemented. However, the Commission may at any time require the reappointment of any Monitoring Trustee if it subsequently appears that the relevant remedies might not have been fully and properly implemented.

Section F. The Review Clause

- 34. The Commission may, where appropriate, in response to a request from Antalis showing good cause and accompanied by a report from corresponding Monitoring Trustee:
 - (i) grant an extension of any of the time periods foreseen in the Commitments; or
 - (ii) waive, modify or substitute, in exceptional circumstances, one or more of the undertakings in these Commitments.

- 35. Where Antalis seeks an extension of a time period, it shall submit a request to the Commission [...], showing good cause. Only in exceptional circumstances shall Antalis be entitled to request an extension within the last month of any period.

Paris, [...] 2007,

.....

M. Pierre Darrot, Président du Directoire d'Antalis International SAS,
duly authorised for and on behalf of Antalis International SAS

SCHEDULE 1
Divestment Business - Premier

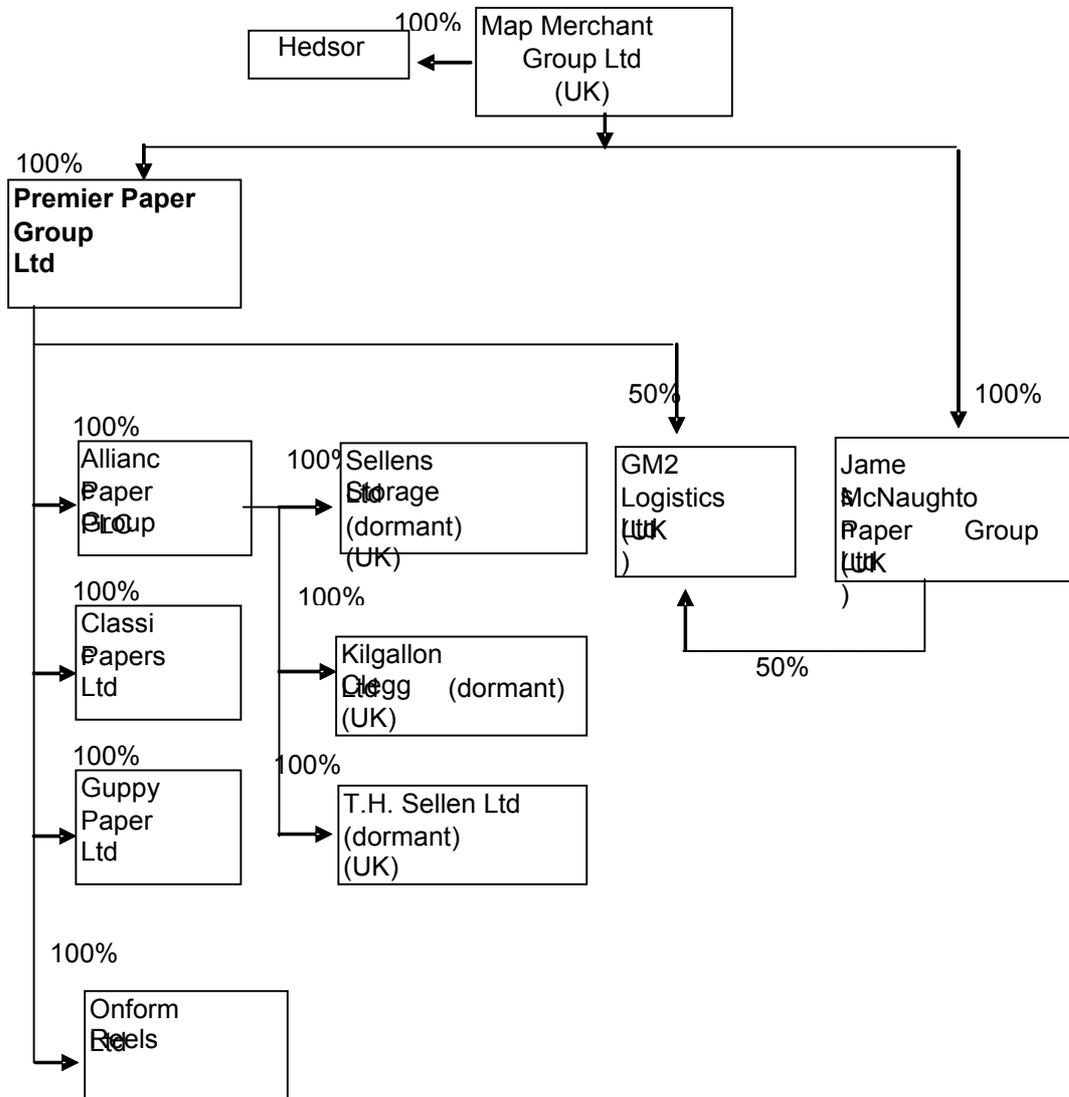
The Divestment Business consists in the sale, to the concerned Purchaser, of 100% of the capital of Premier, including all of Premier's 100% subsidiaries.

The Divestment Business also includes Hedsor, [...].

1. Premier, as operated to date, has the following legal and functional structure:

a) Legal structure

Premier is owned by MAP Merchant Group Ltd, a wholly owned subsidiary of MAP, as shown in the following corporate chart:



b) Functional structure and organisational chart

Premier is a national paper merchant which sells 200.000 tons of paper annually. It sells a range of paper types to printers, stationers and directly to large corporates. The sales network covers the UK, based in 4 regional centres, 6 satellite branches and 7 specialist business units.

Organisational chart:

[...]

2. The Divestment Business consists in the sale of Premier, which owns or includes:

(a) the following main tangible assets:

Premier does not carry tangible assets on its balance sheet (Fixed Assets).

Premier currently operates logistic services (warehousing and transport) through leased warehouses (see below paragraph *d* for a list and main characteristics of these leased warehouses).

The warehousing contracts are part of the Divestment Business.

(b) the following main intangible assets:

Premier's specialist divisions carry the Premier brand in front of their existing brand names.



Premier owns no other intellectual property rights.

(c) the following main licences, permits and authorisations:

There is no specific licence to operate the business of paper distribution in the UK. Licences, if any, are linked to operation of warehouses for safety and environmental purposes.

(d) the following main contracts, agreements, leases, commitments and understandings:

The table below provides the list of warehouse leases of Premier:

[...]

(e) the following customers, credits and other records:

There are no contracts with customers. Premier has about [5,000-6,000] active customers. Customer base is fragmented with the largest customer representing [0-10]% of the business.

	Number of customers
Top 25%	[0-10]
Next 25%	[10-100]
Next 25%	100-200]
Next 25%	[5,000-6,000]
Total	<hr/> [5,000-6,000]

(f) the following Personnel:

The entire personnel employed by Premier will be transferred with the disposal of Premier.

(g) the following Key Personnel:

[...].

Name	Function
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]
[...]	[...]

(h) the arrangements for the supply of services by Antalis

- Logistic services Contract with gm2

[...]

Hence, in order to fully address the question of logistics, as indicated in paragraph 4(e) of the Commitments, Antalis unconditionally commits to offer, together with the divestment of Premier, an option to Premier's Purchaser, that the latter may accept or refuse without any reasoned justification, enabling Premier to enter into a logistic services contract with gm2 (the "**Contract**").

The Contract will be entered into between Premier and gm2 for initial three (3) year duration.

Pursuant to the Contract, Premier will benefit, on terms and conditions equivalent to those currently granted by gm2 to Premier or at arm's length, of all logistic arrangements under which gm2 currently provides logistic services to Premier.

Upon request of Premier, the Contract may be renewed once for the same duration, under either identical economic conditions or at arm's length in case the market conditions have significantly changed, provided that the renewal request is formally expressed by Premier at least six (6) months before the expiration of the initial contractual period.

In addition, Premier will be granted the opportunity to terminate the Contract at any time during any of the contractual periods, provided that Premier gives at minimum six (6) month written prior notice.

IT

If necessary, IT transitional services could also be offered at the request of Premier's Purchaser.

3. The Divestment Business shall not include:

The 50% ownership of Premier in gm2 would not be part of the Divestment Business, and will be acquired by Antalis or any of its Affiliated Undertakings. Therefore there will remain no structural link between Premier and Antalis.