Monsanto

FROM (NAME & LOCATION) C. O. Hoyer - St. Louis, Mo.

DATE : July 8, 1968 CC:

SUBJECT :

REFERENCE :

TO : HOLDERS OF THE MANAGEMENT GUIDE

Attached are updated pages, dated 6/68, for the Policy Section of the Management Guide. Following is a summary of the changes:

D-I-3

The president accepts responsibility for formation of new companies formerly residing with the Executive Committee.

D-I-12, 13, 14, 15

The section on Acquisitions and Joint Ventures has been rewritten.

D-I-17

Statement added regarding flying the U.S. Flag.

D-II-13

Under Security, differentiation fixed between U.S. Department of Defense documents and Monsanto Company documents.

D-II-15

Under Public Relations Procedures, the Emergency Press Manual referred to has been superseded by the "Press Relations Manual."

D-II-18, 19 & 20

Added second paragraph under Leasing and the fourth paragraph was rewritten. Several paragraphs have been deleted. Under Net Finance Leasing and Sale and Leasebacks, first two paragraphs rewritten and last paragraph deleted.

D-II-22

Updated to coincide with shifts in financial responsibilities

D-II-27

Mileage allowance changed to ten cents per mile.

PLANNING AND FINANCE POLICY STATEMENTS - Section D-IX

The entire section has been generally revised and in some cases completely rewritten. We urge that you read this section carefully because there have been major shifts in responsibilities and procedures for carrying them out.

C. O. Hoyer

Quarterly unaudited reports are supplied to all shareowners as well as an annual audited report showing the year's activities, earnings and financial status.

Shareowners who visit plants or offices are to be cordially received and accorded privileges to which they are entitled as owners of the company.

Formation of New Companies

The president approves the formation of new companies in which Monsanto or a subsidiary is to have ownership interest. The president submits his recommendations to the Board of Directors for action where the initial capitalization exceeds $100,000.

Management Guide

A Management Guide manual is prepared and maintained on an evergreen basis. Distribution is made to all salaried personnel who have appreciable management or supervisory responsibilities and all other employes with an established "need-to-know" within the company and subsidiaries. The Management Guide consists of, but is not necessarily limited to, the following main divisions: business principles, company policies, by-laws, organization and corporate procedures. Revisions and additions to and distribution of the Management Guide are coordinated and controlled through the office of the assistant to the president.

Organization Planning

Monsanto recognizes that organization structures of divisions and central departments may vary to reflect the individual functions of the various units of the company, but uniformity is desirable wherever possible. Proposed major organization changes and key position replacements are reviewed with the president or his delegate.

Organization Chart Policy

Organization charts are included in the Management Guide to provide current information on the company's organization. These charts include position titles, incumbents and reporting relationships generally for all positions reporting to the "director level." The arrangement of this information on the chart is designed for clarity and does not attempt to indicate position levels or their relative importance within the various organizations.

Subsidiary Management

Subsidiaries are those domestic and international companies in which Monsanto holds a controlling interest. Subsidiary management, while bound by varying laws, customs, rules and regulations, conduct their activities within the framework of overall corporate policy and procedures and in accordance with worldwide business programs.

Security of Company Information

The profitability of company operations and the welfare of all employes and shareowners, as well as the development of new products, formulae, processes and equipment have resulted from the diligence and intelligence of employes over the years. Each employe is responsible for preserving company trade secrets and confidential information against theft or unauthorized or inadvertent disclosure. General managers and central department directors are responsible for security of information throughout their organizations. Further security procedures are described in detail in the Security Manual, Section F of the Management Guide.

Ethical Conduct of Business

In its business relations, the company acts according to the dictates of ethical and legal principles, unquestionable honesty and complete fairness.

Compliance with Antitrust Laws

Vigorous competition is an essential element of a free enterprise system. The basic objective of the antitrust laws is to protect and preserve competition from unreasonable restraints, both in the United States and abroad, and it is Monsanto's policy to comply fully with such laws. This statement of policy has been issued to be sure that all Monsanto personnel, in the parent company and in all subsidiaries and associated companies, and particularly those in Marketing, are fully informed of and comply with Monsanto's policy in this regard.

The Law Department follows a practice of distributing memoranda and conducting seminars to explain basic antitrust rules to marketing and management personnel. Each such employe should at all times be familiar with these basic rules so he will know when a possible antitrust question exists.

Under American law, certain actions and agreements with competitors are unlawful per se (i.e., "in and of themselves") without regard to reasonableness from a commercial viewpoint or to their possible effect upon competition, and the law provides severe criminal penalties for those who violate it. Such violations include agreements or understandings:

- -- to fix or control prices, including resale prices;
- -- to allocate products, markets or territories of customers;
- -- to boycott certain customers or suppliers; or
- -- to not engage in the manufacture or sale, or to limit production or sale in any product or product line.

The president is responsible for and oversees the corporate development activities of the company including all acquisitions of other companies and joint ventures with other companies.

Specific policy regarding acquisitions and joint ventures:

1. Before any contact is initiated by a Monsanto employe with representatives of any other company or party involving discussions in which the Monsanto participant intends to express an interest in an acquisition or a joint venture, the assistant to the president shall be informed of the proposed discussion by the general manager of the appropriate division. The assistant to the president will then determine, based on business plans and other information already known to the Corporate Development Committee, whether additional clearance should be obtained in the particular case before such exploratory contact is made with the other company or party. He will then advise the general manager whether or not the proposed discussions may be held.

2. All unsolicited inquiries from principals not previously known to the employe or division receiving the inquiry, and all unsolicited inquiries from promoters or brokers, concerning Monsanto's possible interest in the acquisition of or a joint venture with another company shall be referred to the assistant to the president for initial handling.

   The assistant to the president will determine which divisions should be consulted, if bona fide interest is not already known, for recommendations regarding their interest in the matter. Due regard will be given to the other company's products and the nature of its business, along with that of the division receiving the call or letter, and the broad interest of the New Enterprise Division.

   In the case of an unsolicited inquiry from a principal known to the officer or division receiving the inquiry, the president or assistant to the president shall be promptly advised for purposes of information and for advice as to subsequent handling of the inquiry.

3. In the case of telephone calls or other personal contacts from promoters or brokers, the caller should be requested not to disclose the name of the company, and the caller's identity should be furnished to the assistant to the president; if Monsanto interest appears likely, the person making the inquiry will be asked to sign a suitable protective agreement to avoid company liability for unintended finder's fees or other compensation.

4. In all situations, arising either from internal Monsanto plans or from outside solicitation, where it appears there could be Monsanto interest, a "prediscussion" agreement shall be obtained from the other party to permit preliminary discussions to be undertaken without liability or obligations of confidentiality. In general, discussions of this nature are to check interest of the other party and then exchange sufficient preliminary information to know whether further discussions or negotiations are in order.

5. If, after review of the preliminary available information the division general manager and the president consider that the proposed transaction merits serious consideration, the general manager will inform the president of individuals who are selected as an evaluation team, with no authority to make commitments of any kind, to gather additional data such as that related to the management, the product or products, financial aspects, competitive situation, technological background, and what business attributes make the proposed transaction of particular potential profitable value to Monsanto.

   The information will be reviewed -

   a. by the Law Department for possible antitrust implications, for advice on alternative methods of structuring and handling the transaction, and on the terms and conditions that should be included in any proposal to protect Monsanto.

   b. by the vice president, Finance, for the financial and tax implications of the proposed transaction; and

   c. by the Patent Department for the patent and technological implications.

6. Based on this detailed information, and before any proposal is made to another company or any negotiations begin with respect to a proposed acquisition or joint venture, and before any option or other commitment, stated or implied, is made, the appropriate division shall submit a business plan (or a reference to a previously approved business plan), a summary and a recommendation to the president and obtain approval to negotiate. The summary shall contain a description of the proposed transaction and the underlying business plan and shall include the comments and statements of the vice president, Finance, and of the Law and Patent Departments.

7. If approval to negotiate is granted, the president may delegate to another officer the responsibility of negotiating such acquisition or joint venture. The president and the person charged with responsibility for the negotiations will agree on

a negotiating team including experienced specialists deemed necessary to serve the best interests of the company taking into consideration exposing a minimum number of new Monsanto people to the acquisition/merger candidate. Prior to commencing negotiations, a thorough study will be made of the business, technical, legal, tax and financial aspects of the proposed transaction and a detailed proposal will be prepared as a basis for the negotiation with the other party.

8. If a proposed acquisition or joint venture involves a total expenditure of more than $1,000,000, the proposal will be submitted by the president with his recommendations to the Board of Directors for approval. If a proposed transaction involves a total expenditure of $1,000,000 or less, the president will determine the appropriate need for, the nature of and the timing of any contacts with the Board of Directors before he approves a commitment by the company with respect to the proposal. In any case, the president will advise the board at its next meeting of any such proposal approved by him.

Attention is also called to other policy statements relative to acquisitions:

- Acquisition of licenses - D-II-11
- Handling of unsolicited suggestions from outside sources about knowhow, patents or technical information - D-II-11
- Compensation to outsiders for patents and technical information - D-II-12.
- Procedures for acquisitions and joint ventures; an NED procedure.
- Acquisition of technology - D-IV-2
- Finder's fee - D-IV-3.

Use of Company Name or Trade Names

The use of the company or corporate name "Monsanto" or any other corporate names or trade names is not permitted in the naming of any company or domestic or international subsidiary in which Monsanto does not have voting and financial control, directly or indirectly.

Before any subsidiary is permitted to use the word "Monsanto" in its corporate name or to use the corporate trademarks or trade names, a suitable agreement between the subsidiary and the company, prepared by the Patent Department, is executed to protect Monsanto's ownership interest in the word "Monsanto" and its trademarks and trade names.

Accidents

Prompt reporting of major accidents to Monsanto management and the Public Relations Department is required. General policy provisions follow:

A. On Monsanto Premises - In the event of any serious accident, explosion, fire, labor disturbance or other major event affecting Monsanto employes, building, vehicles or other property, plant managers or other senior location executives should immediately notify their respective division general manager or department director and call a member of the Public Relations Department so that the headquarters may be fully informed. In the event a location manager is unable to reach his division general manager immediately, he will call the director or assistant director of the Public Relations Department.

B. Involving Products in Transit - Notification of transportation accidents involving Monsanto products should be promptly and courteously accepted by any employe of the company. The following information, insofar as possible, should be relayed immediately to the senior executive of the location concerned (plant manager where product manufactured, district sales manager, etc.):

- -- location of accident
- -- products involved
- -- present status, e.g. leaks, spills, ruptures, fire, explosion, injuries
- -- name of notifier and means of further communications

The plant manager at the location of manufacture will be responsible for all subsequent action taken with regard to the accident. Specifically, he will initiate action to minimize further injury or loss of life, to minimize unfavorable publicity, and to effect immediate clean-up and salvage. The plant manager concerned will see that immediate notification of the accident is provided to the Central Distribution, Central Personnel, Public Relations, Law, Medical and Treasury Departments. Notification will also be given to Sales and the Safety Section of Central Engineering. Treasury will provide prompt notification to the insurance carrier.

Each plant manager shall have prepared a written procedure for the handling of transportation accidents involving products manufactured under his supervision. These written procedures should include a detailed discussion of each product that could become hazardous if involved in an accident during transportation.

C. <u>Involving Company Aircraft</u> - In event of accident involving company aircraft, the pilot is responsible for prompt reporting to the manager, Aircraft Operations. If the pilot is unable to make the necessary contact, the responsibility falls on the senior Monsanto employe aboard the aircraft. The pilot or the senior employe, as the case may be, is responsible for the press relations that may immediately arise as a result of the accident.

In addition to notification to the manager, Aircraft Operations, immediate notification of the Public Relations Department is required. Insofar as possible, the following information should be provided:

-- nature of accident
-- location
-- condition of passengers and crew, including name and location of hospital where hospitalization has been required
-- plane involved and extent of damage
-- name of contact at the scene and means of further communications

In case of injuries, names should not be released to the press until families have been notified.

The manager, Aircraft Operations or his alternate is required to notify the Law, Medical, and Treasury Departments. Treasury will provide prompt notification to the insurance carrier.

Corporate Procedures

Responsibility for preparation, determination of format, and distribution of required procedures is carried by the central departments and, where appropriate, the operating divisions. Such procedures are cleared with the assistant to the president to ensure conformance to company established policy.

Selected procedural topics may be covered, when circumstances warrant, directly from the Office of the President for inclusion in the Management Guide.

Flying the U.S. Flag

The U.S. Flag is the symbol of our nation and of our national spirit, and cannot be considered an instrument of local preference. It should be half-staffed at company locations only in cases where it is appropriate to indicate that the nation is in mourning, and then customarily by proclamation of the President of the United States.

Interdivision Sales Commissions

In some cases the sale of a product manufactured by one division is assigned to another division. Such assignment is based on advantages to the selling division such as completion of product line from the points of view of products offered and of selling policy. Such advantages are deemed a compensation to the selling division, and the producing division is required to pay a commission to the selling division which is no greater than the selling division's selling expense for the assigned product.

Consulting Services

Monsanto acquires the services of individuals or organizations to perform consulting-type services as the need arises. These services cover a wide range of endeavors and are normally used as a means of expediency to acquire specific talents, which are not readily available within Monsanto, or simply to have the unbiased opinion of an outsider.

In all cases where services of a consultant are used, a formal written contract or agreement is consummated between the consultant and an officer of Monsanto. The Retirement Plan Committee reviews and approves terms of proposed consulting arrangements with retiring and retired employes.

Agreements for scientific or technical consulting services are drawn up by the Patent Department. Contracts or agreements for all other consulting services are prepared by the Law Department.

A duplicate of the agreement executed by the consultant and an officer of the company is sent to the Law Department for safekeeping. A copy of the agreement is forwarded promptly to the secretary of the Executive Committee who maintains an evergreen central registration listing.

Since the work of outside technical consultants varies considerably, contract language is tailored to fit the particular situation. If Monsanto is buying information from a technical consultant, it must be determined whether the company can restrict the consultant in his revelation of the same information to anyone else. If services involve exposure to Monsanto trade secrets to be merged with technical additions by the consultant, it is necessary that an agreement be signed not to reveal or use the Monsanto information or the results of the consultant's work.

The technical consultant agreement includes a provision that the consultant, at the termination of his work or at any other time the company requests, returns any written, printed or other material given to him in connection with this work or prepared by him and embodying Monsanto trade secrets. The agreement specifically provides that there will be no duplication of any such material. Those negotiating such contracts endeavor to obtain agreement that additions, modifications, information, design and the like which the consultant renders to the company becomes the property of the company, and that the consultant not reveal or use this information except with the prior written consent of the company. As indicated, of course, any of the foregoing provisions depend upon the nature of the services to be rendered, but all of them are considered in the drafting of any agreement.

The business consultant agrees that he will not, directly or indirectly, use for himself or others or disclose to any third party, any trade secrets or confidential information regarding any business or accounting methods, manufacturing methods, cost or any other information revealed in confidence to him. The agreement also provides for the return of all written or printed material, either supplied to him or which he prepares during the course of his services, with the stipulation that he retain no copies.

Acquisitions and Joint Ventures

Monsanto does not normally grow by acquisition, except in specific instances which, after full review of all factors involved, are compatible with the law and are consistent with Monsanto management's long-range business plans and objectives.

Monsanto's policy is to enter into joint projects with others only when such ventures integrate well with corporate strengths and long-term objectives, and when the contribution of both parties to the venture is such that the combined effort is necessary to provide return and growth for Monsanto and when Monsanto would not or could not act alone.

When joint projects require the formation of separate companies, it shall be Monsanto's preference to acquire controlling interest in such companies although it is recognized that such might not be possible for various reasons, such as policies, actions or regulations of foreign governments. However, each joint venture will be studied on its own merits and, even though controlling interest is preferred, and is required for new ventures in growth areas unrelated to present businesses, it is not intended that this preference will preclude consideration of a fifty percent or a minority interest.

pamphlets, articles, brochures, etc.) which have been prepared by employes is governed by the following:

A. Prepared at Company Request - Copyrightable material prepared or written by employes at the request of Monsanto with work being performed on company time are the property of Monsanto. All fees or royalties resulting therefrom accrue to Monsanto.

B. Prepared by Employe at Own Initiative - Copyrightable material prepared by an employe on his own time and not involving Monsanto experience or information confidential to or of interest to Monsanto is the property of the employe. All fees or royalties resulting therefrom accrue to the employe.

   In order to avoid any misunderstanding or confusion, employes planning to prepare material which may be copyrighted are to advise, in writing, an officer of Monsanto, division general manager, or central department director in keeping with his organizational assignment. Such notifications are given prior to the time work is initiated. Depending on the subject matter involved, the company may require a screening by the Law and Patent Departments prior to release to printers or publishers.

C. Prepared Under Other Circumstances - From time to time employes will prepare copyrightable material involving confidential information pertinent to Monsanto interests or will utilize Monsanto experience or working time in their preparation. Such material, as well as all other cases that do not clearly fall within the provisions of paragraphs A or B above, is reviewed on a case-by-case basis by the Patent Department which is responsible for determining proper copyright ownership.

In all instances of preparation, printing, copyrighting and publication of materials by Monsanto employes, the provisions of the Security Manual (see Section F, item XVI of the Management Guide) apply.

Security

Information concerning company contracts for services or the production of goods which are assigned a security classification by a governmental agency is safeguarded in accordance with the rules and regulations of the United States Department of Defense. Original documents pertaining to United States Department of Defense are secured as directed by the corporate security officer. Company original documents are secured and protected as directed by the corporate secretary.

Acquisitions and Joint Ventures

Patent Department participation in acquisitions of other companies or in formation of joint ventures with other companies is mandatory. (See policy provisions on pages D-I-12, 13, 14 and 15.)

ADMINISTRATION POLICY STATEMENTS - PUBLIC RELATIONS

Responsibility for Public Relations Matters

Responsibility for the total editorial (unpaid) contact with the public is carried by the Public Relations Department. Policies and procedures established by the Public Relations Department govern the implementation of this activity throughout the company.

Advice and assistance in the planning, development and distribution of communications to the public, as well as in establishing methods of listening, are among the principal functions of the Public Relations Department.

Basis for Communications to the Public

Monsanto is forthright in its communications with the public, furnishing accurate and prompt information about its policies, products, people and activities.

Every effort is made to cooperate with newspapers, magazines, trade and business publications, radio and TV stations and other general news media.

The following are general guidelines governing the release of information:

A. Information Initiated by Monsanto to the Press - The gathering, writing, clearing and distribution to the press of all information is the responsibility of the Public Relations Department staff. Such material is released only by this department.

B. Queries Which Come from the Press to Monsanto - Such queries are channeled to and handled by the Public Relations Department, which has the responsibility of obtaining information and clearance from pertinent divisions and departments of the company.

C. Handling Local Queries - Queries of a local nature directed to division or plant personnel by local media are answered without the assistance of the Public Relations Department. However, Public Relations is consulted first if corporate policy is involved, or if the matter involved affects any other unit of the company.

D. Review and Clearance of Speeches and Material for External Publication - Division general managers and central department directors are responsible for effecting a review and clearance of speeches and material for external publication originating in their division or department. A clearance and review committee or other delegate of the general manager or central department director, as the case may be, should possess both technical and professional competence to review and pass judgment on the material presented, referring such material or speech to the Law, Patent and Public Relations Departments for further appropriate review and clearance where technical information of substance is involved and/or any of the subject matter is of public relations importance.

Community Press Relations

All plant managers and other location senior executives maintain cordial relationships with representatives of the working press in their areas, as well as with the publishers, editors and editorial writers of newspapers and representatives of the local radio and TV stations. The Public Relations Department is available at all times to give advice and counsel in local press relations.

Emergency Press Coverage

Each plant or identifiable unit of the company should be prepared to work with representatives of the local press in accordance with procedures covering emergency press matters which have been established by the Public Relations Department.

In the event of any serious accident, explosion, fire, labor disturbance or other major event affecting Monsanto employes, buildings, vehicles, aircraft or other property, plant managers or other senior location executives should immediately notify the senior vice president, Operations, their respective division general manager or department director and call a member of the Public Relations Department, so that the headquarters may be fully informed. In the event a location manager is unable to reach his division general manager immediately, he will call the director or assistant director of the Public Relations Department.

Public Relations Procedures

Additional detail regarding the implementation of the company's public relations policies are found in the Press Relations Manual.

Monsanto
COMPANY

POLICY STATEMENT

ADMINISTRATION POLICY STATEMENTS - PURCHASING

The Purchasing Department provides purchasing service on a worldwide basis to all divisions of the company and its subsidiaries and affiliates to maximize corporate profits through judicious and ethical buying of raw materials, equipment and supplies, and designated services and utilities. The Purchasing Department manages the corporate programs for national buying agreements for mechanical and supply items, in the purchasing of raw materials for multi-plant usage and selected other raw materials, international purchasing and central engineering procurement. It is responsible for purchasing research, recruiting of purchasing personnel, and the functional supervision of field purchasing offices. It provides assistance and counsel in these areas to all elements of the company.

Purchasing Requirements

Operating divisions and departments determine needs, establish specifications and set quality levels for purchase of raw materials, equipment, packaging materials, maintenance supplies and other services.

Placement of Purchase Contracts and Commitments

The director of Purchasing Department and other members of the Purchasing organization, as delegated, are authorized to make purchasing commitments on behalf of the company. Contracts and purchase orders are submitted for Law Department review prior to execution when such commitments involve any one of the following conditions:

- -- an amount in excess of $500,000 on a standard form of contract as approved by the Law Department;
- -- an amount in excess of $100,000 on a non-standard form of contract or on a standard form if any of its terms and conditions have been materially modified;
- -- firm and definite terms exceeding a period of 18 months;
- -- liquidated damages or "take or pay" provisions;
- -- any form of guarantee by Monsanto;
- -- capital additions by a vendor on Monsanto property;
- -- the right of entry to or inspection of company property.

In addition, all purchase orders and contracts for the purchase of raw materials and supplies, machinery and equipment, and power and other designated utility services require advance clearance from the senior vice president, Operations when such commitments involve an expenditure by the company of:

- -- $5,000,000 or more regardless of the period involved;
- -- $2,000,000 or more during any one-year period;
- -- $1,000,000 or more per year for more than two years.

Certain areas unique to oil and gas exploration and petroleum operations and marketing are exempted from the above policy limitations. The general manager of the Hydrocarbons and Polymers Division has been authorized by the Board of Directors (by resolutions adopted on March 26, 1964) to act on rights of way; easements; oil, gas, and mineral leases and disposition of such leases; joint operating agreements; exploration, drilling, and production agreements; government contracts involving gas and oil properties or production; contracts for the sale and/or purchase of oil, gas, casinghead gas and liquefied petroleum products; and guarantees of third party bank loans up to $100,000 to guarantee the construction of facilities for marketing of petroleum products of the company.

Project Purchasing

Central Engineering purchases materials, equipment, supplies and other required items for assigned projects. Purchasing activities are carried out in accordance with established Purchasing Department procedures and under functional guidance of Purchasing Department personnel.

Whenever outside contractors are retained for major construction projects, they may be authorized to procure certain materials for the project. Under such circumstances, Central Engineering Department personnel direct the contractors' procurement efforts to ensure maximum benefits to the company in terms of price, quality and vendor relationships, under the functional guidance from the Purchasing Department.

Purchases from Local Companies

Every effort is made to permit the participation of local companies in Monsanto's purchases at all locations, but the local concern is expected to be fully competitive with other sources.

Competitive Purchasing

Purchases are made under competitive conditions, where feasible, which ensure fair and equitable consideration of the proposals from financially responsible and reliable suppliers and which provide the company with the lowest price consistent with quality, quantity, delivery and service.

Pricing information is kept strictly confidential.

Purchase of Materials from the Government

On occasion, the Government offers for sale, usually on a negotiated basis, substantial quantities of materials resulting from its own manufacturing operations, materials reclaimed from Government equipment or materials surplus from prior purchases. Where such offerings involve substantial quantities of material which Monsanto also manufactures or uses, the general manager concerned handles as a divisional matter.

Monsanto
COMPANY

POLICY STATEMENT

National Buying

National purchasing agreements are developed and maintained with emphasis on cost reduction. Such agreements take priority over all other local agreements, unless specific exceptions are made or divisions or central departments are required to pay a premium under such contracts. Local purchasing personnel are expected to utilize and support these agreements and keep the Purchasing Department currently appraised of market, price and service conditions or other matters related to specific national buying agreements vital to corporate interests.

International Purchasing

As a major international company, Monsanto looks at its purchases on a worldwide basis. The company remains currently knowledgeable of competitive markets throughout the world and endeavors to purchase for all domestic and international locations in a manner which maximizes the effectiveness of the purchasing effort. In its domestic operations the bulk of purchases are made from domestic suppliers; however competitive international suppliers are considered and may be preferred where special interests are involved.

Leasing

The company's leasing policy covers supplier leases (including special lease arrangements for automobiles) and real property leases.

Individuals authorized by the Board of Directors or by the president to approve capital expenditures, except with respect to the leasing of railroad property as provided under Purchase, Sale or Lease of Real Property (D-II-22), are authorized to approve lease commitments, subject to such procedures as may be established from time to time by the president regarding such commitments, in dollar amounts equal to their respective levels of authority for approving capital expenditures.

The acquisition of property and services through supplier leases is administered by the Purchasing Department. Real property leases are administered by the Real Estate Section of the Treasury Department in cooperation with the division or staff department involved.

Equipment and facility leases incur liability for future payment. The full purchase price and services are the criteria for determining the level of management approval for the expenditure. Capital value of such leases is not chargeable against the capital expenditure limits established by the Board of Directors.

Equipment and facilities are normally purchased but may be leased under a supplier lease when the division and the Purchasing, Central Distribution or Management Information and Systems Departments decide that a supplier lease is more advantageous than purchasing because of maintenance, obsolescence, and other operating factors. In such instances these departments will be responsible for negotiating such leases. The following equipment and facilities may be leased under a supplier lease in accordance with the above conditions:

A. Miscellaneous mobile equipment.

B. Ships and barges.

C. Aircraft.

D. Warehouse and storage facilities outside of plants.

E. Equipment and facilities associated with the Monsanto Agricultural Center program.

F. Communications, data processing and other electronic computer equipment.

G. Certain equipment and facilities available only through leasing arrangements.

Where specialized requirements exist and the nature of the supplier leasing arrangements are unique, the Purchasing Department may delegate leasing responsibilities:

A. Central Distribution Department - transportation equipment.

B. Management Information and Systems Department - electronic data processing; related equipment, communications equipment and facilities.

The determination as to classification of equipment and facilities under the above groups will be the responsibility of the Treasury Department with the assistance of the division or related staff department.

<u>Net Finance Leasing and Sale and Leasebacks</u>

Company policy prohibits net finance leasing except with the approval of the Board of Directors.

Service stations, bulk plants, Lion Oil blending pumps and related facilities are exceptions and with the approval of the General Manager, Hydrocarbons & Polymers Division, may be obtained through net finance leasing by arrangements with the treasurer who has the responsibility for negotiating such contracts.

Acquisition of Business Data Processing Equipment

Business computers and data communications equipment including digital and analog computer systems and unit record equipment, are subject to critical evaluation prior to ordering such equipment. Economies, compatibility of systems, and present and future requirements are a few of the more important considerations.

Commitments for the purchase, lease or rental of business data processing equipment are subject to joint approval by the initiating division general manager or central department director and the director of Management Information and Systems Department.

Inclusion of confidentiality commitments as part of any contracts between Monsanto and the vendors of business computer hardware are the responsibility of the director of Management Information and Systems Department. Such commitments are subject to the review and approval of the Law and Patent Departments.

The total capital value of such business computers and related equipment is the criteria for determining the level of management approval for expenditures. The approval of the director of Management Information and Systems Department is required for all acquisitions of business computers and related equipment regardless of amount.

Acquisition of Process Computers

Process computers and related periphery equipment are subject to critical evaluation prior to ordering such equipment. Economies, compatibility of such systems to other existing computer systems, and present and future requirements are a few of the more important considerations.

For purposes of definition, the term "process computer" includes all digital computers engaged in measurement of process variables or equipment status for the purpose of control and/or data acquisition in full scale plant, laboratory, or pilot plant operation.

Commitments for the purchase, lease or rental of process computers and related equipment are subject to joint approval by the initiating division general manager, the director of Management Information and Systems Department, and the director of Central Engineering Department.

The Central Engineering Department with assistance from the initiating division has responsibility for feasibility studies, selection of computer hardware and the installation of original software for process control applications. The Management Information and Systems Department participates in all process computer studies where necessary to evaluate other applications not concerned with process control and to assure, insofar as is possible, that the process computer hardware and systems required for the project are compatible with present and foreseeable future information requirements. Program maintenance for process control systems will be provided by Management Information and Systems Department with concurrence of concerned division general manager.

Inclusion of confidentiality commitments as part of any contracts between Monsanto and vendors of process computer hardware are the responsibility of the director of Central Engineering Department. Such commitments are subject to the review and approval of the Law and Patent Departments.

The total capital value of such process computing equipment is the criteria for determining the level of management approval for expenditures. These approval levels follow the delegations and limits established by the Board of Directors for capital expenditures. The approval of the director of the Central Engineering Department and the director of the Management Information and Systems Department is required for acquisition of any process computer hardware regardless of amount.

Purchase, Sale or Lease of Real Property

Real property facilities for plant operations are generally purchased but, in exceptional circumstances and with appropriate approvals, may be leased. The Treasury Department coordinates industrial and commercial real property activities for the company (excluding those pertaining to oil and gas properties and mineral deposits, the Lion Oil marketing properties, the Hydrocarbons and Polymers Division production and exploration properties and the Agricultural and Inorganic Chemicals Divisions mining properties) and subsidiaries, and recommends and/or approves, in cooperation with the applicable divisions, the Law Department and other interested central departments, the purchase and sale by and the leasing to or from, the company of all such property, including industrial real estate, offices, warehouses, Disneyland facilities, distribution facilities, marketing outlets, etc.

The Industrial Real Estate Section of the Treasury Department is responsible for all transactions relating to real property, including offices, warehouses, unimproved land, industrial and commercial real estate, including negotiating, obtaining necessary approvals for and concluding the same. In conducting such transactions, the Industrial

Real Estate Section obtains the guidance and assistance of the interested division or subsidiary company and the Law and other applicable central departments, keeping them fully informed of the progress thereof. No division or central department makes any commitment or carries out any activity with respect to any real estate transaction without first informing and obtaining clearance from the Industrial Real Estate Section.

The leasing of plant property, manufacturing facilities, or buildings located on plant property is not approved under this leasing policy. Any exceptions will require the prior approval of the president.

Each lease, prior to execution, is approved as to its total fixed rental commitment over the entire term of such lease. In computing such commitments, options to extend the term of such leases or to lease additional areas are excluded, but before such options involving added commitment may be exercised, approval as to the resulting commitment is obtained as in the case of a new lease. Approval levels follow the delegation and limits established by the Board of Directors for capital expenditures. See page D-IX-3. In addition, real property lease commitments require the approval of the treasurer.

A lease of railroad property may be approved by the director of Central Distribution Department alone up to a lease commitment of $25,000. The treasurer and the interested general manager or central department director may each delegate his authority to approve such lease commitments up to $25,000. In any case, where the commitment exceeds $100,000, the lease is initially approved as set forth above and forwarded by the treasurer to the president.

	Maximum Per Lease
Board of Directors	In excess of $1,000,000
President	$1,000,000
General Managers and Treasurer (jointly)*	$ 100,000
Treasurer and Department Directors (jointly)	$ 100,000
Director of Central Distribution Department (railroad lease only)	$ 25,000

*General managers approve for domestic and international subsidiaries under their jurisdiction.

When employes drive such vehicles, both they and the company are insured against claims for damage or injury by third parties. See Company Cars Used by Marketing Personnel, page D-VII-5 for further information.

B. Personal Use of Company Cars - In certain cases employes are allowed to use company automobiles for personal business and on extended personal trips. Permission must be previously obtained from concerned supervision. In such cases, the company pays all costs of operating and maintaining the car and the employe is charged a flat ten cents per mile. Insurance is provided to protect both the employe and the company against claims for injury or damage by third parties.

C. Employe-Owned Automobiles - When employe-owned automobiles are used on company business, employes are reimbursed at the rate of ten cents per mile. The company is protected against claims for damage or injury by third parties; however, the individual employe is responsible for obtaining his own personal protection against such claims.

Rail, Bus and Boat

Employes preferring to utilize railroad, bus or boat accommodations in lieu of air or automobile travel may do so provided company interest is not sacrificed for personal convenience. First class accommodations are authorized.

Travel Insurance

Travel insurance covering death, dismemberment or total permanent disability, payable to the employe or his estate, is carried on all employes (except those whose primary duty is chauffering, or where driving is a regular, established function of the job) while traveling on business. Coverage begins at the time the employe leaves his home or office and continues until he returns to his home or office, whichever is first.

Employes and guests are also insured for death, dismemberment or total permanent disability when traveling as a passenger on a Monsanto owned, chartered or leased aircraft, with payments to beneficiaries subject to execution of a waiver of Monsanto liability.

Monsanto
COMPANY

POLICY STATEMENT

PLANNING AND FINANCE POLICY STATEMENTS

Scope

The financial policy of Monsanto is established by the Board of Directors.

These policies are taken into consideration in the evolution of both short- and long-term corporate practices in terms of the funds needed, the most desirable way to acquire these funds, the control over their expenditure and the appraisal of the results obtained. The company develops well defined financial plans which coordinate and control all activities of the business, leading to the attainment of approved objectives.

Established financial and accounting policies are to be observed by division general managers and central department directors in order to achieve the most profitable utilization of financial resources, proper accounting control, and uniform and accurate financial reporting of the company's activities.

Forecasting

Worldwide forecasts of anticipated sales, earnings, cash position and other factors affecting the financial position of the company are prepared to provide management with information for financial planning and control.

In order to have the best possible estimates of future total company capital expenditures, cash projections (including construction and investment programs) are prepared for all capital expenditures anticipated in the forward projections which are not currently covered by appropriation requests.

The divisions, departments and subsidiaries prepare forecasts of sales, income and SARE expense for the year subsequent to that covered by the annual budget. This forecast is revised quarterly to reflect revised outlook and to provide foundation and background for preparation of the next annual budget.

The office of vice president, Finance consolidates these forecasts and includes other corporate income and charges and proposes financing to meet the needs.

Planning

Long-term objectives and anticipated financial requirements and results on a worldwide basis are set forth in a business plan which is continuously updated and revised annually in a format prescribed by the vice president, Finance. The first year of the plan is prepared by quarters as a part of the annual budget preparation with financial information for the succeeding years, consistent with budget format.

Each operating division and central department provides the vice president, Finance with a copy of their five-year plan prepared in accordance with previously agreed upon procedures. Such plans are maintained on a current basis and are revised whenever major changes in the planning strategy so dictate. Each division would have a system of implementing the plans, including a written method of checking performance against plan.

The separate plans of the divisions, central departments and international organizations are consolidated into an overall corporate forward plan. Consolidation by the vice president, Finance takes place after intensive economic analysis of the several plans and elimination of inconsistencies and overlaps.

Annual Budgets

Operations of the company worldwide are planned and controlled through budgets prepared for the year by months, including planned revenues, costs and expenses together with a capital budget and a projection of financial position.

Each division and central department prepares an annual budget with information, as appropriate, on sales and income, selling, administrative, research, engineering and patent expense (SARE expense) for the ensuing calendar year.

As one of several performance measurements, division and central department performance is judged against approved budgets.

Budgets are reviewed by the Budget Committee and recommended to the president for approval. When approved, they become the essential financial control criteria governing company operations and performance.

Acquisitions and Joint Ventures

Finance Department participation in acquisitions of other companies or information of joint ventures with other companies is mandatory. (See policy provisions on pages D-I-12, 13 and 14.)

Capital Appropriations

Capital expenditures for construction of plant facilities, acquisition of property, acquisition and installation of equipment, dismantlement and replacement of buildings and equipment are made only after approval of the specific project has been obtained. Approvals needed on specific projects are in accordance with the delegations of the Board of Directors. Included in capital appropriation requests will be summaries of major terms of any related significant existing or proposed contracts. Such contracts include those for engineering and construction, utilities, purchase of raw materials, the sales of finished products, etc. The summaries must include a statement of any penalty provisions (such as "take or pay" or liquidated damages" clauses) included in the contracts and the maximum penalty expressed in dollar amount, the existence or absence of price protection clauses or price escalation clauses and a summary of any such clauses. (Procedural details covered in Controller's Bulletin 12-02.)

A. Delegations of Authority

The Board of Directors acting on recommendation of the president approves new projects involving expenditures exceeding $1,000,000.

The president is authorized to approve proposed expenditures for new projects representing capital additions, or replacements, including pre-project engineering and procurement expenditures, or project variances or overruns, not to exceed $1,000,000 for each such item, and not to exceed in the aggregate $2,500,000 per month averaged over the calendar year. The president may delegate such authorities in whole or in part to one or more members of the Executive Committee.

In addition the president may delegate to one or more company employes, other than members of the Executive Committee, authority to approve new projects representing capital additions, or replacements, including pre-project engineering and procurement expenditures, in an amount not to exceed $300,000 for each item provided that the aggregate expenditures approved by all such persons shall not exceed $4,000,000 per month averaged over the calendar year.

The president is also authorized and empowered to instruct any company representative on the Board of Directors of any subsidiary of the company to vote to grant similar authority within the foreign limitations to any one or more directors, officers or other employes of the subsidiary.

B. Delegations of Authority by the Board of Directors (I) and by the president (II and III) are:

		Maximum Per Project	Monthly Av. Over Calendar Yr.
I.	President	$1,000,000	Aggregate $2,500,000
II.	Each Executive Committee member	300,000	
III.	Other company employes		
	a. General Managers		
	Agricultural Division	100,000	300,000
	Textiles Division	100,000	660,000
	Hydrocarbons & Polymers Division	100,000	560,000
	Inorganic Chemicals Division	100,000	275,000
	International Division	100,000	541,000
	New Enterprise Division	100,000	200,000
	Organic Chemicals Division	100,000	550,000
	Packaging Division	100,000	150,000
	Plastic Products & Resins Division	100,000	217,000
	b. Central Department Directors		
	Director of		
	Central Engineering	25,000	35,000
	Central Personnel	25,000	35,000
	Central Research	50,000	62,500
	Directors of Other Central Departments	7,500	-
	c. Member Companies - Domestic		
	President-Monsanto Research Corporation	25,000	35,000

C. Project Classification

Projects involving capital investment in fixed assets fall into two categories:

Major - Those projects requiring in excess of $100,000 of new fixed capital.

Minor - Those projects requiring $100,000 or less of new fixed capital.

D. Pre-Project Engineering and Procurement Expenditures

Certain engineering and procurement expenditures may be authorized prior to the approval of the capital appropriation request to meet planned project schedules. All such authorizations are recorded and form a part of the appropriation request when it is formally submitted for the project envisioned. Expenditures are carried in the construction in progress accounts of the company and reported along with comments in the Statement of Property Additions.

E. Changes to Major Projects (Capital Expenditure Deviations - Over or Under)

Changes to approved major projects are known as deviations or variances. These are documented and accepted in accordance with CED Procedure 119. Responsibility for documentation of variances and control of capital costs on major projects is delegated to the director of Central Engineering.

F. Project Overruns and Underruns

Project appropriations are authorized based on economic projections which include those factors affecting capital cost which are known or can be foreseen at the time the appropriation estimate is made. Appropriation estimates are made on a "tight" basis to encourage economy and to discourage the inclusion in major projects of marginally profitable items.

1. Major Projects

a. Formal Approval - In cases where capital cost is projected to deviate from the amount authorized by more than 10% or $300,000, whichever is less, a supplemental appropriation request showing the new project amount is required for formal approval. The term "new project amount" includes the combined amount of original appropriation plus supplement(s). The new project amount is subject to formal approval within the delegated limits stated above.

b. Interim Notification and Authorizations - In order to avoid unnecessary delay on major projects underway, arrangements are provided for interim notification and authorizations when major project deviations are indicated.

(1) Deviations over 10%, up to a project maximum of $300,000 receive interim authorization from the president or his delegate.

(2) Deviations over $300,000 up to a project maximum of $1,000,000 receive interim authorization from the president.

(3) Deviations in excess of $1,000,000 per project are referred to the Board of Directors by the president for interim authorization.

All interim authorizations are confirmed by supplemental requests for formal approval of the major project deviations.

In all cases of major projects, approved supplemental requests are charged against the allowance of the president or his delegate.

When expenditures and commitments on a major project total 70% of the capital appropriation, a comprehensive reestimate of projected final costs is made by Central Engineering. Analysis and recommendation with plans for the future (including timing of formal requests for supplementary appropriation where needed) are made to the president by the concerned division general manager and director of Central Engineering.

2. Minor Projects - In those cases where final capital cost is projected to exceed the amount authorized for a minor project by more than 20%, an authority for expenditure is required to cover the overrun. Amounts less than $1,000 require no formal recording. Division general managers or their delegates may approve overruns on minor projects up to 20%. Amounts in excess of 20% are referred for clearance to the president.

In all cases, approved supplemental requests on minor projects are charged against the allowance of the concerned division general manager.

G. Projects at the Headquarters Site

Division general managers and central department directors initiate capital expenditures for building alterations for space occupied and for office equipment. Projects for headquarters site building alterations are referred to the director of Central Personnel Department who is authorized to approve projects of $25,000 or less per project, or a total monthly average over the calendar year of $35,000 for general purpose building alterations, roadways, parking lots, etc.

Projects of $7,500 or less are charged to the allowance of the director of Central Personnel Department. Projects above this limit are charged to the allowance of the vice president, Administration. All projects for headquarters site alterations and for office equipment purchases in excess of $25,000 require approval of the vice president, Administration.

H. Member Companies - Domestic

Projects involving domestic member companies are acted upon by the concerned division general manager within his delegated authorities and limits. Expenditures authorized by division general managers for their assigned domestic member companies are charged against the overall authorizations for the respective divisions.

I. Member Companies - International

The general manager, International Division is granted the authority to approve capital expenditures of international member (subsidiary) companies of $100,000 or less per project, with the total of all projects not to exceed $541,000 monthly average over the calendar year. Such expenditures are limited to those in support of existing operations and not for the start of new enterprises.

The general manager, International Division, in turn, may delegate to the international member companies the authority to approve capital expenditures. Such approvals are charged against the authorization of the general manager, International Division. Expenditures by member companies in excess of delegated amounts are approved by the general manager, International Division to the extent of his authority and beyond that in accordance with higher levels of delegated authority.

Sale of Tangible or Intangible Assets

The president is authorized to approve sales of intangible assets (including technical know-how and services) that do not involve payments to the company in excess of $1,000,000 (exclusive of any variable royalty or similar payments) for any one such sale. The president may delegate in whole or in part such authority to one or more members of the Executive Committee.

In addition the president may authorize one or more company employes, other than members of the Executive Committee, to approve sales of assets (other than patents, technical know-how, licenses, trademarks, trade names, capital stock of any company or assets of a business as a going concern) that do not involve payments to the company in excess of $300,000 for any such sale, provided that the aggregate sales by all such persons shall not exceed $4,000,000 per month averaged over the calendar year.

The president is also authorized and empowered to instruct any company representative on the Board of Directors of any subsidiary of the company to vote to grant similar authority within the foregoing limitations to any one or more directors, officers or other employes of the subsidiary.

Retirement of Fixed Assets

Projects for retirement of fixed assets having a gross property value of more than $100,000 require approval of the president.

Funds for Company Operations

Expenditures for the company and its subsidiaries are provided through the use of company and subsidiary internally generated cash, equity financing, borrowing from approved institutions and other approved means of raising capital. The vice president, Finance is responsible for assessing the methods to be used in obtaining funds worldwide in accordance with instructions and policies set by the Board of Directors.

Internal Auditing

Internal audits are conducted to determine that financial records and reports are accurate; that adequate measures are taken to control and protect the assets of the company; that there are adequate corporate policies and procedures for control; and that there is due conformance with such policies and procedures. Periodic examinations are made of assets, liability, income and expense records wherever maintained and of the physical existence and condition of corporate assets. Periodic reports are submitted to the vice president, Finance.

External Auditing

Accounting records and fiscal operating procedures are examined annually by a reputable firm of certified public accountants appointed each year by the Board of Directors.

The Auditing Committee studies and makes recommendations on both internal and external auditing policies and practices and recommends yearly to the board on the choice of independent auditors.

Bank Accounts

Bank accounts for deposit and disbursement purposes are established by resolution of the Board of Directors. The total book balance of any one bank is not allowed to exceed 10% of the bank's capital, surplus and undivided profits.

The Board of Directors approves the opening and closing of general bank accounts of the company and appoints any trustee for company pension funds. The Executive Committee is delegated authority by the Board of Directors to:

a. Open, maintain and close the following types of bank accounts (i) imprest funds [i.e. plant and sales office working funds, payroll, and so forth], (ii) depository accounts [lock boxes and similar accounts for the conduct of the daily business of the corporation], (iii) collection accounts, and (iv) accounts to handle investment of company surplus funds, and shall report to the Board of Directors at the next following meeting any actions taken.

b. Designate the person or persons authorized as signers of bank accounts of Monsanto and its subsidiaries, (i) all checks and drafts drawn on and transfers of funds between all company bank accounts, (ii) applications for and agreements respecting letters of credit, (iii) instructions concerning security custody agreements and similar service arrangements.

c. Instruct company representatives on Board of Directors of subsidiaries to vote to authorize the action set forth in (a) and (b) above respectively for such subsidiary.

Customer Credit and Collections

The credit extended to customers of the company and subsidiaries and the collection of the receivables are the responsibility of the treasurer. Normal terms of sale are established by the division and subsidiary management, with the approval of the treasurer or his delegate. Any deviations from normal terms are subject to approval by the treasurer and division management.

The company will not enter into any compromise agreements on customer accounts except with the prior approval of the treasurer. Where receivables collections require the initiation of legal proceedings, it shall be initiated only after consultation with the Law Department.

Insurance - Loss Prevention

The company maintains continuing evaluation of the exposures to fortuitous financial loss to which the company and subsidiaries, worldwide, are subject. The company keeps at maximum effectiveness a loss prevention program designed to reduce accidents to personnel and to property, and minimize the impact of such accidents when they occur.

Types and extent of insurance available are evaluated with such protection being purchased only or to the extent it is deemed to be in the company's best worldwide financial interest under programs designed to fit the company's specific needs. Such insurance provides financial protection against catastrophic loss under the broadest possible coverage and necessary services either required by law or contract or not otherwise economically available within the company.

Management of Excess Funds

Funds in excess of immediate company or subsidiary needs are invested under the direction of the vice president, Finance and in accordance with policies established by the Board of Directors. The purpose is to place these funds in a secure and liquid investment with a maximum yield.

Physical Inventories

Physical inventories of raw materials, goods-in-process, finished goods, operating supplies and fixed assets in all plants, warehouses and offices are taken periodically as necessary to verify the correctness of the accounting records. Adequacy and correctness of inventory information is determined by the controller and by an independent auditing firm appointed by the Board of Directors.

Capital Contributions - Subsidiaries

The president, or one or more members of the Executive Committee as delegated, is authorized to approve initial or additional contributions to the capital of domestic or foreign subsidiaries of the company in amounts not to exceed $100,000 per transaction and not to exceed in the aggregate $500,000 per calendar year.

Capitalization of Intercompany Debt - Subsidiaries

The president or one or more members of the Executive Committee as delegated, is authorized to approve capitalization of advances, payables, and other forms of intercompany debt due from the domestic or foreign subsidiaries and approve similar action to be taken by the company's representatives on the Board of Directors of domestic or foreign subsidiaries in amounts not to exceed $1,000,000 per transaction and not to exceed in the aggregate $3,000,000 per calendar year.

Monsanto
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POLICY STATEMENT

Employe Real Estate

Upon the request of an employe, the company will arrange for purchase of the single unit residence of the employe transferred at the company's request to another location at the property's appraised value, in accordance with the company's established housing policy. The housing policy is administered by the Central Personnel Department.

Reserve for Doubtful Accounts

The amount to be provided annually to reserve for doubtful accounts for the company and its subsidiaries is determined by the treasurer. All charges to this reserve are subject to the treasurer's approval.

Taxes

The company files all tax returns and pays all taxes required by law. A continuing program is maintained to minimize tax liability and all corporate plans, policies and activities are reviewed with this objective in mind. Administration of the company's tax program and all decisions regarding this program are the responsibility of the vice president, Finance.

Financial Statements

Periodic financial statements are prepared, based on generally accepted accounting principles, to show the operating results of the company and its resulting financial position. These statements are prepared in comparative form monthly for operating management review; quarterly, unaudited, for stockholders; and annually, audited, for stockholders. Supporting schedules are prepared as required to set forth details of items included in the statements.

The Board of Directors, through the president, presents at each annual meeting and when called for by vote of the shareowners at any special meeting of the shareowners a full and clear statement of the financial condition of the company.

Commercial Evaluation

To assist in maximizing profits and attaining established return-on-investment goals, an internal, impartial, independent commercial evaluation is made of all major proposed projects affecting policies, present or future earnings, or the basic financial position of the company.

Custody of Securities

All securities, or evidence thereof, are maintained by the Treasury Department. It is permissible under policy to set up custodial arrangements with selected financial institutions. Such arrangements are subject to the approval of the Board of Directors.

Financial Aspects of Employe Benefit Programs

Financial aspects of employe benefit plans worldwide are the responsibility of the Treasury Department. These include decisions on the degree and method of funding and to insure or not to insure, determination of cost and examination of underlying assumptions, assessment of the financial impact of the plans on Monsanto, contacts with related financial institutions and groups, and work to obtain optimum return on pension fund assets. New plans are not adopted, nor significant changes made in existing plans without an evaluation of the related financial complications by the treasurer or his delegate and the presentation of such evaluation to those responsible for the approval of the plan.

Relations with Security Analysts

The vice president, Finance maintains relations with security analysts, financial analytical representatives of professional institutions and the financial press.

Relations with Financial Institutions

Relations with financial institutions such as banks, trust companies, insurance companies, underwriters, Governmental lending agencies, etc. are the responsibility of the vice president, Finance and/or treasurer, except as provided in the paragraph above. All contacts with financial institutions must be cleared in advance with the vice president, Finance and/or treasurer.

Currency Valuation and Exchange

The vice president, Finance is responsible for analyzing on a continuing basis all foreign currencies in their relation to the U.S. dollar and taking steps in anticipation of changes in exchange rates.

Guarantees

The company may issue guarantees on a case by case basis of loans, credit facilities, or other financing made to or for any subsidiary of the company or any other party subject to the prior approval of the president in amounts not to exceed $1,000,000 per transaction and not to exceed $2,500,000 per calendar year. The president may delegate to an Executive Committee member the foregoing authority in whole or in part such authority.

Acquiring Treasury Stock

Treasury stock is acquired only by the vice president, Finance for specific needs in accordance with the procedure and policy established by the Board of Directors.

Foreign Currencies

Normally, the operations of the company are conducted in United States dollars or, in the case of foreign manufacturing subsidiaries, in the currency of the country in which the manufacturing company is incorporated or based. Any deviation from this rule requires the prior approval of the vice president, Finance.

Monsanto

FROM (NAME & LOCATION) C. O. Hoyer, St. Louis, Mo.

DATE : May 3, 1968 CC:

SUBJECT :

REFERENCE :

TO : HOLDERS OF THE MANAGEMENT GUIDE

Attached are updated pages for the Policy Section of the Management Guide. Following is a summary of the changes:

GENERAL POLICY STATEMENTS - Section D-I

D-I-1 & 2

Deletion of responsibilities formerly residing with the Finance Committee.

D-I-3

President and Executive Committee responsibility changes.

D-I-6

Conflict of interest limitations changed from $20,000 to $15,000 per year.

D-I-12 thru 17

Acquisitions and Joint Venture policy statements completely revised. Balance of section reflects central department name change and page number sequence.

ADMINISTRATION - Section D-II

D-II-2.1

Acquisition of Business Data Processing Equipment deleted from this page and is now shown on page D-II-20.

D-II-4

Corrected central department name in first paragraph (Central Distribution Department).

D-II-5 & 6

Corrected central department name and corrected page number reference under Acquisition and Joint Ventures.

D-II-8 & 9

Pollution Abatement Control policy statement completely revised. Page D-II-10.1 and 10.2 is to be DELETED.

IN-10 REV. 11-65

ADMINISTRATION - Section D-II (cont'd)

D-II-11, 12, 13

The policy statements with reference to patents, licenses, copyrights, and research notebooks are presently approved statements except that the sequence is changed.

D-II-14 thru 17

Page number changes only.

D-II-18 thru 22

Statements on Leasing, some of which appeared in several places (D-II-2.1, D-III-4, D-IX-8, 9, 10) in the Guide heretofore, have been grouped together.

D-II-23 thru 27

Changed for page number sequence.

CENTRAL ENGINEERING - Section D-III

D-III-1, 2, 3

Central Engineering policy statements have been revised in their entirety. Acquisition of Process Computers on existing page D-III-4 now appears in Section D-II.

COMMERCIAL DEVELOPMENT - Section D-IV

D-IV-1, 2, 3

Wording has been changed in the Commercial Development policy statements to reflect formation of the Corporate Development Committee and the New Enterprise Division.

D-IV-4, 5, 6

New policy statements for the New Enterprise Division. These pages follow directly behind the Commercial Development policy statements.

INTERNATIONAL OPERATIONS - Section D-V

D-V-1, 2, 3, 4

International policy statements have been revised in their entirety.

MANUFACTURING - Section D-VI

D-VI-4

Change in page number reference for Patent Department policy statement.

D-VI-7 & 8

Pollution Abatement Control policy statement reference added under Waste Disposal. Vice President, Governmental & Civic Affairs omitted under Industrial Readiness Programs.

MARKETING - Section D-VII

D-VII-1 thru 5

Minor changes.

PERSONNEL - Section VIII

D-VIII-3 & 4

Salary Committee approval required for starting salary of $22,500. Holidays are listed chronologically.

D-VIII-11 & 12

Paragraph on personnel skills inventory deleted.

D-VIII-13

Changes to reflect Corporate Development Committee.

D-VIII-15

Company Personnel Travel and Moving Expenses - reference adding Central Distribution Department Bulletin DD-200.

PLANNING AND FINANCE - Section D-IX

The paragraphs referring to Purchase, Sale or Lease of Real Property on pages D-IX-8, 9 and top of D-IX-10 are now part of Section D-II. Please "X" out these paragraphs temporarily.

An entirely revised Section D-IX will be issued shortly.

RESEARCH & DEVELOPMENT - Section D-X

D-X-1 thru 5

Changes reflect formation of Corporate Development Committee and deletion of Technical Committee.

BY-LAWS - Section E

E-1 thru E-16

This section revised in its entirety.

CORPORATE PROCEDURES - Section G

Pages G-3, G-4 and G-6 revised to correct title of bulletins and numbers.

C. O. Hoyer
Assistant to the President

COH:fg

GENERAL POLICY STATEMENTS

Establishment of the Board of Directors

The Board of Directors, fourteen in number, is elected by the share-owners to whom the board is responsible for managing the property and the business of the corporation.

Individuals who are or have been president of the company, as well as directors who are not officers or otherwise employed by the company, are eligible for continued service as directors until they reach 70 years of age. All other directors must retire from the board upon reaching age 65.

A general manager of a division or director of a central department may not simultaneously serve as a member of the Board of Directors.

The secretary of the company is secretary of the board.

Establishment and Attainment of Company Objectives

The Board of Directors establishes broad objectives and goals with responsibility for attainment vested in the president as chief executive officer. The president, in turn, delegates portions of his overall authority to the company's vice presidents, general managers and central department directors.

Establishment of Company Policy

The Board of Directors determines and sets broad policy governing the establishment of business and investment activities.

The Executive Committee by delegation from the Board of Directors, subject to final review by the board, exercises the powers of the Board of Directors between board meetings, except where specific authority has been otherwise delegated or in matters retained by the Board of Directors. The Executive Committee establishes definitive policy concerning the implementation and control of the company's overall operations.

The president formulates and recommends to the board specific policy, as necessary, and administers established policy.

The executives of the operating divisions and central departments recommend to the president company-wide policy in keeping with their professional specialties and assigned product and market responsibilities.

Management at all levels is responsible for knowledge of and adherence to established policy and for keeping subordinates informed regarding policy affecting their operations.

The Management Guide is the principal corporate document through which the company policy is communicated to all levels of management.

Organizational and Operating Concepts

The company is structured on the basis of line and staff organizations. Line represents those organizational elements concerned with product manufacturing, technology and marketing. Staff is centralized and represents the professional and specialty functions required to service and support both the line elements as well as the total corporate entity. Extensions of the central departments are placed in the line organizations to render immediate service and support.

In addition to the vertical concepts of organization cited above, organization may be structured to undertake special approved projects. Under the total commitment approach, the needed line and staff strengths are assembled on given undertakings and become accountable for performance to the executive charged with project or program success.

The company strives for organizational order with sufficient flexibility to meet changing business conditions as they occur. The company attempts to give capable, responsible individuals maximum freedom to contribute to Monsanto's profits and growth within the framework of corporate policy and organizational order.

Establishment of Committees

The Executive Committee is the principal permanent committee set up by the Board of Directors. Other committees are formed by the Board of Directors, the Executive Committee or the president for special purposes or as deemed necessary for the effective operation of the company.

Committees are composed of executives and other members of management elected or appointed to operate as entities within delegated authorities and with the function of reviewing, evaluating and recommending specific courses of action on matters referred to them for study. Although committees play a significant role in assisting and guiding company operations, membership participation neither enlarges, reduces, nor takes precedence over the concerned individual executive's primary function and responsibility.

Shareowner Relations

The company strives to conduct its business in a manner which assures all shareowners an optimum continuing return on their investments.

Quarterly unaudited reports are supplied to all shareowners as well as an annual audited report showing the year's activities, earnings and financial status.

Shareowners who visit plants or offices are to be cordially received and accorded privileges to which they are entitled as owners of the company.

Formation of New Companies

The Executive Committee reviews and analyzes for the president all recommendations involving formation of new companies in which Monsanto or a subsidiary is to have ownership interest. The president submits his recommendations to the Board of Directors for action.

Management Guide

A Management Guide manual is prepared and maintained on an evergreen basis. Distribution is made to all salaried personnel who have appreciable management or supervisory responsibilities and all other employes with an established "need-to-know" within the company and subsidiaries. The Management Guide consists of, but is not necessarily limited to, the following main divisions: business principles, company policies, by-laws, organization and corporate procedures. Revisions and additions to and distribution of the Management Guide are coordinated and controlled through the office of the assistant to the president.

Organization Planning

Monsanto recognizes that organization structures of divisions and central departments may vary to reflect the individual functions of the various units of the company, but uniformity is desirable wherever possible. Proposed major organization changes and key position replacements are reviewed with the president or his delegate.

Organization Chart Policy

Organization charts are included in the Management Guide to provide current information on the company's organization. These charts include position titles, incumbents and reporting relationships generally for all positions reporting to the "director level". The arrangement of this information on the chart is designed for clarity and does not attempt to indicate position levels or their relative importance within the various organizations.

Subsidiary Management

Subsidiaries are those domestic and international companies in which Monsanto holds a controlling interest. Subsidiary management, while bound by varying laws, customs, rules and regulations, conduct their activities within the framework of overall corporate policy and procedures and in accordance with worldwide business programs.

Monsanto
COMPANY

POLICY STATEMENT

Security of Company Information

The profitability of company operations and the welfare of all employes and shareowners, as well as the development of new products, formulae, processes and equipment have resulted from the diligence and intelligence of employes over the years. Each employe is responsible for preserving company trade secrets and confidential information against theft or unauthorized or inadvertent disclosure. General managers and central department directors are responsible for security of information throughout their organizations. Further security procedures are described in detail in the Security Manual, Section F of the Management Guide.

Ethical Conduct of Business

In its business relations, the company acts according to the dictates of ethical and legal principles, unquestionable honesty and complete fairness.

Compliance with Antitrust Laws

Vigorous competition is an essential element of a free enterprise system. The basic objective of the antitrust laws is to protect and preserve competition from unreasonable restraints, both in the United States and abroad, and it is Monsanto's policy to comply fully with such laws. This statement of policy has been issued to be sure that all Monsanto personnel, in the parent company and in all subsidiaries and associated companies, and particularly those in Marketing, are fully informed of and comply with Monsanto's policy in this regard.

The Law Department follows a practice of distributing memoranda and conducting seminars to explain basic antitrust rules to marketing and management personnel. Each such employe should at all times be familiar with these basic rules so he will know when a possible antitrust question exists.

Under American law, certain actions and agreements with competitors are unlawful per se (i.e., "in and of themselves") without regard to reasonableness from a commercial viewpoint or to their possible effect upon competition, and the law provides severe criminal penalties for those who violate it. Such violations include agreements or understandings:

- -- to fix or control prices, including resale prices;
- -- to allocate products, markets or territories of customers;
- -- to boycott certain customers or suppliers; or
- -- to not engage in the manufacture or sale, or to limit production or sale in any product or product line.

Interdivision Sales Commissions

In some cases the sale of a product manufactured by one division is assigned to another division. Such assignment is based on advantages to the selling division such as completion of product line from the points of view of products offered and of selling policy. Such advantages are deemed a compensation to the selling division, and the producing division is required to pay a commission to the selling division which is no greater than the selling division's selling expense for the assigned product.

Consulting Services

Monsanto acquires the services of individuals or organizations to perform consulting-type services as the need arises. These services cover a wide range of endeavors and are normally used as a means of expediency to acquire specific talents, which are not readily available within Monsanto, or simply to have the unbiased opinion of an outsider.

In all cases where services of a consultant are used, a formal written contract or agreement is consummated between the consultant and an officer of Monsanto. The Retirement Plan Committee reviews and approves terms of proposed consulting arrangements with retiring and retired employes.

Agreements for scientific or technical consulting services are drawn up by the Patent Department. Contracts or agreements for all other consulting services are prepared by the Law Department.

A duplicate of the agreement executed by the consultant and an officer of the company is sent to the Law Department for safekeeping. A copy of the agreement is forwarded promptly to the secretary of the Executive Committee who maintains an evergreen central registration listing.

Since the work of outside technical consultants varies considerably, contract language is tailored to fit the particular situation. If Monsanto is buying information from a technical consultant, it must be determined whether the company can restrict the consultant in his revelation of the same information to anyone else. If services involve exposure to Monsanto trade secrets to be merged with technical additions by the consultant, it is necessary that an agreement be signed not to reveal or use the Monsanto information or the results of the consultant's work.

The technical consultant agreement includes a provision that the consultant, at the termination of his work or at any other time the company requests, returns any written, printed or other material given to him in connection with this work or prepared by him and embodying Monsanto trade secrets. The agreement specifically provides that there will be no duplication of any such material. Those negotiating such contracts endeavor to obtain agreement that additions, modifications, information, design and the like which the consultant renders to the company becomes the property of the company, and that the consultant not reveal or use this information except with the prior written consent of the company. As indicated, of course, any of the foregoing provisions depend upon the nature of the services to be rendered, but all of them are considered in the drafting of any agreement.

The business consultant agrees that he will not, directly or indirectly, use for himself or others or disclose to any third party, any trade secrets or confidential information regarding any business or accounting methods, manufacturing methods, cost or any other information revealed in confidence to him. The agreement also provides for the return of all written or printed material, either supplied to him or which he prepares during the course of his services, with the stipulation that he retain no copies.

Acquisitions and Joint Ventures

Monsanto does not normally grow by acquisition, except in specific instances which, after full review of all factors involved, are compatible with the law and are consistent with Monsanto management's long-range business plans and objectives.

Monsanto's policy is to enter into joint projects with others only when such ventures integrate well with corporate strengths and long-term objectives, and when the contribution of both parties to the venture is such that the combined effort is necessary to provide return and growth for Monsanto and when Monsanto would not or could not act alone.

When joint projects require the formation of separate companies, it shall be Monsanto's preference to acquire controlling interest in such companies although it is recognized that such might not be possible for various reasons, such as policies, actions or regulations of foreign governments. However, each joint venture will be studied on its own merits and, even though controlling interest shall be preferred, it is not intended that this preference will preclude a fifty percent or a minority interest.

The president is responsible for and oversees the corporate development activities of the company including all acquisitions of other companies and joint ventures with other companies.

Specific policy regarding acquisitions and joint ventures:

1. Before any contact is initiated by Monsanto with employes or representatives of any other company or party involving discussions concerning a possible acquisition or joint venture, the assistant to the president shall be informed of the proposed contact, who will then determine what clearance should be obtained in the particular case before any contact is made with the other company or party.

2. In handling inquiries, the assistant to the president will determine which divisions should be consulted, if bona fide interest is not already known, for recommendations regarding their interest in the matter. Due regard will be given to the other company's products and the nature of its business, along with that of the division receiving the call or letter, and the broad interests of the New Enterprise Division.

3. All unsolicited inquiries from principals not previously known to the officer or division receiving the inquiry, and all unsolicited inquiries from promoters or brokers, concerning Monsanto's possible interest in the acquisition of or a joint venture with another company shall be referred to the assistant to the president for initial handling. In the case of an unsolicited inquiry from a principal known to the officer or division receiving the inquiry, the president or assistant to the president shall be promptly advised for purposes of information and for advice as to subsequent handling of the inquiry.

4. In the case of telephone calls or other personal contacts from promoters or brokers, the caller should be requested not to disclose the name of the company, and the caller's identity should be furnished to the assistant to the president; if Monsanto interest appears likely, the person making the inquiry will be asked to sign a suitable protective agreement to avoid company liability for unintended finder's fees or other compensation.

5. In all situations where it appears there could be Monsanto interest, a "prediscussion" agreement shall be obtained from the other party to permit preliminary discussions to be undertaken without liability or obligations of confidentiality.

6. If, after review of the accumulated available information, the division general manager and the president consider that the proposed transaction merits serious consideration, the matter shall be reviewed with the Law Department for possible antitrust implications, for advice on alternative methods of structuring and handling the transaction, and on the terms and conditions that should be included in any proposal to protect Monsanto. Simultan-

eously, the financial and tax implications of the proposed transaction shall be reviewed with the vice president, Finance, and the patent and technological implications with the Patent Department.

7. Before any proposal is made to another company or any negotiations begin with respect to a proposed acquisition or joint venture, and before any option or other commitment, stated or implied, is made, the appropriate division shall submit a summary and recommendation to the president and obtain approval to negotiate. The summary shall contain a description of the proposed transaction and the underlying business plan and shall include the comments and statements of the vice president, Finance, and of the Law and Patent Departments.

8. If approval to negotiate is granted, the president will delegate to another officer or to the appropriate general manager, the responsibility of negotiating such acquisition or joint venture. The president and the person charged with responsibility for the negotiations will agree on who the experienced, competent personnel shall be from Finance, Law and Patent, along with other experienced specialists deemed necessary to serve the best interests of the company. Prior to commencing negotiations, a thorough study will be made of the business, technical, legal, tax and financial aspects of the proposed transaction and a detailed proposal will be prepared as a basis for the negotiation with the other party.

9. If a proposed acquisition or joint venture will involve a total expenditure of more than $1,000,000, the proposal will be submitted by the president with his recommendations to the Board of Directors for approval. If a proposed transaction will involve a total expenditure of $1,000,000 or less, the president will determine the appropriate need for, the nature of and the timing of any contacts with the Board of Directors before he approves a commitment by the company with respect to the proposal. In any case, the president will advise the board at its next meeting of any such proposal approved by him.

Attention is also called to other policy statements relative to acquisitions:

- Acquisition of licenses - D-II-11.

- Handling of unsolicited suggestions from outside sources about know-how, patents or technical information - D-II-11.

- Compensation to outsiders for patents and technical information - D-II-12.

- Acquisition of technology - D-IV-2.
- Finder's fee - D-IV-3.

Use of Company Name or Trade Names

The use of the company or corporate name "Monsanto" or any other corporate names or trade names is not permitted in the naming of any company or domestic or international subsidiary in which Monsanto does not have voting and financial control, directly or indirectly.

Before any subsidiary is permitted to use the word "Monsanto" in its corporate name or to use the corporate trademarks or trade names, a suitable agreement between the subsidiary and the company, prepared by the Patent Department, is executed to protect Monsanto's ownership interest in the word "Monsanto" and its trademarks and trade names.

Accidents

Prompt reporting of major accidents to Monsanto management and the Public Relations Department is required. General policy provisions follow:

A. On Monsanto Premises - In the event of any serious accident, explosion, fire, labor disturbance or other major event affecting Monsanto employes, building, vehicles or other property, plant managers or other senior location executives should immediately notify their respective division general manager or department director and call a member of the Public Relations Department so that the headquarters may be fully informed. In the event a location manager is unable to reach his division general manager immediately, he will call the director or assistant director of the Public Relations Department.

B. Involving Products in Transit - Notification of transportation accidents involving Monsanto products should be promptly and courteously accepted by any employe of the company. The following information, insofar as possible, should be relayed immediately to the senior executive of the location concerned (plant manager where product manufactured, district sales manager, etc.):

-- location of accident
-- products involved
-- present status, e.g. leaks, spills, ruptures, fire, explosion, injuries
-- name of notifier and means of further communications

The plant manager at the location of manufacture will be responsible for all subsequent action taken with regard to the accident. Specifically, he will initiate action to minimize further injury or loss of life, to minimize unfavorable publicity, and to effect immediate clean-up and salvage. The plant manager concerned will see that immediate notification of the accident is provided to the Central Distribution, Central Personnel, Public Relations, Law, Medical and Treasury Departments. Notification will also be given to Sales and the Safety Section of Central Engineering. Treasury will provide prompt notification to the insurance carrier.

Each plant manager shall have prepared a written procedure for the handling of transportation accidents involving products manufactured under his supervision. These written procedures should include a detailed discussion of each product that could become hazardous if involved in an accident during transportation.

C. Involving Company Aircraft - In event of accident involving company aircraft, the pilot is responsible for prompt reporting to the manager, Aircraft Operations. If the pilot is unable to make the necessary contact, the responsibility falls on the senior Monsanto employe aboard the aircraft. The pilot or the senior employe, as the case may be, is responsible for the press relations that may immediately arise as a result of the accident.

In addition to notification to the manager, Aircraft Operations, immediate notification of the Public Relations Department is required. Insofar as possible, the following information should be provided:

- nature of accident
- location
- condition of passengers and crew, including name and location of hospital where hospitalization has been required
- plane involved and extent of damage
- name of contact at the scene and means of further communications

In case of injuries, names should not be released to the press until families have been notified.

The manager, Aircraft Operations or his alternate is required to notify the Law, Medical, and Treasury Departments. Treasury will provide prompt notification to the insurance carrier.

Corporate Procedures

Responsibility for preparation, determination of format, and distribution of required procedures is carried by the central departments and, where appropriate, the operating divisions. Such procedures are cleared with the assistant to the president to ensure conformance to company established policy.

Selected procedural topics may be covered, when circumstances warrant, directly from the Office of the President for inclusion in the Management Guide.

included with the Standard Record Retention Schedule. For plant and office locations not convenient to the St. Louis area, record centers are established for local needs.

Utilization of a record center does not reduce the responsibility of any office for adherence to record retention schedules.

<u>Company records are not to be kept at the homes of employes</u>.

ADMINISTRATION POLICY STATEMENTS - PHYSICAL DISTRIBUTION

Scope

Physical distribution in Monsanto is broadly defined as the function which gives place, time and package utility to finished goods and raw materials and is the responsibility of personnel at the plants, within the divisions, and within the Central Distribution Department. The policies under which each organizational unit functions are the responsibility of that unit's management and are designed to control and guide the operation of the unit and ensure optimum coordination of plant, division and Central Distribution effort under the following corporate policies.

Customer Service - Optimum Cost

Competitively superior customer service at optimum cost is the prime objective of the distribution function. This applies conceptually also to inbound and inter-plant movements. Responsibility for optimum place, time and package utility for finished goods is shared with the responsible marketing and manufacturing groups. Distribution provides a functional link between these two prime corporate elements and brings special skills to bear to improve customer service and reduce physical distribution costs.

Carrier Selection

The dominating cost and time element in the physical distribution process is transportation. Monsanto supports a strong common carrier system for each mode - water, rail and motor - as the best insurance of the availability of the wide variety of transportation service required. When particular economic or customer service conditions exist, however, private carriage is developed and utilized.

No one mode is favored. Long-term minimum costs with satisfactory service is the objective and, whenever required, even at some premium, alternate competitive modes are developed to achieve desired objectives.

Transportation Equipment

Carrier furnished equipment is used to the degree that economic and/or service requirements permit. When specialized equipment is required, it is purchased or leased depending upon risk, certainty of continued use, and profit considerations. Purchase is accomplished by direct acquisition or finance-lease in line with the policies set by the Treasury Department.

Transportation Pricing of Common and Contract Carriage

Monsanto sells its products under highly competitive conditions requiring it to bear most of the transportation costs. The purchase of transportation at minimum cost is essential. Reduction in the freight rates charged by all modes is aggressively sought, maximum competition intra and intermode encouraged, and corporate negotiating resources used. Throughout these buyer-seller relationships, generally accepted business ethics are adhered to. These negotiations are carried out centrally except when specifically delegated by the Central Distribution Department.

Compliance with Government Transportation Laws and Regulations

Transportation is controlled by an intricate system of laws, rules and regulations broadly supervised by the Interstate Commerce Commission and the commissions of the various states and municipalities. Monsanto complies with these laws and regulations and provides representation before the Interstate Commerce Commission and the other federal and state transportation regulatory bodies involved.

Off Plant Storage of Finished Goods

Both public and private warehouses and terminals are used in the distribution of Monsanto products. All products of the various divisions are consolidated at a single warehouse location in each marketing area except where particular economic or customer service conditions warrant satellite stocks. Private distribution centers are developed where volume, cost reduction and customer considerations warrant. This program parallels the pattern set by the marketing service centers to achieve total integrated handling of products to all major market areas and to further develop Monsanto Corporate Identity.

Materials Handling

Inherent in most areas of Monsanto's business is the necessity for repeated handling of finished goods and raw materials and this handling represents a substantial element of cost. Monsanto continuously seeks and applies the latest materials handling technology wherever operating costs can be reduced or customer service improved.

Legislative, Regulatory and Industry Activities

Transportation, packaging and labeling regulations are developed through the interaction of industry and government at federal, state and local levels. The company takes an active part as a member of the industry associations which work to develop sound regulatory policies and legislation.

Labeling

Labeling provides product and corporate identity, together with company liability protection. Labeling includes the use of stick-on labels, printed bags, drums, cartons and boxes, and lithographed metal containers.

Label specifications are developed by Central Distribution, in liaison with Advertising and Market Development, Law, Patent, Treasury, Medical, and marketing departments in the concerned divisions, as an integral program to ensure conformance with the corporate identity policy and compliance with federal and state regulations and optimum protection against product liability claims.

Product Registration

Where product registration with federal and/or state agencies is requireed for the sale of specified products, the Central Distribution Department handles the registrations and maintains complete files of same.

Packaging Development

Packaging development applies new packaging technology and materials to reduce package and handling costs and to improve product protection. Improved packaging technology is continuously sought and the Central Distribution Department is directed to support and coordinate this activity throughout the company.

ADMINISTRATION POLICY STATEMENTS - LEGAL

General

The company adheres to the laws of the United States and of any states, international or domestic, in which it does business and endeavors to protect and defend its interests through available legal means. Business transactions or activities which may involve the company in potential liability are reviewed by the Law Department before initiation.

Government Contacts

Proposed contacts by employes with government personnel, relating to the company or its affairs except as to sales or technical matters, are reviewed by the Law Department plus others, as appropriate. Employes are not to discuss the company or its business with, or make company files available to, government representatives without obtaining such prior approval. However, the foregoing does not apply to exercise of a plant manager's discretion in admitting federal or state employes having a statutory right to enter for a plant inspection or investigation (providing they supply appropriate credentials) only in connection with health, safety, fire and the like. If a wage and hour inspection is begun at a company location, the Law Department should be immediately advised so that an attorney can be present or legal advice regarding the investigation can be provided.

The company handles all legal work internally, except when circumstances indicate that the Law Department retain and supervise outside counsel to handle litigation or specialized matters.

The Law Department reviews all cases requiring litigation abroad. International litigation is conducted by the Law Department (or Patent Department where assigned). Arrangements for international legal counsel or representation are made by the Law Department after appropriate contact with the International Division.

Contract Files

A master file of important contracts and other significant documents is maintained by the corporate secretary.

Acquisition and Joint Ventures

Law Department participation in acquisitions of other companies or in formation of joint ventures with other companies is mandatory. (See policy provisions on pages D-I-12, 13, 14 and 15.)

pamphlets, articles, brochures, etc.) which have been prepared by employes is governed by the following:

A. Prepared at Company Request - Copyrightable material prepared or written by employes at the request of Monsanto with work being performed on company time are the property of Monsanto. All fees or royalties resulting therefrom accrue to Monsanto.

B. Prepared by Employe at Own Initiative - Copyrightable material prepared by an employe on his own time and not involving Monsanto experience or information confidential to or of interest to Monsanto is the property of the employe. All fees or royalties resulting therefrom accrue to the employe.

In order to avoid any misunderstanding or confusion, employes planning to prepare material which may be copyrighted are to advise, in writing, an officer of Monsanto, division general manager, or central department director in keeping with his organizational assignment. Such notifications are given prior to the time work is initiated. Depending on the subject matter involved, the company may require a screening by the Law and Patent Departments prior to release to printers or publishers.

C. Prepared Under Other Circumstances - From time to time employes will prepare copyrightable material involving confidential information pertinent to Monsanto interests or will utilize Monsanto experience or working time in their preparation. Such material, as well as all other cases that do not clearly fall within the provisions of paragraphs A or B above, is reviewed on a case-by-case basis by the Patent Department which is responsible for determining proper copyright ownership.

In all instances of preparation, printing, copyrighting and publication of materials by Monsanto employes, the provisions of the Security Manual (see Section F, item XVI of the Management Guide) apply.

Security

Information concerning company contracts for services or the production of goods which are assigned a security classification by a governmental agency is safeguarded in accordance with the rules and regulations of the United States Department of Defense. Original documents are secured and protected as directed by the corporate secretary. Further information is found in the Security Manual, Section F of the Management Guide.

Acquisitions and Joint Ventures

Patent Department participation in acquisitions of other companies or in formation of joint ventures with other companies is mandatory. (See policy provisions on pages D-I-12, 13, 14 and 15.)

ADMINISTRATION POLICY STATEMENTS - PUBLIC RELATIONS

Responsibility for Public Relations Matters

Responsibility for the total editorial (unpaid) contact with the public is carried by the Public Relations Department. Policies and procedures established by the Public Relations Department govern the implementation of this activity throughout the company.

Advice and assistance in the planning, development and distribution of communications to the public, as well as in establishing methods of listening, are among the principal functions of the Public Relations Department.

Basis for Communications to the Public

Monsanto is forthright in its communications with the public, furnishing accurate and prompt information about its policies, products, people and activities.

Every effort is made to cooperate with newspapers, magazines, trade and business publications, radio and TV stations and other general news media.

The following are general guidelines governing the release of information:

A. Information Initiated by Monsanto to the Press - The gathering, writing, clearing and distribution to the press of all information is the responsibility of the Public Relations Department staff. Such material is released only by this department.

B. Queries Which Come from the Press to Monsanto - Such queries are channeled to and handled by the Public Relations Department, which has the responsibility of obtaining information and clearance from pertinent divisions and departments of the company.

C. Handling Local Queries - Queries of a local nature directed to division or plant personnel by local media are answered without the assistance of the Public Relations Department. However, Public Relations is consulted first if corporate policy is involved, or if the matter involved affects any other unit of the company.

D. Review and Clearance of Speeches and Material for External Publication - Division general managers and central department directors are responsible for effecting a review and clearance of speeches and material for external publication originating in their division or department. A clearance and review committee or other delegate of the general manager or central department director, as the case may be, should possess both technical and professional competence to review and pass judgment on the material presented, referring such material or speech to the Law, Patent and Public Relations Departments for further appropriate review and clearance where technical information of substance is involved and/or any of the subject matter is of public relations importance.

Community Press Relations

All plant managers and other location senior executives maintain cordial relationships with representatives of the working press in their areas, as well as with the publishers, editors and editorial writers of newspapers and representatives of the local radio and TV stations. The Public Relations Department is available at all times to give advice and counsel in local press relations.

Emergency Press Coverage

Each plant or identifiable unit of the company should be prepared to work with representatives of the local press in accordance with procedures covering emergency press matters which have been established by the Public Relations Department.

In the event of any serious accident, explosion, fire, labor disturbance or other major event affecting Monsanto employes, buildings, vehicles, aircraft or other property, plant managers or other senior location executives should immediately notify the senior vice president, Operations, their respective division general manager or department director and call a member of the Public Relations Department, so that the headquarters may be fully informed. In the event a location manager is unable to reach his division general manager immediately, he will call the director or assistant director of the Public Relations Department.

Public Relations Procedures

Additional detail regarding the implementation of the company's public relations policies are found in the Emergency Press Manual.

ADMINISTRATION POLICY STATEMENTS - PURCHASING

The Purchasing Department provides purchasing service on a worldwide basis to all divisions of the company and its subsidiaries and affiliates to maximize corporate profits through judicious and ethical buying of raw materials, equipment and supplies, and designated services and utilities. The Purchasing Department manages the corporate programs for national buying agreements for mechanical and supply items, in the purchasing of raw materials for multi-plant usage and selected other raw materials, international purchasing and central engineering procurement. It is responsible for purchasing research, recruiting of purchasing personnel, and the functional supervision of field purchasing offices. It provides assistance and counsel in these areas to all elements of the company.

Purchasing Requirements

Operating divisions and departments determine needs, establish specifications and set quality levels for purchase of raw materials, equipment, packaging materials, maintenance supplies and other services.

Placement of Purchase Contracts and Commitments

The director of Purchasing Department and other members of the Purchasing organization, as delegated, are authorized to make purchasing commitments on behalf of the company. Contracts and purchase orders are submitted for Law Department review prior to execution when such commitments involve any one of the following conditions:

-- an amount in excess of $500,000 on a standard form of contract as approved by the Law Department;
-- an amount in excess of $100,000 on a non-standard form of contract or on a standard form if any of its terms and conditions have been materially modified;
-- firm and definite terms exceeding a period of 18 months;
-- liquidated damages or "take or pay" provisions;
-- any form of guarantee by Monsanto;
-- capital additions by a vendor on Monsanto property;
-- the right of entry to or inspection of company property.

In addition, all purchase orders and contracts for the purchase of raw materials and supplies, machinery and equipment, and power and other designated utility services require advance clearance from the senior vice president, Operations when such commitments involve an expenditure by the company of:

-- $5,000,000 or more regardless of the period involved;
-- $2,000,000 or more during any one-year period;
-- $1,000,000 or more per year for more than two years.

Certain areas unique to oil and gas exploration and petroleum operations and marketing are exempted from the above policy limitations. The general manager of the Hydrocarbons and Polymers Division has been authorized by the Board of Directors (by resolutions adopted on March 26, 1964) to act on rights of way; easements; oil, gas, and mineral leases and disposition of such leases; joint operating agreements; exploration, drilling, and production agreements; government contracts involving gas and oil properties or production; contracts for the sale and/or purchase of oil, gas, casinghead gas and liquefied petroleum products; and guarantees of third party bank loans up to $100,000 to guarantee the construction of facilities for marketing of petroleum products of the company.

Project Purchasing

Central Engineering purchases materials, equipment, supplies and other required items for assigned projects. Purchasing activities are carried out in accordance with established Purchasing Department procedures and under functional guidance of Purchasing Department personnel.

Whenever outside contractors are retained for major construction projects, they may be authorized to procure certain materials for the project. Under such circumstances, Central Engineering Department personnel direct the contractors' procurement efforts to ensure maximum benefits to the company in terms of price, quality and vendor relationships, under the functional guidance from the Purchasing Department.

Purchases from Local Companies

Every effort is made to permit the participation of local companies in Monsanto's purchases at all locations, but the local concern is expected to be fully competitive with other sources.

Competitive Purchasing

Purchases are made under competitive conditions, where feasible, which ensure fair and equitable consideration of the proposals from financially responsible and reliable suppliers and which provide the company with the lowest price consistent with quality, quantity, delivery and service.

Pricing information is kept strictly confidential.

Purchase of Materials from the Government

On occasion, the Government offers for sale, usually on a negotiated basis, substantial quantities of materials resulting from its own manufacturing operations, materials reclaimed from Government equipment or materials surplus from prior purchases. Where such offerings involve substantial quantities of material which Monsanto also manufactures or uses, the general manager concerned handles as a divisional matter.

National Buying

National purchasing agreements are developed and maintained with emphasis on cost reduction. Such agreements take priority over all other local agreements, unless specific exceptions are made or divisions or central departments are required to pay a premium under such contracts. Local purchasing personnel are expected to utilize and support these agreements and keep the Purchasing Department currently appraised of market, price and service conditions or other matters related to specific national buying agreements vital to corporate interests.

International Purchasing

As a major international company, Monsanto looks at its purchases on a worldwide basis. The company remains currently knowledgeable of competitive markets throughout the world and endeavors to purchase for all domestic and international locations in a manner which maximizes the effectiveness of the purchasing effort. In its domestic operations the bulk of purchases are made from domestic suppliers; however competitive international suppliers are considered and may be preferred where special interests are involved.

Leasing

The company's leasing policy covers supplier leases (including special lease arrangements for automobiles),net finance leases and real property leases.

The acquisition of property and services through supplier leases is administered by the Purchasing Department. Net finance leases are arranged by the Treasury Department. Real property leases are administered by the Real Estate Section of the Treasury Department in cooperation with the division or staff department involved.

Equipment and facility leases incur liability for future payment. The full purchase price and services are the criteria for determining the level of management approval for the expenditure. These approval levels follow the delegations and limits established by the Board of Directors for capital expenditures. However, capital value of such leases is not chargeable against the capital expenditure limits established by the Board of Directors.

Equipment and facilities are normally purchased but may be leased under either a supplier lease, negotiated and administered by the Purchasing Department, or a net finance lease negotiated and arranged for by the Treasury Department, except where the savings through ownership over leasing would indicate a return of 8% or better after taxes on the purchase price averaged over the useful life of the property are as follows:

A. Miscellaneous mobile equipment.

B. Ships and barges.

C. Aircraft.

D. Warehouse and storage facilities outside of plants.

E. Equipment and facilities associated with the Monsanto Agricultural Center program.

F. Communications, data processing and other electronic computer equipment.

G. Certain equipment and facilities available only through leasing arrangements.

Where specialized requirements exist and the nature of the supplier leasing arrangements are unique, the Purchasing Department may delegate leasing responsibilities:

A. Central Distribution Department - transportation equipment.

B. Management Information and Systems Department - electronic data processing; related equipment, communications equipment and facilities.

The determination as to classification of equipment and facilities under the above groups will be the responsibility of the Treasury Department with the assistance of the division or related staff department.

Supplier leases should be adopted only when the division and the Purchasing, Central Distribution or Management Information and Systems Department decide this type of lease is more advantageous than a net finance lease because of maintenance, obsolescence, and other operating factors. In such instances these departments will be responsible for negotiating such leases.

<u>Net Finance Leasing and Sale and Leasebacks</u>

Net finance leases are a part of the overall leasing program. The financial aspects of net finance leasing involving negotiations with investors or their agents are the responsibility of the Treasury Department.

With the exception of service stations, bulk plants, Lion Oil blend pumps and related facilities, net finance leasing and sale and leaseback arrangements are not to be entered into except with the prior approval of the president or the Board of Directors as required.

Net finance leases will be negotiated and arranged by the Treasury Department with the assistance of the division and/or departments involved. Before the Treasury Department makes a firm commitment on a specific lease the terms of the lease must be approved by the president or the Board of Directors as required.

Acquisition of Business Data Processing Equipment

Business computers and data communications equipment, including digital and analog computer systems and unit record equipment, are subject to critical evaluation prior to ordering such equipment. Economies, compatibility of systems, and present and future requirements are a few of the more important considerations.

Commitments for the purchase, lease or rental of business data processing equipment are subject to joint approval by the initiating division general manager or central department director and the director of Management Information and Systems Department.

Inclusion of confidentiality commitments as part of any contracts between Monsanto and the vendors of business computer hardware are the responsibility of the director of Management Information and Systems Department. Such commitments are subject to the review and approval of the Law and Patent Departments.

The total capital value of such business computers and related equipment is the criteria for determining the level of management approval for expenditures. These approval levels follow the delegations and limits established by the Board of Directors for capital expenditures. The approval of the director of Management Information and Systems Department is required for all acquisitions of business computers and related equipment regardless of amount.

Acquisition of Process Computers

Process computers and related periphery equipment are subject to critical evaluation prior to ordering such equipment. Economies, compatibility of such systems to other existing computer systems, and present and future requirements are a few of the more important considerations.

For purposes of definition, the term "process computer" includes all digital computers engaged in measurement of process variables or equipment status for the purpose of control and/or data acquisition in full scale plant, laboratory, or pilot plant operation.

Commitments for the purchase, lease or rental of process computers and related equipment are subject to joint approval by the initiating division general manager, the director of Management Information and Systems Department, and the director of Central Engineering Department.

The Central Engineering Department with assistance from the initiating division has responsibility for feasibility studies, selection of computer hardware and the installation of original software for process control applications. The Management Information and Systems Department participates in all process computer studies where necessary to evaluate other applications not concerned with process control and to assure, insofar as is possible, that the process computer hardware and systems required for the project are compatible with present and foreseeable future information requirements. Program maintenance for process control systems will be provided by Management Information and Systems Department with concurrence of concerned division general manager.

Inclusion of confidentiality commitments as part of any contracts between Monsanto and vendors of process computer hardware are the responsibility of the director of Central Engineering Department. Such commitments are subject to the review and approval of the Law and Patent Departments.

The total capital value of such process computing equipment is the criteria for determining the level of management approval for expenditures. These approval levels follow the delegations and limits established by the Board of Directors for capital expenditures. The approval of the director of the Central Engineering Department and the director of the Management Information and Systems Department is required for acquisition of any process computer hardware regardless of amount.

Purchase, Sale or Lease of Real Property

Real property facilities for plant operations are generally purchased but, in exceptional circumstances and with appropriate approvals, may be leased. The Treasury Department coordinates industrial and commercial real property activities for the company (excluding those pertaining to oil and gas properties and mineral deposits, the Lion Oil marketing properties, the Hydrocarbons and Polymers Division production and exploration properties and the Agricultural and Inorganic Chemicals Divisions mining properties) and subsidiaries, and recommends and/or approves, in cooperation with the applicable divisions, the Law Department and other interested central departments, the purchase and sale by and the leasing to or from, the company of all such property, including industrial real estate, offices, warehouses, Disneyland facilities, distribution facilities, marketing outlets, etc.

The Industrial Real Estate Section of the Treasury Department is responsible for all transactions relating to real property, including offices, warehouses, unimproved land, industrial and commercial real estate, including negotiating, obtaining necessary approvals for and concluding the same. In conducting such transactions, the Industrial

Real Estate Section obtains the guidance and assistance of the interested division or subsidiary company and the Law and other applicable central departments, keeping them fully informed of the progress thereof. No division or central department makes any commitment or carries out any activity with respect to any real estate transaction without first informing and obtaining clearance from the Industrial Real Estate Section.

The leasing of plant property, manufacturing facilities, or buildings located on plant property is not approved under this leasing policy. Any exceptions will require the prior approval of the president.

Each lease, prior to execution, is approved as to its total fixed rental commitment over the entire term of such lease. In computing such commitments, options to extend the term of such leases or to lease additional areas are excluded, but before such options involving added commitment may be exercised, approval as to the resulting commitment is obtained as in the case of a new lease. Approval levels follow the delegation and limits established by the Board of Directors for capital expenditures. See page D-IX-3. In addition, real property lease commitments require the approval of the treasurer.

A lease of railroad property may be approved by the director of Central Distribution Department alone up to a lease commitment of $25,000. The treasurer and the interested general manager or central department director may each delegate his authority to approve such lease commitments up to $25,000. In any case, where the commitment exceeds $100,000, the lease is initially approved as set forth above and forwarded by the treasurer to the president.

	Maximum Per Lease
Board of Directors	In excess of $1,000,000
President	$1,000,000
General Managers and Treasurer (jointly)*	$ 100,000
Treasurer and Department Directors (jointly)	$ 100,000
Treasurer (where no division, department or subsidiary is involved)	$ 100,000
Director of Central Distribution Department (railroad lease only)	$ 25,000

*General managers approve for domestic and international subsidiaries under their jurisdiction.

ADMINISTRATION POLICY STATEMENTS - TRAVEL

Employes Traveling on Company Business

Employes required to travel on company business are reimbursed for all reasonable expenses incurred such as transportation, room, meals, laundry, valet service, telephone, telegraph, postage and tips. A standard detailed expense report is submitted within one week maximum after completion of the trip by each employe covering each business trip. If requested, funds are advanced to cover anticipated expenses.

Service is provided in arranging schedules and reservations for employes and for guests of the company.

Authorized Air Travel and Restrictions

A. Domestic Commercial Air Travel - Personnel on company business will use tourist accommodations if such are available at the desired time of departure, except when family plan accommodations are used and the first class rates are cheaper.

B. Overseas Commercial Air Travel - Use of airplanes for trans-oceanic travel is favored on company business. For trips overseas, economy class will be requested and used when available.

C. Company Aircraft - Monsanto maintains and operates company-owned or company-leased aircraft to expedite travel on company business and reduce costs through conservation of time.

Aircraft allocated to operating divisions are reserved primarily for Sales Department use with customers.

When company planes are used, pilots have absolute authority as to whether flying conditions permit safe travel. Company pilots are responsible for complying with regulations pertaining to the periodic grounding of planes for maintenance work.

The following time limitations are established for the company pilots: on-duty, 12 hours in any 24-hour period; flying time, 8 hours in any 24-hour period; 8 hours minimum off-duty time between flights terminating at night followed by a flight commencing the next day.

D. Employe-Owned or Employe-Leased Aircraft - Employes traveling on company business may pilot their own or individually rented and/or leased aircraft only with the specific authorization of the assistant to the president obtained through the general manager or director. This is in accordance with the Treasury Department procedure entitled "Use of Employe Aircraft on Company Business," as authorized by the Executive Committee. Under no circumstances does Monsanto or the leasing company furnish the pilot for such employe-owned or employe-leased aircraft.

E. Charter Aircraft - Employes are required to obtain the approval of the manager, Aircraft Operations prior to chartering aircraft for necessary business travel. In emergencies or where special business circumstances dictate, directors or above are authorized to charter aircraft without prior approval. Approved charter flights are restricted to FAA certified "air taxi" operators, providing two-pilot, multi-engine aircraft only.

Travel in the Same Vehicle

No more than three members of each of the following categories, nor more than a combined total of four members of these categories, may travel in the same vehicle:

Members of the Board of Directors
Members of the Executive Committee
General Managers
Central Department Directors

In addition, no more than three members of the following categories, counting members of the Board of Directors and the Executive Committee, nor more than a total of six members of any combination of these categories, may travel in the same vehicle:

Line or Staff Directors of Central
or Operating Organizations

Finally, no more than three members of any one division or department with the equivalent rank of department head or above may travel in the same vehicle.

Automobile Travel

A. Company Cars on Company Business - Whenever possible, company owned or leased automobiles are used on regular company business when such transportation is more expedient. The terms "company car" and "company automobile" include automobiles owned, leased or rented by the company.

When employes drive such vehicles, both they and the company are insured against claims for damage or injury by third parties. See Company Cars Used by Marketing Personnel, page D-VII-5 for further information.

B. Personal Use of Company Cars - In certain cases employes are allowed to use company automobiles for personal business and on extended personal trips. Permission must be previously obtained from concerned supervision. In such cases, the company pays all costs of operating and maintaining the car and the employe is charged a flat eight cents per mile. Insurance is provided to protect both the employe and the company against claims for injury or damage by third parties.

C. Employe-Owned Automobiles - When employe-owned automobiles are used on company business, employes are reimbursed at the rate of eight cents per mile. The company is protected against claims for damage or injury by third parties; however, the individual employe is responsible for obtaining his own personal protection against such claims.

Rail, Bus and Boat

Employes preferring to utilize railroad, bus or boat accommodations in lieu of air or automobile travel may do so provided company interest is not sacrificed for personal convenience. First class accommodations are authorized.

Travel Insurance

Travel insurance covering death, dismemberment or total permanent disability, payable to the employe or his estate, is carried on all employes (except those whose primary duty is chauffering, or where driving is a regular, established function of the job) while traveling on business. Coverage begins at the time the employe leaves his home or office and continues until he returns to his home or office, whichever is first.

Employes and guests are also insured for death, dismemberment or total permanent disability when traveling as a passenger on a Monsanto owned, chartered or leased aircraft, with payments to beneficiaries subject to execution of a waiver of Monsanto liability.

7. Monsanto Research Corporation serves as a source of projects or services for the New Enterprise Division. MRC is utilized as the vehicle for obtaining government contracts.

8. The New Enterprise Division will maintain sufficient R & D activities for the purpose of defining and establishing major new businesses. Potential commercial projects will be undertaken as full-scale enterprises by the New Enterprise Division upon recommendation of the general manager to the president.

9. Classification of an enterprise as a viable project, eligible for transfer to divisional or other commercial status, will be by mutual concurrence and consent.

(d) ensures the provision of professional and specialist business assistance as requested or required.

(e) controls member company organization and manpower costs in both line and staff functions.

Central Department Responsibilities

Central departments work directly with ex-U.S. member companies, as appropriate, in provision of the necessary support and control. International Division approves staff organization requirements in its area management groups.

Commercial Development ex-U.S.

Product line development abroad is the responsibility of the operating divisions in their assigned product areas working through the appropriate local management structure. Development of new, unrelated products (new enterprises) are undertaken and managed as determined by the president with the advice and counsel of the Executive Committee and the Corporate Development Committee. International Division supports enterprise development through the continuous search for profitable business opportunities in areas outside the U.S.

New Investments Abroad

Operating divisions prepare capital appropriation requests for new or additional product line investments outside the U.S. International Division supplies pertinent data and reviews the resulting appropriation request for concurrence prior to further management approval. International Division initiates and prepares capital appropriation requests for ex-U.S. manufacturing sites, plant services and utilities, and site development projects as appropriate to the company's product plans.

Export Marketing

The export marketing activity of the International Division functions as an extension of the operating divisions' marketing efforts while providing a centralization of the special services required and a unified relationship with the field group - either member companies, field offices, or agents. Pricing for exported products is set by the strategies prepared by the operating divisions.

Marketing Practices

Marketing management of ex-U.S. member companies employ local or regional distribution channels. Implementation of marketing strategies, including advertising and sales promotions, is consistent with the Corporate Identity Program and utilizes personnel as deemed appropriate to business practices in the countries of operation.

Research Conducted Outside the U.S.

Research activity outside the U.S. may be carried out in product or process areas as agreed with concerned operating division or the Central Research Department.

Contacts with Agencies of Foreign Governments

All contacts with agencies of foreign governments are made by, or coordinated with, the International Division.

All confidential plant information requested by outside contractors or vendors for display purposes is released only by the director, Manufacturing or plant manager concerned, with due regard for security and in accordance with release procedures.

See the Security Manual, Section F of this manual, for further details.

Process Toxicity

To safeguard the health of employes, appropriate toxicological tests and studies are required for any new product or product change reaching the application stage, for process trials or modifications, for any chemical materials not previously used, and for projects which may involve health hazards to employes or customers. Such evaluations are conducted under the direction of Medical Department on the basis of appropriate divisional and/or departmental procedures.

Waste Disposal

The utmost precaution must be observed in the design of facilities and in operation of processes to ensure that effluents, wastes, fumes, dusts and vapors discharged from facilities do not create a public nuisance. To preserve public health and aquatic life, such discharges are monitored in observance of atmospheric and stream pollution standards. Control responsibility and authority is assigned to the operating division responsible for each plant site. The Medical Department provides overall company appraisal and consultation with appropriate federal and state authorities. Direct responsibility for appropriate current activities and plant reduction or elimination of emissions rests with each plant manager. Plant managers must determine the characteristics of waste products and work toward quantitative measurements of those most likely to require elimination or treatment. Also see Pollution Abatement Control policy statement, page D-II-8.

Plant Inspections

In order to encourage a high standard of maintenance, safety, and appearance of all plants, and to assure that employe facilities are maintained on a high plane, all major domestic, Canadian and Mexican operations are inspected once each year.

Inspection committees are appointed by the senior vice president, Operations after consulting with the directors, Manufacturing of the various divisions. The travel schedule and the inspection procedures are decided each year, based on current needs.

Industrial Readiness Programs

Registration of any company manufacturing plant as a planned emergency producer under the programs of the U.S. Department of Defense shall be cleared in advance with the senior vice president, Operations. Information on plants so registered shall be maintained by the assistant to the president.

Monsanto
COMPANY

POLICY STATEMENT

MARKETING POLICY STATEMENTS

Scope and Responsibilities

The company advertises, merchandises, promotes and sells products and services worldwide, based on established marketing strategies. Marketing functions are conducted in such a manner as to establish and maintain consistent worldwide corporate identity, to provide efficient customer service, and to develop good customer relations.

Marketing functions in domestic markets are conducted by the division charged with product profit responsibility. In international markets, marketing functions are conducted by appropriate company units under administrative guidance or direction of the International Division. There is decentralized control of marketing activities, with the exception of specific marketing services; however, these activities must be coordinated with established worldwide market strategies.

Marketing efforts are oriented toward satisfying customer needs in the light of changing market demands, of competitors' advances, and of technological innovations in order to gain or maintain favorable market position.

Product Line

All commercial products regularly manufactured, maintained in commercial inventories, and for sale at established prices to all customers worldwide, are carried in the established product lines. Major additions and changes in the established product lines manufactured and sold by an operating division require approval of the president or his delegate.

Product Pricing

Broad pricing policies and specific prices for products marketing domestically and in assigned international areas through export are established by operating divisions to optimize yield on investment, to be competitive and to maintain marketing strategy considerations.

Prices for products carried in the product line are established for sale to all customers.

The company complies fully with antitrust laws. The basic objective of the antitrust laws is to protect and preserve competition from unreasonable restraints. This statement of policy emphasizes the need for all Monsanto personnel, particularly those in marketing, to be fully informed of and to comply with established policy in this regard.

Competition with Associated Companies

In those areas where Monsanto competes with an associated company, Monsanto treats that company as it does any other competitor. In those areas where Monsanto competes for the business of an associated company, Monsanto treats the associated company as it does any other customer.

Product Quality

Product quality levels for all products manufactured by the company are established and maintained on the basis of customer, consumer or trade requirements, quality levels of competitive products, and manufacturing capabilities.

New or Improved Products

New or improved products are marketed to strengthen the company's competitive position, to enhance overall profitability and growth, and to establish or improve marketing position.

Market Research

The operating divisions conduct continuous market research activities. Central corporate effort aims at business areas beyond the existing purview of the divisions.

The market research organizations work with the Management Information and Systems Department to maximize the application of computers and scientific mathematics to the solution of marketing problems and to the overall improvement of the marketing effort.

A system is maintained to supply, on a continuous basis, information regarding Monsanto's present and prospective markets, products, and customers. This system is of a quality which aids central management in investment decisions and the divisions in more effective and intelligent marketing decisions.

Advertising and Promotion

Advertising and promotion materials are designed to increase trade and consumer recognition and acceptance of the company's products in all world areas. Continuity of typography, art, and content is maintained, and consistent use worldwide is made of trademarks. All advertising and promotion materials are prepared in keeping with Monsanto's Corporate Identity program.

Advertising and sales promotion for all divisions and subsidiaries is the responsibility of the divisions with the assistance and participation of the services of the Advertising and Market Development Department. Letters received from outside the company pertaining to advertising themes, slogans, and the like shall be referred immediately to the Patent Department.

Merchandising

Each division organizes and implements its own merchandising program. Such programs are to adhere to the following policies:

- -- to provide proper and comprehensive product information;
- -- to tie in with overall corporate identity program;
- -- to provide merchandising synergism throughout all divisions of the company;
- -- to tie in to overall, central corporate programs.

International Marketing Strategies

Operating divisions develop and implement centrally controlled strategies for products, international customers, and world markets. The International Division collects, correlates and disseminates knowledge from abroad, and provides counsel and support to operating divisions in planning these worldwide marketing strategies.

Combined Marketing Efforts

When two or more divisions manufacture products used by the same domestic customer, combined marketing strategies are established by concerned marketing personnel. Where customers have international operations, efforts are made to maximize worldwide sales to these customers through combined international marketing programs.

District Sales Office Operations

District sales offices are established in central metropolitan locations to provide maximum sales efforts and optimum service to customers. These sales offices are modern and efficient in operation to project the proper Monsanto image.

Under Monsanto's company-wide customer service center program, it is the company's policy to provide order and inquiry handling services for all of the company's divisions in each district sales office.

In any city where Monsanto maintains a sales office, all of Monsanto's marketing activities in that city will normally be in a single location.

In the New York, Chicago, San Francisco Bay Area, Los Angeles and Cincinnati service centers, the Advertising and Market Development Department is assigned the office management responsibilities. In these particular sales offices, as in all others, the Advertising and Market Development Department is responsible for the coordination of procedures and clerical salaries in the interest of more effective operation and better service to Monsanto customers.

Technical Service to Customers

Technical assistance to customers is rendered to aid in the efficient and proper use of products. This assistance extends not only to customers but also to intermediate elements, including the manufacturer of the final consumer product. No guarantee is made of results and no obligation or liability whatsoever is assumed in the use of this technical aid or information.

When technical aid is to be supplied to customers, no disclosure of technical information is made until clearance is received from the Patent Department. If information from customers appears to involve something that may be patentable, this matter is brought to the attention of the Patent Department immediately for review and recommendation.

Relationships with Customers

Marketing personnel contact customers as required to uncover and define needs, to solicit and obtain orders, provide technical assistance, service accounts, develop new or improved demand for products, and to carry out other assigned functions. All contacts made by other than marketing personnel are made with the knowledge of the concerned marketing group. Contacts with customers require that established security regulations be observed and that the individual makes no commitments on behalf of the company unless specifically authorized.

Customer Visits

Guest facilities are provided at certain company locations for the primary purpose of entertaining and/or housing of customers. Visits by customers require careful planning and scheduling to provide as necessary:

- -- travel and other transportation arrangements;
- -- establishment of meeting dates, agendas, and other matters;
- -- selection of company representatives to welcome and meet with customers;

-- accommodation and entertainment arrangements;
-- coordination of various division and other organization interests, with respect to common customers.

In all cases, customer visits are arranged through the appropriate marketing personnel.

Terms and Conditions of Sale

Terms of sale of the company's products are set by the operating division concerned.

Conditions of sale are set by the operating division concerned in keeping with requirements established by the Law Department.

Customer Credit

Credit is extended to customers in accordance with established terms and in keeping with requirements established by the Treasury Department.

Sales Training

Effective sales training, personnel development, and appraisal programs are carried out throughout the company. These programs, along with promotional opportunities, assure progressive and dynamic marketing organizations for the company.

Company Cars Used by Marketing Personnel

Company cars are normally leased for use by marketing personnel on regular company business. Standards and procedures governing these company cars used for the marketing fleet are established by the Advertising and Market Development Department. For further information concerning the use of company cars, see Automobile Travel, page D-II-26.

Any exception to this policy is made only with the consent of the vice president, Administration.

E. Salary Committee Approval - Approval of the Salary Committee is required for any new employe to be hired at a starting salary of $22,500 or more per annum.

The Executive Committee, upon recommendation of the Retirement Plan Committee, approves continued employment of any person beyond age 65 who is classified in salary level 19 or above.

F. Employe Agreements Covering Confidential Matters and Inventions - All salaried employes, as a condition of employment, are required to execute an employe agreement or contract. Certain nonexempt salaried employes having access to security sensitive information and all exempt salaried employes complete the Monsanto Agreement form. All other nonexempt salaried employes complete the Monsanto letter of agreement. Details of this policy are found in the Security Manual, Section F of this manual.

Employe Benefits

A. Cafeterias for Employes - Employe cafeteria facilities are provided at many company locations where food is served at the lowest possible cost. These facilities are expected to operate so that they neither lose money nor show a profit. Overhead charges, rent of quarters and facilities are not included in the costs.

B. Payments for Death in Line of Duty - In the event of the death of an employe arising out of, and in the course of, his employment, the company seeks to prevent undue financial hardships to the employe's family or dependents. The administration of this policy is discretionary with full responsibility vested in the Retirement Plan Committee.

C. Salary Continuance in Case of Death - Upon the death of a salaried employe, regular salary is continued for the pay period in which death occurred, plus one additional check for the next pay period.

Proposals to make death payments beyond the limits of the standard policy provision may be initiated by the division or department as warranted. Action in such cases will be approved by the Retirement Plan Committee.

D. Holidays - Except where otherwise required by state law, a maximum of nine holidays may be observed each year. Six specific holidays will be observed at all domestic locations: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. (In the case of Memorial Day another fixed holiday, as directed by local practice, may be substituted.)

Three optional holidays may be observed.

The decision to extend additional holidays (within the maximum of nine) to the salaried employes at any location is made only after careful review of local holiday practice.

If a holiday falls on Sunday, it is observed on Monday; a holiday falling on Saturday is observed on Friday.

Wage employes observe holidays in conformance to local practice or as specified in the appropriate union-management contract.

Further details covering holidays for salaried personnel are found in Personnel Administration Bulletin III.

E. Insurance and Pension Plans - Pensions, Group Life Insurance and Sickness and Medical Benefit Plans are provided to attract and hold competent employes and to assist in their general well-being, consistent with sound personnel relations, industry practices and subject to the ability of the company to provide such benefits on a long-term basis. The overall administration of the personnel and industrial relations aspects of these plans are the responsibility of the Central Personnel Department.

Financial aspects of employe benefit plans are the responsibility of the Treasury Department. New plans are not adopted nor significant changes made in existing plans without an evaluation of related financial implications by the Treasurer and the industrial relations implications by the director, Central Personnel Department and the presentation of such an evaluation to those responsible for the approval of the plan.

Further information on group insurance and medical benefit plans is found in Personnel Administration Bulletin I, and pension programs are described in booklets available locally.

F. Scholarships - Employes and children of employes are eligible for scholarships as provided by the John and Olga Queeny Educational Foundation. Details concerning the scholarship program may be obtained from the Central Personnel Department.

Development of Personnel and Manpower Planning

A. New Employes - New employes receive indoctrination and orientation training to introduce them to company operations and into their work environment.

B. Employe Development Programs - To further the development of well qualified and proficient technical and managerial leadership, the company offers supplementary educational activities, including training courses, technical seminars and professional and management development programs, in each instance designed to meet the special requirements of particular employe groups. The company assists employes in taking advantage of job-related internal and external educational opportunities.

C. Executive Development - Specialized development and training programs are established for executives and candidates with potential for executive positions. These programs are planned to meet individual development plans and goals.

D. Promotions and Transfers - In furtherance of the company's policy of promotion from within, any qualified employe is eligible for promotion to any open position. When position openings requiring special skills or technical abilities occur, candidates are reviewed on a company-wide basis.

When any candidate from another division or central department is being considered for a position opportunity, the management of that division or central department must be consulted before discussions are initiated with the individual.

Promotions or lateral transfers between organizations or between domestic and international organizations are encouraged to develop employe capabilities and broaden experience. Such promotions and transfers are planned whenever possible as a part of individual development programs.

E. Key Scientific Personnel Advancement Plans - Monsanto provides a program for those who are qualified and wish to follow a scientific or technological career instead of advancing through the administrative line of promotion.

To implement this program, the positions of scientist and senior scientist have been created in the research departments, the positions of technologist and senior technologist have been created in the technical departments, and the positions of exploration geologist and senior exploration geologist have been created in the Production and Exploration Department of the Hydrocarbons and Polymers Division. Further information is found in Personnel Administration Bulletins XIV and XVII.

F. Tuition Payment Program - Employes are encouraged to continue formal education in areas related to job assignments, to improve job performance, to prepare for participation in civic affairs and/or to establish broad qualifications for promotion. Tuition refunds are made to such employes eligible to participate in the Tuition Program. Further information is found in Personnel Administration Bulletin V.

G. Performance Appraisal for Salaried Personnel - Each salaried employe's job performance is appraised by his supervisor at least once each year. The appraisal includes a review of the employe's job performance, effectiveness in achieving specific objectives and personal development plans. Appraisal results are discussed with each employe and are used to determine salary progression and career potential. Further information may be found in Personnel Administration Bulletin VII.

H. Key Personnel Planning - Replacement requirements and promotional plans for key personnel are maintained by responsible division general managers and central department directors. A key personnel report outlining these plans is submitted annually to the president.

I. Manpower Planning - Personnel requirements and plans are kept on a current basis from the forward five-year requirements for salaried personnel as determined by the company's approved Five-Year Plan and key personnel reports. Recruiting and training programs are tailored accordingly.

Labor Relations

Rights of employes, under federal and state laws, to join or refrain from joining a labor union are recognized. Where employes freely vote to join a labor union, in a National Labor Relations Board election, the company recognizes the duly certified collective bargaining agent.

The general manager of each division is responsible for labor relations, including collective bargaining, in his division. Plant managers, under the direction of their division general manager, are responsible for labor relations in their plants.

Division general managers and plant managers administer labor relations in conformity with the company-wide policy. The Central Personnel

Department furnishes divisions and plants with up-to-date information and advise on policy and practices and is concerned with the implementation of such practices and procedures.

The Central Personnel Department assists and advises division and plant management regarding action to be taken in contract negotiations or in specific labor problems. It participates in the planning of contract negotiations and is represented at these negotiations, if requested, and is kept fully informed of negotiation progress.

Plant managers, likewise, keep the Central Personnel Department informed on other labor relations problems of a precedent-setting nature or of significance to Monsanto company-wide, such as organizational campaigns, strikes or impending strikes, plant-union contract proposals, contract interpretations, unusual grievances and arbitrations. National Labor Relations Board and labor law matters are referred by the plants to the Central Personnel Department for handling with the Law Department.

The Central Personnel Department keeps the Corporate Development Committee, the divisions and the plants fully informed on significant internal labor relations matters and external labor relations developments as they affect the company, including state and national legislation, or interpretations thereof. The details of this policy are contained in Personnel Administration Bulletin R-1.

Employe-Management Communications

Employes are kept informed on matters of mutual interest and concern. This includes:

-- information on business objectives, progress, management goals and special problems;
-- Monsanto philosophy and policy of employe relations and information concerning established personnel practices and employe benefit programs;
-- Monsanto's role in the economy, the nation and the community.

In like manner, the upward flow of communications from employe to management is encouraged.

Solicitation of Employes

A. Employe Lists - Lists of employes may not be provided anyone outside the company and may not be released to anyone within the company without approval of a general manager or central department director.

B. Contributions* - Employes may not be solicited or solicit on company time or on company premises for contributions to any organization or fund without the approval of the location manager.

C. Memberships* - Employes may not be solicited or solicit on company time or on company premises, parking lots included, to join any organization whether social, fraternal, business or trade.

D. Purchases - Employes may not be solicited by salesmen or adjusters on company premises or during working hours.

E. Process or Subpoena Service - Since there is ample time away from the job for employes to be served with processes or subpoenas in private litigation matters, office managers and plant managers should not (except where required by state law) accept or call employes to a reception center for service of such processes or subpoenas. This does not apply to jury summons or to any investigations conducted by an official police organization in matters in which the particular employe is involved.

Personnel Travel and Moving Expense

A. Employes Traveling on Company Business - Employes traveling on company business are reimbursed for reasonable transportation and subsistence expense incurred upon submission of the standard detailed expense account. Travel provisions and travel insurance are covered in Administrative policy statements.

B. Travel and Moving Expense - New Personnel - All new exempt employes, married or unmarried, who are the heads of families with household goods, may be reimbursed for out-of-pocket expenses incurred in moving themselves, their furniture and family to the new job site.

All new exempt employes who are unmarried may be paid transportation to their new job site and expense of moving certain household effects.

A new exempt employe may be moved at company expense from his university or from his home as decided by the division or central department concerned and expressly stipulated in the job offer letter.

A new exempt employe, on reporting to his first assignment, may be reimbursed for reasonable subsistence expenses incurred for himself

*The provisions of Paragraphs B and C above do not apply to solicitation for union membership or union dues during nonworking hours.

and/or his family for a period normally not to exceed two weeks. In case of personal hardship, expenses may be paid for an additional period on approval of the employe's concerned supervision. Further information may be found in Personnel Administration Bulletin IX, Moving Expenses of Newly Hired Exempt Employes.

The Internal Revenue Service considers these reimbursements as income and the employe shall be informed by the employing division or central department of the necessary deductions and procedures required. Further information may be found in the Controller's Bulletin 19-6.

C. Travel and Moving Expense - Company Personnel - An employe assigned to a new location is reimbursed for reasonable travel and subsistence expenses incurred for himself and for his immediate family for a period normally not to exceed two weeks. In case of personal hardship, expenses may be paid for an additional period on approval of the employe's concerned supervision.

Prior to the actual move, the wife of the employe may make one trip at company expense to the new location to assist the husband in the purchase of a home.

An employe is permitted to return to his transfer point at company expense to assist the family in moving household effects and to take care of other related matters.

An employe who is temporarily assigned to a new location under conditions that makes it inadvisable to move the family and effects, or is assigned to a new location on a permanent basis but finds it inconvenient to move the family immediately may be paid his individual subsistence expenses at the discretion of concerned supervision. Such an employe is expected to arrange for adequate living conditions less expensive than would be obtained as a transient in a hotel. Occasional trips home at the expense of the company may be allowed on approval of concerned supervision.

The company pays the cost of moving the employe's household goods and personal effects to the newly assigned location, including storage charges if required. Further information may be found in Personnel Administration Bulletin VI and Central Distribution Department Bulletin DD-200.

Employe Real Estate

Employes relocating at company request may receive assistance in the sale of their residential property according to the information found in Personnel Administration Bulletin VI.

International Personnel

In its concept of personnel relations and in its statement of Business Principles, the company has clearly set forth those principles inherent in the company's relations with its personnel. These basic principles apply to all people in the Monsanto organization, in whichever country they may be working. The company, in its worldwide operations, follows these same principles as in the domestic operations.

The company staffs its international operations as far as possible with nationals of the country in which the company is situated.

Training programs and opportunities are provided to fully develop managerial and technical personnel capable of assuming responsibility for company operations. It may be necessary to support the international operation with personnel from domestic organizations; however, these will be replaced with nationals if and when possible and practical.

Special policies and procedures are developed and maintained to ensure that all personnel on international assignments are treated equitably, and that all matters affecting their compensation, benefits, perquisites and other emoluments are applied in a uniform manner.

The International Division is responsible for personnel administration overseas in all areas covered by its operations and for coordinating international personnel relations. The Central Personnel Department provides full support and consultive services on international personnel matters with respect to corporate policy and procedures. Further information may be found in Personnel Administration Bulletin XX.

Employe Health

Employe health is a primary concern of the company. Details covering physical examinations, medical treatment and toxicity matters are covered in medical policies in the Administrative section.

Terminations and Dismissals

Maximum job security is provided to all employes commensurate with their qualifications and performances and consistent with business conditions. Whenever job dislocations or eliminations occur because of economy or improved efficiency, every effort is made to transfer qualified employes affected to other jobs. Information on separation allowances for employes is found under the employe benefits section of the personnel policy.

Employes are dismissed for the violation of established rules of conduct, from inability to perform, or from poor performance of job duties and responsibilities.

Monsanto
COMPANY

BY-LAWS

OFFICES

1. Registered. The registered office of the Company shall be located at No. 100 West Tenth Street in the City of Wilmington, County of New Castle, State of Delaware, and the name of the registered agent in charge thereof is The Corporation Trust Company.

2. Other. The Company shall have its General Offices in the County of St. Louis, State of Missouri, and may also have offices at such other places both within or without the State of Delaware as the Board of Directors may from time to time designate or the business of the Company may require.

STOCKHOLDERS' MEETINGS

3. Annual Meeting. An annual meeting of stockholders shall be held on the fourth Thursday of March in each year at 10:00 a.m., local time, for the purpose of electing Directors and for the transaction of such other business as properly may come before such meeting. If the day fixed for the annual meeting shall be a legal holiday in the state of the location of such meeting, such meeting shall be held on the next succeeding business day.

4. Special Meetings. Special meetings of stockholders for any proper purpose or purposes, unless otherwise provided by the law of Delaware, may be called by the President, or pursuant to resolution of the Board of Directors, and shall be called by the Secretary at the request in writing of a majority of the Directors or at the request in writing of stockholders owning a majority of the issued and outstanding shares of the capital stock of the Company entitled to vote thereat. Such request shall state a proper purpose or purposes of the proposed meeting. Business transacted at a special meeting of stockholders shall be confined to the purpose or purposes of the meeting as stated in the notice of the meeting.

5. Place of Meeting. All meetings of stockholders shall be held at the General Offices of the Company in the County of St. Louis, State of Missouri, unless otherwise determined by resolution of the Board of Directors.

6. Notice of Meetings. Except as otherwise required by the law of Delaware, notice of each meeting of the stockholders, whether annual or special, shall, at least ten days but not

more than fifty days before the date of the meeting, be given to each stockholder of record entitled to vote at the meeting by mailing such notice in the United States mail, postage prepaid, addressed to him at his address as the same appears on the records of the Company. Such notice shall state the place, date and hour of the meeting, and in the case of a special meeting, shall also state the purpose or purposes thereof.

7. List of Stockholders. (a) The Secretary of the Company shall prepare, at least ten days before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

(b) The stock ledger of the Company shall be the only evidence as to the stockholders entitled to vote in person or by proxy at any meeting of stockholders, or to exercise the rights in accordance with Delaware law to examine the stock ledger, the list required by this By-Law or the books and records of the Company.

8. Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of any business at all meetings of the stockholders, except as otherwise provided by the law of Delaware, by the Certificate of Incorporation or by these By-Laws. In the absence of a quorum, the stockholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At such adjourned meeting at which the requisite

amount of voting stock shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

9. Voting and Required Vote. Subject to the provisions of the Certificate of Incorporation, each stockholder shall, at every meeting of stockholders, be entitled to one vote for each share of capital stock held by such stockholder. Except as otherwise provided by the law of Delaware and subject to the provisions of the Certificate of Incorporation, Directors shall be chosen by a plurality of the votes cast at the election, and all other questions shall be determined by a majority of the votes cast on such question. Elections of Directors shall be by written ballot.

10. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy, provided the instrument authorizing such proxy to act shall have been executed in writing (which shall include telegraphing or cabling) by the stockholder himself or by his duly authorized attorney. No proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

11. Inspectors of Election. At each meeting of the stockholders the polls shall be opened and closed, the proxies and ballots shall be received, and all questions concerning the qualification of voters and the validity of proxies, and the acceptance or rejection of votes shall be decided by a majority of three Inspectors. Unless otherwise provided by resolution of the Board of Directors, such Inspectors shall be appointed by the President before the meeting, or in default thereof, by the presiding officer at the meeting, and shall be sworn to the faithful performance of their duties. If any of the Inspectors previously appointed shall fail to attend or refuse or be unable to serve, substitutes shall be appointed in like manner. Such Inspectors need not be stockholders.

12. Organization. The Chairman of the Board of Directors, or in his absence, the President or any other officer designated by the President shall act as chairman of meetings of the stockholders.

BOARD OF DIRECTORS

13. General Powers, Number, Term of Office. The business of the Company shall be managed by its Board of Directors. The number of Directors which shall constitute the whole Board shall be fixed, from time to time, by resolutions adopted by the Board, but shall not be less than three persons. Except as hereinafter provided, the Directors shall be elected at the annual meeting of stockholders and each Director shall hold office until his successor is elected and qualified or until his earlier death, resignation or removal. Directors need not be stockholders of the Company or residents of the State of Delaware. Until changed as herein provided, the Board shall consist of fourteen Directors.

14. Vacancies. Any vacancy in the office of Director, whether by reason of death, resignation or removal from office, or resulting from an increase in the authorized number of Directors, or otherwise, may be filled by the affirmative vote of a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director. Each such Director shall hold office until his successor is elected and qualified or until his earlier death, resignation or removal.

15. Regular Meetings. Following the annual meeting of stockholders, the first meeting of each newly elected Board of Directors may be held, without notice, on the same day and at the same place as such stockholders' meeting. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the times and places at which such meetings shall be held. Notice of regular meetings shall not be required provided that whenever the time or place of regular meetings shall be fixed or changed, notice of such action shall be given promptly to each director, as provided in Section 17 below, who was not present at the meeting at which such action was taken.

16. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the President or the Chairman of the Board of Directors or by the Secretary at the written request of two or more Directors.

17. Notices. Notice of any special meeting of the Board of Directors shall be mailed to each Director, addressed to him at his residence or usual place of business, or shall be sent

to him at such place by telegram or cable, or telephoned or delivered to him personally, not later than two days before the day on which the meeting is to be held. Such notice shall state the time, place and purpose or purposes of the meeting.

18. Quorum. One-third of the total number of Directors constituting the whole Board, but not less than two, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such required number of Directors for a quorum is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. Except as otherwise specifically provided by the law of Delaware, the Certificate of Incorporation or these By-Laws, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

19. Organization. At each meeting of the Board of Directors the Chairman of the Board or, in his absence, the President or, in the absence of both, a chairman chosen by a majority of the Directors present, shall act as chairman of the meeting, and the Secretary or, in his absence, an Assistant Secretary or any employe of the Company appointed by the chairman of the meeting, shall act as secretary of the meeting.

20. Resignations. Any Director may resign at any time by giving written notice to the Chairman of the Board, the President or the Secretary of the Company. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

21. Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

22. Location of Books. Except as otherwise provided by resolution of the Board of Directors and subject to the law of Delaware,

the books of the Company may be kept at the General Offices of the Company and at such other places as may be necessary or convenient for the business of the Company.

23. Dividends. Subject to the provisions of the Certificate of Incorporation and the law of Delaware, dividends upon the capital stock of the Company may be declared by the Board of Directors at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the Company's capital stock.

24. Compensation of Directors. Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; provided, that nothing herein contained shall be construed to preclude any Director from serving the Company in any other capacity and receiving compensation therefor. Members of special or standing committees may also be allowed compensation and expenses of attendance for attending committee meetings.

25. Additional Powers. In addition to the powers and authorities by these By-Laws expressly conferred upon it, the Board of Directors may exercise all such powers of the Company and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

COMMITTEES OF DIRECTORS

26. Designation, Power, Alternate Members. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate an Executive Committee and one or more additional committees, each committee to consist of two or more of the Directors of the Company. Any such committee, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Company. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. If at a meeting of any committee one or more of the members thereof is absent or disqualified, and if either the Board of Directors has not so designated any alternate member or members, or the number of absent or dis-

qualified, and if either the Board of Directors has not so designated any alternate member or members, or the number of absent or disqualified members exceeds the number of alternate members who are present at such meeting, then the member or members of such committee (including alternates) present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of such absent or disqualified member. The term of office of the members of each committee shall be as fixed from time to time by the Board; provided, however, that any committee member who ceases to be a member of the Board shall ipso facto cease to be a committee member.

27. Quorum, Manner of Acting. At any meeting of a committee, the presence of one-third, but not less than two, of its members then in office shall constitute a quorum for the transaction of business; and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. Each committee may provide for the holding of regular meetings, make provision for the calling of special meetings and, except as otherwise provided in these By-Laws or by resolution of the Board of Directors, make rules for the conduct of its business.

28. Minutes. The committees shall keep minutes of their proceedings and report the same to the Board of Directors when required; but failure to keep such minutes shall not affect the validity of any acts of the committee or committees.

OFFICERS

29. Designation. The officers of the Company shall be a Chairman of the Board, a President, a Senior Vice President, one or more Vice Presidents, a Secretary, a Treasurer and a Controller. The Board of Directors may also elect Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other officers as it shall deem necessary. Any number of offices may be held by the same person. The Chairman of the Board of Directors and the President shall be chosen from among the Directors.

30. Election and Term. At its first meeting after each annual meeting of stockholders, the Board of Directors shall elect the officers of the Company and each such officer shall hold office until his successor is elected and qualified or until his earlier death, resignation or removal.

31. Removal. Any officer shall be subject to removal or suspension at any time, for or without cause, by the affirmative vote of a majority of the whole Board of Directors.

32. Resignations. Any officer may resign at any time by giving written notice to the Chairman of the Board, the President or to the Secretary. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

33. Vacancies. A vacancy in any office because of death, resignation, removal or any other cause may be filled for the unexpired portion of the term by the Board of Directors.

34. Compensation. The salaries of all officers of the Company shall be fixed by the Board of Directors.

35. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors, except as may be otherwise required under the law of Delaware. He shall be ex-officio a member of all standing committees of the Board of Directors of which he is not otherwise a member. He shall act in an advisory capacity with respect to matters of policy and other matters of importance pertaining to the affairs of the Company. He, alone or with the President, shall sign and send out reports and other messages which are to be sent to stockholders from time to time. He shall also perform such other duties as may be assigned to him by these By-Laws or the Board of Directors.

36. President. In the absence of the Chairman of the Board, the President shall preside at all meetings of the stockholders and of the Board of Directors. He shall be the chief executive officer of the Company, shall have general and active management of the business of the Company and shall have the general powers and duties of supervision and management usually vested in the office of president of a corporation. He shall see that all orders and resolutions of the Board of Directors are carried into effect and shall be ex-officio a member of all standing committees of the Board of Directors of which he is not otherwise a member. He shall perform such other duties as may be assigned to him by these By-Laws or the Board of Directors.

37. Senior Vice President. The Senior Vice President, during the absence of the President, shall assume and perform the duties and exercise the powers of the President. The Senior Vice President shall perform such other duties as may be assigned to him by these By-Laws, the Board of Directors or the President.

38. Vice Presidents. Each Vice President shall perform the duties and functions and exercise the powers assigned to him by the Board of Directors or the President.

39. Secretary. The Secretary shall attend all meetings of the Board of Directors and of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors and, when appropriate, shall cause the corporate seal to be affixed to any instruments executed on behalf of the Company. The Secretary shall also perform all duties incident to the office of Secretary and such other duties as may be assigned to him by these By-Laws, the Board of Directors or the President.

40. Assistant Secretaries. The Assistant Secretaries shall, during the absence of the Secretary, perform the duties and functions and exercise the powers of the Secretary. Each Assistant Secretary shall perform such other duties as may be assigned to him by the Board of Directors, the President or the Secretary.

41. Treasurer. The Treasurer shall have the custody of the funds and securities of the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board of Directors; disburse funds of the Company when properly authorized by vouchers prepared and approved by the Controller; and invest funds of the Company when authorized by the Board of Directors or a committee thereof. The Treasurer shall render to the Board of Directors or the President, whenever requested, an account of all his transactions as Treasurer and shall also perform all duties incident to the office of Treasurer and such other duties as may be assigned to him by these By-Laws, the Board of Directors, the President or the Vice President-Finance.

42. Assistant Treasurers. The Assistant Treasurers shall, during the absence of the Treasurer, perform the duties and functions

and exercise the powers of the Treasurer. Each Assistant Treasurer shall perform such other duties as may be assigned to him by the Board of Directors, the President or the Treasurer.

43. Controller. The Controller shall keep full and accurate account of receipts and disbursements in books of the Company and render to the Board of Directors or the President, whenever requested, an account of all his transactions as Controller and of the financial condition of the Company. The Controller shall also perform all duties incident to the office of Controller and such other duties as may be assigned to him by these By-Laws, the Board of Directors, the President or the Vice President-Finance.

44. Assistant Controllers. The Assistant Controllers shall, during the absence of the Controller, perform the duties and functions and exercise the powers of the Controller. Each Assistant Controller shall perform such other duties as may be assigned to him by the Board of Directors, the President or the Controller.

COMPANY CHECKS, DRAFTS and PROXIES

45. Checks, Drafts. All checks, drafts or other orders for the payment of money by the Company shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate; and the Board of Directors in its discretion may determine that the signature of any such authorized signer may be facsimile.

46. Proxies. Except as otherwise provided by resolution of the Board of Directors, the President, the Senior Vice President, and any Vice President shall each have full power and authority, in behalf of the Company, to exercise any and all rights of the Company with respect to any meeting of stockholders of any corporation in which the Company holds stock, including the execution and delivery of proxies therefor, and to consent in writing to action by such corporation without a meeting.

CAPITAL STOCK

47. Stock Certificates. Every holder of stock in the Company shall be entitled to have a certificate signed by, or in the name of the Company by, the Chairman of the Board of Directors, the President, the Senior Vice President, or a Vice President,

and by the Secretary or an Assistant Secretary of the Company certifying the number of shares owned by him in the Company. If such certificate is countersigned (a) by a transfer agent other than the Company or its employe, or (b) by a registrar other than the Company or its employe, any other signature on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if he or it were such officer, transfer agent or registrar at the date of issue.

48. Record Ownership. The Company shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such share, right or option on the part of any other person, whether or not the Company shall have notice thereof, except as otherwise provided by the law of Delaware.

49. Record Dates. In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

50. Transfer of Stock. Transfers of shares of stock of the Company shall be made only on the books of the Company by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or a transfer agent of the Company, and on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon.

51. Lost, Stolen or Destroyed Certificates. The Board of Directors may authorize a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Company alleged to have been lost, stolen or destroyed, upon the making of an affidavit of the fact by the person claiming the certificate of stock to be lost, stolen or

destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against the Company on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER EMPLOYES

52. (a) Any person who is or was a Director, officer or employe of the Company, or of any other corporation which he serves or served as such at the request of the Company because of the Company's interest, direct or indirect, as owner of shares of capital stock or as a creditor, may in accordance with subparagraph (b) below be indemnified by the Company against any and all liability and reasonable expense (including, but not limited to, counsel fees and disbursements and amounts paid in settlement or in satisfaction of judgments or as fines or penalties) paid or incurred by him in connection with or resulting from any claim, action, suit or proceeding (whether brought by or in the right of the Company or such other corporation or otherwise), civil, criminal, administrative or investigative, including any appeal relating thereto, in which he may be involved, or threatened to be involved, as a party or otherwise, by reason of his being or having been a Director, officer or employe of the Company or such other corporation, or by reason of any action taken or not taken in the course and scope of his employment as such officer or employe or in his capacity as such Director, provided: (1) in the case of a claim action, suit or proceeding brought by or in the right of the Company to procure a judgment in its favor, that such person has not been adjudged to be liable for negligence or misconduct in the performance of duty to the Company; and (2) in the case of a claim, action, suit or proceeding brought other than by or in the right of the Company to procure a judgment in its favor, that such person acted in good faith for a purpose which he reasonably believed to be in the best interest of the Company. In any criminal action or proceeding, such person shall be deemed not to have met the standard in clause (2) of the foregoing sentence if he had reasonable cause to believe that his conduct was unlawful. The termination of any claim, action, suit or proceeding, civil, criminal, administrative or investigative, by judgment, order, settlement (whether with

or without court approval), conviction or upon a plea of guilty or of nolo contendere, or its equivalent, shall not of itself create a presumption that a Director, officer or employe did not meet the standards of conduct set forth in this subparagraph (a).

(b) Any person referred to in subparagraph (a) of this By-Law who has been wholly successful on the merits with respect to any claim, action, suit or proceeding of the character described in subparagraph (a) shall be entitled to and be granted indemnification as of right, except to the extent he has otherwise been indemnified. Except as provided in the preceding sentence, the grant of indemnification under this By-Law, unless awarded by a court, shall be at the discretion of the Board, but may be granted only (1) if the Board, acting by a quorum consisting of Directors not parties to such claim, action, suit or proceeding, shall have determined that in its opinion the Director, officer or employe has met the applicable standards of conduct set forth in subparagraph (a) or (2) alternatively, if the Board shall have received the written advice of independent legal counsel that in the latter's judgment such applicable standards of conduct have been met. If several claims, issues, matters or actions are involved, any person referred to in subparagraph (a) of this By-Law may be indemnified by the Board to the extent of that portion of the liability and expenses described in subparagraph (a) which are allocable to the claims, issues, matters or actions in respect of which such person has met the applicable standards of conduct set forth in subparagraph (a). Any rights of indemnification provided in this By-Law shall not include any amount paid to the Company pursuant to any settlement of, or any judgment rendered in or resulting from, any claim, action, suit or proceeding brought by or in the right of the Company to procure a judgment in its favor.

(c) Expenses incurred with respect to any claim, action, suit or proceeding of the character described in subparagraph (a) of this By-Law may be advanced by the Company prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Director, officer or employe to repay such amount unless it shall ultimately be determined that he is entitled to, and is granted, indemnification under this By-Law.

(d) The rights of indemnification provided in this By-Law shall be in addition to any other rights to which any such Director, officer or employe may otherwise be entitled by contract or otherwise; and in the event of such person's death, such rights shall extend to his heirs and legal representatives. The foregoing rights shall be available whether or not such person continues to be a Director, officer or employe at the time of incurring or becoming subject to such liability and expenses, and whether or not the claim asserted against him is based on matters which antedate the adoption of this By-Law.

(e) For purposes of this By-Law, the term "Board" shall mean the Board of Directors of the Company or its Executive Committee.

(f) If any word, clause or provision of this By-Law or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

MISCELLANEOUS

53. Corporate Seal. The seal of the Company shall be circular in form, containing the words "Monsanto Company" and the word "Delaware" on the circumference surrounding the word "Seal." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

54. Fiscal Year. The fiscal year of the Company shall begin on the first day of January in each year.

55. Auditors. The Board of Directors shall select certified public accountants to audit the books of account and other appropriate corporate records of the Company annually and at such other times as the Board shall determine by resolution.

56. Waiver of Notice. Whenever notice is required to be given pursuant to the law of Delaware, the Certificate of Incorporation or these By-Laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting of stockholders or the Board of Directors or a committee thereof shall constitute a waiver of notice of such meeting, except when the stock-

holder or Director attends such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or by these By-Laws.

AMENDMENT TO BY-LAWS

57. Amendments. These By-Laws may be altered, amended or repealed by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote, cast at any annual or special meeting of the stockholders or by the affirmative vote of a majority of the whole Board of Directors at any regular or special meeting of the Board of Directors.

EMERGENCY BY-LAWS

These Emergency By-Laws, notwithstanding any different provision in the Certificate of Incorporation or By-Laws, shall be operative during any emergency resulting from an attack on the United States or on a locality in which the Company conducts its business or customarily holds meetings of the Board of Directors or its stockholders, or during any nuclear or atomic disaster, or during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors or a committee thereof cannot be readily convened for action. These Emergency By-Laws shall cease to be operative upon termination of such emergency.

During any such emergency:

(a) A meeting of the Board of Directors or a committee thereof may be called by any officer or Director. Notice of the time and place of the meeting shall be given by the person calling the meeting to only such of the Directors as it may be feasible to reach at the time and by such means as may be feasible at the time. Such notice shall be given at such time in advance of the meeting as circumstances permit in the judgment of the person calling the meeting.

(b) The officers or other persons designated on a list approved by the Board of Directors before the emergency, all in such order or priority and subject to such conditions and for such period of time (not longer than reasonably necessary after the termination of the emergency) as may be provided in these Emergency By-Laws or in the resolution approving the list, shall, to the extent required to provide a quorum at any meeting of the Board of Directors, be deemed Directors for such meeting. The Director or Directors (including persons deemed to be Directors) in attendance at the meeting shall constitute a quorum.

(c) The Board of Directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such an emergency any or all officers or agents of the Company shall for any reason be rendered incapable of discharging their duties.

(d) The Board of Directors, either before or during any such emergency, may, effective in the emergency, change the General Offices or designate several alternative General Offices or regional offices, or authorize an officer, or officers, so to do.

No officer, Director or employe acting in accordance with these Emergency By-Laws shall be liable except for willful misconduct.

These Emergency By-Laws shall be subject to repeal or change by further action of the Board of Directors or by action of the stockholders, but no such repeal or change shall modify the provisions of the next preceding paragraph with regard to action taken prior to the time of such repeal or change. Any amendment of these Emergency By-Laws may make any further or different provision that may be practical and necessary for the circumstances of the emergency.

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