

CARDBOARD BOX MANUFACTURER GETS READY TO FOLD

[caption id="attachment_865" align="alignleft" width="300" caption="Smurfit-Stone Building in Chicago"]



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Another pending bankruptcy is less than a surprise. The largest producer of cardboard box materials in North America, Smurfit-Stone Container Corp, just saw its shares drop by more than 80 percent on Thursday. This came after reports that it had hired bankruptcy lawyers. Smurfit-Stone, which is based in Chicago, owns timber lands as well as wood-product production facilities. The Wall Street Journal said that the company had just contacted a law firm, as well as bankruptcy advisers. The periodical cited an anonymous source. The box maker needs about \$750 million in debtor-in-possession financing, which they told lenders last week. If they do file for bankruptcy, common shareholders could, and probably will, get little or nothing back from their investments after management obtains protection from creditors. Common shareholders' claim on company assets is generally a lot less than bondholders and preferred shareholders. The company refused to comment on the bankruptcy. However Smurfit-Stone's debt reached \$3.5 billion, with an annual revenue of \$7.5 billion. There will most likely be lay offs to come. Around 60 employees were laid off in November when the company terminated one liner board machine.

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