



20 May 2004

**DS SMITH'S ACQUISITION OF LINPAC CONTAINERS TO BE CONSIDERED BY
THE COMPETITION COMMISSION**

DS Smith, the international packaging manufacturer and office products wholesaler, notes today's announcement by the Office of Fair Trading (OFT) that the acquisition of LINPAC Containers Limited is to be referred to the UK Competition Commission for further inquiry. The OFT identified concerns that the transaction "may reduce competition in the supply of corrugated cardboard sheet to the merchant sector". DS Smith acquired LINPAC Containers Group on 22 March 2004 for £170 million.

The Board of DS Smith is disappointed that this transaction has been referred to the Competition Commission and believes that the acquisition will not result in a substantial lessening of competition. DS Smith will work closely with the Competition Commission during its inquiry to seek to satisfy them of this.

The Commission is expected to report its findings by 3 November 2004.

During the period of inquiry there will be restrictions on the actions that DS Smith may take to integrate LINPAC Containers' operations with those of DS Smith. This will not affect either company's ability to serve its customers and generate its underlying business result but it is now unlikely that in the timescale originally envisaged, the synergies will be captured, or the estimated integration costs incurred.

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