March 1, 1958

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This list will be updated periodically.

Shea Smith III

PREFACE

MONSANTO OBJECTIVES

Monsanto objectives are stated in the following papers for the total company and separately for each division. The statement of total company objectives has been developed by the Executive Offices of the President and the divisional statements by each respective general manager with approval of the E.O.P.

The purpose of these statement of objectives is to provide a common understanding of basic strategies and principles upon which the future growth of Monsanto and each of its component parts is predicated. It is contemplated that these objectives will change with time as the company grows and as changes occur in our economic, political and competitive environments. The E.O.P., divisions and staff departments are requested to be alert to these changes and to recommend revisions in objectives as required.

MONSANTO CHEMICAL COMPANY OBJECTIVES

Monsanto's overall aim is to transform matter by the application of chemistry into other compositions of matter of greater value at the lowest possible cost and sell the products of these transformatives in the market places of the world. The company's aim is also to be regarded in all nations and by all the industry's skills and professions as the best company for which to work; by consumers everywhere as the best company from which to buy, by all the knowledgeable as the best company in which to invest.

To attain these overall objectives, Monsanto should:

<u>Develop toward greater prpfitability rather than greater size</u>; achieve and maintain a profitability level of at least 20% pretax return on total company investment and maintain a growth rate at least equal to the average of the major domestic chemical companies provided that such growth can be maintained at no sacrifice in profitability objectives; liquidate products or ventures which careful appraisals indicate cannot meet profit objectives long term.

<u>Continue to attract and develop superior personnel</u> through careful selection, schooling and coaching; by encouraging complete freedom of expression; by being non-nepotistic, by dropping the unworthy who may find their way into the ranks; by making certain that each has a clear understanding of his duties to and relationships with those with whom he works; by rewarding each in the degree to which he contributes toward attainment of the company's objectives.

<u>Plan, establish, and maintain technical leadership in the chemical industry</u>; achieve the reputation for being an innovator and leader in the development of new profitable products and sound new practices.

<u>Grow principally from within</u>, through research and technological development, - resort to purchased know-how only when timing is critical or when the price is less than the cost of internal development; emphasize expansion in areas where the Company can maintain or achieve a high degree of exclusivity through exploitation of patents, marketing franchises, or other special strengths; give preference to products that (a) have both a relatively high return on investment and a high growth rate; (b) that require a relatively low dollar of investment per dollar of sales and (c) that serve many industry end uses rather than few end uses.

Make acquisitions when they achieve improved profitability through integration with present operations, when they present the most feasible method of entering into a new field that integrates well with the Company's operations and technical skills, or when through vertical integration toward the consumer they present an opportunity for improved profitability and/or improved stability of profits; conversely, Monsanto is not interested in acquisitions that do not strongly integrate with present investments in plant, research, or marketing franchises.

SHORTER-TERM OBJECTIVES

1. Initially obtain a higher than 20% pretax return on new products and new ventures in order to maintain the 20% pretax return objectives on total company investment; strict standards cannot be established but the following may be useful guides;

Type of Project	Minimum % Return Before Taxes
1. New Monsanto-New Industry	35%
2. New Monsanto-Old Industry	25%
3. Old Monsanto-Old Industry	20%
4. Acquisitions	20%
5. Captive - Raw Materials	20%

2. Place special emphasis on improving profitability of present plant investment.

3. Place special emphasis on integration from a basic position in hydrocarbons toward the more complex organic chemicals.

4. Pursue integration toward the consumer in the plastics field in order to protect markets and profit margins.

5. Develop an effective program for meeting problems and exploiting opportunities created by the formation of the European Common Market and Free Trade Zone organizations.

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DOMESTIC SUBSIDIARIES & AFFILIATES DIVISION OBJECTIVES

The DSA Division is responsible for Monsanto's interest in domestic subsidiaries, associates, and affiliates, with the primary objective of assisting in the operation of such companies to the best interests of the shareholders of Monsanto.

Specifically, the Division maintains contact with all the affairs of such subsidiaries, associates, and affiliates, and acts as the principal coordinator between Monsanto and these companies.

August 16, 1957

INORGANIC CHEMICALS DIVISION OBJECTIVES

The primary aim of the Inorganic Chemicals Division is to be a profitable and growing organization in the manufacture, sale and technology of inorganic chemicals. This aim is to be achieved through recognition among employes, customers and the public that we are leaders in technical know-how, quality, service, etc., and that we are good citizens in the communities where we operate.

In pursuit of these primary goals the Division has prepared a long list of short range objectives which have been condensed and generalized into the following long range objectives:

MARKETING

Increase sales volume at a rate greater than the industry's growth. Presently this will be accomplished by a 10% annual increase of sales volume.

Seek unbiased knowledge of our performance relative to true customer needs, present and future.

PROFITABILITY

Raise profit level to a minimum of 18% before income taxes on total undepreciated capital investment.

1. Improve productivity 50% during these five years.
2. Devise a method for appraisal by measurement of value added by manufacture.

INNOVATION

Seek new and improved products, applications, services, processes and methods which will improve the overall productivity of the Division.

Current efforts are: ACl 70, sodium isethionate, new materials for synthetic detergents, urea, chemicals, and metals for the electronic industry, inorganic materials for construction, storage stable ammonia nitrate, ammonium nitrate explosives;

new methods of materials packaging, handling and distribution, optimization of production and product mix.

Devise means of measuring the effectiveness of staff activities (Research, Engineering, Development, etc.) toward productivity improvement.

PHYSICAL RESOURCES

Maintain and improve operating facilities and raw material sources to keep them fully modernized and properly located with respect to the probable future for each product.

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The following are critical items which require continuing study:

Phosphorus deposits
Electric power
Gas
Coke
Electric furnace vs. wet acid phosphorus.

PERSONNEL

Obtain superior employe performance through:

1. Attracting the highest calibre personnel by:

    a. commensurate rewards for employe contribution,

    b. establishing high standards of work performance,

    c. promotion and respect for professional ethics and interests,

    d. wage and salary scales, fringe benefits, housekeeping, safety, etc.

2. Maintaining respected community relationship.

3. Management training and development (set objectives and have annual appraisal review).

4. Studying union needs, desires and methods to maintain initiative in union relations.

5. Protecting the rights and needs of employes, unions, etc.

PUBLIC RELATIONS

Maintain a superior public reputation by:

1. Support of worthy community objectives and activities and insistence that key personnel carry their fair share of community responsibility.

2. Prompt and honest press relationship.

3. Provide safe and attractive working conditions for citizens of the community.

4. Recognition of public liabilities of each facility and making every reasonable effort to minimize their effects.

5. Being courteous.

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LION OIL COMPANY DIVISION OBJECTIVES

The primary objective of the Lion Oil Company Division is to build a strong basic position in the oil and chemical industries through integrated petroleum and petrochemical operations.

Lion Oil Company Division is charged with the responsibility of supplying or negotiating for natural gas or petroleum feedstocks used by other divisions of the company in all cases where the use of such raw materials represents a significant raw material purchase by the other division.

Lion also has the responsibility of providing chemical raw materials derived from petroleum, particularly where the production of such raw materials results in the concomitant production of other raw materials utilized in part or whole by the petroleum industry. In general, the Lion Division cut-off point ceases where the first basic chemical raw material product is produced.

This mission will be accomplished in the following manner:

Production of Crude Oil and Natural Gas

Production, exploration and drilling activities should proceed at a rate estimated to approximately double the company's production of crude oil and natural gas during a ten-year period.

Manufacturing and Marketing

Efforts will be directed toward increasing capacity of the El Dorado Refinery for greater profitability and installing facilities at Luling, Louisiana, for the production of benzene and other aromatics as required. Control of hydrocarbon raw materials in the Luling area will be secured and maintained on the basis that Luling will be the preferred site for the company's future petrochemical installations. The future sales program will be such that petroleum products not needed by the company for chemical manufacture can be advantageously sold in petroleum markets.

Research

Research and development work by Lion will be directed toward increasing the yield of petroleum raw materials for chemical manufacture from crude oil, liquefied hydrocarbons, natural gas and petroleum stocks available from petroleum refining operations. The objective is the conversion of crude oil and naturally occurring hydrocarbons into petrochemicals or petroleum chemical raw materials without the necessity of extensive petroleum refining operations. Research on oil operations will be limited to that relating to petroleum production and exploration, and to that necessary to maintain the company's position as a manufacturer and marketer of quality petroleum products.

February 7, 1958

ORGANIC CHEMICALS DIVISION OBJECTIVES

This Division's over-all objective is to grow profitably in the organic chemical field exclusively, and to conduct this growth within the over-all frame work of objectives established for the Company as a whole by the EOP.

This growth in organic chemicals is not to be confined to products for sale by the Organic Chemicals Division, but will include organic chemicals required by other operating divisions of the Company.

The Organic Chemicals Division will not sell products for consumption at the consumer level, except where absolutely necessary to protect a product line's profitability--such as the Farm Chemicals product group. Should such a product line logically fit into a selling division distribution setup, whose prime purpose it is to sell at the consumer level, it will not undertake consumer sales itself.

Technical Objectives

In addition to making and keeping secure the technology of our present product lines at as an efficient and profitable level as possible, it will also be the technical objective of the Research, Engineering and Manufacturing departments to continue enlarging their knowledge both in breadth and in depth in all phases of organic chemistry, engineering and manufacturing techniques. It will be the prime--but not the exclusive--objective of the Divisional Development Department to investigate, analyze, study and recommend new chemicals and fields for growth by the Organic Chemicals Division within the confines of its over-all general objectives.

It will not necessarily be the objective of the Division to integrate back to prime basic raw material positions, except where this can be accomplished within the profitability range established under commercial and sales objectives, or except where it is in the best interests of another operating division's chemistry to cooperate in basic raw material integration.

Commercial and Sales Objectives

The profitability objective of the Division will be the obtaining of a minimum of 20% pretax return on its undepreciated total operating investment.

On new products being considered for production, the following pretax returns will be our objectives:

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ORGANIC CHEMICALS DIVISION OBJECTIVES (Cont.)

Commercial and Sales Objectives (Cont.)

1.	New Monsanto - new industry	35%
2.	New Monsanto - custom manufacture	30%
3.	New Monsanto - old industry	25%
4.	Old Monsanto - old industry	20%
5.	Acquisitions	20%
6.	Captive raw material integration	20%

It will be the objective of the Sales Department to sell directly through its own sales force and to use dealers or distributors only in isolated cases where direct sales cannot be accomplished profitably.

The Sales Department will also have the objective of developing, on a continuing basis, commercial intelligence for the Division as related to competitive activity, and in addition, will use its commercial intelligence to aid and assist the Development Department, as well as to recommend to the Development Department new fields or products for investigation.

Personnel Objectives

The Division will conduct its relations with its personnel, as well as with the personnel in other divisions and departments, in such a manner as to assure the understanding that Monsanto is the best company for which to work. At the same time, it will have the objective of always demanding a high level of performance, which performance levels are to be made known to and understood by the individuals involved.

It will also be the objective of the Division to take a fair yet strictly businesslike approach to individuals not measuring up to performance levels required. All personnel of the Division shall have the objective of presenting Monsanto in a favorable light in its contacts with individuals, companies, institutions, communities, etc., outside the Company.

November 4, 1957

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OVERSEAS DIVISION OBJECTIVES

The objectives of the Overseas Division are:

To profitably and firmly establish Monsanto in the present and developing trade areas of the world outside the continental United States where we are not now so established and to do so in such a way as to ultimately be of financial benefit to the shareowners of Monsanto Chemical Company.

Also,

where economics justify or security demands to expand our existing operations outside the United States. This must be done in concert with the other divisions of the company and the individual companies now in existence in which Monsanto has an interest. Such expansion should, if possible, be within the financial capabilities of the companies in question, although this should not be a limiting factor if desirable opportunities are presented.

The preferred methods of reaching these objectives are:

1. Full use of products from present invested captial.
2. Maximum use of manufacturing, management and sales techniques.
3. Full utilization of patent position on manufacturing or use.
4. Use of incremental production.
5. Use of cash.
6. Use of a combination of these items to the best possible advantage.

The Overseas Division directly and through its association with subsidiary, associated and affiliated companies will so conduct its affairs as to bring worldwide confidence and respect to Monsanto on the part of its customers, employes and shareowners.

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MONSANTO CHEMICAL COMPANY
Plastics Division
Springfield, Massachusetts

January 1st, 1958

PLASTICS DIVISION OBJECTIVES

The Plastics Division of Monsanto is to be a dynamic, profitable, and leading technological and commercial factor in the plastics monomer and polymer industry in the markets of the world. The scope of its activity will be concerned with products and services which generally depend on applications of chemistry, physics, and engineering, where a strong technological and marketing position can be achieved and retained.

We will so conduct our affairs as to merit world wide confidence and esteem by customers, employees, suppliers, shareholders, and the general public in the Company's Plastics Division business, its management, and by exercise of strategic operating policies within the corporate framework.

I. Financial Objectives - Profitability and Growth

1. Strive to maximize the long-range intrinsic worth of the Company's common stock by providing from the Division's operations highly satisfactory profits for the Company's shareholders and by creation of opportunities for new profitable investment.

2. Emphasize long-range profitability rather than size and strive for a minimum of 20% pre tax annual return on total Division investment with the proviso that overall Company investment and integrated interests be considered. This 20% pre tax figure will be reviewed quarterly to be certain that this is a practical goal consistent with Company interests, the competitive industry situation, and plastics industry growth. To the extent that return is a function of time, so that new products which have a relatively higher rate of return which lessens as these products mature, it will be necessary to introduce new products at a level significantly higher than 20% in order that the product average over its commercial life the 20% bogey. This dictates an increase in exploratory effort on unrelated new products and technological areas for the combined activities of the Plastics Division and R.&E. Division in this exploratory endeavor.

3. Refrain from investing in new fields or projects for the sole purpose of maintaining sales growth rate where the long-range forecast indicates less than a 20% return on total capital. In the case of acquisitions, a lower return may be considered if long-term justification and outlook is adequate for protection of position or overall strategy.

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4. Maintain or exceed the rate of growth for the synthetic plastics industry in selected product areas. The overall rate of growth has averaged about 15% per year. The maximum sales growth will be limited only by the profitability objective. Maintain a growth rate of sufficient magnitude to remain a major supplier to the synthetic resin industry in both monomers and polymers.

5. Give preference to products which have both a relatively high return on investment and a high growth rate. The Division will plan on the liquidation of any product manufactured which does not meet the profit objectives. Specifically in the case of Ultron film and sheeting, a decision will be considered within a year as to whether to withdraw or stay in this phase of our business if profit and growth objectives are not realized. The Division will withdraw from the block cellulosic sheet business as rapidly as practical.

II. Product Objectives

1. The extent of integration, both vertical and horizontal, will be governed by long range return on investment and growth as follows:

    a. Vertical integration toward the consumer if the market volume is large and a significant portion of the desired market is involved, or where vertical integration is a device to develop a large market or where it is necessary to maintain or protect a basic raw material or commercial position.

    b. Vertical integration will encompass the upgrading and exploiting of chemical raw materials - particularly, but not exclusively, those derived from petroleum and natural gas - into monomers, intermediates, by-products, and polymers for the plastics monomer and polymer industry, rubber industry, and synthetic fiber industry, plus the optional further conversion, transformation, or upgrading of such polymers into higher value product forms which may be marketed closer to the consumer level.

    The upgrading in value of products will be considered wherever such added value enhances the development or retetion of the profit and growth objectives of the Division, or where protection of a domestic or world market position is involved, or where the marketing (either by the Division, other Divisions, or associated interests of the Company) of the monomers, intermediates, or by-products is profitable and enhances the return on investment in basic raw materials, or maintains or growth momentum and position

c. Horizontal integration where the result will have a clear-cut and significantly favorable effect on the upgrading of profit and/or the enhancement of the growth objectives.

2. In connection with the target polymer market areas, which are outlined subsequently, and with particular reference to the packaging industry the Division will concentrate on a market oriented program toward the development of sheets, films, and foils based on polymers stemming from our existing major capital areas of styrene, ethylene, vinyl chloride, and acrylonitrile, or in any new investment areas where technological advantages can be achieved and maintained - whether this accomplishment is internal Division or Company generated or obtained through outside associations. The Division will concentrate on the development of styrene based (oriented expanded, etc.) thin-gauge film, foil, and sheeting for manufacture and sale.

3. Every effort will be expended to maintain our leading volume and supplier position in acrylonitrile and Saflex.

4. The Division will continue active study on all vinyl chloride outlets in order to explore our technical position as the potential low cost manufacturer. Our objective is to push this advantage as rapidly as possible.

5. The Division will critically consider our position and objectives with respect to synthetic rubber latices, styrene monomer expansion, HCN and its derivatives (specifically, substituted triazines), new uses for acetylene including acrylates, and polyolefins other than ethylene.

6. The Division will support jointly with the Inorganic Division increased effort to become a basic melamine manufacturer to bolster our position in melamine based resins.

7. Further expansion in urea resin products will be considered only if Monsanto's raw material position in urea improves and profit objectives can be realized.

8. Our deteriorating patent position on soybean adhesives jeopardizes accomplishment of Division objectives in growth and profit in this product line. The effect of the patent expiration of our profit objectives has been assessed and a modest research program with the objective of patentable improvements will be carried out.

9. Our basic position in raw materials justifies the current technical rehabilitation program in phenolic resins to achieve the profit objectives. Increased sales without new capital is our objective.

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10. Increase of high pressure polyethylene divisor to obtain a more satisfactory profitability level is the initial objective for this product group. Improvement of product quality and product range is essential. Consideration of an integrated film position is under current review.

11. The long-range potential markets and increasing shifts of the population center westward make it imperative for us to maintain and continually improve our manufacturing, technical, and marketing facilities and efforts at Port Plastics, Trenton, and the West Coast installations.

12. Monsanto's leading position in overseas plastics sales and manufacture necessitates a critical review of the balance of resources applied to this activity and a long-range plan of development compatible with domestic goals. The current study underway with the Overseas Division needs emphasis.

13. The extent of diversification will be governed by long-range earnings, return on investment, available resources in materials, manpower, and finances both in existing investment and future investment.

III. Research Objectives

1. Direct expansion towards areas where the Division can maintain or achieve high return through a protected position made possible by the exploitation of patents or other special strengths in technical know-how, process integration, raw materials position, strategic plant location, or marketing know-how and position.

2. Base future growth predominantly on internal technical effort with outside purchase of know-how resorted to when timing dictates or when the cost of purchase would be less than the cost of developing the know-how internally.

3. Attain an intermediate objective of exploratory work of the minimum order of expenditure (for combined creative technical work Plastics Division plus R.&E. Division) between 1% and 2% of Plastics Division sales. Later review may require raising of this minimum.

IV. Marketing Objectives

1. Maintain or improve the present industry position of 8.5% of the total synthetic plastics and resin materials industry. Maintain or exceed the present industry participation in monomers, intermediates, and by-products, excluding those areas specifically assigned to the Lion Division.

If the upgrading of intermediates and the utilization of by-products is not carried out by other Monsanto divisions or associated interests, then the Plastics Division will assume this responsibility as necessary to predict the basic investment related to monomer and polymer manufacture.

2. Give preference to products which serve many industry end uses rather than few end uses.

3. Manufacture and sale of monomer and the upgrading and exploitation of intermediates, including utilization of by-products from petroleum and gas sources, will be directed primarily towards the polymer, synthetic fiber, and rubber markets or where the objectives of improving profit and growth are better realized from the Company's raw material position.

4. Concentrate at least 75% of the polymer marketing effort on improving our position in the following industries, keeping in mind our profit and growth objectives:

   a. Packaging
   b. Building Construction
   c. Electrical and Electronics Industry
   d. Appliances and Equipment
   e. Automotive
   f. Surface Coatings

V. Manufacturing Objectives

1. To increase productivity as measured by dollar production per employee at the same rate (or better) as has taken place in the past.

2. Increased costs due to raw materials, manpower, and equipment must at least be offset by increases in productivity so that unit cost will be the same or reduced.

3. Costs of warehousing of inventories and shipments must be optimized on a continual basis so as to minimize cost in this area.

VI. Organizational Objectives

To cope with the increasing complexity and size of Divisional activity, continuous organization planning is a necessity and a basis for our personnel requirements and development. Consideration should be given to the following:

1. Further decentralization of authority, responsibility, and accountability for more manageable and self-sufficient Divisional units to allow decision making at the optimum level of accountability as to performance with respect to profit and growth. Such trends might be accomplished on the basis of units

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defined by either: product group, market area, investment, geography, or technology.

2. Creation of a small expert Divisional development and planning staff function reporting to General Management and devoting effort primarily to:

    Coordinating through advice and counsel only, expansion plans in existing investment areas.

    Development of expansion plans for new areas of activity in addition to those new areas proposed by or generated from within the rest of the Divisional organization.

    Investigation of investment opportunities.

    Staff review and analysis of product projects new to Monsanto with recommendations to General Management.

    Staff review and analysis for General Management when requested of product projects evolving from the various functional development groups within the Division and Company with which liaison is continually maintained.

    Coordinating of Divisional effort with R.&E. Division and other Divisions in the broad area of unrelated products or fields of activities.

3. Improved coordination within the Marketing Department to achieve better accountability for and jurisdiction over certain separately administered activities, including:

    Market Development
    Industrial Applications
    Marketing Research
    Marketing Aspects of Structural Plastics Engineering Group

RKM/mg
12/26/57

RESEARCH & ENGINEERING DIVISION OBJECTIVES

A. General Objectives

The Research and Engineering Division has primary responsibility for new techniques, new products and new technical lines of endeavor not closely allied to those in which Monsanto already is engaged. It is expected to generate new scientific knowledge and to apply this, along with new technology and principles originated by others, to the solution of our problems and to the creation of new materials, uses and methods. This division shares with other divisional research, development and engineering forces responsibility for the forward development of the Company.

While there is no doubt of the shared responsibility between the Research and Engineering Division and other technological organizations of the company for the forward planning and development of Monsanto, the Research and Engineering Division is primarily concerned with this forward development and exists for the purpose of achieving it.

TO PLAN, ESTABLISH AND MAINTAIN FOR MONSANTO ITS TECHNICAL LEADERSHIP IN THE CHEMICAL INDUSTRY is the broad objective of the Research and Engineering Division.

To achieve this requires that research, development and engineering functions be effectively deployed in a dynamic long-range program for the Company's growth and profitability. To that end, the major effort of the Division's talents should be devoted to fundamental and exploratory objectives, and to the exploitation of the fruitful results from these.

The Research and Engineering Division will make its unique contribution to Monsanto's welfare through,

1. Creation of new, and preferably patented, processes and products, and of new uses and applications for our existing products.

2. Urgency in putting these new creations to actual use by Monsanto.

3. Discovery of new engineering and scientific technology, and prompt reduction to practice of new technology, whether originating in our own laboratories or elsewhere.

4. Recognition of new fields for the application of technology and exploitation of these areas ahead of our competitors.

RESEARCH & ENGINEERING DIVISION OBJECTIVES (Cont.)

5. Coordination of the efforts of engineers and scientists within the Division and with other technologists throughout Monsanto to achieve our goals.

6. Integration of specialized technology so that critical problems can be solved more quickly through bringing to bear the best technical knowledge in the company.

7. Providing and making available specialized technological services, and assisting every sector of the Company to make effective use of such resources.

8. Development of more fundamental scientific information on key processes and products so that technical improvement can be made more rapidly and on a more sound basis.

9. Searching out, recording, evaluating and exchanging within the company competitive information whether of a research, development, engineering, or marketing nature.

10. Investigating the opportunities for acquisition of processes, techniques, or operations from outside sources, and evaluating such opportunities so that those which "fit" can be exploited promptly.

11. Acquiring and developing outstanding technical manpower with those special skills which are not only needed now but also which will be needed in our future effort.

12. Focusing the attention of the academic and research world, at all levels, on Monsanto and supervising the company's consultant, fellowship, and scholarship programs.

13. Planning the future work of the division and, with divisional and corporate management, the future of Monsanto.

14. Evaluating honestly for ourselves the results of our division's activity, and assisting Company and divisional managements in the evaluation of technical proposals confronting them.

15. Recognizing and correcting our deficiencies and mistakes.

16. Selling the successful results of the divisional effort to the end that these results are put promptly into practical application within the company, and selling Monsanto in all of our every-day outside contacts.

17. Contracting to research, design, build and operate products processes and plants for the Government, in areas of National importance.

18. Leading Monsanto into the unknown, but always challenging and rewarding, future.

The following general operating principles govern the overall conduct of this Division:

1. An optimum balance will be sought between activities intended to support present technical efforts of the Company, those intended to aid the growth of the Company in its present lines of endeavor, and those intended to put us into entirely new fields.

2. In planning the Division's technical program, every effort will be made to develop programs jointly with the operating divisions, where such interests can be identified, with the objective of insuring adequate coverage, within the R&E Division's area of responsibility, of existing operating divisional interests. Domination by current divisional interests and thinking, however, will not be permitted to restrict the planning of exploratory and fundamental research nor that aimed at securing a position in areas new to the Company.

3. Transfer of projects to operating divisions will be effectuated at the earliest stage at which vigorous exploitation can be assured. Generally, this will be at the stage when we know that we have a product, the elements of a process and a use, and that detailed process and product development are needed. However, the R&E Division will be prepared to carry a development as far as may be necessary to insure its success, even through interim manufacturing and sales (though such cases should be extremely rare). Project transfers will be made formally, with the agreement of both parties concerned.

4. In negotiations with outsiders for the acquisition of specific technical assest, the R&E Division will keep all who may possibly have an interest advised, and will endeavor to transfer responsibility to an operating division when it can be established that the matter is of prime interest to such a division. Where no such specific responsibility develops, the R&E Division will be prepared to retain it.

5. In its search for new technologies, the Division will maintain close relationships with the colleges, research institutions, government agencies, engineering firms and other companies, here and abroad. Where it may seem desirable to acquire new developments from outside, every effort will be

made to handle such negotiations in coordination with an operating division, but we will be free to make such acquisitions on its own where no present divisional interests can be identified.

6. Sale of know-how and patents resulting from its work which has not been exploited by an operating division will be handled by the R&E Division. All who may possibly have an interest in such assets will be kept advised on all such negotiations with outsiders.

7. In outside contacts with customers or potential customers, the R&E Division will work through existing operating division relationships wherever possible, but will be free to make its own contacts in areas where no present divisional interests can be identified or where an approach different from existing ones is required.

8. The cultivation of close, direct, cooperative working relationships with technical personnel in all branches of the Company, and the joining of all available talent for the most effective attack of our problems, are key operating principles of the R&E Division.

B. Administrative Objective for 2 - 5 Years.

Continue integration of the Division into an efficient, coordinated activity which will instinctively concentrate the talents and resources of every department for the speedy solution of our problems.

Broaden our creative approach to our key technical problems, and develop effective programs to fill needs which are not now handled adequately.

Strengthen our search for new opportunities for Monsanto, and integrate the talents of the Division to such purpose.

Improve further our ties with the operating divisions, by rendering to them service of superior quality and by participating with them in the planning and execution of projects where joint interests can be identified.

Intensify our liaison with key customers, competitors, and other outside interests, for the purpose of detecting more promptly new needs, new competitive developments, and new technology which can be used by Monsanto.

Develop a strong capacity for assisting Company and divisional management in planning for the growth and prosperity of the Company.

RESEARCH & ENGINEERING DIVISION OBJECTIVES (Cont.)

Strengthen our own Divisional personnel in both management and technological capacities, and insure for adequate staffing of our work as it develops in the future.

Evaluate the desirability, as a long-range objective, of establishing laboratories for basic and exploratory research at East Coast and West Coast locations.

RESEARCH DEPARTMENT OBJECTIVES

General Objectives

1. Spearhead the achievement of the principal divisional objective - to place Monsanto in a position of technological leadership in the chemical industry and to maintain that position.

2. Increasingly devote our effort to original and fundamental work leading to new processes, new products, and new technology in the broad fields of

    a. Organic chemistry,
    b. Inorganic chemistry,
    c. Physical chemistry,
    d. Physics,
    e. Analytical chemistry,
    f. Biochemistry,
    g. Polymer chemistry,
    h. Engineering applications and techniques,
    i. Novel applications and uses for our chemicals, plastics, and petroleum products.

3. Guard Monsanto's interests ceaselessly by thorough patent protection of our work.

4. Present results promptly to interested segments of the company, and assist in developing those of immediate value to commerical success.

5. Work closely with research and development personnel of the operating divisions in developing most effective research programs for Monsanto.

INDUSTRIAL DESIGN DEPARTMENT OBJECTIVES

General Objectives

1. To use original design techniques with initiative and ingenuity in order to devise new products which will be profitable to Monsanto. The activities of the Industrial Design Department will be related to the programs of the Research Department whenever possible. This does not mean that our activities will be restricted to new compounds, but that they will receive priority.

2. To bring worthwhile ideas and products to points of completion which will prove their value.

3. To present these proved ideas and products to operating divisions and staff departments in a convincing manner so that they may be put to use as quickly as possible, supported by equipment and personnel best suited to the effort.

SPECIAL PROJECTS DEPARTMENT OBJECTIVES

General Objectives

1. Establish a research facility devoted to contract research for agencies of the Federal Government with emphasis on work for the Department of Defense.

2. Extend basic knowledge in fields where Monsanto has established technical competence without interfering with present company projects.

3. Become familiar with and develop new areas of technology.

4. Develop products which are related to Monsanto's long-range interests but for which the Government is the immediate consumer.

5. Acquire and develop technical manpower with special skills who are not needed by Monsanto immediately, but who will be needed in the future.

6. Furnish a unique contribution by Monsanto to the nation's welfare and security.

DEVELOPMENT DEPARTMENT OBJECTIVES

General Objectives

1. Assist in establishing unique technical positions through providing information and services to the other departments of the Division, and to the Company generally, about:

   a. Fields of use new to Monsanto.

   b. Products new to Monsanto.

   c. New processes of possible significance for production of new or existing product.

   d. Markets and marketing methods new to Monsanto.

   e. New raw materials either from within or outside Monsanto leading to new products.

   f. New reactions leading to new products.

2. Maintain primary responsibility for technical representation in Europe and other foreign areas considered essential to forward interests of Monsanto.

3. Coordinate and systematize the long-range plan, both of the Research and Engineering Division and of Monsanto.

4. Search out and make appropriately known competitive technical and marketing information.

5. Coordinate abstracting and indexing of all research, development, engineering and marketing reports.

6. Coordinate and systematize the company's long-range raw material planning.

7. Search out and evaluate new profitable areas both in U.S. and abroad for long-range company research.

8. Serve as Monsanto's primary contact with the academic world and supervise Monsanto's fellowship and scholarship programs.

9. Maintain responsibility as chief agent for purchasing know-how and inventions by developing a forward looking policy for acquisition of ideas, processes or properties from outside Monsanto, and investigate and evaluate opportunities in advance and as these arise, both here and abroad.

10. Coordinate, evaluate, and systematize the transfer of new products from the Research Department of the R&E Division to the operating divisions.

11. Coordinate, evaluate, and systematize the transfer of information from the operating divisions to the Research Department of the R&E Division as to needs for new products.

12. Coordinate, evaluate, and systematize the transfer of information to and from the Research Department of the R&E Division and domestic and foreign affiliates and subsidiaries.

13. Review periodically and implement the possibilities of sale or license to other companies in the U.S. and abroad, in cooperation with the Overseas Division, of Research and Engineering Division patents or know-how, where such sale is not in conflict with the interest of the operating divisions and is in the best interest of Monsanto.

ENGINEERING DEPARTMENT OBJECTIVES

General Objectives

1. Provide technical leadership for improvement of Monsanto's engineering.

2. Build a competent, versatile, and experienced engineering force embracing each engineering discipline.

3. Develop new design methods.

4. Investigate or develop new scientific techniques and explore opportunities to adapt these to Monsanto's problems.

5. Fill the engineering need of the Research and Engineering Division and top management with engineering assistance.

6. Furnish consulting services to the operating divisions in fields which cannot be covered adequately and economically by the divisions independently.

7. Develop and evaluate new engineering materials and new uses for existing engineering materials.

8. Promote plant safety and reduce Monsanto's insurance costs by the proper application of the most advanced technology and followup.

9. Constantly improve in technical proficiency and service.

MOUND LABORATORY OBJECTIVES

General Objectives

1. To conduct a program of research and development in the area of nuclear chemistry, as directed by the Atomic Energy Commission (largely classified).

2. To employ Monsanto talent in the Atomic Energy program where this is for the mutual advantage of the Government and of Monsanto.

3. To introduce into Monsanto those new technologies arising from the Atomic Energy program as these become decalssified.

4. To be alert for opportunities for Monsanto to participate in the Atomic Energy program, and to supply materials to this program.

1/2/58

POLICY

SECURITY OF COMPANY INFORMATION

The profitability of Company operations and the welfare of all employes and stockholders, as well as the development of new products, formulae, processes and equipment have resulted from the diligence and intelligence of Monsanto employes over the years. The Company has spent enormous funds in developing confidential information and trade secrets in order successfully to compete and to progress in a highly competitive industry. Though intangible in nature, its trade secrets and confidential information are the property of the Company, just as are its plants, furniture, machinery and all other tangible assets. Revelations of trade secrets and confidential information, whether innocent or deliberate, represent an irreparable loss to the Company and endanger the position of all employes and stockholders. Each employe is responsible for preserving the Company's trade secrets and confidential information.

Each Division General Manager and each Staff Department Director shall, throughout his organization, make certain that trade secrets and information of a sensitive nature to Monsanto receive the protection deserved. Release of any sensitive information to the public, or privately to salesmen and other companies, must have prior Company clearance. Security procedures are described in the "Company Security Guide" and shall be followed.

10/10/58

POLICY

MERCHANDISING TO THE CONSUMER

Monsanto will remain alert to the opportunities of merchandising chemical and plastic or specialty products directly to the consumer and may in the future develop an aggressive approach to such activities, depending upon circumstances. Each opportunity will be explored on a case-by-case basis taking into consideration the following factors:

1. Degree and effect of competition with customers.

2. Ability to maintain a strong patent position.

3. Opportunity to provide better growth and profit for the Company.

4. Protection of capital investment.

5. Opportunity to circumvent an unsatisfactory marketing situation.

6. Opportunity to provide a large captive market for Monsanto products.

June 11, 1957

POLICY

CHEMSTRAND CORPORATION

The Chemstrand Corporation is owned in equal shares by Monsanto and American Viscose Corporation. It was established to produce and sell synthetic fibers. Nylon and Acrilan are its first two fibers.

Neither Monsanto nor Viscose is precluded from competing with The Chemstrand Corporation in any field, if such action seems to be desirable for Monsanto or Viscose. However, Monsanto and The Chemstrand Corporation have entered into an agreement which is summarized as follows:

"When either Monsanto or Chemstrand has available technical information relating to the field of the agreement which it does not desire to utilize in the manufacture of fibers, it will advise the other party, and if the other party is interested in receiving such technical information, such information will be made available to it; provided neither party will be required to transmit information which it is not free to transmit. If after receiving such technical information the other party desires to use such information on a commercial scale, the parties will negotiate the terms and conditions for such use on a non-exclusive basis, but there shall be no obligation on the part of either party to enter into such a licensing arrangement."

July 10, 1957

POLICY

MOBAY CHEMICAL COMPANY

Mobay, a company owned in equal shares by Farbenfabriken Bayer of Leverkusen, Germany, was established to exploit in U.S.A. such of Bayer's developments which the two partners agree should be so exploited. Isocyanates were Mobay's first products; polycarbonates may be its second.

Monsanto is not precluded from competing with Mobay in any field or product if its own independent research and development indicates such action to be desirable for Monsanto.

Hence each case -- whether or not Mobay is to exploit a Bayer development or whether or not Monsanto shall compete with Mobay -- will be decided individually as it arises.

June 25, 1957

POLICY

GOVERNMENT BUSINESS AND RESEARCH

Government Business

Sales of Regular Products

Sales to the Government of products regularly manufactured by Monsanto should be handled as normal divisional matters.

Production of Special Products in Existing Plant

If production of products not regularly of our manufacture can be handled without difficulty in existing plant, the decision to proceed should be made by the Division concerned and the General Manager should so advise the EOP.

Business Involving Construction of New Plant

If the proposed business involves a present or related product, or one which fits our economy and has civilian uses in addition to those of the Government, yet cannot be handled without the construction of new facilities, then the division concerned should handle it as any other new capital project.

Construction of Plants for the Government

Where the business involves a product for which the Government is the only foreseeable customer, and for which a new plant must be built at Government expense, either for operation by us or by the Government, the General Manager concerned should advise the EOP of the circumstances, together with his recommendations.

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 we also manufacture or use, the General Manager should handle as a Divisional matter.

Government Research

The Company has established the Special Projects Department of the Research and Engineering Division at Everett, Massachusetts, as its primary facility to conduct research for the Government at Government expense.

GOVERNMENT BUSINESS AND RESEARCH (Cont.)

Government Research (Cont.)

Projects will be sought which will enable Monsanto to become familiar with new and developing areas of technology and which will facilitate our development of products related to our long-range interests. Such projects will assist us in acquiring technical specialists who are not now directly needed by Monsanto but who will be needed a few years hence.

It may be desirable to conduct a Government project at another location, particularly where we foresee a worth while market for a product which we can exploit by our normal business methods, and this may be done at the discretion of the Division concerned.

The Director of the Special Projects Department shall be notified promptly of any Government research projects under consideration, and shall be kept informed on the status of any negotiations.

Monsanto will continue to operate Mound Laboratory for the Atomic Energy Commission. Any other matters involving Government research for the Atomic Energy program should be referred to the General Manager of the Research and Engineering Division, who is responsible for operation of Mound Laboratory.

Notification to Washington Office

The Washington office shall be notified promptly when Government business is accepted or rejected (together with reasons for rejection), and shall be kept advised on the status of important negotiations in progress.

August 26, 1957

POLICY

AIRPLANE TRAVEL

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

1. Members of the Executive Offices of the President.

2. General Managers.

In addition, no more than three members of the following categories, counting cognate members of the Executive Offices of the President, nor more than a total of six members of any combination of these categories, may travel in the same airplane:

1. Directors of Research

2. Directors of Engineering

3. Directors of Marketing

4. Directors of Manufacturing

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

This is an amendment to the policy stated on Page 85 of the Third Edition of Management Guide.

July 10, 1957

POLICY

COMPANY AUTOMOBILES AND TRUCKS

Monsanto will adhere to a policy of leasing passenger cars instead of owning them. In addition, as new trucks are required, the company will take the lease route for these also.

July 3, 1957

POLICY

OUTSIDE DIRECTORSHIPS

No officer, general manager, or Staff Department Director shall serve as a director of another industrial or insurance company unless it is pursuant to an exception made by the Board of Directors in a particular case. Furthermore, divisional personnel at the level of department head or above shall not serve as a director of another industrial or insurance company except by approval of the respective General Manager.

For purposes of implementing the above, banks, transportation companies and public utilities are not to be considered industrial corporations.

July 29, 1957

POLICY

OVERSEAS OPERATIONS

Export sales will be of products from domestic Monsanto production and special sales emphasis will be placed upon products wherein Monsanto has excess plant capacity for domestic requirements.

Established export trade markets will be protected by minimum allocation of domestic capacity on a product-by-product basis on terms negotiated between the Overseas Division and the respective operating division.

With respect to present foreign investments, Monsanto will continue to expand individual companies now in existence in which Monsanto has an interest. Such expansion should in general be within the financial capabilities of the companies in question although this should not be a limiting factor if profitable opportunities are presented.

In making future foreign investments no one method of securing equity will be used preferentially over other methods, but rather all of the following will be used to the best possible advantage:

1. Sale of know-how or patents.

2. Use of cash.

3. Use of manufacturing, management, and sales techniques.

4. Use of incremental production.

5. Use of idle domestic equipment.

October 28, 1957

M-1171

POLICY

SALE OF SERVICES

Monsanto should design, build and sell plants for sulfuric acid, chlorine and phosphorus burning units. These plants should lead respectively to the sale of catalyst and know-how for sulfuric acid, royalty income on chlorine, and disposal of phosphorus.

If and when Monsanto secures deposits of phosphate rock for direct sale, Monsanto should design and sell wet process phosphoric acid plants in an effort to sell additional phosphate rock.

Monsanto should study the possibility of the design and sale of nitric acid plants which can be utilized in the ammonia field, and for a catalyst material which can be developed by Inorganic.

Except for the above, Monsanto will not pursue expansion of sale of services beyond its present activities in this area.

October 28, 1957

POLICY

ACQUISITIONS

Monsanto is continually being apprised that certain companies are for sale and asked if we are interested. Caution should be exercised in handling these inquiries, particularly as to our liability for a "finder fee".

The method of handling investigation of acquisitions will be guided by the circumstances surrounding each individual case. In general, however, it will be the policy that each division will carry out investigation of those companies that would fall within its orbit of interest; investigation of companies that would not fall within the general area of interest of any one division will be carried out by the R. & E. Division.

The clearing house on files concerning domestic acquisitions will continue to be maintained by the General Development Department of the R. & E. Division. This does not require that a complete set of files be maintained with the General Development Department on each company studied but rather that the General Development Department, at a time compatible with security, be notified as to where the files are located.

The President should be informed of all acquisition studies before making contact with anyone employed by or representing the company being considered for purchase. Also, the matter should be submitted to the director of the Law Department for study of possible anti-trust implications. If the proposed acquisition should involve a continuation of the company as a domestic subsidiary, associate, or affiliate, J. Russell Wilson of the DSA Division should be advised and kept informed of the study and negotiations.

September 18, 1957

POLICY

DISCLOSURE OF MECHANICAL INNOVATIONS

The general policy on disclosure of mechanical innovations will be to decide upon (a) licensing or (b) maintaining know-how monopoly on a case-by-case basis. In those instances where licensing is deemed advisable, recommendation for such licensing will be made to the Executive Committee for approval.

November 7, 1957

m-1078

POLICY

SALARIES OF STAFF PERSONNEL ASSIGNED TO A DIVISION

Either the general manager or staff department director may suggest salary changes or bonuses for staff personnel assigned to a division; final authority for salary changes or bonus recommendations, however, is invested with the staff department director; but in the case of the top level staff person assigned to a division, this authority can be exercised only after consultation with the general manager.

1/3/58

POLICY

TECHNICAL KNOW-HOW - SALE OF

TO COUNTRIES IN EUROPEAN COMMON MARKET

Monsanto policy with respect to sale of technical know-how to countries that are in the European Common Market and Free Trade Areas will be to explore individually all requests for sale of technical know-how to these countries with the objective of consummating arrangements where the terms are profitable to Monsanto on an overall basis.

12/4/57

M-1079

POLICY

TECHNICAL PERSONNEL - HIRING OF

Monsanto will match any competitive starting rates in the hiring of technical people to obtain the highest quality personnel available; quality of new hires rather than quantity will be emphasized at all times and number of hires will be reduced if this is necessary to obtain the highest quality personnel available in periods when budget restrictions are limiting.

12/23/57

This Supplement to Monsanto's Management Guide was issued June 23, 1958

AUTHORITY FOR GENERAL MANAGERS

Five degrees of authority are defined as follows:

Degree 1—Complete Independent Delegation of Authority

Action or decision is to be initiated and executed independently by the general managers; general manager reporting and accountability is therefore to be periodic and routine in nature. Even though divisional general managers accept responsibility for judgment of situations under Degree 1, where complete independent action is in order, immediate post-action notification to the appropriate Executive Committee member may be prudent in some instances.

Degree 2—Coordinated Independent Delegation of Authority

Action or decision is taken only after obtaining prior advice and counsel from the appropriate Executive Committee member or other appropriate company personnel (such as staff department directors, head of Washington Office, etc.). However, the divisional decision is not determined by such counsel and advice; authority, responsibility and accountability therefore rests entirely with the general managers.

Degree 3—Approval Prior to Decision for Action

The general manager is to obtain approval and authority before proceeding from the appropriate Executive Committee member or other appropriate company personnel; responsibility, authority and accountability is thereby divided and shared.

Degree 4—No Authority, Responsibility or Accountability for General Manager

Initiation of action and complete decision is with the appropriate Executive Committee member or other appropriate company personnel but decision is to be made only after consultation with the general manager.

Degree 5—No Authority, Responsibility or Accountability for General Manager

Complete decision is with the appropriate Executive Committee member or other appropriate company personnel. The general manager should refer decisions on items in this category to the appropriate Executive Committee member and then may be expected in some instances to carry out the decision and be accountable for the follow-through.

Nothing contained herein will limit the responsibility of the staff department directors to take the initiative in bringing to the attention of the divisions trends, developments or incipient problems that might come to their attention.

In all cases the degree of authority delegated should be construed to be within the framework of existing policy, either written or unwritten.

The items for which degrees of authority have been established are grouped by functions in order to facilitate the use of this document by the various central and divisional departments. The few items which are applicable to all functions are listed separately rather than restated under each department or function heading. All items listed refer only to divisional operations.

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APPLICABLE TO ALL FUNCTIONS

1—Expenses (within approved budgets)........ 2
2—Manpower count and assignment (within approved budgets)........ 1
3—Taxes—Federal income taxes........ 3
—Local property taxes........ 3
4—Central staff personnel assigned to a division
—Recommendations for salary increase or bonus........ 3
—Approval of salary increase or bonus for top man........ 3
—Approval of salary increase or bonus below top man........ 4

GENERAL ADMINISTRATION

1—Organization planning........ 2
2—Organization structure changes—Major........ 2
—Minor........ 1
3—Promotions
—Assistant General Manager........ 3
—Through level of department heads (except Assistant General Manager)........ 2
—All others........ 1
4—Maintain effective working relationships with other divisions, departments and top company management........ 1
5—Maintain adequate communications and accountability to the President and members of his office.. 1
6—Divisional employe communications........ 1

ACCOUNTING

1—Budgeting (within corporate budget policies)........ 2
2—Corporation accounting........ 5
3—Plant and cost accounting—Applicable and scope........ 4
4—Plant and cost professional accounting practice........ 4
5—Interdivision transfers of goods, and investment, within established policy........ 1
—Outside established policy........ 3
6—Inventory evaluation and de-evaluation
—Minor (up to $10,000)........ 1
—Major (over $10,000)........ 4

ADVERTISING

1—Corporate—Involving a division........ 3
—Other........ 5
2—Product........ 2
3—Outdoor plant signs........ 3
4—Selection of advertising agencies........ 3

DOMESTIC ASSOCIATES AND AFFILIATES (in cooperation with DSA Division)

1—Corporate representation........ 3
2—Operational policy (where involved)........ 3
3—Development responsibility (where involved)........ 2

ENGINEERING

1—Capital budget—Major........ 3
2—Capital planning and Appropriation Forecasts—Major........ 3
3—Appropriation Requests—Major........ 3
4—Capital retirement requests........ 3
5—Standardization........ 2
6—Process and technical decisions........ 2
7—Engineering-research program: scope, direction and priority........ 2
8—Contracts—construction, engineering-research, engineering-development: scope and selection........ 2
9—Spare parts inventory........ 1
10—Know-how exchange, purchase, or sale........ 3

LAW

Item	Degree
1—Legislation	4
2—Litigation (excluding patent litigation)	
—Initiation	3
—Prosecution and Defense	5
3—Negotiation and drafting of agreements (excluding Technical Contracts)	3
4—Antitrust	4
5—Corporate matters	5
6—Government contracts concerning legal matters	3
7—Legal and litigation matters and problems not otherwise listed	3

MANUFACTURING

Item	Degree
1—Cost of goods sold budget	2
2—Purchases—Major ($25,000 and over)	3
—Minor (less than $25,000)	2
—Where reciprocity is involved	3
3—Inventory management—raw materials, in process, finished goods	1
4—Inventory management—where more than one division is involved	2
5—Safety	2
6—Civic relations in divisional plant, laboratory, office locations	1
7—Public relations—Broad corporate	5
—Local limited situations	2
8—Traffic	3
9—Utilities management (power contracts, etc.)	1
10—Plant location at present plant sites	2
11—New plant sites	3

MARKETING

Item	Degree
1—Sales budget	2
2—Sales volume and sales plan	1
3—Pricing, including trade practices	2
4—Product advertising and promotion	2
5—Product and field sales management	1
6—Reciprocity situations	3
7—Major sales contracts—No reciprocity involved	2
—Where reciprocity is involved	3
8—Sales and market development management, manpower count and assignment, project selection	1
9—Marketing research	2
10—Sales incentives, compensation plans, etc.	2
11—Finished goods inventory management	1
12—Packaging and containers	2
13—Labeling	3

MEDICAL

Item	Degree
1—Establish health standards and direct health maintenance of employes	3
2—Obtain, assemble and interpret toxicology data on company products and disseminate such data	3
3—Select and supervise medical and industrial hygiene personnel	3
4—Maintain healthful working environment	3
5—Air and stream pollution control	3
6—Maintain relationship with appropriate governmental, research, public and private agencies in fields of industrial health, toxicology and pollution control	3

OVERSEAS (in cooperation with Overseas Division)

Item	Degree
1—Sales	2
2—Investment	3
3—Contractual relations with foreign associates and affiliates	3
4—Sale of know-how and patents	3
5—Personnel development and training	2
6—Business development program	2

PATENT

Item	Degree
1—Applications and interferences (via Patent Dept.)	3
2—Licensing—domestic and foreign	3
3—Know-how exchanges	3
4—Trademarks	3
5—Technical contracts (via Patent and Law Depts.)	3
6—Litigation of patents, trademarks, tradenames and copyrights	3

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PERSONNEL

1—Salary administration—Within Salary Plan (except general increases)—Part I 1
—Within Salary Plan—Part II 1
2—Labor relations—Clearly within broad corporate policy 1
—Outside broad corporate policy 3
—Union contract negotiations 2
3—Wage administration 1
Wage increases 3
4—Bonus and stock options 4
5—Recruitment—Technical 2
—Non-technical 1
6—Management development and training 2

PUBLIC RELATIONS

1—Community relations—With public in respective local areas (except St. Louis) 1
—With local business (except St. Louis) 2
—With public and local business in St. Louis 3
2—Corporate relations 5
3—Product publicity—Selection of products and gathering of information 1
—Releasability of publicity outside Monsanto 3
—Product publicity personnel 3
4—Press, radio-TV relations—Non-local 3
—Local 2
5—Financial community 5
6—Government relations—Federal (excluding Legislation) 3
—Community and State 1
7—Shareowners relations 5
8—Corporate publications (Monsanto Magazine, etc.) 5
9—Photography (stills, motion pictures, film distribution) 5
10—Charitable contributions 3

PURCHASING AND TRAFFIC

1—Major ($25,000 and over) contracts involving legal and policy matters 3
2—Selection of suppliers 3
3—Packaging and containers 2
4—Labeling 3
5—Freight, rail, water transportation, etc. 3
6—Reciprocity situations 3

RESEARCH AND DEVELOPMENT

1—Research planning 2
2—Specific project selection 2
3—Outside research or development 3
4—Grant-In-Aid 2
5—Patent support and prosecution, budget and manpower 3
—Coordination and relations with Central Patent Department 3
6—Know-how exchange, purchase, sale 3
7—Central Research liaison 2
8—Government research liaison 2
9—Foreign research liaison (European technical representative thru R&E Division) 2

TREASURY

1—Credit, including credit to foreign and domestic subsidiaries, associated, and affiliated companies, within reasonable limits and company policy 3
2—Capital procurement 5
3—Bank relations and control of bank balances ...... (*) 5
4—Insurance ...... (**) 5
5—Federal social security, withholding, excise and miscellaneous taxes 5
6—State income, franchise, intangible, and miscellaneous taxes 5
7—State unemployment compensation 5
8—Investment of company working capital 5
9—Employes' Stock Purchase Plan 5
10—1956 Employes' Stock Option Plan 5

*—For Lion Oil Division 3
**—Except for insurance applicable to a particular division 4

111. ORGANIZATION

The attainment of corporate objectives requires three definite areas of responsibility: trustee, executive, operating.

A. TRUSTEE AREA

(1) Board of Directors

The Board of Directors is elected by the shareowners to whom the Board is responsible for the affairs of the company.

Individuals who are or have been president of the company, as well as Directors who are not officers or otherwise employed by the company, will be eligible for continued service as Directors until they reach 68 years of age. All other Directors must retire from the Board upon reaching the age 65.

No general manager of a division or director of a staff department may be simultaneously a member of the Board of Directors.

The Secretary of the company is Secretary of the Board.

All employes of the company are ultimately responsible to the board through the President.

The Board of Directors shall:

i. Act on all matters involving major corporate policies or transactions and exercise general control over the business and property of the company. It may designate committees to exercise powers of the Board.

ii. Elect officers of the company and fix their salaries.

iii. Exercise all powers of the company and do all lawful acts and things as are not by statute, the Certificate of Incorporation or the by-laws required to be exercised by the shareowners.

iv. Review and approve requests for capital appropriations for (1) new projects, (2) replacements, (3) each overrun, (4) each change in scope, or (5) retirement of assets by obsolescence, which exceed $250,000 per item and have been recommended by the Executive Committee.

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v. Have authority to amend or repeal by-laws of the company.

vi. Hold regular meetings at the offices of the company at St. Louis County, unless some other place is specified, on dates set by the Board.

vii. Hold special meetings as called by the President on two days' notice to each Director or by the President or Secretary similarly on the written request of two Directors. Four Directors are necessary to constitute a quorum. The act of a majority of the Directors present at any meeting at which there is a quorum is the act of the Board except as may be otherwise specifically provided by statute, the Certificate of Incorporation or the by-laws.

(a) Chairman of the Board

The Chairman of the Board presides at all meetings of the Board of Directors and of the shareowners, except such as under the law must be presided over by the President or a specially appointed chairman. In the absence of the Chairman of the Board, the President may take his place. The Chairman acts in an advisory capacity with respect to matters of policy and other matters of importance pertaining to the affairs of the company. He and the President send out reports and other messages to shareowners from time to time.

The Chairman of the Board will be a member of the Finance and Executive Committees.

(b) Executive Committee

The Board of Directors elects seven of its members to constitute its Executive Committee. The Committee consists of the Chairman of the Board, five other Board members and the President, who serves as Chairman. The Committee appoints its own Secretary. Three members shall constitute a quorum. The Executive Committee is responsible to the Board of Directors. Division general managers and staff department directors may not sit on it. The Executive Committee shall:

i. In the interval between meetings of the Board, have and exercise the powers of the Board, excepting:

a. Such financial matters as come within the jurisdiction of the Finance Committee,

b. Those matters regarding which other specific directions are given by the Board, and

c. Matters relating to corporate organization, changes of capital structure and financing, the closing of stock transfer books, the declaring of dividends and voting stock of other companies.

ii. Have authority up to $250,000, and in an aggregate amount of $1,250,000 per month averaged over the calendar year, to approve requests for capital appropriations for:

a. Each new project;
b. Each replacement;
c. Each retirement of assets by obsolescence.

It may delegate authority to approve such expenditures in lesser dollar amounts.

The President as Chairman of the Executive Committee has authority to approve requests for capital expenditures not to exceed $150,000 per project. In addition, the other Executive Committee members shall have authority to approve requests for capital expenditures in his sphere of interest not to exceed $100,000 each project. All members of the Executive Committee have authority to approve other expenditures not to exceed $10,000 each item.

Proposals exceeding the above-mentioned limits shall be referred by the Committee with its approval to the Board for action.

iii. Have authority to approve each underrun, overrun, or change in scope of capital appropriations where the amount of such overrun, underrun, or change in scope is beyond the general managers' authority or in excess of 5% of the approved project cost or $100,000, whichever is less.

iv. Make recommendations to the Board concerning proposed sales of capital assets.

v. Approve appropriation forecasts in accordance with established procedures.

vi. Develop and evaluate the long term objectives of the company.

vii. Be responsible for and evaluate the long range plans of the company.

viii. Evaluate the short term plans of the divisions and staff departments to assure that they are adequate to attain established goals.

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ix. Resolve disagreements between any units of the company which have not been settled by the President or by one of the vice presidents.

For other responsibilities of Executive Committee members see "Executive Committee Members" under Executive Area section.

Communication with Executive Committee:

All appropriation requests and forecasts should be addressed to the President, with copies indicated for the other members of the Executive Committee and the members of Corporate Planning.

All other matters directed to the Executive Committee for action should be addressed to the President, with copies indicated for the other members of the Executive Committee.

All copies should be sent to the Secretary of the Executive Committee for distribution. The number of copies required are as follows:

Appropriation Forecasts	13
Appropriation Requests - Action required by	
Executive Committee	15
Finance Committee	18
Board of Directors	21
All other matters - Action required by	
Executive Committee	9
Finance Committee	12
Board of Directors	15

Meetings of the Executive Committee will be regularly held at 10:00 a.m. on each Monday and at such other times as set by the Chairman. Matters which are submitted to the Executive Committee will not be considered until they have been on file with the Committee since at least 1:00 p.m. on the preceding Wednesday.

(c) Finance Committee

The Finance Committee is elected by the Board of Directors and responsible to it. It has general supervision and control of all the usual and ordinary financial affairs of the company and it is of equal rank with the Executive Committee.

The Finance Committee is composed of the Chairman of the Board, the President and one or more members of the Board. Division general managers and staff department directors may not sit on it. The Chairman of the Committee is appointed by the Board.

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The Finance Committee shall:

i. Keep informed of the company's financial condition and its requirements for funds.

ii. Recommend to the Board on:

a. Investment of surplus funds;
b. Designation of depositories;
c. Time, kind and amount of securities to be issued by the company for supplying its requirements for funds;
d. Payment of dividends and conditions thereof; and
e. Salaries for all officers, after receiving recommendation of the Executive Committee.

iii. Comment, in the light of the financial situation at any one time, upon the necessity of the funds requested.

iv. Report all acts and proceedings of the Committee to the Board at its next regular meeting.

v. Meet at the time and place fixed by the Committee.

B. EXECUTIVE AREA

(1) PRESIDENT

The President is the chief executive officer of the company. Responsibility for implementing the plans and policies of the Board of Directors and its Executive Committee is lodged, under the laws of Delaware and the company's by-laws, in the President. However, he can delegate authority and responsibility to subordinates in the company, while himself remaining accountable to the Board and its Executive Committee for their performance.

The following report to him:

Vice presidents
General managers
Director of the Public Relations Department
Chairman of the Budget Committee
Manager of the Washington office
Assistants to the President
Corporate Planning Chairman

By the 15th day of each month every division general manager, except the general manager of the Domestic Subsidiaries and Affiliates Division, and every staff department director, except the director of the Law Department and the Controller, shall file a report

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of his unit's activities and developments for the preceding month with the President and send copies to the following:

Other members of the Executive Committee
Vice President for Personnel
Chairman of the Finance Committee
Corporate Secretary
Corporate Planning members
Division General Managers
Washington office
Secretary of the Executive Committee (4 copies from divisions; one copy from staff departments)

The general manager of the Domestic Subsidiaries and Affiliates Division will file a report quarterly of his unit's activities and developments but send copies only to the other Executive Committee members and general managers.

The director of the Law Department will file such a report every two months with the above individuals.

In the absence of the Chairman of the Board, the President shall preside at all meetings of the shareowners and of the Board of Directors. He shall have general and active management of the business of the corporation, see that all orders and resolutions of the Board of Directors are carried into effect. He shall also execute bonds, mortgages and other contracts under the seal of the corporation. Unless otherwise ordered by the Board of Directors, the President shall attend on behalf of this company and vote at any meeting of shareowners of any corporation in which the company may hold stock. He also may execute proxies in favor of other persons so to act for the company.

In addition to his over-all duties, he has responsibility for the following:

i. Maintain control over company operations and assign to staff the responsibility for devising techniques for measuring performance against standards of accountability.

ii. Select division general managers and staff department directors, with approval of the Board of Directors.

iii. Serve as Chairman of the Executive Committee, member of the Finance Committee and ex-officio all other committees, except Bonus and Stock Option.

iv. Establish a plan of organization, with approval of the Board of Directors, which will enable all parts and members of the company to function most effectively in reaching established objectives.

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v. Fix, or delegate the responsibility for fixing, salaries for all employes, not officers.

vi. Approve basic programs in public relations, oversee their execution and evaluate their results.

vii. Approve the broad program of activities of the Washington office and evaluate the results.

The President shall have authority to approve requests for capital expenditures not to exceed $150,000 per project and authority to approve other expenditures not to exceed $10,000 each item.

(2) Executive Committee Members

General

Each member of the Executive Committee, except its Chairman and the Chairman of the Board, is responsible for functional coordination of an area of company activity by counseling, planning, setting standards, evaluating budgets and performance, and reporting results and recommendations. In his special sphere of activity, the Executive Committee member has responsibility for the following:

i. Evaluate the plans of the divisions and staff departments to assure that they are adequate to attain established goals.

ii. Determine and eliminate points of interdivisional conflict by acting as coordinator in matters coming within his sphere of activity where plans or policies appear to jeopardize greater Monsanto's profitability or competitive position.

iii. Keep abreast of the most progressive thinking and experience in his field, and constantly study and arrange for use within the company of new and better methods of performing all aspects of his field of specialization.

iv. In his assigned area of activity, promote standardization among the operating divisions and staff departments on policies and procedures relating to procurement, training and compensation of personnel and evaluate performance of top level personnel to help assure that adequate replacements are provided for key positions in the company.

v. Make recommendations to the President and Budget Committee on company-wide budgets in his field of specialization.

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vi. Review and report to the President on those aspects of all appropriation requests and forecasts which come within his sphere of activity.

The President (with the approval of the Board of Directors) shall designate the sphere of interest and responsibility for each Executive Committee member.

Finance and Law

The Executive Committee member whose sphere of interest is finance and law is responsible for coordinating all financial, legal and legislative matters of the company, maintaining for the first, close contact with the Finance Committee of which he is a member. The following report to him:

Director of the Law Department
Director of the Treasury Department
Director of Accounting through Chairman of Budget Committee

In addition to the general duties of this Executive Committee member, as outlined above, he is responsible for the following:

i. Forecast continually with the aid of the Accounting and Treasury Departments the company's and its subsidiaries' needs for new funds for two years ahead.

ii. See that the divisions and departments and all other parts of management are advised on legal phases of their activities, present or proposed, and are informed on the effect on their business of new laws, local, state, or federal.

iii. Coordinate company activities dealing with legislative subjects.

iv. Act as Chairman of the Housing Committee and of the 1956 Employes' Stock Plan Committee and be a member of the Retirement Plan Committee.

Manufacturing

The Executive Committee member whose sphere of interest is manufacturing is responsible for coordinating all phases of manufacture of the company's products from raw materials to finished products delivered to the customers' plants and for coordinating the engineering activities of the operating divisions except engineering research. The following report to him:

Director of Purchasing and Traffic
Director of Medical Department
Director of Personnel Relations - re labor relations

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In addition to the general duties of this Executive Committee member as outlined above, he is responsible for the following:

i. Evaluate overall manufacturing and engineering programs of the divisions to determine whether they are adequate to meet prescribed goals.

ii. Establish criteria on cost, quality and quantity product performance. Review and evaluate such performances, periodically resetting standards when necessary.

iii. Determine basic traffic and purchasing policies particularly with regard to inventories and prices.

iv. Determine basic policies of the Medical Department and supervise its activities.

v. Determine basic labor relations policies and supervise the activities of the Personnel Relations Department in this field.

vi. Call to the attention of the Vice President responsible for coordination of research, development and engineering new possibilities of development in the manufacturing field.

vii. Coordinate division engineering not of a developmental nature. In areas where there is an overlapping of activities with developmental engineering, resolve these differences case by case with the Vice President responsible for coordination of research, development and engineering.

viii. Provide counsel and advice in his respective area of interest to the Lion Oil Company when requested by the Executive Committee member whose sphere of interest is oil and gas.

ix. In a broad way represent the engineering function in the upper counsels of the company.

Marketing

The Executive Committee member whose sphere of interest is marketing is responsible for coordinating all marketing activities, including advertising, within the company. The director of Advertising reports to him.

In addition to the general duties of this Executive Committee member as outlined above, he is responsible

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for the following:

i. Evaluate the sales programs and budgets of the divisions and determine whether they are adequate to meet short-term sales goals and long-term sales objectives.

ii. Establish criteria of performance by which the effectiveness of marketing operations can be judged and periodically review performance against sales budgets, sales programs, competitive standings, share of market and other established criteria of sales performance.

iii. Capitalize on Monsanto's strength in know-how, locations and sales position by guiding the divisions' sales programs toward more effective product integration and greater interdivisional cooperation on sales.

iv. Maintain surveillance over company-wide relations with principal customers, prospective customers, suppliers (in cooperation with the Vice President responsible for coordination of manufacturing), and all other major firms in the chemical and allied industries.

v. Determine basic advertising policies and review and approve the advertising and sales promotional activities needed to maintain company position, sales volume and create new profitable business. Through the director of Advertising, establish criteria to evaluate the advertising and sales promotion activities conducted by the divisions.

vi. Maintain a market research service to advise on over-all marketing strategy, to assist and supplement activities in the divisions and to evaluate the marketing research effectiveness in the divisions. Market research develops information on areas and sizes of markets, prices chief consumers for individual products and basic data on position, past and future, of consuming industries and of general industrial activity.

vii. Coordinate activities of the company's sales offices.

viii. Provide counsel and advice in his respective area of interest to the Lion Oil Company when requested by the Executive Committee member whose sphere of interest is oil and gas.

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Oil and Gas Operations

The Executive Committee member whose sphere of interest is oil and gas operations is responsible for coordinating all matters concerning the exploration, production, refining and marketing of petroleum and natural gas products.

In addition to the general duties of this Executive Committee member, he is responsible for the following:

i. Evaluate the programs of Lion Oil Company to determine whether they are adequate to meet both short and long term objectives.

ii. Call to the attention of appropriate members of the Executive Committee new possibilities of development in the petroleum field.

iii. Provide counsel and advice to other management personnel in the company on matters concerning oil and gas exploration and production and refining and marketing operations.

iv. Coordinate with other members of Executive Committee activities carried out in oil and gas operations which overlap or are related to the sphere of interest of another Executive Committee member.

Research, Development and Engineering

The Executive Committee member whose sphere of interest is research, development and engineering research is responsible for coordinating the whole technical development of the company, and for seeing that such development follows sound and integrated overall plans and policies. The director of the Patent Department reports to him.

In addition to the general duties of this Executive Committee member, as outlined above, he is responsible for the following:

i. Evaluate the research and developmental programs and budgets of the divisions and determine whether they are adequate to meet the long-range goals for the company's technological development.

ii. Integrate such research, development and engineering research plans of the divisions into a logical entity.

iii. Measure the accomplishments of the divisions in his sphere by developing criteria of efficiency and effectiveness. To this end, maintain close contacts with cognate forces in all other major chemical concerns.

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iv. Evaluate the activities, programs and budgets for the company's engineering research programs and also for the Patent Department.

v. Approve expenditures for educational purposes not otherwise provided for.

vi. In areas where there is an overlapping of interest between divisional engineering and developmental engineering, resolve these differences case by case with the Vice President responsible for coordination of manufacturing.

vii. Provide counsel and advice in his respective area of interest to the Lion Oil Company when requested by the Executive Committee member whose sphere of interest is oil and gas.

viii. Approve all agreements relating to the purchase or sale of technical know-how and services with subsidiaries, associated and outside companies.

ix. Coordinate programs concerned with the Atomic Energy Commission.

(3) Corporate Planning

Function

The Corporate Planning group's principal role is to provide staff help to the President and to the Executive Committee in areas assigned to it by the President.

Accountability

i. Corporate Planning is accountable to the President. All members of the group shall be appointed by the President, to whom the Chairman shall report.

Responsibility

i. Long Range Planning

a. The Executive Committee is responsible for developing and evaluating the long term objectives of the company and for the evaluation and approval of the long range plans of the company.

b. The divisional general managers are responsible for the preparation and implementation of the divisional long range projections, and are accountable to the President for such preparation and implementation.

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c. Corporate Planning is responsible for:

(1) Developing in cooperation with the divisions and the staff departments a procedure and format for presentation of divisional long range plans with particular reference to improvement in significance and reliability.

(2) Fostering coordination between the divisions and the staff departments in the preparation of plans.

(3) Pointing out to the President and to the Executive Committee conflicts and/or inconsistencies in the plans of various segments of the company as soon as they become evident.

(4) Consolidating the divisional long range plans into an overall Monsanto forward projection.

(5) Evaluating the financial and technological aspects of the consolidated plan in terms of their reliability, significance, and relationship to the overall objectives of the company.

(6) Presenting to the President by December 1 of each year the consolidated long range projection and an evaluation of it.

(7) Acquiring, appraising, and utilizing information from within or without the company on techniques for corporate planning.

ii. Appropriation Forecasts and Proposed Company Investments

a. The divisional general managers are responsible for the preparation of appropriation forecasts and requests for company investment applicable to their divisions and for submission of these to the President. Requests for company investment may also be initiated by other company segments. The initiators are accountable to the President for such preparation and submission.

b. The Executive Committee is responsible for approval or denial of such forecasts and requests.

c. The divisional general managers are responsible for the implementation of approved forecasts and requests applicable to their divisions and are accountable to the President for such implementation.

d. Corporate Planning is responsible for:

   (1) Revising, in cooperation with the divisions, procedure and format for the preparation of appropriation forecasts and divisional requests for company investment so as to improve their reliability, significance, and utility.

   (2) Assisting the President, at his request, in the appraisal of individual forecasts and proposed company investments with particular reference to their financial and technological content and its significance to overall company objectives, immediate and long range.

   (3) Making recommendations to the President as to the disposition of these forecasts and proposed company investments.

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MONSANTO CHEMICAL COMPANY

LINDBERGH AND OLIVE STREET ROAD
ST. LOUIS 24, MISSOURI

April 30, 1958

TO: HOLDERS OF MANAGEMENT GUIDE SUPPLEMENT

SUBJECT: ORGANIZATION

Attached are several pages of material for a new section on "Organization" in your Management Guide Supplement; this material covers revisions in the Management Guide from page 4 through one-half of page 17. Also attached is a revised organization chart.

The revised write-up covers a planning group appointed by and reporting to the President. The official name for this group will be "Corporate Planning" rather than the designation of "Planning Staff" used in the March 26 bulletin. The principal role of this group is to provide staff assistance to the President and to the Executive Committee in such areas assigned to it by the President as providing coordination of long-range plans and appraising appropriation forecasts and proposed investments.

Staff mtg

This revised write-up discontinues for the present the use of the term "Executive Offices of the President" and lodges in the members of the Executive Committee responsibility for coordinating and appraising specific spheres of interest and activity which heretofore was assigned to members of the E.O.P.

The director of the Accounting Department reports to Mr. I. C. Smith. All other staff department directors will continue to report to the same individuals as formerly.

Effective April 1, the weekly meeting of the Executive Committee has been changed from Monday at 2:00 p.m. to Monday at 10:00 a.m. The meeting formerly held by the Executive Offices of the President each Wednesday will be discontinued.

Charles Allen Thomas

P.S. Division general managers, staff department directors and certain other personnel received a first draft of the section on organization at a meeting with the President on April 17. Those copies, including the organization chart, should be destroyed and the attached substituted.