

IBM Corporation

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Memorandum to: All IBM Suppliers

Subject: Pinewood Nematode Infestation, European Union Emergency Measures

In response to Pinewood Nematode infestations in several European Union countries, the EU Commission has enacted emergency measures [Commission Decision 2001/219/EC] in support of EU Directive 2000/29/EC **effective October 1, 2001** (shipping date).

Full compliance with the EU regulations are essential to prevent costly delays, inspections, and/or rejected shipments. IBM is asking for your immediate compliance with the EU regulations, summarized below:

1. All non-manufactured wood packing materials (NMWP) made from coniferous (needle bearing) species shipped from China (including Hong Kong but not Taiwan), Japan, U.S., or Canada be properly treated in one of three ways (heat treatment, fumigation, or chemical preservatives) to prevent the geographical dispersion of the Pinewood Nematode.
2. All coniferous NMWP from China, Japan, U.S., and Canada must be marked indicating which treatment was applied and traceable to whom carried it out.
3. Shipments using coniferous NMWP from China (including Hong Kong but not Taiwan) must be accompanied by a certificate, issued by the national government of China, documenting the heat treatment, fumigation, or preservative treatment prior to departure from China. Note: certificate requirement does not apply to Japan, U.S., or Canada originated shipments.

In addition to the EU directives, attached are additional IBM requirements and guidelines for wood based packaging materials:

IBM Requirements:

1. All NMWP must be free of bark, live plant pests, and grub holes larger than 3 mm. This requirement has been in effect since 1995 and is applicable globally
2. Regardless of origin or destination, mark all wooden packing materials per IBM Specification 37L8024 (Aug. 17, 2001 or later), ref: http://www.ibm.com/procurement/pubs_docs.html.
3. IBM requests heat-treatment of coniferous NMWP, over fumigation or chemical preservative treatment, due to environmental concerns. Although EU regulations accept fumigation or preservative treatment, IBM requests that only heat-treatment be used.

IBM Guidelines:

- Alternate packaging materials can be used provided they are economical in comparison to treated coniferous NMWP **and** are approved by IBM from a technical design and performance perspective.
- Non-coniferous (leaf bearing species) NMWP is not subject to the EU regulation and may be used without subsequent treatment.
- Manufactured Wood Packing Materials (MWPM) are not subject to EU regulation and may be used without subsequent treatment. MWPM includes plywood, oriented strand board (OSB), and similarly processed materials. These are not regulated since the manufacturing process renders them inherently pest free.
- Plastics, metals, and corrugated paperboard materials are also not subject to the EU regulations. However, cost and performance of these alternatives must be very carefully considered prior to implementation.

Questions regarding these requirements should be addressed with your IBM Procurement contact. Additional information on the EU requirements can be found on the following web site: <http://www.aphis.usda.gov/ppq/swp/> . The direct link to the full text of the EU Decision can be found at this web site: <http://www.aphis.usda.gov/ppq/swp/emergencymeasures.pdf> .

Thank you for your cooperation in complying with these regulations.

EDD/Original Signed By:

J. Paterson

Note: The European Union consists of these 15 countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and United Kingdom.