



ANTITRUST POLICY AND COMPLIANCE PROCEDURES

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This document sets forth TAPPI's antitrust policy and the rules of conduct and compliance procedures which govern all TAPPI activities. These formal guidelines are intended to do two things: (1) to prevent the occurrence of an actual antitrust violation in the course of TAPPI activities, and (2) to prevent inadvertent conduct which might give the appearance of an antitrust violation to someone unfamiliar with TAPPI's nature and purposes. They are designed to protect you, your employer and TAPPI from any accusation of wrongdoing arising out of your participation in TAPPI activities.

Accomplishment of these objectives is everyone's responsibility. We urge you to keep this document handy, and to refer to it whenever you have any question about the antitrust implications of any activity you might undertake under the auspices of TAPPI. We also urge you to advise your colleagues and corporate officers of TAPPI's comprehensive antitrust compliance program, so that you can count on their continued support in your TAPPI activities.

Any questions you or your company's legal counsel may have concerning TAPPI's antitrust compliance program should be directed to the Executive Director, TAPPI, Technology Park/Atlanta, P.O. Box 105113, Atlanta, Georgia 30348 or to TAPPI's antitrust counsel, Peter Kontio, Alston & Bird, One Atlantic Center, 1201 West Peachtree Street, Atlanta, GA 30309; Phone (404) 881-7000, TELE FAX (404) 881-7777.

STATEMENT OF ANTITRUST POLICY

TAPPI is a professional and scientific association organized to further the application of the sciences in the paper and related industries. Its aim is to promote research and education in the areas of interest of its members. TAPPI is not intended to, and may not, play any role in the competitive decisions of its members or their employers, or in any way restrict competition in the paper and related industries.

Through its short courses, technical conferences and other activities, TAPPI brings together representatives of competitors in the paper and allied industries. Although the subject matter of TAPPI activities is normally technical in nature, and although the purpose of these activities is principally educational and there is no intent to restrain competition in any manner, nevertheless the Board of Directors recognizes the possibility that the Association and its activities could be seen by some as an opportunity for anticompetitive conduct. For this reason, the Board has taken the opportunity, through this statement of policy, to make clear its unequivocal support for the policy of competition served by the antitrust laws and its uncompromising intent to comply strictly in all respects with those laws.

In addition to the Association's firm commitment to the principle of competition served by the antitrust laws, the penalties which may be imposed upon both the Association and its individual and corporate members involved in any violation of the antitrust laws are so severe that good business judgment demands that every effort be made to avoid any such violation. Certain violations of the Sherman Act, such as price-fixing, are felony crimes for which individuals may be imprisoned for up to three (3) years or fined up to \$350,000, or both, and corporations can be fined up to \$10 million for each offense. In addition, treble damage claims by private parties (including class actions) for antitrust violations are extremely expensive to litigate and can result in judgments of a magnitude which could destroy the Association and seriously affect the financial interests of its members.

It shall be the responsibility of every member of TAPPI to be guided by TAPPI's policy of strict compliance with the antitrust laws in all TAPPI activities. It shall be the special responsibility of committee chairmen, Association officers, and officers of Local Sections to ensure that this policy is known and adhered to in the course of activities pursued under their leadership.

To assist the TAPPI staff and all its officers, directors, committee chairmen, and Local Section officers in recognizing situations which may raise the appearance of an antitrust problem, the Board will as a matter of policy furnish to each of such persons the Association's General Rules of Antitrust Compliance. The Association will also make available general legal advice when questions arise as to the manner in which the antitrust laws may apply to the activities of TAPPI or any committee or Section thereof.

Antitrust compliance is the responsibility of every TAPPI member. Any violation of the TAPPI General Rules of Antitrust Compliance or this general policy will result in immediate suspension from membership in the Association and immediate removal from any Association office held by a member violating this policy.

TAPPI GUIDELINES FOR SUBMITTING COPIES OF CORRESPONDENCE TO TAPPI

HEADQUARTERS

TAPPI headquarters needs to remain aware of what particular committees and sections of TAPPI are doing or are planning to do in order to better assist those groups in achieving their objectives and to continue to supervise actively the antitrust compliance of TAPPI. The Board of Directors of TAPPI therefore has adopted this formal statement of TAPPI's policy which requires that persons corresponding or receiving correspondence on behalf of TAPPI provide copies of the type of correspondence outlined below to the appropriate liaison person at TAPPI headquarters.

For this policy TAPPI does not require copies of routine, written communications regarding arrangements for speakers, meetings, travel, dinner reservations and the like.

TAPPI headquarters does require that copies of correspondence of an important nature and of non-routine matters be supplied in a timely fashion to TAPPI headquarters personnel connected with the committee or Section involved as shown below:

1. Plans regarding the activities of TAPPI committees or Sections.
2. Communications with other TAPPI committees or Sections.
3. Communications with persons or organizations outside TAPPI.
4. All written or recurring verbal complaints or criticisms of TAPPI activities.

All correspondence falling under the above-stated policy must be forwarded promptly to the appropriate TAPPI headquarters liaison person, preferably at the time of transmittal or receipt.

TAPPI GUIDELINES FOR MANUFACTURING PLANT TOURS

Manufacturing plant tours in connection with TAPPI technical program activities provide an opportunity for observation of applied science and technology. On-site inspection of equipment and processes by program attendees serves to promote knowledge of advances in manufacturing processes. Sponsored plant tours are conducted for the purpose of promoting understanding of production techniques and alternative approaches to technical problems in areas such as safety, pollution control, noise abatement and energy conservation. They may also promote the practical education of new TAPPI members and student members.

TAPPI's General Rules of Antitrust Compliance forbid the use of any TAPPI activity, including plant tours, for the purpose of exchanging competitive information.

In order to assure compliance with TAPPI's antitrust policy and general rules in connection with plant tours, the TAPPI Board of Directors has adopted the following supplemental guidelines to cover the plant tour portion of TAPPI programs:

1. Participation in plant tours should be limited to meeting registrants.
2. Plant tours should not include any discussion or exchange of competitive information.
3. Participants in plant tours should not under any circumstances discuss or otherwise disclose proprietary information.
4. Plant tour participants should not divulge to each other any operating data which could be used to reveal competitive information.
5. Plant tour participants may discuss the productive capacity of particular processes or items of equipment, but may not discuss the planned utilization of such productive capacity by the host plant or any other producer.
6. Plant tour participants may discuss production cost savings which may be effected through the use of a particular process or piece of equipment, but may not discuss the overall production costs of the host plant or any other producer.
7. The plant tour is to be conducted in compliance with TAPPI's Antitrust and Plant Tour Guidelines outlined in this document, as well as the rules and directives of the host plant. While TAPPI encourages participation by all registrants for the plant tour, a host plant may decide to restrict or limit tour participation. It is the responsibility of those arranging plant tours to inform affected registrants of the restrictions as far in advance of the tour date as possible.

GENERAL RULES OF ANTITRUST COMPLIANCE

The following rules are applicable to all TAPPI activities and must be observed in all situations and under all circumstances without exception or qualification other than as noted below.

1. Neither TAPPI nor any committee, Section or activity of TAPPI shall be used for the purpose of bringing about or attempting to bring about any understanding or agreement, written or oral, formal or informal, express or implied, among competitors with regard to prices, terms or conditions of sale, distribution, volume of production, territories or customers.
2. No TAPPI activity or communication shall include discussion for any purpose or in any fashion of prices or pricing methods, production quotas or other limitations on either the timing or volume of production or sale, or allocation of territories or customers.

GENERAL RULES OF ANTITRUST COMPLIANCE (cont'd.)

3. No TAPPI committee or Section shall undertake any activity which involves exchange or collection and dissemination among competitors of any information regarding prices or pricing methods.
4. No TAPPI committee or group should undertake the collection of individual firm cost data, or the dissemination of any compilation of such data, without prior approval of legal counsel provided by the Association.
5. No TAPPI activity should involve any discussion of costs, or any exchange of cost information, for the purpose or with the probable effect of
 - (a) increasing, maintaining or stabilizing prices; or,
 - (b) reducing competition in the marketplace with respect to the range or quality of products or services offered.
6. No discussion of costs should be undertaken in connection with any TAPPI activity for the purpose or with the probable effect of promoting agreement among competing firms with respect to their selection of products for purchase, their choice of suppliers, or the prices they will pay for supplies.
7. Scientific papers published by TAPPI or presented in connection with TAPPI programs may refer to costs, provided such references are not accompanied by any suggestion, express or implied, to the effect that prices should be adjusted or maintained in order to reflect such costs. All papers containing cost information must be reviewed by the TAPPI legal counsel for possible antitrust implications prior to publication or presentation.
8. Authors of conference papers shall be informed of TAPPI's antitrust policy and the need to comply therewith in the preparation and presentation of their papers.
9. No TAPPI activity or communication shall include any discussion which might be construed as an attempt to prevent any person or business entity from gaining access to any market or customer for goods or services, or to prevent any business entity from obtaining a supply of goods or otherwise purchasing goods or services freely in the market.
10. No person shall be unreasonably excluded from participation in any TAPPI activity, committee or Section where such exclusion may impair such person's ability to compete effectively in the pulp and paper industry.
11. Neither TAPPI nor any committee or Section thereof shall make any effort to bring about the standardization of any product for the purpose or with the effect of preventing the manufacture or sale of any product not conforming to a specified standard.
12. No TAPPI activity or communication shall include any discussion which might be construed as an agreement or understanding to refrain from purchasing any raw material, equipment, services or other supplies from any supplier.
13. Committee chairmen shall prepare meeting agendas in advance and forward the agendas to TAPPI headquarters for review prior to their meetings. Minutes of such meetings shall not be distributed until they are reviewed for antitrust implications by TAPPI headquarters staff.
14. All members are expected to comply with these guidelines and TAPPI's antitrust policy in informal discussions at the site of a TAPPI meeting, but beyond the control of its chairman, as well as in formal TAPPI activities.
15. Any company which believes that it may be or has been unfairly placed at a competitive disadvantage as a result of a TAPPI activity should so notify the TAPPI member responsible for the activity, who in turn should immediately notify TAPPI headquarters. If its complaint is not resolved by the responsible TAPPI member, the company should notify TAPPI headquarters directly. TAPPI headquarters and appropriate Section, division or committee officers or chairpersons will then review and attempt to resolve the complaint. In time-critical situations, the company may contact TAPPI headquarters directly.

GUIDELINES FOR ANTITRUST COMPLIANCE BY DIVISION AND COMMITTEE OFFICERS

DOS AND DON'TS FOR MEETINGS AND OPERATIONS

- DO** send the agenda for all meetings to TAPPI headquarters c/o Technical Division Administrator 15 days prior to the meeting.
- DO** send all minutes to TAPPI headquarters 30 days after the meeting.
- DO** review TAPPI Antitrust Policy and General Rules of Antitrust Compliance prior to the meeting.
- DO** stop any discussion which appears to be leading to:
- (a) discussion of prices or pricing policy,
 - (b) any restraint on competition of any kind.
- DO** advise all meeting attendees to observe the General Rules of Antitrust Compliance in informal conversations as well as formal TAPPI activities.
- DO NOT** place constraints on committee membership, other than the member's technical capability in the area covered by the committee and the willingness of the committee member to participate actively in committee work.
- DO NOT** undertake any committee activity involving collection or dissemination of prices or pricing methods.
- DO NOT** undertake any committee activity involving collection of individual firm cost data or dissemination of any compilation of such data without prior approval of TAPPI legal counsel.
- DO NOT** undertake any activity to establish a product standard or specification. All test methods must be cleared by TAPPI headquarters prior to publication.
- DO NOT** set a numerical limit on committee size unless membership on the committee is rotated on a regular and reasonable basis. You may set a numerical limit on the maximum number of representatives per company.

RECOMMENDATIONS FOR THE SELECTION OF SPEAKERS

TAPPI technical sessions at conferences and seminars are not designed to be sales forums; they are designed to provide a forum for the exchange of technical information. Nevertheless, employees of suppliers are sometimes asked to participate as speakers or panelists because of their knowledge and experience. Participation on the program of a conference or seminar may be viewed by suppliers as a significant competitive opportunity, and the favoring of some suppliers over others can give rise to antitrust problems.

The exclusion of a supplier from a panel or program will not be considered an antitrust violation unless it constitutes an unreasonable restraint on competition. The key to "reasonableness" in this area is fair-minded decision making based upon objective criteria. In order to be fair to all suppliers and to avoid a charge of acting unreasonably to deprive any supplier of a significant competitive opportunity, TAPPI session developers should in all cases observe the following guidelines:

1. No speaker should be chosen with the intent to afford his company a competitive advantage, and no speaker should be excluded with the intent to deny any company a competitive opportunity.
2. Speakers should be chosen individually on the basis of objective criteria reasonably related to the educational purpose of the session, such as technical knowledge, experience, professional reputation, and effectiveness as a speaker.
3. The criteria to be used in selecting speakers should be established prior to the actual selection of speakers.
4. Supplier participation should be planned so as to minimize any competitive advantage which might arise from participation in a TAPPI activity.
5. Consideration should be given by session developers to all available methods for equalizing the competitive opportunity among suppliers.