

MONSANTO CHEMICAL COMPANY

GENERAL OFFICES

SAINT LOUIS

*This Letter Explains Plans
for the Company's Future Development!
Please Read Carefully*

March 3, 1937.

TO THE STOCKHOLDERS OF MONSANTO CHEMICAL COMPANY:

The Chemical Industry is still relatively young. Its products — particularly its organic chemicals, which even during the depression steadily increased in number and variety — are comparatively new industrial products. The past has indicated that the consumption of these products increases at a rate greater than that of industrial staples. The nature of the chemical business, therefore, requires continual large investments in plant and additions to working capital to keep pace with opportunities and demand.

As reported annually to shareholders, the following sums have been invested in plant —

1929	\$1,000,000	1933	\$1,019,000
1930	1,800,000	1934	1,969,000
1931	1,737,000	1935	3,739,000
1932	846,000	1936	5,603,000

In addition, substantial amounts were added during these years to working capital. The growth of the Company, reflecting in part this policy, is tabulated on page 20 of the annual report for the year 1936. Our expansion during the decade pictured therein was financed by earnings prudently retained in the business, as well as by additional capital obtained by public financing.

The terms of the Revenue Act of 1936 levy a heavy tax on undistributed corporate earnings thereby penalizing growing industries. To minimize these taxes the Company is virtually compelled to distribute as dividends more of its profits than would otherwise be deemed to the best interests of the business. Its further development out of earnings is, therefore, to that extent restricted.

Monsanto expends large sums for research which result both in the creation of new products and the development of new and more economical processes for manufacture of old products. These results can be translated into a continuous growth only through construction of new and additional plant and auxiliary facilities, and through additional working capital to finance sales as they expand.

Therefore, under conditions current and in prospect, the desirability of broadening our capital structure to provide for the future growth of the Company is plainly indicated.

Three methods of future financing were considered by the Board:

1. A bond or note issue
2. Common stock
3. Preferred stock

In spite of prevailing low interest rates, the Board does not consider the sale of notes or bonds advisable, as our need is for permanent capital. Furthermore, the Company now has no debt other than current debt incurred in the usual course of business, and it is desirable that it should retain this comfortable position.

Offering of additional common stock to shareholders is not considered timely because they supplied a substantial amount of new capital in 1936. In addition, the Board believes that over the long term it will be to the advantage of the present holder of common stock to raise funds that may be required in the near future through the sale of preferred stock with a fixed and limited return.

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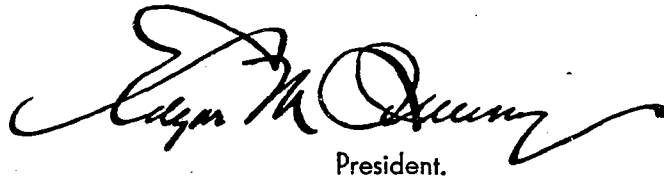
For these reasons, provision for the issuance of preferred stock is recommended by the Board. Under the plan now presented to you a sufficient amount of preferred and common stock will be authorized to meet the Company's needs, so far as they can be foreseen, for a considerable period in the future. You are now asked to define the general terms and provisions of the preferred stock and to authorize the Board to issue and sell it in blocks or series, and at the time of issuance, to fix those terms which will be affected by then market conditions, namely, dividend rates, call and liquidation prices, and conversion privileges, if any, and at the same time to authorize an increase of the authorized common stock from the present 1,250,000 shares (of which 1,114,409 are now issued) to 1,725,000 shares. Thus the Board will not only be in position to act promptly and take advantage of current market conditions as additional amounts of capital may be required from time to time in the development of the Company, but under this plan additional funds will be obtainable without the necessity of calling or refunding, perhaps in times of high money rates, securities that might have been issued under a more restricted plan.

To effect this plan it is necessary to amend the charter so as to authorize the new and additional shares and to define the terms and provisions of the preferred stock and the authority of the Board. Under the amendment proposed the preferred stock would only be issuable under restrictions and safeguards which we believe will give it a high investment rating, and will properly and adequately protect the position of your common stock.

A copy of the proposed amendment to our charter is attached. The Board unanimously recommends its adoption at the forthcoming annual meeting to be held March 23.

A notice of this meeting is on the bottom of this page and a proxy in favor of Edgar M. Queeny, Gaston Du Bois, Walter W. Smith and Theodore Rassieur, all of whom are directors of the Company, is enclosed. **If you cannot attend the meeting in person and if you approve of the recommendations, the Board will appreciate your signing and returning this proxy promptly.** It will be used to re-elect present directors and will be voted in favor of the aforementioned charter amendments.

Sincerely yours,



President.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF
MONSANTO CHEMICAL COMPANY
ST. LOUIS, U.S.A.**

Notice is hereby given that the annual meeting of the stockholders of Monsanto Chemical Company will be held at the office of the corporation, 1700 S. 2nd Street, St. Louis, Missouri, on Tuesday, the 23rd day of March, 1937, at 10:00 A.M. for the following purposes:

- (a) For the election of nine directors to serve during the ensuing year;
- (b) To vote on a proposal to increase the authorized capital stock of the corporation to 2,000,000 shares of which 275,000 shares, without par value, shall be preferred stock, and 1,725,000 shares of a par value of \$10 each shall be common stock, and to amend the Certificate of Incorporation of Monsanto Chemical Company in the manner stated in Exhibit "A" annexed hereto, which Exhibit "A" is hereby made a part of this notice;
- (c) To transact such other business as may properly come before the meeting.

By order of the Board of Directors.

W. W. SCHNEIDER
Secretary.

EDGAR MONSANTO QUEENY
President.

St. Louis, Missouri.
March 3, 1937.

EXHIBIT A

Amendment of Certificate of Incorporation of Monsanto Chemical Company

The Certificate of Incorporation of Monsanto Chemical Company, being the Agreement of Merger and Consolidation between Monsanto Chemical Company, The Swann Corporation, Chemical Investors, Inc. and The Phosphorus Corporation dated as of March 26, 1935, is hereby amended by striking out the first sentence of the first paragraph of Article Fifth thereof, which said sentence reads as follows:

"FIFTH: The total number of shares of stock which the Corporation shall have authority to issue is One Million Two Hundred and Fifty Thousand (1,250,000) shares of common stock, and the par value of each of said shares is Ten Dollars (\$10.00), amounting in the aggregate to Twelve Million Five Hundred Thousand Dollars (\$12,500,000)."

and by inserting and substituting certain new provisions hereafter recited in lieu thereof, but without thereby amending, altering or changing in any respect the remainder of the said first paragraph or the succeeding paragraphs of the said Article Fifth, all of which paragraphs, including the remainder of the first paragraph after deletion of the first sentence thereof, shall remain in full force and effect, preceded by said new provisions reading as follows:

FIFTH: The total number of shares of stock which the Corporation shall have authority to issue is Two Million (2,000,000) shares, to be divided into two classes consisting of (a) Two Hundred and Seventy-five Thousand (275,000) shares of preferred stock without par value (hereinafter designated "Preferred Stock"), and (b) One Million Seven Hundred Twenty-five Thousand (1,725,000) shares of common stock of a par value of Ten Dollars (\$10.00) each (hereinafter designated "Common Stock"). The express terms and provisions of the shares of each class are as follows:

SECTION A

Preferred Stock Issuable in Series

The Preferred Stock may be issued from time to time in series, at such price or prices and for such consideration as may be fixed by the Board of Directors. The Preferred Stock of all series shall be in all respects entitled to the same preferences, rights and privileges and subject to the same qualifications, limitations and restrictions, except that different series of Preferred Stock may vary as to dividends payable thereon, redemption price, liquidation price and conversion right, if any, all of which shall be fixed as hereinafter provided. All the shares of any one series shall be alike in every particular.

Subject to the limitations and restrictions set forth in this Article Fifth, the Board of Directors is hereby authorized and empowered, at any time, and from time to time, by resolution or resolutions, to designate and issue any authorized and unissued Preferred Stock (whether or not previously designated as shares of a particular series and including Preferred Stock of any series issued and thereafter acquired by the Corporation) as shares of one or more series, hereafter to be designated, and to determine, fix or alter at or before the issuance thereof:

(a) The number of shares to constitute a series and the distinctive designation thereof;

(b) The amount of the annual dividends payable thereon not exceeding, however, \$8 a share per annum, the dates of payment thereof, and the date or dates from which dividends shall be cumulative;

(c) The amount of the premium, if any, but not exceeding \$20 per share, which the holders of Preferred Stock of such series shall be entitled to receive over and above \$100 per share upon the redemption thereof, or upon the voluntary liquidation, dissolution or winding up of the Corporation;

(d) The conversion or exchange rights, if any, of such series including, without limitation, the price or prices, rate

or rates of exchange, provisions for the adjustment thereof (including provisions for protection against the dilution or impairment of such rights), and all other terms and conditions upon which Preferred Stock constituting such series shall be convertible into, or exchangeable for, shares of any other class or classes or series.

SECTION B

Provisions Applicable to All Series of Preferred Stock

1. Dividends. The holders of Preferred Stock of each series shall be entitled to receive, when and as declared by the Board of Directors, dividends in, but not exceeding, the amount fixed for such series by the Board of Directors pursuant to the provisions of Section A hereof. Such dividends shall be cumulative, so that if dividends on all outstanding Preferred Stock of each series in the amount fixed therefor shall not have been paid or declared and set apart for payment for all past dividend periods, and for the dividend period current at the time, the deficiency shall be fully paid, or dividends equal thereto declared and set apart for payment, but without interest thereon, before any dividends on the Common Stock or on any other class of stock at any time ranking junior to the Preferred Stock shall be paid or declared and set apart for payment.

Dividends shall not be declared or paid on the Preferred Stock of any one series for any dividend period unless dividends have been, or are contemporaneously, paid or declared and set apart for payment on the Preferred Stock of all series for the dividend periods terminating on the same or an earlier date.

Any dividend paid in an amount less than full cumulative dividends accrued or in arrears on all Preferred Stock then outstanding shall be divided between the outstanding Preferred Stock in proportion to the amounts which would be distributable per share to the Preferred Stock if full cumulative dividends were declared and paid thereon.

After full cumulative dividends as aforesaid upon the Preferred Stock of all series then outstanding shall have been paid for all past dividend periods, and full dividends on the Preferred Stock for the current dividend period shall have been declared and paid or set apart for payment, then, and not otherwise, dividends in cash, property, or shares of any class, may be declared and paid upon the Common Stock or any shares ranking junior to the Preferred Stock, subject, however, to the restrictions hereinafter set forth in Sub-section 4 of Section B.

2. Dissolution and Liquidation. The Preferred Stock shall be preferred as to assets as well as dividends and upon the dissolution, liquidation or winding up of the Corporation, the holders of the Preferred Stock of each series shall be entitled to receive and be paid for each share thereof, out of the assets of the Corporation (whether capital or surplus) One Hundred Dollars (\$100), together with an amount equal to the accrued and unpaid dividends thereon computed to the date of payment, plus a premium of such additional amount per share, not exceeding, however, \$20 a share, as shall have been fixed for such series in the event the dissolution, liquidation or winding up is voluntary, before any distribution of the assets shall be made to the holders of the Common Stock or of any class of stock ranking junior to the Preferred Stock. All assets remaining after such distribution to the Preferred Stock shall then be distributed exclusively among the holders of the Common Stock and of any class of stock ranking junior to the Preferred Stock. If, upon any such dissolution, liquidation or winding up, the assets of the Corporation distributable among the holders of Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets or the proceeds thereof, shall be distributed ratably among the holders of Preferred Stock then outstanding

until there shall have been paid in full and in order, first, the sum of One Hundred Dollars (\$100) in respect of each share; second, the amounts to which they are respectively entitled by reason of accrued and unpaid dividends computed to date of distribution; and third, the balance ratably in proportion to the amounts, if any, to which they are respectively entitled by way of premium. Any consolidation or merger with another corporation, or any transfer substantially as an entirety of the property or assets of the Corporation to another corporation or corporations, shall be construed to be a voluntary dissolution, liquidation or winding up of the Corporation within the meaning of this Sub-section 2, unless the Preferred Stock shall thereafter have, or the holders thereof shall be offered shares in exchange which shall thereafter have, in all material respects, preferences, rights, benefits and protection similar or equal to those which the holders of Preferred Stock are entitled under this Article Fifth.

3. Redemption. The Corporation, at its option to be exercised by its Board of Directors, may redeem the whole or any part of the Preferred Stock or of any series thereof at any time, or from time to time, at a price for each series thereof, equal to One Hundred Dollars (\$100) per share, plus a premium, if any, of such additional amount per share, not exceeding, however, \$20 per share, as shall have been fixed as payable in case of redemption in respect of such series, together with the amount of any accrued and unpaid dividends thereon computed to the date of redemption. If at any time less than all of the Preferred Stock then outstanding shall be called for redemption, the Board of Directors may select the series of Preferred Stock to be redeemed and if less than all the Preferred Stock of any series is to be called for redemption, the shares to be redeemed may be selected by lot, or pro rata, or by such other equitable method as the Board of Directors in its discretion may determine. Notice of every such redemption, stating the redemption date, the redemption price, and the place of payment thereof, shall be given by mailing a copy of such notice at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the holders of record of the Preferred Stock to be redeemed at their respective addresses as the same appear on the books of the Corporation. If such notice of redemption shall have been duly given, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside so as to be available therefor, then, notwithstanding that any certificate for Preferred Stock so called for redemption shall not have been surrendered by the holder thereof, the shares represented thereby shall no longer be deemed outstanding, the right to receive dividends thereon shall cease to accrue from and after the date of redemption so fixed, and all rights with respect to such Preferred Stock so called for redemption shall forthwith cease and terminate, except only the right of the holders thereof to receive the amount payable upon redemption thereof, but without interest.

The Corporation shall have the right, provided full cumulative dividends on the Preferred Stock shall have been paid for past dividend periods, to purchase Preferred Stock of any series, at a price not in excess of the redemption price thereof, either for the purpose of redemption, retirement or to be held, used and disposed of as treasury shares.

Preferred Stock purchased, acquired on conversion or otherwise, redeemed or retired by the Corporation may be reissued as shares of the same or any other series, or, at the option of the Corporation to be exercised by its Board of Directors, the amount of authorized Preferred Stock may be reduced.

4. Restrictions on Payment of Dividends on Shares Ranking Junior to Preferred Stock. So long as any Preferred Stock is outstanding the Corporation will not pay, or declare or set apart for payment, any dividend on its Common Stock or on any shares ranking junior to the Preferred Stock, or make any distribution on such Common Stock, or on such shares ranking junior to the Preferred Stock, out of earnings, surplus or capital, and will not purchase or acquire any of its Common Stock, or any shares ranking junior to the Preferred Stock, if such action will result in any of the following:

(a) Reducing consolidated current assets below an amount equal to twice consolidated current liabilities.

(b) Reducing consolidated surplus available for dividends below an amount equal to three years dividend require-

ments on the outstanding Preferred Stock and any shares ranking on a parity with or prior thereto, including, as such, outstanding preferred stocks of subsidiaries, if any, owned by others than the Corporation and its subsidiaries.

(c) Reducing consolidated net tangible assets to less than twice the sum of an amount equal to \$100 per share of Preferred Stock outstanding and the amount received as consideration upon the issuance of any shares ranking on a parity with or prior to the Preferred Stock, including, as such, outstanding preferred stocks of subsidiaries, if any, owned by others than the Corporation and its subsidiaries.

(d) Reducing consolidated net tangible assets plus consolidated funded debt below 175% of the sum of consolidated funded debt, the amount of any guaranteed debt of others on which the Corporation or any subsidiary is then paying interest, an amount equal to \$100 per share of Preferred Stock outstanding, and the amount received as consideration upon issuance of any shares ranking on a parity with or prior to the Preferred Stock, including, as such, outstanding preferred stocks of subsidiaries, if any, owned by others than the Corporation and its subsidiaries.

5. Action by Corporation Requiring Approval of a Majority of Preferred Stock. The Corporation shall not, without the affirmative vote at a meeting, or the written consent with or without a meeting, of the holders of at least a majority of the then outstanding Preferred Stock of all series:

(a) Change the express terms and provisions of any of the Preferred Stock in any material respect prejudicial to the holders thereof; provided, that with respect to any merger or consolidation or transfer substantially as an entirety of the property or assets of the Corporation, such Preferred Stock shall have only such voting rights, if any, as may then expressly be provided by the laws of Delaware;

(b) Increase the authorized number of the shares of Preferred Stock or create any class of shares which shall be preferred as to dividends or as to assets over, or which shall rank on a parity with, the Preferred Stock;

(c) Issue or reissue any Preferred Stock (except for the purpose of retiring an equal or greater amount of funded debt of the Corporation or its subsidiaries or of outstanding Preferred Stock of any series or preferred stocks of subsidiaries or of any shares ranking on a parity with or prior to the Preferred Stock) or permit any subsidiary to issue or reissue any preferred stock (except for like retirement of funded debt or preferred stock of a subsidiary), provided, that the affirmative vote or written consent of a majority of the Preferred Stock above specified in this Sub-section 5 shall not be required if at the time of issuance of such Preferred Stock or preferred stock of a subsidiary all of the following conditions are met:

(c1) Either the consolidated net income available for dividends for twelve consecutive months within the preceding eighteen months or the annual average of such consolidated net income for the next preceding three fiscal years shall have been equal to at least three times the annual dividend requirements of the Preferred Stock and of the preferred stocks of subsidiaries and of all shares ranking on a parity with or prior to such Preferred Stock, including in each case shares outstanding at the time of issuance of such Preferred Stock or preferred stock of subsidiaries and shares to be issued, after giving effect to the acquisition or retirement of any debt or shares to be effected through the issuance of the additional Preferred Stock or preferred stocks of subsidiaries then proposed to be issued; and

(c2) Consolidated net earnings before interest on consolidated funded debt for the same twelve consecutive months or the annual average of such consolidated net earnings for the next preceding three fiscal years (depending upon which basis is used under (c1) above) shall have been equal to at least two times the sum of annual interest requirements of all consolidated funded debt outstanding at the time of issuance of such Preferred Stock or preferred stocks of subsidiaries, and

guaranteed debt of others on which the Corporation or any subsidiary is then paying interest, and annual dividend requirements of all Preferred Stock and of all preferred stocks of subsidiaries, and of all shares ranking on a parity with or prior to the Preferred Stock, including, in each case, shares then outstanding and to be issued, after giving effect to the reduction of any debt or acquisition or retirement of shares to be effected through the issuance of the additional Preferred Stock or preferred stocks of subsidiaries then proposed to be issued, and

(c3) Consolidated net tangible assets as of a date not more than six months prior to the date of issuance of the shares proposed to be issued, plus the consideration to be received on issuance of the Preferred Stock or preferred stocks of subsidiaries proposed to be issued and not applied to the acquisition or retirement of other outstanding Preferred Stock or preferred stocks, shall have been equal to at least twice the sum of an amount equal to \$100 per share of Preferred Stock, an amount equal to the consideration received or to be received on issuance of preferred stocks of subsidiaries, and an amount equal to the consideration received or to be received on issuance of any shares ranking on a parity with or prior to such Preferred Stock, including in each case shares outstanding at the time of issuance of such Preferred Stock or preferred stock of subsidiaries and shares to be issued, after giving effect to the acquisition or retirement of Preferred Stock or preferred stocks of subsidiaries effected through the issuance of such additional shares; and

(c4) Consolidated net tangible assets as of the same date as used under (c3) above, plus all consolidated funded debt outstanding on that date, plus the consideration to be received on issuance of the additional Preferred Stock or preferred stocks of subsidiaries proposed to be issued and not applied to the reduction of consolidated funded debt or acquisition or retirement of other outstanding Preferred Stock or preferred stocks, or acquisition or retirement of any shares ranking on a parity with or prior to such Preferred Stock, shall have been equal to at least 175% of the sum of the principal amount of all consolidated funded debt outstanding at the time of issuance of such Preferred Stock or preferred stocks, plus the amount of any guaranteed debt of others on which the Corporation or any subsidiary is then paying interest, plus the sum of an amount equal to \$100 a share for Preferred Stock and an amount equal to the consideration received or to be received on issuance of preferred stocks of subsidiaries, and on all then outstanding shares ranking on a parity with or prior to such Preferred Stock, including in each case shares then outstanding and to be issued, after giving effect to the reduction of any such debt or the acquisition or retirement of shares to be effected through the issuance of such additional shares.

In making the computation specified in Sub-sections 5 (c1) to (c4), both inclusive, any preferred stocks or funded debt which are inter-company owned, as between the Corporation and its subsidiaries, shall be excluded.

(d) Issue, contract, assume or guarantee any funded debt, or permit any subsidiary so to do (except that the Corporation or any subsidiary may refund an equal or greater amount of such funded debt), provided that the affirmative vote or written consent of a majority of the Preferred Stock above specified in this Sub-section 5 shall not be required if consolidated net tangible assets as of a date not more than six months prior to the date of issuance, contracting, assumption or guaranteeing of the funded debt, plus all consolidated funded debt outstanding on such earlier date, plus the consideration to be received for the additional funded debt and not applied to the reduction of consolidated funded debt or acquisition or retirement of any of the Preferred Stock or preferred stocks of subsidiaries, or of any shares ranking on a parity with or prior to the Preferred Stock, shall have been equal to at least 175% of the sum of the principal amount of all consolidated funded debt outstanding at the time of issuance, contract-

ing, assumption or guaranteeing such additional funded debt, the amount of any guaranteed debt of others on which the Corporation or any subsidiary is then paying interest, an amount equal to \$100 per share for all Preferred Stock then outstanding and an amount equal to the consideration received on issuance of all then outstanding shares ranking on a parity with or prior to the Preferred Stock (including, as such, shares of preferred stock of subsidiaries), in each case after giving effect to reduction of any such debt or acquisition or retirement of Preferred Stock or preferred stocks through the application of the proceeds of the additional funded debt then proposed to be issued.

(e) Sell or otherwise dispose of or permit any subsidiary to sell or otherwise dispose of to others than the Corporation or a subsidiary, any indebtedness, Preferred Stock or any preferred stock of any subsidiary owned by the Corporation or such subsidiary if as a result the provisions of Sub-sections 5 (c) and 5 (d) are not complied with, except that the Corporation may sell or dispose of or permit a subsidiary to sell or dispose of any preferred stock of a subsidiary if the entire proceeds received from the sale of such stock be applied to the reduction of funded debt or the acquisition or retirement of Preferred Stock or stock ranking on a parity with or prior thereto or funded debt or preferred stock of a subsidiary.

(f) Create or assume any mortgage on fixed assets, notwithstanding any authority granted to the Board of Directors in any other Article of this Certificate of Incorporation, or permit any subsidiary so to do, unless all the indebtedness secured thereby be acquired and held by the Corporation or by a subsidiary, except that the Corporation or any subsidiary may, subject to the limitations prescribed in Sub-section 5 (d), create purchase money mortgages or other purchase money liens on fixed assets hereafter acquired, or acquire fixed assets which at the time of acquisition are subject to existing mortgages or other liens (and assume the same) and extend the time for payment of such purchase money or existing mortgages or other liens, or renew the same, or replace the same with other mortgages or liens upon the same fixed assets solely for the purpose of providing funds for the payment of the obligations secured by the mortgages or other liens thus replaced, provided that the principal amount of the indebtedness secured by such purchase money or existing mortgages or liens or extensions, renewals or replacements of the same, shall not exceed 75% of the cost or fair value, whichever is lower, of the fixed assets acquired.

6. Voting Rights. The holders of shares of Preferred Stock shall have no voting rights, except as provided by law and as otherwise expressly provided in this Article Fifth, unless and until the Corporation shall have failed to pay dividends upon such Preferred Stock in an amount equal to four quarterly dividends. In the event of such default, the holders of Preferred Stock shall have the right, voting separately as a class at the annual meetings of the holders of Common Stock (provided that at least a majority of the outstanding Preferred Stock is represented in person or by proxy at such meetings), to elect one-third (or the nearest number thereto) of the members of the Board of Directors of the Corporation until such time as all dividends accumulated on the Preferred Stock shall have been paid in full, and upon such payment in full of all dividends accumulated on the Preferred Stock, such voting rights of holders thereof shall cease, subject to re-vesting in the event of each and every subsequent default of the character above mentioned. If less than a majority of outstanding Preferred Stock is present or represented at any such meeting, then the Preferred Stock present or represented shall not vote as a class with the rights above specified, but shall have the right to vote concurrently with and on the same basis as the Common Stock, one vote for each share of Preferred Stock outstanding.

7. Definitions. The term "subsidiary" as used in this Article Fifth shall mean any corporation, trust or association, (a) in which a majority in interest of the capital stock entitled to vote for directors shall at the time be owned either by the Corporation or one or more other corporations similarly owned, or jointly by the Corporation and one or more other such corporations, and (b) whose accounts are consolidated with those of the Corporation in accordance with the accounting

methods regularly employed by the Corporation, provided, however, that no corporation, trust or association shall be considered a subsidiary if more than 75% of its property is located outside of the United States of America or Territories thereof.

The term "funded debt" as used in this Article Fifth shall mean as to any corporation all indebtedness of whatsoever nature at any time created, issued or assumed which shall be payable more than twelve months from the date of the original creation, issuance or assumption thereof, provided that this definition shall not apply to any contracts for services or construction or for the purchase or sale of commodities or merchandise in the ordinary course of conducting business, or to obligations incurred under lease or royalty agreements or contracts for purchase of power.

The term "consolidated funded debt" as used in this Article Fifth shall mean the total funded debt of the Corporation and its subsidiaries, exclusive of inter-company items as between the Corporation and its subsidiaries.

The term "consolidated net earnings before interest on consolidated funded debt" as used in this Article Fifth shall mean the consolidated gross earnings and income of the Corporation and its subsidiaries after deducting all costs, expenses, charges and taxes, including, without limiting the generality of the foregoing, proper provision for depreciation and depletion determined in accordance with methods regularly followed by the Corporation and its subsidiaries, all income and profits taxes, if any, other than surtaxes on undistributed profits, interest paid on all indebtedness other than funded debt or guaranteed debt of others, income applicable to minority interests in common stocks in subsidiaries, and all other proper deductions and charges, and then adding thereto an amount equal to either (a) 4½% of the money or fair value (as determined by the Board of Directors) of property for which the additional Preferred Stock or preferred stock of subsidiaries is to be issued or (b) the net earnings (computed in the same manner as are "consolidated net earnings before interest on consolidated funded debt") arising from any property for which the additional Preferred Stock or preferred stock of subsidiaries is so to be issued. All of the foregoing shall be determined in accordance with sound accounting practice by the independent public or independent certified public accountants employed by the Corporation to audit or verify the annual financial statements of the Corporation and its subsidiaries.

The term "consolidated net income available for dividends" shall mean consolidated net earnings before interest on consolidated funded debt, as defined above, less the annual interest requirements of all consolidated funded debt outstanding and of guaranteed debt of others on which the Corporation or any of its subsidiaries is then paying interest.

The term "consolidated net tangible assets" as used in this Article Fifth, shall mean the excess of all assets (except contracts, rights, patents, trademarks, copyrights, trade names, good will, unamortized discount and expense, and other like intangibles) over all liabilities, including all proper reserves and any minority interests in common stocks and surplus of

subsidiaries, but excluding any capital stock issued by the Corporation and surplus, as shown by a consolidated balance sheet of the Corporation and its subsidiaries and all as determined in accordance with sound accounting practice approved by the independent public or independent certified public accountants employed to audit or verify the annual financial statements of the Corporation and its subsidiaries. For the purposes of this definition fixed assets owned by the Corporation and its subsidiaries as at December 31, 1936, shall be taken at the amount appearing in the consolidated balance sheet as at such date, subsequent additions to fixed assets to be taken at cost to the Corporation or its subsidiaries if acquired for cash, and if acquired for a consideration other than cash then at the fair value thereof as determined by the Board of Directors of the Corporation at the time of such acquisition, in each case after deducting therefrom reserves for depreciation, depletion and other proper deductions.

The terms "consolidated current assets" and "consolidated current liabilities" as used in this Article Fifth, shall mean such assets and liabilities as may be properly so classified in accordance with sound accounting practice approved by the independent public or independent certified public accountants employed to audit or verify the annual financial statements of the Corporation and its subsidiaries. For the purposes of this definition there shall not be included in consolidated current assets any assets which are pledged or deposited as security for, or for the purpose of paying, any obligation which is not included in consolidated current liabilities.

SECTION C General Provisions

1. Except as otherwise expressly provided by law and in this Article Fifth, the holders of Common Stock shall have the sole voting power.

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The said Certificate of Incorporation of Monsanto Chemical Company is hereby further amended by striking out all of Article Thirteenth thereof reading as follows:

"THIRTEENTH: The amount of the authorized stock of the Corporation may be increased or decreased at any time by the affirmative vote of the holders of a majority of the stock entitled to vote. The Corporation reserves the right to create one or more kinds or classes of stock with such designations, preferences, redemption or dividend provisions and voting powers or restrictions or qualifications thereof or other such differences as shall be stated or expressed in any certificate, amendatory of its Certificate of Incorporation or of this agreement, duly authorized, executed, recorded and filed in the manner now or hereafter prescribed by the laws of the State of Delaware, and further reserves the right to amend, alter, change or repeal any provision contained in this Agreement, in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights herein conferred upon the stockholders except as otherwise herein expressly provided are granted subject to this reservation."