



For more information, contact Marvin Pipkin (Pipkin & Kloppe-Orton, L.L.P. – 210-213-3378 or mpipkin@pipkinlawsatx.com)

FOR IMMEDIATE RELEASE

December 14, 2018

***JELD-WEN ORDERED TO DIVEST ILLEGALLY ACQUIRED PLANT
TO RESTORE COMPETITION;
FEDERAL COURT ENTERS JUDGMENT FOR STEVES & SONS IN
LANDMARK ANTITRUST BATTLE***

SAN ANTONIO – In a sweeping final judgment order, Federal Judge Robert E. Payne today ordered JELD-WEN, Inc., a wholly-owned subsidiary of JELD-WEN Holding, Inc. (NYSE:JELD) to divest itself of its Towanda, Pennsylvania, interior molded doorskin-manufacturing plant, to preserve and maintain the plant – in all aspects -- through divestiture to another company, and to enter a series of contracts designed to ensure that the divestiture results in a viable supplier of molded doorskins going forward.

Judge Payne also ordered that a Special Master – to be appointed by the Court – will oversee the divestiture process, including sale of the plant. JELD-WEN will be responsible for the cost of that Special Master.

Doorskins are a critical component used in manufacturing interior molded doors, which is the primary business of Steves & Sons (www.StevesDoors.com), a family-owned

company founded in 1866 and based in San Antonio with other facilities in Richmond, Virginia and Lebanon, Tennessee. The company employs some 1,100 people.

The Judge's order finalizes the opinion he released October 5, which detailed actions to follow a unanimous February 15, 2018 jury decision in his Richmond, Virginia court agreeing with Steves' assertion that JELD-WEN violated federal antitrust law – specifically, the Clayton Act – by substantially reducing competition in the market for interior molded doorskins in the United States through its acquisition of its former competitor, CMI (which owned the Towanda plant). The jury also sided with Steves in finding that JELD-WEN had breached its long-term doorskin supply agreement with Steves.

After winning that jury verdict, Steves sought an order of divestiture that would require JELD-WEN to sell the doorskin plant in Towanda, Pennsylvania that it acquired as part of its unlawful acquisition of CMI. Steves argued that divestiture would restore competition in the market for interior molded doorskins in the United States, to the benefit of competition and independent door manufacturers, including Steves. JELD-WEN insisted that an order of divestiture would be a “disaster” for JELD-WEN's own operations, and resisted divestiture on a variety of other grounds.

In a lengthy and detailed October opinion, the Court substantially agreed with Steves. The Court observed JELD-WEN's conduct after the merger, including the fact that “JELD-WEN felt free to disregard existing contract obligations respecting pricing and to engage in bullying tactics to get increased prices even if that would kill off some of the Independents who were its customers.” The Court then said that it would order JELD-WEN to sell the Towanda facility in order to restore the competition that JELD-WEN had destroyed with its illegal merger.

Today's order imposes that remedy, while also resolving a number of other issues that remained outstanding in the litigation. In that order, Judge Payne wrote: "The public interest is best served by ordering divestiture and the related conduct remedies herein provided." He further noted, "Without the divestiture and the related conduct remedies . . . Steves will suffer irreparable injury . . . The hardships Steves will suffer if the divestiture and the related conduct remedies herein provided are not granted substantially outweigh the hardships to JELD-WEN if the divestiture and the related remedies herein provided are granted."

Judge Payne detailed what the divestiture of the Towanda plant would entail – to include everything from the plant itself to inventory, materials, office furniture, computer systems, licenses, permits, contracts, certifications, customer lists and supply agreements, repair and maintenance records, patents, other intellectual property, trade secrets, operational manuals and many other items. The judge also ordered JELD-WEN not to hire any of the plant's employees for at least two years following the divestiture.

Noting in his order that "JELD-WEN has represented that it intends to appeal," Judge Payne wrote: "JELD-WEN shall not take any steps during the pendency of the appeal that would in any way reduce the value of the Towanda facility to a potential acquiring company or would make it more difficult or costly for the acquiring company to supply doorskins to Steves of the type, and in the quantity, that JELD-WEN supplies to Steves."

The judgment also included an award of declaratory relief, again in favor of Steves, which requires that JELD-WEN follow certain terms of its contract with Steves for the remainder of its term. As the Court explained in an opinion on December 7, 2018, "Notwithstanding the verdict and the rather clear evidence supporting Steves position on the issue and the lack of evidence supporting the position taken by JELD-WEN, JELD-WEN

persists in applying its own interpretation of the Supply Agreement. Accordingly, declaratory judgment is appropriate to resolve the continuing actual controversy over the issue.” That judgment is now in place, and JELD-WEN must honor the contract it signed.

Today’s judgment also resolves outstanding remnants of JELD-WEN’s failed trade secrets campaign against Steves. JELD-WEN had filed a counterclaim in response to Steves’ original Clayton Act antitrust suit, alleging that Steves had misappropriated purported trade secrets in violation of the Texas Uniform Trade Secrets Act and the Federal Defense of Trade Secrets Act. The counterclaim was separated from the Steves’ antitrust claims for a separate trial.

In that trial, which ended May 11, 2018, the jury rejected 59 of JELD-WEN’s 67 alleged trade secrets claims and awarded just three percent of the damages JELD-WEN sought. The jury also rejected the allegation that Steves sought to harm JELD-WEN with conduct that was willful or malicious.

Despite the jury’s rejection of most of its claims and having been awarded just a tiny portion of the damages it sought, JELD-WEN then asked the Court to issue an injunction restricting Steves’ business choices in the future. In a November 30, 2018 opinion, the Court denied JELD-WEN’s request for an injunction. The judgment issued today finalizes that ruling in favor of Steves.

Today’s judgment is a landmark for Steves and for the laws protecting competition. The result is appropriate in light of JELD-WEN’s anticompetitive conduct following its illegal merger with CMI. That conduct, which the Federal Court has described as “evasive, sharp, and deceptive” and as “general bullying conduct toward Steves,” among other things, made judicial intervention essential to restore competition in the marketplace.

Although JELD-WEN has vowed to appeal, Steves is confident that the nature of JELD-WEN's conduct will be clear to the Court of Appeals, just as it has been to the District Court and the jury that considered it.

Marvin G. Pipkin, attorney for Steves, said: "JELD-WEN fought tooth and nail to avoid responsibility for its conduct. Not even the jury verdict, and tens of millions of dollars in damages, caused JELD-WEN to change its behavior. But today, thanks to the hard work of the Court and the jury system, the foundation is in place to rebuild competition and choice in this industry. We hope this is the end of JELD-WEN's wasteful and abusive behavior. If it is not, Steves stands ready to continue to fight for its survival and the right to compete."

"Today's judgment is a culmination of years of investment and effort, all aimed at the preservation of competition and choice and the future of our 152-year-old company," said Edward G. Steves, CEO of Steves & Sons. "We will continue serving our customers with the quality products and attention to detail that, for six generations, have marked the success of this family-owned company since our founding in 1866."

Sam Bell Steves II, President of Steves & Sons, said, "Money cannot replace our profound sense of responsibility to our family-owned company, our loyal employees, or our fantastic customer relationships. We are gratified that the Court's decision recognizes these values."

About Steves & Sons

With interior and exterior door plants in San Antonio, and interior door plants in Richmond, Virginia and Lebanon, Tennessee, Steves & Sons employs more than 1,100 associates. The company continues to build its business and reputation among builders and homeowners across the country with continued emphasis on quality materials, new technology and efficient distribution. (www.StevesDoors.com)

