BOISE INC.
Form SC 14D9
September 26, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14D-9

(Rule 14d-101)

Solicitation/Recommendation Statement

Under Section 14(d)(4) of the Securities Exchange Act of 1934

BOISE INC.

(Name of Subject Company)

BOISE INC.

(Name of Persons Filing Statement)

Common Stock, par value $0.0001 per share

(Title of Class of Securities)

09746Y105

(CUSIP Number of Class of Securities)

Karen E. Gowland

Senior Vice President, General Counsel and Secretary

Boise Inc.

1111 West Jefferson Street, Suite 200

Boise, Idaho 83702-5388

(208) 384-7000

(Name, address, and telephone numbers of person authorized to receive

notices and communications on behalf of the persons filing statement)

Copies to

Margaret A. Brown

Skadden, Arps, Slate, Meagher & Flom LLP

One Beacon Street

Boston, Massachusetts 02108

(617) 573-4800

¨ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

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ITEM 1. SUBJECT COMPANY INFORMATION.
Name and Address.

The name of the subject company is Boise Inc., a Delaware corporation (the **Company**), and the address of the principal executive offices of the Company is 1111 West Jefferson Street, Suite 200, Boise, Idaho 83702-5388. The telephone number for the Company s principal executive offices is (208) 384-7000.

Securities.

The title of the class of equity securities to which this Solicitation/Recommendation Statement on Schedule 14D-9 (together with any Exhibits or Annexes hereto, this **Statement**) relates is the Company s common stock, par value $0.0001 per share (the **Company Common Stock**). As of the close of business on September 20, 2013, there were 100,882,451 shares of Company Common Stock issued and outstanding.

ITEM 2. IDENTITY AND BACKGROUND OF FILING PERSON.
Name and Address.

The name, business address and business telephone number of the Company, which is the person filing this Statement, are set forth above in *Item 1. Subject Company Information Name and Address.*

Tender Offer.

This Statement relates to the cash tender offer by Bee Acquisition Corporation, a Delaware corporation (**Purchaser**) and a wholly-owned subsidiary of Packaging Corporation of America (**Parent**), to purchase all of the outstanding shares (the **Shares**) of Company Common Stock at a purchase price of $12.55 per Share (such amount or any greater amount per Share that may be paid pursuant to the Offer, the **Offer Price**), net to the holder thereof in cash, without interest and subject to any withholding of taxes required by applicable law, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated September 26, 2013 (as it may be amended or supplemented from time to time, the **Offer to Purchase**), and the related Letter of Transmittal (as it may be amended or supplemented from time to time, the **Letter of Transmittal**) (which offer, upon such terms and subject to such conditions, as it and they may be amended or supplemented from time to time, constitutes the **Offer**). Copies of the Offer to Purchase and the Letter of Transmittal are filed as Exhibits (a)(1)(A) and (a)(1)(B) hereto, respectively, and are incorporated herein by reference. The Offer is described in a Tender Offer Statement on Schedule TO, dated September 26, 2013 (together with the exhibits thereto, as it or they may be amended or supplemented from time to time, the **Schedule TO**), filed by Parent and Purchaser with the U.S. Securities and Exchange Commission (the **SEC**).

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of September 16, 2013 (as amended or supplemented from time to time, the **Merger Agreement**), by and among Parent, Purchaser and the Company. The Merger Agreement provides, among other things, that following the consummation of the Offer and subject to the satisfaction or waiver of the applicable conditions set forth in the Merger Agreement, and in accordance with the General Corporation Law of the State of Delaware (the **DGCL**), Purchaser will merge with and into the Company (the **Merger**), with the Company surviving as a wholly-owned subsidiary of Parent (the **Surviving Company**). The Merger will be governed by Section 251(h) of the DGCL, and consequently no stockholder vote will be required to consummate the Merger. At the effective time of the Merger (the **Effective Time**), each Share not acquired in the Offer (other than Shares owned by Parent, Purchaser, any other direct or indirect wholly-owned subsidiary of Parent or the Company, or by any stockholder of the Company who or which properly exercises appraisal rights pursuant to

Section 262 of the DGCL) will be cancelled and converted into the right to receive an amount in cash equal to the Offer Price (the **Merger Consideration**), without interest and subject to any withholding of taxes required by applicable law. A copy of the Merger Agreement is filed as Exhibit (e)(1) hereto and is incorporated herein by reference.

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The Offer is initially scheduled to expire at 12:00 midnight (Eastern Time) on October 24, 2013, subject to extension in certain circumstances as required or permitted by the Merger Agreement, the SEC or applicable law.

The foregoing summary of the Offer is qualified in its entirety by reference to the more detailed description and explanation contained in the Merger Agreement, the Offer to Purchase, the Letter of Transmittal and other related materials.

As set forth in the Schedule TO, the address of the principal executive offices of Parent and Purchaser is 1955 West Field Court, Lake Forest, Illinois 60045, and the telephone number at such offices is (847) 482-3000.

In addition, all of these materials (and all other tender offer documents filed with the SEC) will be available at no charge from the SEC through its website at www.sec.gov.

ITEM 3. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

Except as set forth in this Schedule 14D-9 or as otherwise incorporated herein by reference, to the knowledge of the Company, as of the date of this Schedule 14D-9, there are no material agreements, arrangements or understandings or any actual or potential conflicts of interest between the Company or any of its affiliates and (i) the Company s executive officers, directors or affiliates or (ii) Parent, Purchaser or any of their respective executive officers, directors or affiliates.

Arrangements with Parent and Purchaser.

The Merger Agreement.

The summary of the material terms of the Merger Agreement set forth in Section 10 *The Merger Agreement; Other Agreements Merger Agreement* of the Offer to Purchase and the description of the terms and conditions of the Offer contained in Section 1 *Terms of the Offer* and Section 15 *Conditions of the Offer* of the Offer to Purchase are incorporated herein by reference.

The Merger Agreement governs the contractual rights among the Company, Parent and Purchaser in relation to the Offer and the Merger. The Merger Agreement has been included as an exhibit to this Schedule 14D-9 to provide the Company s stockholders with information regarding the terms of the Merger Agreement and is not intended to modify or supplement any factual disclosures about the Company, Parent or Purchaser made in the Company s public reports filed with the SEC. In particular, the assertions embodied in the representations and warranties contained in the Merger Agreement are qualified by information in a confidential disclosure schedule provided by the Company to Parent and Purchaser in connection with the signing of the Merger Agreement. Such disclosure schedule contains information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Merger Agreement. Moreover, certain representations and warranties in the Merger Agreement were used for the purpose of allocating risk among the Company, Parent and Purchaser, rather than establishing matters of fact. Accordingly, the representations and warranties in the Merger Agreement may not represent the actual state of facts about the Company, Parent or Purchaser. Other than the indemnification provisions of the Merger Agreement (which are discussed in *Effect of the Offer on Directors and Officers Indemnification and Insurance* below), the rights of the Company s stockholders to receive the Offer Price and the Merger Consideration and the holders of certain equity awards to receive the consideration described in the Merger Agreement, the rights of the Company (on behalf of stockholders) to pursue certain equitable remedies on stockholders behalf and the rights of certain financing sources of Parent and Purchaser as set forth in the Merger Agreement, nothing in the Merger Agreement shall confer any rights or remedies upon any person other than the parties to the Merger Agreement. The Company s stockholders should not rely on the representations, warranties and covenants contained in the Merger Agreement or any descriptions thereof as characterizations of the actual state of facts or conditions of the Company, Parent, Purchaser or any of their respective subsidiaries or affiliates.

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The foregoing summary of the material terms of the Merger Agreement and the description of the terms and conditions to the Offer contained in the Offer to Purchase do not purport to be complete and are qualified in their entirety by reference to the Merger Agreement, a copy of which is filed as Exhibit (e)(1) hereto and is incorporated herein by reference.

Representation on Board.

The Merger Agreement provides that, promptly upon purchasing pursuant to the Offer that number of Shares validly tendered and not properly withdrawn prior to the expiration of the Offer which, together with the Shares, if any, then owned, directly or indirectly, by Parent or Purchaser or their respective subsidiaries, represents a majority of all the outstanding Shares on a fully diluted basis (after giving effect to the cancellation of outstanding stock options, restricted stock units and performance unit awards issued under the Boise Inc. Incentive and Performance Plan) (the **Minimum Condition**), and from time to time thereafter, Purchaser will be entitled, subject to applicable law and the rules and regulations, including listing standards, of the New York Stock Exchange (the **Securities Exchange Rules**), to designate such number of directors, rounded up to the next whole number, on the board of directors of the Company (the **Company Board**) as will give Purchaser representation on the Company Board equal to the product of the total number of directors on the Company Board (after giving effect to any increase in the number of directors as described below) and the percentage that such number of Shares so purchased (including Shares accepted for payment) bears to the total number of Shares outstanding, and the Company is required, upon request by Purchaser, to promptly increase the size of the Company Board or use its reasonable best efforts to secure the resignations of such number of directors as is necessary to provide Purchaser with such level of representation and to cause Purchaser s designees to be so elected or appointed. Subject to applicable law and the Securities Exchange Rules and certain limitations set forth in the Merger Agreement, the Company will, to the extent requested by Parent, also cause individuals so designated to constitute the same percentage as such individuals represent of the entire Company Board (but no less than a majority) on each committee of the Company Board.

So long as there is at least one director of the Company on the Company Board who is (i) an individual serving as a director of the Company from and after the date of the Merger Agreement or (ii) an individual becoming a director of the Company after the date of the Merger Agreement whose election, or nomination for election by the Company s stockholders, was approved by a vote of at least two-thirds of the directors described in clause (i) or this clause (ii) then comprising the Company Board other than a designee of Parent or Purchaser (each such director, a **Continuing Director**), any amendment or termination of the Merger Agreement requiring action by the Company Board, any extension of time for the performance of any of the obligations or other acts of Parent or Purchaser under the Merger Agreement and any waiver of compliance with any of the agreements or conditions under the Merger Agreement for the benefit of the Company, any exercise of the Company s rights or remedies under the Merger Agreement or any other action by the Company Board with respect to the transactions contemplated thereby, if such action could reasonably be expected to adversely affect any holders of Shares other than Parent, Purchaser or their subsidiaries, will require authorization by a majority of the Continuing Directors (or by the sole Continuing Director if there is only one).

For more information see Section 10 *The Merger Agreement; Other Agreements Merger Agreement Boise s Board of Directors* in the Offer to Purchase.

The summary of the provisions of the Merger Agreement concerning representation on the Company Board does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement.

Confidentiality Agreement.

On September 6, 2013, Boise Paper Holdings, L.L.C., an indirect wholly-owned subsidiary of the Company (**BPH**), and Parent entered into a Confidentiality Agreement (the **Confidentiality Agreement**) that superseded all prior confidentiality agreements between the parties, and pursuant to which Parent agreed that, subject to certain limitations, any non-public information concerning the Company and its subsidiaries furnished to it or its representatives by or on behalf of the Company and BPH would, for a period of one year from the date of the Confidentiality Agreement, be used by Parent and its representatives solely for the purpose of evaluating a possible business combination transaction between Parent and the Company and would be kept confidential, except as otherwise provided in the Confidentiality Agreement. Parent also agreed that, subject to certain limited exceptions, it and its affiliates would not solicit for employment certain of the Company s employees prior to May 2, 2015.

The foregoing summary of the provisions of the Confidentiality Agreement does not purport to be complete and is qualified in its entirety by reference to the Confidentiality Agreement, a copy of which is filed as Exhibit (e)(2) hereto and is incorporated herein by reference.

Interests of Certain Persons; Agreements and Arrangements with Current Executive Officers and Directors of the Company.

The executive officers and directors of the Company may be deemed to have interests in the Offer and the Merger that are different from, or in addition to, their interests as Company stockholders generally. The Company Board was aware of these potentially differing interests (including as a result of equity awards and severance agreements discussed in this Schedule 14D-9) and considered them, among other matters, in evaluating and negotiating the Merger Agreement and in reaching its decision to approve the Merger Agreement and the transactions contemplated thereby, as more fully discussed below in *Item 4. The Solicitation or Recommendation Background and Reasons for the Company Board s Recommendation Reasons for the Recommendation*.

Treatment of Shares Held by Directors and Executive Officers Pursuant to the Offer and the Merger.

The Company s directors and executive officers who tender their Shares in the Offer will receive the same cash consideration per Share (on the same terms and conditions) as the other stockholders of the Company who tender their Shares in the Offer. If the directors and executive officers did not tender their Shares in the Offer and the Merger were to occur, they would receive the same cash consideration per Share (on the same terms and conditions) in the Merger as the other stockholders of the Company.

Effect of the Merger Agreement on Equity Awards.

Treatment of Company Options.

The Merger Agreement provides that immediately prior to the Acceptance Time, each outstanding compensatory option to purchase shares of Company Common Stock (**Company Option**) under the Boise Inc. Incentive and Performance Plan (the **Company Equity Plan**) will become fully vested and exercisable and will be cancelled, with the holder thereof becoming entitled to receive a cash payment from the Company equal to the product obtained by multiplying (i) the excess, if any, of the Offer Price over the exercise price per share of such Company Option by (ii) the number of shares of Company Common Stock issuable upon exercise of such Company Option, subject to any withholding of taxes required by applicable law.

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None of the Company s non-employee directors hold Company Options. Based upon the holdings of Company Options as of September 20, 2013, the respective exercise price of such options and the Offer Price of $12.55, the consideration that each of the Company s executive officers would receive with respect to their Company Options in connection with the Offer and Merger is as follows:

Name of Executive Officer	Number of Vested Company Options	Payments in Respect of Vested Company Options ($)	Number of Unvested Company Options	Payments in Respect of Unvested Company Options ($)(1)	Total Company Option Payments ($)
Alexander Toeldte	131,904	547,836	197,130	1,029,559	1,577,395
Samuel K. Cotterell	29,151	121,145	43,799	228,554	349,699
Judith M. Lassa	21,238	88,208	31,740	165,762	253,970
Karen E. Gowland	21,238	88,208	31,740	165,762	253,970
Robert Strenge	19,580	81,062	28,424	149,073	230,135
Bernadette Madarieta	9,871	40,769	14,016	73,757	114,526

(1) Includes payment in respect of dividend equivalent rights.

Treatment of Company Restricted Stock Units.

The Merger Agreement provides that, as of the time that Purchaser accepts for payment all Shares validly tendered and not properly withdrawn pursuant to the Offer (the **Acceptance Time**), each outstanding restricted stock unit as of immediately prior to the Acceptance Time (other than Company Performance Unit Awards) entitling the recipient to receive, upon vesting, shares of Company Common Stock granted under the Company Equity Plan (**Company RSU**), whether or not vested, will be cancelled in exchange for the right to receive a cash payment, without interest, equal to the product obtained by multiplying (i) the Offer Price by (ii) the number of shares of Company Common Stock underlying such Company RSU (assuming full vesting of such Company RSU), subject to any withholding of taxes required by applicable law.

The Merger Agreement provides that, as of the Acceptance Time, each restricted stock unit outstanding as of immediately prior to the Acceptance Time that entitles the recipient to receive, upon vesting based upon the attainment of designated performance goals, shares of Company Common Stock granted under the Company Equity Plan (**Company Performance Unit Awards**), whether or not vested, will be cancelled in exchange for the right to receive a cash payment, without interest. For Company Performance Unit Awards for which the applicable performance measure is total stockholder return, the cash payment will be equal to the product obtained by multiplying the Offer Price by the number of shares of Company Common Stock which may be earned pursuant to such Company Performance Unit Award based upon actual performance through the Acceptance Time. For other Company Performance Unit Awards, the cash payment will be equal to the product obtained by multiplying (i) the Offer Price by (ii) the greater of (a) the number of shares of Company Common Stock which may be earned pursuant to such Company Performance Unit Award based upon performance at the target level of performance and (b) the number of shares of Company Common Stock which may be earned pursuant to such Company Performance Unit Award based upon actual performance prior to the Acceptance Time (determined in accordance with the provisions of the award agreement governing such Company Performance Unit Award), subject to any withholding of taxes required by applicable law.

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None of the Company s non-employee directors hold Company RSUs or Company Performance Unit Awards. Based upon the holdings of Company RSUs and Company Performance Unit Awards as of September 20, 2013 and the Offer Price of $12.55, the consideration that each of the Company s executive officers would receive with respect to their Company RSUs and Company Performance Unit Awards in connection with the Offer and Merger is as follows:

Name of Executive Officer	Number of Company RSUs	Payments in Respect of Company RSUs ($)(1)	Number of Company Performance Unit Awards	Payments in Respect of Company Performance Unit Awards ($)(2)
Alexander Toeldte	90,462	1,135,298	306,146	4,927,397
Samuel K. Cotterell	43,021	562,177	70,034	1,128,756
Judith M. Lassa	68,374	874,321	73,534	1,213,691
Karen E. Gowland	33,916	441,873	56,110	911,575
Robert Strenge	26,515	347,798	42,343	682,639
Bernadette Madarieta	0	0	20,947	339,076

(1) Includes payments in respect of dividend equivalent rights.
(2) Includes payments in respect of dividend equivalent rights. For those Company Performance Unit Awards measured based on our comparative total stockholder return, the calculations assume performance corresponding to a maximum payout. The actual adjustment, which will depend on actual performance through the Acceptance Time, cannot be finally determined until the consummation of the Offer.

Treatment of Company Restricted Stock Awards.

The Merger Agreement provides that, as of the Acceptance Time, each restricted share of Company Common Stock (**Company Restricted Stock**) outstanding as of immediately prior to the Acceptance Time will, by virtue of the occurrence of the Acceptance Time and without any action on the part of any holder of any share of Company Restricted Stock, be fully vested immediately prior to the Acceptance Time and treated in the manner set forth in the Merger Agreement with respect to Shares generally.

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Based upon the holdings of Company Restricted Stock as of September 20, 2013 and the Merger Consideration of $12.55, the consideration that each of the Company s executive officers and directors would receive with respect to their Company Restricted Stock in connection with the Offer and Merger is as follows:

Name of Executive Officer or Director	Number of Shares of Company Restricted Stock	Payments in Respect of Restricted Stock ($)(1)
Carl A. Albert	69,183	868,247
Jonathan W. Berger	12,579	157,866
Jack Goldman	12,579	157,866
Heinrich R. Lenz	12,579	157,866
Jason G. Weiss	12,579	157,866
Alexander Toeldte	98,765	1,340,397
Samuel K. Cotterell	0	0
Judith M. Lassa	0	0
Karen E. Gowland	0	0
Robert Strenge	0	0
Bernadette Madarieta	13,164	172,829

(1) Includes payments in respect of dividend equivalent rights.

Severance Agreements with Executive Officers.

The Company s executive officers have entered into severance agreements with Boise Paper Holdings, L.L.C. which provide severance benefits upon termination of the executive s employment under certain circumstances.

The executive officer will receive the benefits provided under the agreement if the executive officer voluntarily terminates employment with good reason or the officer s employment is involuntarily terminated without cause (referred to as a qualifying termination). These benefits generally consist of (i) a lump sum severance payment and (ii) continued participation in the Company s benefit plans (or, for the chief executive officer, a payment in lieu of such continued participation). In addition, each of Ms. Lassa s and Ms. Gowland s agreements provides that if she has satisfied the service, but not the age, requirements of the Boise Paper Holdings, L.L.C. Supplemental Early Retirement Plan for Certain Elected Officers (the **SERP**), as in effect immediately prior to her separation, she will receive a monthly benefit, commencing on the earliest date she could have elected to begin receiving benefits under the SERP, equal to the benefit to which she would have been entitled under the SERP, had she satisfied the age and service requirements as of the date of her separation.

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Based on compensation and benefit levels as of September 20, 2013, and assuming (i) that the effective time of the Merger occurs on October 25, 2013, and (ii) that, for purposes of the amounts set forth in the table below, each of the listed executive officers experiences a qualifying termination of employment on such date, the executive officers would be entitled to receive the listed cash payments and benefits in addition to all of the payments described above with respect to Company equity awards. The dates used to quantify these interests have been selected for illustrative purposes only and do not necessarily reflect the dates on which certain events will occur.

Name of Executive Officer	Severance Payments ($)	Benefit Continuation ($)(1)	Unvested Pension Balance ($)(2)	Total ($)
Alexander Toeldte	3,400,000	37,202	0	3,437,202
Samuel K. Cotterell	1,402,500	9,377	0	1,411,877
Judith M. Lassa	1,442,000	8,575	931,033	2,381,608
Karen E. Gowland	635,250	18,392	942,542	1,596,184
Robert Strenge	547,800	15,085	0	562,885
Bernadette Madarieta	420,500	11,441	0	431,941

(1) The continuation of health and welfare benefit values are actuarial estimates of the Company s cost of continuing the benefit, based on our actual costs in 2012. Ms. Lassa s, Ms. Gowland s and Mr. Strenge s severance agreements also provide for continuation of his or her supplemental life insurance benefit, the value of which is estimated based on 2013 premium costs.

(2) In calculating the present values shown, SERP benefits are assumed to commence as of the first of the month following the Named Executive Officer reaching age 55. Present values are calculated as of October 1, 2013, using a 5.21% discount rate and the RP-2000 annuitant and non-annuitant mortality tables with static projections of mortality improvements as prescribed for 2014 funding valuations by Section 430(h)(3)(A) of the Internal Revenue Code of 1986, as amended.

Employee Benefit Matters.

The Merger Agreement provides that as of the Acceptance Time, and until the later of December 31, 2014 and one (1) year following the Effective Time, Parent agrees to (i) provide each employee of the Company or its subsidiaries as of the Acceptance Time with employee benefits, base salary or wages, incentive compensation opportunities, severance and other compensation that are not less favorable, in the aggregate, than those in effect for such employee immediately prior to the Acceptance Time and (ii) provide each such employee who incurs a termination of employment during such period with severance payments and severance benefits that are no less favorable than the severance payments and severance benefits to which such employee would have been entitled with respect to such termination under the severance plans or policies of the Company or the applicable subsidiary as in effect immediately prior to the Acceptance Time. Parent also agrees that, from and after the Acceptance Time, with respect to the 2013 calendar year, Parent shall continue to maintain each of the Company s annual bonus and incentive compensation plans and programs without adverse amendment, measure performance under such plans against the applicable performance goals in a manner that is consistent with the practice of the Company prior to the Acceptance Time and pay out the full amount of earned awards to participants in such plans according to the terms of such plans without application of any discretionary right to reduce the amount payable.

Effect of the Offer on Directors and Officers Indemnification and Insurance.

Parent and Purchaser have agreed that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Acceptance Time in favor of each present and former director and officer of the Company or any of its subsidiaries, and each individual who is serving or has served at the request of the Company as a director, officer or trustee of another corporation, partnership, association, limited liability company, joint venture, trust or other entity or organization (each such individual, an **Indemnified Party**), as provided in the Company s and its subsidiaries respective certificates

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of incorporation or bylaws (or comparable organizational documents) or any indemnification or other agreements of the Company or any of its subsidiaries, in each case as in effect as of immediately prior to the Acceptance Time, shall be honored and fulfilled in all respects following the Acceptance Time. The Company had previously entered into indemnification agreements with its directors and certain of its executive officers. These agreements confirm the Company s obligations to indemnify the directors and officers to the fullest extent permitted by law. The agreements also provide that the Company will advance, if requested by an Indemnified Party, any and all expenses incurred in connection with a proceeding, subject to reimbursement by the indemnified person should a final judicial determination be made that indemnification is not available under applicable law. The Company s obligations under the agreements continue after the Indemnified Party is no longer serving the Company with respect to claims based on the Indemnified Party s service for the Company. In addition, the Merger Agreement provides that, for a period of six years after the Effective Time, Parent and its subsidiaries will cause the certificate of incorporation or bylaws (or comparable organizational documents) of each of the Surviving Company and its subsidiaries to contain provisions with respect to indemnification, advancement of expenses and exculpation that are at least as favorable as the indemnification, advancement of expenses and exculpation provisions contained in the certificates of incorporation and bylaws (or comparable organizational documents) of the Company and its subsidiaries as of the date of the Merger Agreement.

In addition, from and after the Acceptance Time to the date that is the sixth anniversary of the Effective Time, the Company and its subsidiaries are required to (and Parent has agreed to and will cause the Surviving Company and its subsidiaries to) indemnify and hold harmless each Indemnified Party from and against any costs, fees and expenses (including reasonable attorneys fees and investigation expenses), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any claim, proceeding, investigation or inquiry, whether civil, criminal, administrative or investigative, to the extent arising directly or indirectly out of or pertaining directly or indirectly to (i) any action or omission or alleged action or omission in such Indemnified Party s capacity as a director, officer, employee or agent of the Company or any of its subsidiaries or (ii) any of the transactions contemplated by the Merger Agreement. Furthermore, during such period, the Company and its subsidiaries are required to (and Parent has agreed to and will cause the Surviving Company and its subsidiaries to) advance, prior to the final disposition for which indemnification may be sought under the Merger Agreement, all reasonable costs, fees and expenses (including reasonable attorneys fees and investigation expenses) incurred by such Indemnified Party in connection therewith upon receipt of an undertaking by such Indemnified Party to repay such advances if it is ultimately decided in a final, non-appealable judgment by a court of competent jurisdiction that such Indemnified Party is not entitled to indemnification. So long as any Indemnified Party, prior to the sixth anniversary of the Effective Time, delivers to Parent a written notice asserting a claim for indemnification under the provisions of the Merger Agreement, then such Indemnified Party s right to advancement of costs, fees and expenses pursuant to the Merger Agreement with respect to the claim asserted in such notice shall survive the sixth anniversary of the Effective Time until such time as such claim is fully and finally resolved.

Prior to the Acceptance Time, the Company will purchase a six-year tail prepaid directors and officers liability insurance policy on terms with respect to the coverage and amount that are equivalent to those of the Company s directors and officers liability insurance policy in effect as of the date of the Merger Agreement, for the benefit of the Indemnified Parties with respect to their acts or omissions occurring at or prior to the Effective Time (the **Tail Policy**). Parent must cause the Surviving Company to maintain the Tail Policy in full force and effect for the entire coverage period of the Tail Policy.

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ITEM 4. THE SOLICITATION OR RECOMMENDATION.

Recommendation of the Company Board.

The Company Board, during a meeting held on September 15 and 16, 2013, by unanimous vote determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are advisable, fair to and in the best interests of the Company and its stockholders and adopted and approved the Merger Agreement and the transactions contemplated thereby, including that the Merger will be governed by Section 251(h) of the DGCL and that the Merger will be consummated as soon as practicable following the Acceptance Time.

Accordingly, the Company Board unanimously recommends that Company stockholders accept the Offer and tender their Shares in the Offer.

Background and Reasons for the Company Board s Recommendation.

Background of the Offer.

In pursuing its objective of enhancing stockholder value, the Company Board from time to time has considered opportunities for a variety of transactions, including potential strategic acquisitions, dispositions and business combinations.

Over the past several years, representatives of the Company had discussed potential business combinations or joint ventures with a large paper and packaging producer (**Party A**). On December 22, 2011, the Company entered into an updated confidentiality agreement with Party A to aid the Company and Party A in evaluating potential transactions involving each other s paper and packaging assets. Throughout January 2012, representatives from the Company and Party A engaged in mutual due diligence and had several telephonic meetings to discuss possible transaction structures and preliminary valuations of their respective paper and packaging assets. By mid-to-late January 2012, the Company Board had determined that, given internal restructuring options available to the Company at that time, it was premature to pursue a transaction with Party A, but that the Company should keep the lines of communication open for a potential transaction in the future.

In the spring of 2012, the Company analyzed a possible division of the Company into separate paper and packaging companies, including the key legal, business and tax considerations that would inform such a decision. The Company Board also began to consider options for the Company s packaging business should a sale of the paper business take place.

Later during the spring of 2012, a member of the Company Board discussed with a private equity firm (**Party B**) a potential transaction with respect to the Company s paper business. Following up on these conversations, on June 13, 2012, Party B sent the Company a proposal with respect to a possible joint venture, whereby Party B would purchase a majority stake in the Company s paper business and the Company would retain a minority stake. On June 14, 2012, Alexander Toeldte, the President and CEO of the Company, and Carl Albert, the Chairman of the Company Board, met with a representative of Party B to discuss the June 13 proposal. On June 15, 2012, the Company Board was updated regarding Party B s June 13 proposal and Mr. Toeldte s and Mr. Albert s June 14 meeting with Party B s representative. On June 18, 2012, the Company Board formally met to discuss Party B s proposal. At that meeting, the Company Board determined not to pursue a transaction with Party B until a deeper review of strategic alternatives could be undertaken and then evaluated at the Company Board s regularly scheduled July 2012 meeting. On July 18, 2012, Party B delivered a written summary of terms related to its June 13, 2012 proposal.

At the Company Board s regularly scheduled meetings on July 24-26, 2012, the Company Board discussed a range of strategic alternatives, including Party B s proposal and a number of potential packaging acquisitions, as well as other organic and third-party strategic alternatives. Following these Company Board meetings, the Company informed Party B that it was not in a position to pursue Party B s transaction at this time, but might be interested in doing so at a later date.

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From late 2012 through February 2013, representatives of the Company and Party A from time to time discussed, both over the telephone and in person, whether Party A would be interested in exchanging certain of Party A s assets for certain of the Company s assets.

During the fall of 2012, the Company Board continued to discuss the possibility of selling the Company s paper assets to Party B, and on October 5, 2012, the Company entered into a confidentiality agreement with Party B to enable further exploration of this alternative. Thereafter, the parties engaged in an extensive due diligence process, including, on October 18, 2012, a presentation by the Company s management team to Party B.

On October 16, 2012, the Company publicly announced its decision to cease all production at its St. Helens, Oregon mill by the end of that year.

On November 9, 2012, Mr. Toeldte and the CEO of a paper company (**Party C**) discussed whether Party C would have an interest in purchasing all or some of the Company s paper business. Early the following week, the CEO of Party C called Mr. Toeldte and indicated that Party C might be interested in purchasing the Company s paper business; however, no formal proposal was forthcoming at that time.

On November 12, 2012, Party B presented a nonbinding proposal to acquire the Company s paper business for $700 million, less any long-term, non-operating liabilities, and net of any excess cash. On November 14, 2012, after discussing the proposal with Mr. Albert, Mr. Toeldte delivered a letter to Party B informing Party B that its proposed value was insufficient. At its November 15, 2012, meeting, the Company Board confirmed the decision not to proceed with discussions with Party B for a transaction at that price. At its November 19, 2012 meeting, the Company Board determined to further explore a potential transaction with Party B regarding a sale of the Company s paper business, contingent on Party B increasing the value of its previous offer.

On November 26, 2012, the Company entered into a confidentiality agreement with Party C and the companies began exchanging non-public information. Also on November 26, 2012, Party B presented a nonbinding proposal to acquire the Company s paper business for $765 million, less any long-term, non-operating liabilities, and net of any excess cash.

At its December 3, 2012 meeting the Company Board reviewed a number of strategic alternatives, including the November 26 proposal from Party B. The Company Board instructed management to inform Party B that the Company was not prepared to proceed with Party B at that time.

On December 14, 2012, the Company Board determined that in light of potential transactions, including with Party B, the Company should engage a financial advisor to assist the Company in its evaluation of strategic alternatives. Following the Company Board s determination, the Company s management began the process of engaging a financial advisor and in mid-January the Company s management met with potential financial advisors in New York City.

On December 22, 2012, Party A entered into a new confidentiality agreement with the Company.

During the first week of January 2013, Paul Stecko, Parent s Executive Chairman, telephoned Mr. Albert to express interest in potential strategic opportunities with Boise. Following their telephone conversation, Mr. Stecko and Mr. Albert agreed to meet in Los Angeles, California on January 17, 2013 in order to continue their discussions.

On January 17, 2013, Mr. Albert and Mr. Toeldte met with Mr. Stecko and Mark Kowlzan, Parent s Chief Executive Officer, to discuss potential strategic opportunities and, in particular, Parent s potential interest in the Company s packaging business. In late January and early February 2013, representatives of the Company held diligence meetings with representatives of Party B and Party C.

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On January 21, 2013, Mr. Albert, Mr. Toeldte and Michael Murphy, the Company s Corporate Vice President and Treasurer, met with Party B s representatives to discuss whether Party B could improve its proposal based on new information regarding planned cost reductions and restructuring initiatives.

In February 2013, the Company engaged J.P. Morgan Securities LLC (**J.P. Morgan**) to act as its financial advisor with respect to potential strategic transactions.

On February 11, 2013, Party B delivered a revised proposal in which Party B offered to purchase the Company s paper business for $765 million, less any long-term, non-operating liabilities, and net of any excess cash, plus a potential $50 million earn-out payment.

On February 13, 2013, Mr. Toeldte met with Party C s President and Chief Executive Officer to discuss Party C s interest in the Company s paper business, including whether Party C would have the financial capability to fund or finance an acquisition of the Company s paper business.

On March 3, 2013, Mr. Stecko and Mr. Albert discussed Parent s potential interest in acquiring the Company s packaging business or possibly the entire Company. Later in the week, Party B contacted the Company about Party B s proposal regarding a potential transaction for the Company s paper business, with a request that the Company negotiate exclusively with Party B.

On March 6, 2013, a representative of the Company called a representative of Party C to discuss whether Party C would be interested in making a proposal to purchase the Company s paper business. The next day, an affiliate of Party C contacted J.P. Morgan to indicate that Party C would be interested in purchasing the Company s paper business at a valuation of 3.0 - 3.5x the paper business s EBITDA.

At the March 19, 2013 meeting of the Company Board, J.P. Morgan presented its preliminary observations and recommendations with respect to the Company s strategic alternatives, including pursuing stand-alone operational improvements, exploring the sale of the business in whole or in part and acquisition opportunities. The Company Board discussed the continuing interest of Party B in the Company s paper business, and the Company Board directed management to pursue this opportunity while simultaneously exploring other alternatives, including the sale of the Company as a whole. The Company Board directed J.P. Morgan to contact potentially interested parties to determine interest in the Company s paper and packaging assets and the Company as a whole.

In late March 2013, J.P. Morgan began contacting 11 potential acquirors of the Company or its packaging business and four potential acquirors of the Company s paper business. J.P. Morgan contacted a representative of Parent s financial advisor, Merrill Lynch, Pierce, Fenner & Smith Incorporated (**BofA Merrill Lynch**). The BofA Merrill Lynch representative indicated, on behalf of Parent, that Parent s preference was to explore an acquisition of the Company s packaging business. In addition, a representative of J.P. Morgan met with a representative of Party B to discuss specific terms of a potential offer by Party B for the Company s paper business, including the Company s position that any agreement for the paper business should include a go-shop provision. Over the following days, the representatives of J.P. Morgan and Party B discussed possible terms of a potential agreement and confirmed Party B s continued interest in the Company. During this period, Mr. Toeldte and Mr. Murphy also met with representatives of a private equity firm (**Party D**) with regard to a potential acquisition of the Company by Party D. On March 27, 2013, as a result of J.P. Morgan s efforts to contact potential acquirors, the Company received a letter from another private equity firm (**Party E**), indicating an interest in acquiring the Company in a price range of $11.00 - $12.00 per share. J.P. Morgan also reached out to Party A to assess Party A s continuing interest in the Company s assets.

In early April 2013, the Company delivered a nonbinding indication of interest to a significant packaging company that was offering itself for sale (**Party F**). Thereafter, the Company conducted extensive diligence on Party F s operations, including presentations by Party F s management and tours of Party F s facilities.

Also in early April 2013, the Company executed an amended confidentiality agreement with Party A and the companies began exchanging non-public information. J.P. Morgan had discussions with a number of potentially

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interested parties, including another large paper manufacturer (**Party G**) to determine Party G s interest in the Company or certain of its assets, but Party G indicated it was not interested in proceeding in connection with a possible transaction, as well as a large packaging company (**Party H**), which indicated it would only be interested in acquiring the Company s packaging business. J.P. Morgan and the Company also had extensive conversations with Party B regarding Party B s strong interest in the Company s paper business.

On April 1, 2013, J.P. Morgan contacted BofA Merrill Lynch because Parent had expressed interest in an acquisition of the Company, but also had expressed a need to better understand whether a transaction for only certain assets, or the entire Company, would be possible before proceeding to sign a confidentiality agreement and conducting further diligence. On April 8, 2013, Parent sent an indication of interest to the Company to acquire all outstanding Shares at a price of $10.75 per share or, alternatively, to purchase the Company s packaging business on a debt-free basis for between $1.225 and $1.275 billion; Parent s indication of interest was confirmed in a follow-up call from BofA Merrill Lynch to J.P. Morgan.

On April 11, 2013, the Chairman and Chief Executive Officer of a paper and packaging company (**Party I**) called Mr. Albert to express an interest in a transaction for the entire Company. J.P. Morgan provided certain public information to Party I to aid Party I in refining its valuation of the Company. Throughout April 2013, representatives of J.P. Morgan and the Company continued to contact potential buyers of the Company or its paper or packaging businesses.

At the April 16, 2013 meeting of the Company Board, J.P. Morgan provided an update on all of the parties that had been contacted, noting that the interest in the Company s packaging business was significantly stronger than the interest in the Company s paper business, other than in the case of Party B, which continued to express strong interest in the Company s paper business.

On April 18, 2013, Party I sent a nonbinding indication of interest to J.P. Morgan for the acquisition of the Company s packaging business, on a debt-free basis, at a valuation of $1.0 - $1.1 billion.

On April 21, 2013, Party B delivered an updated written indication of interest in the Company s paper business for $775 million less deductions for certain long-term debt and other non-operating liabilities, and containing a request for a 30-day exclusivity period.

At the Company Board meeting held in conjunction with the Company s annual stockholder meeting on April 24, 2013, J.P. Morgan reviewed the status of various strategic alternatives. As Party B was the only party that had expressed an interest in acquiring the paper business in a valuation range that might be acceptable to the Company Board, the Company Board instructed management to proceed with negotiations and further diligence with Party B on a sale of the Company s paper business. At that meeting, the Company Board also instructed management and J.P. Morgan to pursue other options for a possible sale of the Company as a whole or for a sale of both the paper and packaging businesses to separate purchasers. The Company Board also instructed management to continue pursuing the potential acquisition of Party F. At that meeting, the Company Board also approved the Company undertaking major projects at its facilities in DeRidder, Louisiana and International Falls, Minnesota.

On April 25, 2013, Party A indicated to J.P. Morgan that it was not interested in acquiring the Company s paper business and, therefore, would not be submitting an indication of interest to purchase the Company as a whole.

On April 28, 2013, J.P. Morgan and Party B held discussions regarding the 30-day exclusivity period requested by Party B. On April 29, 2013, Party B delivered a draft letter of intent in respect of its earlier indication of interest.

At the end of April 2013, J.P. Morgan and the Company s outside counsel, Skadden, Arps, Slate, Meagher & Flom LLP (**Skadden**), held discussions with Party B and its financial advisors regarding the terms of a

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transaction involving the Company s paper business and the terms of the exclusivity agreement that Party B indicated it required before entering into negotiation of a definitive acquisition agreement.

On April 29, 2013, a representative of J.P. Morgan met with a principal of Party E to discuss Party E s potential interest in an acquisition of the Company. On that same day, J.P. Morgan received a call from the financial advisor to a potential strategic acquiror (**Party J**), expressing interest in the Company s packaging business.

On April 30, 2013, the Company sent its revised letter of intent and a draft of a purchase agreement to Party F.

Throughout May 2013, J.P. Morgan continued discussions with potential buyers of the Company s packaging business, and Company personnel began intensive diligence activities with a number of potential packaging acquirors, as well as Party B. The Company also entered into confidentiality agreements with five parties, including both strategic and financial potential buyers. During this time, Party I indicated it was no longer interested in a transaction with the Company. Party A also indicated that it did not believe it could present an attractive valuation for the Company s packaging business or paper business and that it did not intend to continue to pursue a transaction with the Company.

On May 2, 2013, the Company publicly announced that it was undertaking the projects at its facilities in DeRidder, Louisiana and International Falls, Minnesota.

Also on May 2, 2013, Parent and Boise Paper Holdings, L.L.C., a wholly-owned subsidiary of the Company, executed a confidentiality agreement. On May 6, 2013, the Company informed Parent that it would likely only be in a position to discuss a potential sale of the Company s packaging business following that time. Later that week, Parent proceeded with due diligence.

Following negotiations between J.P. Morgan and Skadden and Party B and its legal counsel, on May 7, 2013, the Company and Party B executed a modified letter of intent for a transaction involving the Company s paper business that included exclusivity provisions that, among other things, would not restrict the Company from soliciting proposals for the sale of its packaging business.

At a meeting held on May 9, 2013, the Company Board discussed the potential transaction with Party B and the status of discussions with potential acquirors of the Company s packaging business. The Company Board instructed management and J.P. Morgan to move forward on both processes and determined not to continue consideration of the acquisition of Party F.

On May 10, 2013, Party E delivered a signed confidentiality agreement to the Company.

On May 13, 2013, the Company received an indication of interest from Party H, expressing an interest in purchasing the Company s packaging business on a debt-free basis for between $950 million and $1,050 million structured as an asset acquisition. The next day, Party H sent the Company a revised indication of interest indicating that it would be interested in purchasing the Company s packaging business on a debt-free basis at the same $950 - $1,050 million price range, structured as an acquisition of equity interests.

During the week of May 13, 2013, Mr. Toeldte called a representative of a large packaging company (**Party K**) to discuss whether Party K would be interested in acquiring the Company s packaging business.

On May 14, 2013, Company management met with management of Parent in Chicago, Illinois. At the meeting, Company management gave a presentation regarding the Company s packaging business.

On May 20, 2013, Skadden sent Party B s legal counsel a draft purchase agreement for the Company s paper business. That same day, Mr. Toeldte and J.P. Morgan discussed the sale of the Company s packaging business with representatives of Party K. Following this conversation, J.P. Morgan contacted Party K asking it to provide a formal indication of interest for the Company s packaging business no later than July 2, 2013.

On May 29, 2013, at a meeting of the Company Board, management and J.P. Morgan presented a review of the status of the potential transaction with Party B and the status of the process to evaluate potential opportunities with respect to the Company s packaging business. That same day, the Company received an indication of interest from Parent at a valuation of $11.00 per share for an acquisition of the entire Company.

At a special meeting of the Company Board convened on May 30, 2013, management and J.P. Morgan updated the Company Board on the indication of interest from Parent and discussed the exclusivity obligation in the letter of intent signed with Party B that would prohibit the Company from discussing the indication of interest with Parent at that time.

On May 31, 2013, the Company received an indication of interest from Party J, expressing potential interest in purchasing the Company s packaging business on a debt-free basis for $1.3 billion.

On June 3, 2013, the Company received an indication of interest from Party H, expressing an interest in purchasing the Company s packaging business on a debt-free basis for between $1.2 and $1.3 billion.

Also on June 3, 2013, the Company received a markup of the draft purchase agreement from Party B s legal counsel. During the first week of June, the Company, J.P. Morgan and Skadden continued discussions, negotiations and diligence activities with Party B and its representatives. On June 7, 2013, the exclusivity period with Party B ended, with Party B making no request for an extension. Shortly thereafter, J.P. Morgan contacted other interested parties to solicit indications of interest for the entire Company. Mr. Albert called Mr. Stecko to encourage Parent to present a higher price for the Company, indicating that the Company was again in discussions with other interested parties. Thereafter, the Company and J.P. Morgan continued discussions and diligence activities with five parties interested in either the Company or its packaging business.

At a special meeting of the Company Board on June 10, 2013, J.P. Morgan and management updated the Company Board on strategic alternatives. Because there had been no further interest expressed in the Company s paper business, the Company Board renewed its consideration of a potential spin-off of that business. As part of this consideration, the Company Board discussed the possible complexities of splitting the Company or selling the Company in parts, including the risk of coordinating multiple transactions and the significant separation costs and negative tax implications that would result from selling the packaging business on a stand-alone basis.

On June 12, 2013, at a meeting in Salt Lake City, the Company s management made a presentation concerning the sale of the Company as a whole to Parent. That same day, a principal of Party B indicated to J.P. Morgan that Party B would only be interested in purchasing the paper business at a valuation at or near $500 million.

Throughout June 2013, management of the Company made presentations to potential acquirors and engaged in due diligence meetings, and J.P. Morgan reached out to additional private equity firms that it considered might have both an interest in some or all of the Company s assets and the financial ability to consummate a transaction. On June 19, 2013, Parent advised the Company that it was no longer interested in purchasing the Company as a whole, but remained interested in purchasing the Company s packaging business. During this period, two other potential acquirors indicated that they were no longer interested in continuing to pursue an acquisition of the Company or its businesses.

On June 27, 2013, Party E delivered a written indication of interest to the Company for the purchase of the entire Company at a price of $11.50 per share. At a special meeting of the Company Board the next day, J.P. Morgan reported on the indication of interest from Party E and the likelihood that Party E would consummate a transaction at that price. The Company Board also received updates on the parties that were still in the process and those that had determined not to proceed with consideration of a transaction. J.P. Morgan and management

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discussed with the Company Board the continued interest that the Company was receiving in connection with a sale of its packaging business and the significant tax and separation costs that would be associated with a sale of the packaging business on a stand-alone basis.

In early July 2013, J.P. Morgan continued to contact potential strategic and financial buyers, with one previously contacted financial buyer indicating it would no longer participate in the process.

On July 8, 2013, the Company Board met in person to determine whether to proceed with further diligence and with negotiations with Party E. J.P. Morgan updated the Company Board on the ongoing review of strategic alternatives and the status of the parties in the process, noting that while there continued to be strong interest in the Company s packaging business, there appeared to be no parties interested in an acquisition of the Company s paper business at a price that would meet the Company Board s expectations, and that Party E was the only party that had expressed a continuing interest in an acquisition of the entire Company. J.P. Morgan discussed other potential strategies with the Company Board, including the Company s continued investment in the Company s growth and a spin-off of the Company s paper business. The Company instructed management to continue to explore a transaction with Party E while also continuing to consider other internal and external options.

During July 2013, J.P. Morgan received a number of calls from Party K, which had earlier expressed interest in the Company s packaging business, and Party C, which had earlier expressed interest in the Company s paper business, requesting that the Company waive certain restrictions in the two parties respective confidentiality agreements, so that the two parties or their affiliates could present a joint bid for the Company. Due to the level of leverage that Party C maintained at the time, on July 9, 2013, the Company asked J.P. Morgan to diligence Party C s ability to utilize debt to finance an acquisition of the Company s paper business. Soon thereafter, J.P. Morgan advised the Company that there could be some limitations and risks associated with Party C s ability to utilize debt to finance an acquisition of the Company s paper business. The Company did not grant the requested confidentiality agreement waivers.

In the following days, J.P. Morgan continued to discuss a potential transaction with representatives of Party E and Party E began intensive diligence including meetings and mill tours.

During this time, Mr. Stecko called Mr. Albert to reaffirm Parent s interest in acquiring the Company s packaging business on a stand-alone basis. Representatives of Parent and the Company discussed possible transaction structures and valuations that could be attractive to both companies; however, Parent and the Company were not able to agree on a transaction structure and valuation acceptable to Parent that, taking into account taxes and separation costs, would be likely to provide a higher total return to the Company s stockholders than the transaction then proposed by Party E. Accordingly, on July 12, 2013, Parent and the Company ceased discussions regarding a potential strategic transaction.

In mid-July 2013, J.P. Morgan contacted an affiliate of Party C, which affiliate entered into a confidentiality agreement with the Company on July 22, 2013. The Company and the affiliate of Party C thereafter exchanged confidential information, and J.P. Morgan requested that Party C or its affiliate deliver an indication of interest with respect to the Company s paper business no later than July 30, 2013.

On July 18, 2013, the Company sent a draft merger agreement to Party E.

On July 24, 2013, the Company Board held an in-person meeting at which J.P. Morgan and management presented an update on the Company s strategic alternatives. The Company Board determined that it was not prepared to consider a transaction at less than $11.50 per share, noting that it did not currently have indications of interest that, when taking into account tax and separation costs, would be likely to result in more total value to stockholders than a whole Company transaction at $11.50 per share. The Company Board discussed whether a spin-off of the Company s paper business and a sale of the Company s packaging business could provide greater value to Company stockholders. The Company Board, with J.P. Morgan s input, discussed concerns regarding the probability of achieving higher levels of total value for the Company s stockholders in, as well as the risks

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and delays that could be involved in, a spin-off of the Company s paper business and a sale of the Company s packaging business. The Company Board determined that further analysis was warranted. The Company Board also determined that management should continue discussions with Party E and instructed J.P. Morgan to continue to reach out to potential acquirors.

On July 26, 2013, the Chief Executive Officer of Party K called Mr. Albert to discuss Party K s interest in teaming with a potential purchaser of the Company s paper business. Mr. Albert conveyed concern as to a three-party transaction or a transaction contingent upon a substantially concurrent sale of the paper business given the timing and consummation risk such transactions would represent. On July 31, 2013, J.P. Morgan contacted Party K s financial advisors to report that the Company would not be prepared to move forward with a three-party or contingent transaction at that time.

On August 1, 2013, a representative of Party E reaffirmed a price of $11.50 per share to Mr. Albert. On August 2, 2013, Party K sent a letter to the Company Board including a per share valuation of $11.25 - $12.00, and again requesting permission to partner with an affiliate of Party C. The following week, on August 9, 2013, a principal of Party E called J.P. Morgan to indicate that Party E was no longer willing to proceed at a price of $11.50 per share. Based on conversations with the Company s management and members of the Company Board, J.P. Morgan informed Party E that the Company was not prepared to proceed at a lower price and no further substantive negotiations or discussions followed between the Company and Party E.

On August 12, 2013, the Company received an indication of interest from Party C to acquire the Company s paper business at a valuation of $625 - $700 million. On August 20, 2013, Party K sent another letter to the Company Board reaffirming its interest in acquiring the Company and again seeking the Company s permission to partner with an affiliate of Party C. Mr. Toeldte responded to Party K by letter on August 22, 2013, reaffirming that Party K s proposal, which was viewed by the Company as containing a third-party contingency, was not actionable or compelling at that time.

On August 23, 2013, the Company Board received a strategic update from management and J.P. Morgan, includ