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MERCER INTERNATIONAL INC
Form DEFA14A
June 24, 2003

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. _____)

Filed by the Registrant /X/
Filed by a party other than the Registrant / /

Check the appropriate box:

/ / Preliminary Proxy Statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule
14a-6(e)(2))
/ / Definitive Proxy Statement
/X/ Definitive Additional Materials
/ / Soliciting Material Pursuant to Rule 14a-12

MERCER INTERNATIONAL INC.
(Name of Registrant as Specified in its Charter)

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FOR: MERCER INTERNATIONAL INC.

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FOR IMMEDIATE RELEASE

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MERCER INTERNATIONAL INC. COMMENTS ON HEDGE FUND PROPOSAL

NEW YORK, New York, June 24, 2003 - Mercer International Inc. (Nasdaq: MERCS, TSX: MRI.U, Nasdaq-Europe: MERC GR) announced it has received notice that a hedge fund, Greenlight Capital Inc., has filed a preliminary proxy statement to nominate two persons to the Company's Board of Trustees at its annual shareholders' meeting scheduled for July 15, 2003.

The Company stated that its Board and advisors will be reviewing the preliminary filing and will respond to it in detail shortly. Based on its initial review, the Company believes that the filing contains a number of inaccuracies.

The Company further announced that as a result of the action of the hedge fund, its effort to complete a previously-announced private offering of approximately \$65 million of convertible notes or equity based securities is currently being put on hold.

Jimmy Lee, the CEO and President of the Company, stated:

- * "Mercer's goal has always been to build long-term shareholder value. In recent years, the Company has undertaken significant actions to position Mercer as an efficient, low-cost producer, which management and the Board believe to be the proper strategy to generate value in a commodity marketplace where prices are subject wide fluctuations. Through a significant capital project we converted our Rosenthal mill into a competitive state-of-the art market kraft pulp mill. We are currently right in the middle of a two-year project to fundamentally transform our business by significantly increasing our assets, revenues and earnings potential through the construction of a new state-of-the art 552,000 tonne kraft pulp mill at a cost of approximately E1.0 billion near Stendal, Germany. Once the Stendal mill is completed, we will operate two of the most efficient and lowest cost global NBSK pulp facilities, almost triple our pulp production capacity and become one of the largest global market pulp producers."

He further stated:

- * "In connection with overall strategy, we have also implemented various

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concurrent measures to reflect the expansion of our business. On May 7, 2003, we announced engaging a new accounting firm, Deloitte & Touche LLP, to be nominated for appointment as auditor at our upcoming shareholders' meeting. We voluntarily adopted a company-wide Code of Ethics in advance of the prescribed time. We also engaged a leading investment bank to assist with our proposed offering of convertible notes to refinance the bridge loans incurred in connection with the Stendal project. Further, consistent with our emerging position as one of the largest market pulp producers in the world, the Company is taking steps to strengthen its Board with individuals who can bring superior experience and help enhance value. We've recruited Per Gundersby, a new nominee, to our Board. Mr. Gundersby has over twenty-five years experience at the most senior levels of the European pulp and paper industry. His knowledge and experience with large capital projects such as the Stendal mill, including as the former head of the international consulting firm, Jaako Poyry, will be very valuable to us as we complete the most significant step in our Company's evolution and growth."

Mr. Lee concluded:

- * "We are disappointed by the apparent opportunistic action of one shareholder to try to take control over a part of the Board at such a critical point in our development and growth. The hedge fund nominees do not appear to have any executive experience in operating public companies, any experience in the pulp and paper industry or any European business experience. Further, the very lucrative short-term remuneration packages being paid to such nominees directly by Greenlight, makes us question whether such nominees' interests will be aligned with other shareholders or only those of one particular minority shareholder who is rewarding them. We remain committed to our core objective of building long-term value and significantly expanding our business and operations by completing the E1.0 billion Stendal pulp mill project."

ABOUT MERCER INTERNATIONAL INC.

Mercer International Inc. is a European pulp and paper manufacturing company.

The preceding includes forward looking statements which involve known and unknown risks and uncertainties which may cause Mercer's actual results in future periods to differ materially from forecasted results. For a list and description of such risks and uncertainties, see Mercer's reports filed with the Securities and Exchange Commission.

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