Alfred Bader fonds

Correspondence

Sigma-Aldrich Annual Meeting, St Louis May 5-6, 1997

Dr. Alfred Bader
924 East Juneau, Suite 622
Milwaukee, Wisconsin 53202
Phone: 414/277-0730
Fax: 414/277-0709

*A Chemist Helping Chemists*

February 18, 1997

*Via Facsimile: 800/325-5052 and U.S. Mail*

Mr. Tom Tallarico
Secretary
Sigma-Aldrich Corporation
3050 Spruce Street
St. Louis, MO 63103

Dear Tom:

On November 4, 1996, you received my timely proposal of November 1st to be put into the proxy statement which Sigma-Aldrich will mail at the end of March. Absent being granted a shorter period by the SEC, the company had until 80 days before the mailing date to notify me and the SEC of its objection, and it has not done so. Hence, my proposal must be included in the proxy statement, and I look forward to being at the annual meeting on May 6th to discuss it.

Sincerely,

AB/cw

c: Dr. David Harvey *(via fax and mail)*
President, Sigma-Aldrich Corporation

TRANSACTION REPORT

FOR: ALFRED BADER FINE ARTS 4142770709

SEND

| RECEIVER | PAGES | NOTE |
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SIGMA-ALDRICH
CORPORATION

3050 Spruce Street
Saint Louis, Missouri 63103 USA
Telephone (314) 771-5765
FAX (314) 534-2674
Internet sig-ald@sial.com

February 25, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dr. Alfred Bader
2961 North Shepard Avenue
Milwaukee, Wisconsin 53211

Re: Shareholder Proposal

Dear Alfred:

I have not contacted you before now because we have intended to include your proposal in the 1997 proxy statement. Enclosed is a copy of your proposal and the Company's statement in opposition, which we intend to include in the 1997 proxy materials.

Very truly yours,

SIGMA-ALDRICH CORPORATION

Thomas Tallarico

Thomas M. Tallarico

TMT:td
Enclosure

cc: Randy Wang

## SHAREHOLDER PROPOSED RESOLUTION CONCERNING LINKING EXECUTIVE COMPENSATION TO FINES OR PENALTIES

The Company has been informed that Dr. Alfred Bader, 2961 North Shepard Avenue, Milwaukee, Wisconsin 53211, the beneficial owner of more than 2,500,000 shares of the common stock of Sigma-Aldrich Corporation, intends to present the following resolution for adoption at the meeting:

PROPOSED RESOLUTION

RESOLVED, that the shareholders recommend to the Board of Directors (the "Board") that the Board and its Compensation Committee adopt an executive compensation policy under which the annual salary that each executive officer (which shall include all of the Company's "officers" as defined by Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) will earn in the Company's next fiscal year (as calculated pursuant to the Compensation Committee's present, or any future, salary plan) will be reduced by such executive officer's pro-rata portion of the amount of fines or penalties that the Company paid in the immediately preceding year to any federal, state, local or other governing or regulatory body. For purposes of this resolution, an executive officer's pro-rata portion shall mean the percentage that such executive officer's annual salary in the immediately preceding year represents of the total annual salary in the immediately preceding year of all executive officers of the Company.

STATEMENT IN SUPPORT OF PROPOSAL

According to an investigation by the Bureau of Export Administration of the U.S. Department of Commerce (the "Department"), the Company exported, on forty-eight occasions from July 1992 to January 1993, toxins to seventeen countries without the licenses required by U.S. export laws. Pursuant to such investigation, the Company agreed in July 1996 to pay a $480,000 fine to settle allegations by the Department that it had illegally exported toxins that could be used to make biological weapons.

Fines and penalties assessed against the Company, as well as negative publicity from them, can hurt the Company's financial performance and shareholder value. Executive officers are ultimately responsible for the operation and performance of the Company and their financial interests should be aligned with those of the Company's shareholders. Future compensation of the executive officers of the Company, therefore, should be reduced by the amount of fines or penalties that the Company must pay. Linking executive compensation to fines or penalties will create an incentive for the executive officers of the Company to ensure that the Company operates in accordance with all applicable laws and regulations. Avoiding fines or penalties for illegal activities in the future, such as the $480,000 fine paid to the Department, can increase the Company's financial performance and shareholder value.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THIS PROPOSED RESOLUTION FOR THE FOLLOWING REASONS:**

First, the Board does not believe that adopting the proposed resolution would further align the interests of management with those of shareholders, as the proponent has suggested. The Company's Incentive Stock Bonus Plan and stock option program serve to align the financial interests of management with those of shareholders and, in the Board's view, management already has sufficient incentive to increase profits and is already well aware that negative publicity can hurt shareholder value.

Second, the Board believes that adopting the proposed resolution would be harmful to the Company and its shareholders because it would severely impair the Company's ability to attract and retain qualified management. This impairment would arise because:

- The proposed executive compensation policy would be viewed as unfair because it could penalize an officer without regard to the officer's oversight responsibility or in cases where the officers are blameless, such as when other employees act criminally or maliciously.

- The risk of potential reduction in salary would place the Company at a severe competitive disadvantage since it is believed no other Company has a similar compensation policy.

Third, the Board is not aware of any other public company with a compensation policy comparable to that being proposed, even in industries that are more prone to fines and penalties. The Board also believes the proposed policy is inconsistent with public policy in that Congress and the various legislatures have generally written the laws to fine the company, rather than its individual company officers, except in unusual circumstances.

Further, shareholders should be aware that the proponent is a former member of the Board of Directors and was not renominated to the Board in 1992 by unanimous vote of the continuing directors. The proponent has made three other proposals since 1993. The first two, in 1993 and 1994, also related to executive compensation and were not presented in the applicable proxy statement after the staff of the Securities and Exchange Commission determined there was a basis to exclude the proposals in accordance with applicable securities law and regulations. The third concerned earnings announcements and was presented for shareholder vote at the 1995 annual meeting of shareholders and defeated by 80% of the vote.

**ACCORDINGLY, YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST THE PROPOSED RESOLUTION AND PROXIES WILL BE SO VOTED UNLESS SHAREHOLDERS SPECIFY IN THEIR PROXIES EITHER A CONTRARY CHOICE OR A DESIRE TO ABSTAIN.**

TMT 2/20/97

Dr. Alfred Bader
924 East Juneau, Suite 622
Milwaukee, Wisconsin 53202
Phone: 414/277-0730
Fax: 414/277-0709

*A Chemist Helping Chemists*

April 11, 1997

Mr. David Nicklaus
Business News Editor
St. Louis Post Dispatch
900 North Tucker Blvd.
St. Louis, MO 63101

Dear Mr. Nicklaus:

I plan to attend the next annual meeting of stockholders of Sigma-Aldrich on Tuesday, May 6th, there to present the motion described on the enclosed. The motion and the arguments against it made by management will be self-explanatory.

Of course, I know that with a company like Sigma-Aldrich, where 60% of the stock is held by institutions, the motion will not carry. Institutions practically always vote with management or sell their stock. Still, I believe that my motion will be useful, at least in alerting the outside directors of the problems faced by the company. I am certain that the fine of $480,000 is just the tip of a large iceberg.

Five years ago, at the time of my expulsion, you and Mr. Manor and Mr. Steyer all treated me most fairly, and I hope that you might find it possible to report on this year's meeting also.

My autobiography, which describes the expulsion in detail in Chapter 13, has been selling very well and is available in St. Louis from Library Ltd. I am not certain whether your book reviewer has described this book in your pages, and perhaps you could bring it to his or her attention. I enclose a number of reviews and also comments solicited by Aldrich from its employees in Milwaukee. I found that as surprising as it is encouraging to me.

With many thanks for your help and best personal regards, I remain,

Yours sincerely,

Alfred Bader

AB/cw

Enclosures

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Ms Molly Butler

Dr. Alfred Bader
924 East Juneau, Suite 622
Milwaukee, Wisconsin 53202
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Yours sincerely,

Alfred Bader

AB/cw

Enclosures

Copy to
Mr. David Haynes

online
MILWAUKEE
JOURNAL SENTINEL

Milwaukee Journal Sentinel Online Main Page
Business Main Page

# Wisconsin Energy trims bonuses

**By Lee Bergquist**
**of the Journal Sentinel staff**

**April 4, 1997**

When Wisconsin Energy Corp. was forced to pay more than $400,000 in civil fines last year, the penalties hit many employees where it hurts most.

Their pocketbooks.

In what seems like a novel step, the company's top executives and about 100 managers received bonuses that were 12.2% smaller than they would have been because of troubles at both the Point Beach and Port Washington power plants.

Managers at Point Beach's nuclear operations were hit even harder. On top of the 12.2% reduction, Wisconsin Energy's board of directors decided to slice bonuses another 50% for managers in the company's nuclear unit, proxy statements show.

Also, the bonuses of non-management employees not represented by a bargaining unit were cut 1%.

The size of bonuses vary from employee to employee, and figures were not available from the company on the total amount of savings from the cuts.

Milwaukee-based Wisconsin Energy owns the biggest utility in the state, Wisconsin Electric Power Co. The proxy statement was mailed to shareholders recently in advance of the company's April 30 annual meeting.

The proxy explained that bonuses were reduced so that "stockholders not assume responsibility for these penalties."

Director and Snap-on Inc. Chairman Robert A. Cornog is chairman of Wisconsin Energy's board of directors compensation committee.

Cornog said in a statement that the idea for the reduced bonuses originated with Wisconsin Energy Chairman Richard A. Abdoo and his senior managers.

"It is WEC's compensation committee's belief that the reduction in the incentive awards was the right thing to do and clearly sends the signal of focusing on the basics of the business."

A spokesman at the Edison Electric Institute in Washington, D.C., said he was not aware of other utilities that have cut bonuses to reflect fines levied by regulators.

At Chicago-based Unicom Corp., the owner of Commonwealth Edison, management was not forced to pay fines totaling $350,000 last year at the company's nuclear plants, a spokesman said.

Last year's power plant woes meant that Abdoo's bonus was cut 12.2% from what he would have been paid. His bonus still increased 32%, to $306,472, on top of a base salary of $560,000.

All told, Abdoo was paid $988,722 -- up 20% from last year. The increase came despite some disappointing results: In addition to the nuclear woes, earnings fell 8%, and the merger with Northern States Power Co. was not completed as planned.

However, the company increased its dividend last year. In addition, shareholders were told that Abdoo was awarded higher pay, in part, because of his efforts to control costs, increase the customer base and for his "leadership role and continued visionary efforts to restructure the electric utility industry."

After the cuts, other managers' bonuses ranged from nothing to 54.7% of base salary, the proxy shows.

The U.S. Nuclear Regulatory Commission fined Point Beach $325,000 in 1996 for an array of problems and warned the company that the agency was not pleased with its declining performance. Point Beach is located on Lake Michigan near Two Creeks in Manitowoc County.

Wisconsin Energy also paid $76,380 in fines to the state Department of Justice to settle charges of alleged violations of the state's clean air laws at the company's coal-fired plant in Port Washington. The company agreed to spend another $185,000 on environmental projects at the plant.

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## SIGMA-ALDRICH CORPORATION

**3050 Spruce Street**

**St. Louis, Missouri 63103**

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**To be held May 6, 1997**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Sigma-Aldrich Corporation will be held at The Boatmen's National Bank of St. Louis, 800 Market Street, St. Louis, Missouri 63101, on Tuesday, May 6, 1997, at 11:00 A.M., Central Daylight Time, for the following purposes:

1. To elect nine directors;
2. To consider and vote upon a shareholder proposal as described herein; and
3. To transact such other business as may properly come before the meeting and any adjournments thereof.

Only shareholders of record as of the close of business on March 7, 1997, are entitled to notice of, and to vote at, the meeting.

By Order of the Board of Directors,

Thomas Tallarico

Thomas M. Tallarico, Secretary

March 28, 1997

**Your vote is important. Even if you expect to attend the meeting in person, please mark, date and sign the enclosed proxy and return it to the Company's transfer agent, Boatmen's Trust Company, P.O. Box 14764, St. Louis, Missouri 63178-9926. A return envelope, which does not require postage if mailed in the United States, is enclosed for your convenience. Shareholders who attend the meeting may revoke their proxies and vote in person if they desire.**

### Principal Beneficial Owners

The following table sets forth information for each person who, to the knowledge of the Company, beneficially owned more than five percent (5%) of the Company's common stock. Each beneficial owner has sole voting power and sole investment power with respect to the shares set forth opposite their name.

| Name and Address | Shares Beneficially Owned | Percent of Shares Outstanding |
|---|---|---|
| Alfred R. Bader<br>2961 North Shepard Avenue<br>Milwaukee, WI 53211 | 5,631,760 (1) | 5.6% |
| State Farm Mutual Automobile Insurance Co. and its affiliates<br>One State Farm Plaza<br>Bloomington, IL 61710 | 8,478,080 (2) | 8.5% |

(1) As set forth in such person's Schedule 13G, dated February 4, 1997, filed with the Securities and Exchange Commission.

(2) As set forth in such company's Schedule 13G, dated January 3, 1997, filed with the Securities and Exchange Commission.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that the Company's executive officers, directors and persons who own beneficially more than ten percent of the Company's outstanding stock, file reports of ownership and changes in ownership with the Securities and Exchange Commission and any national securities exchange on which the Company's securities are listed and furnish the Company with copies of all Section 16(a) reports so filed. Based solely on a review of forms and certain written representations furnished to the Company, the Company believes that its executive officers and directors complied with all applicable Section 16(a) filing requirements during 1996, except for Nina V. Fedoroff, who filed the initial statement and one report covering one transaction late.

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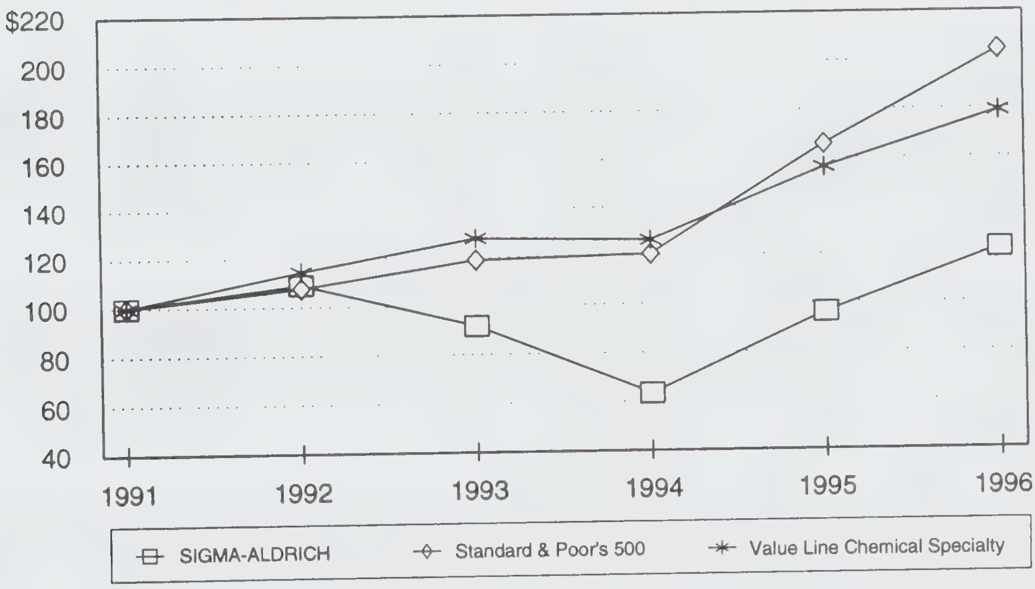
## PERFORMANCE GRAPH

wing performance graph compares the Company's cumulative shareholder return (stock preciation plus reinvestment of dividends) for a five year period ended December 31, h that of the Standard and Poor's 500 Composite Stock Price Index and an index of the es included in the Value Line Chemical Specialty Industry Group, assuming that $100 was in each on December 31, 1991, and that all dividends were reinvested. These indices are uded for comparative purposes as required by Securities and Exchange Commission d do not necessarily reflect management's opinion that such indices are an appropriate of the relative performance of the Company's common stock, and are not intended to or be indicative of possible future performance of the common stock.

**Comparative Five-Year Returns**




| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|---|
| SIGMA-ALDRICH CORP. | 100.00 | 109.06 | 91.60 | 63.52 | 96.11 | 122.07 |
| Standard & Poor's 500 | 100.00 | 107.79 | 118.66 | 120.56 | 165.78 | 204.30 |
| Value Line Chemical Specialty | 100.00 | 114.53 | 127.71 | 126.35 | 156.12 | 179.23 |

Note poor performance since 1991

rs are snapping up big-ticket stuff ark Avenue apartments to suburban ins to expensive artworks to flashy Whether or not the six-year bull is dying—the beast has looked a bit recently—it has made thousands of rs and traders rich.

st year, hordes of Wall Streeters rode ggest wave of their careers, a surge sh that flooded into mutual funds, d up stock prices, lubricated deal-ng and, according to the Securities try Association, gave Wall Street d pretax profits of $11.27 billion.

nd made Thompson Dean happy. He a big name on Wall Street, but the bull ket has landed the 39-year-old co-head $3 billion merchant-banking fund at ldson Lufkin & Jenrette Inc. in the e beachfront area of the Long Island ge of Southampton occupied by such s luminaries as Theodore Forstmann, n Black and Henry Kravis.

### ing It in Style

Mr. Dean paid $2.8 million last year for ee oceanfront acres next door to How-l Stein, longtime chairman of mutual-d giant Dreyfus Corp. After demolish-the existing house, Mr. Dean ordered a $2.4 million, 8,850-square-foot job with bedrooms, a three-car garage and a f that soars over the roadway, plus a foot pool. The house is hard to miss. "It huge," says Mr. Stein's wife, Janet. ys Judi Desiderio, a Hamptons Realtor: t looks like a hotel."

Mr. Dean, whose weekday perch is a ne-room apartment on Park Avenue, eclines to comment. But he is just one of 885 full-time employees at DLJ, which is built a lucrative franchise in merchant anking by taking risky equity stakes in eavily indebted companies. Last year, it aid out $1.54 billion in total compensation, n average of $261,000 per employee.

Just east of Southampton, Paul Schar-er, who specializes in financing biotech-ology companies at Sunrise Securities orp., sank $1.4 million last year into a ,800-square-foot house on three acres. His neighbors there in Sagaponack who work on Wall Street include Richard Grasso, chairman of the New York exchange. "I have a saying," the 38-year-old Mr.

*Please Turn to Page A6, Column 1*

**MUSIC**: Dissonance develops in a music-industry partnership, **B1.**

**INTERNATIONAL**: High-flying Thailand falls back to earth, **A10.**

**REVIEW & OUTLOOK**: Newt finds his political bearings, **A14.**

**OPINION**: The fate of the Amiraults now lies with Gov. Weld, **A14.**

**LEISURE & ARTS**: New York nightlife in two new books, **A12.**

15419>

the Investor Responsibility Research Center, Washington. Proposals are diverse. The International Brotherhood of Teamsters asks Mobil Corp. shareholders to prohibit executives from cashing in stock options within six months of a significant work-force cut (a stock's price can rise after such a cut). And an individual shareholder proposes to 22 companies that executive pay be linked to the Consumer Price Index.

KPMG Peat Marwick says the "current value" of stock options (what they are worth even if they aren't exercised) is the fastest growing piece of compensation. Peat Marwick partner Peter Chingos applied a commonly recognized method of valuing options to the 1996 grants to chief executives at 25 top-performing companies. The median current value of the 1996 option grants was $2.8 million, up 49% from 1995, while the median base salary rose 6.5%, and bonuses 13%.

*A shareholder resolution at Sigma-Aldrich Corp., St. Louis, proposes that any regulatory fines be deducted from executives' pay.*

**RISKY PREDICTIONS**: About 60% of corporate risk managers polled say their cost of risk has declined during the past five years. But looking ahead five years, their views split: 37% say costs will rise; 33% see a drop and 30% say costs will stay the same, the Risk and Insurance Management Society in New York says.

**GENERATION X-AVERS**? The 18-to-30-year-olds who make up Generation X have something in common with their World War II-era grandparents: They save money. On average, X-ers save 16.2% of income, close to the 16.5% saved by 51-to-65-year-olds, says the PaineWebber/Gallup Index of Investor Optimism. Baby boomers save 13.2%.

**SCHOOL BUSES** may see a "miniboomlet of demand" with several years of single-digit growth, thanks to the children of baby boomers enrolling in schools, analysts at Roney & Co. in Detroit say.

**IMAGE MAKERS in Hollywood strive to capitalize on their own images.**

As entertainment companies extend their brands beyond individual movies, some have more work to do than others, says John Nendick, a partner in Arthur Andersen's entertainment group. So far, Walt Disney Co. is the leader in the branding trifecta, with strong name-recognition in movies, merchandising and corporate ID.

"In the '90s, branding is a hot term because it creates a source of customer loyalty," Mr. Nendick says. Identification with a corporate name or with a series of movies can help customers make choices in a sea of TV channels, videos and films. But there is a downside, too, since "the brand is only as good as its latest replenishment," Mr. Nendick says.

*The planned title of the next film in the James Bond series says much about branding: "Tomorrow Never Dies."*

**BRIEFS**: New York's Garnet Wines & Liquors' slogan is MIND, or, Moderation Is Not Dangerous. . . . Researchers at Battelle Memorial Institute in Columbus, Ohio, help ... unglasses with two sets of lenses

State Sen. Royce West, an African-American Democrat from Dallas, defends the tactic, saying he only supports class-based preferences as a means of increasing the chances that more minorities will be enrolled. "I won't divide middle-class and lower-class minorities," he says. "I won't do that."

Not everybody in the Lone Star State feels that way, of course. "It is inappropriate that a wealthy minority child be given a preference over an impoverished Anglo," says Texas State Sen. Teal Bivins, a white Amarillo Republican who believes a class-preference system is workable.

Clearly, the idea of substituting class for race in education is a hot one. Most civil-rights advocates hate the concept, but the courts are increasingly pushing for alternatives to sweeping race-based programs. Earlier this week, in fact, a three-judge panel on San Francisco's Ninth Circuit Court of Appeals upheld California's ban, enacted by voters last year, on racial and gender preferences in state hiring and school-admissions policies.

A vanguard of educators, fearing legal challenges, is already moving toward class criteria. Last year, an elite public high school in San Francisco adopted needs-based criteria for admitting a fifth of its freshmen; the University of Virginia has opened to all low-income students a scholarship previously only available to blacks; and Colorado asked its biggest university to award certain scholarships on the basis of socioeconomic background, not race.

### Reasonable Compromise?

Substituting class for race is appealing to some people because it preserves the most desirable feature of affirmative action — improving opportunities for the needy — and removes the most controversial aspect — apportioning benefits according to the size of racial and ethnic groups. Last October, presidential candidate Robert Dole endorsed the idea. House Speaker Newt Gingrich has spoken favorably about it. Even some Democrats, such as Sen. Joseph Lieberman of Connecticut, are intrigued.

Proponents insist that class-based preferences offer a way out of the political quagmire of affirmative action, and they also point to the need to more directly address a widening education gap between more-affluent students, of any race, and poorer ones. According to a study of government and university data by Thomas Mortenson, an educational analyst in Iowa City, Iowa, a youth whose family income was in the top quartile was four times more likely in 1979 to have earned a bachelor's degree than one whose family income was in the bottom quartile. By 1994, the wealthier youth was 10 times more likely to gain a degree than the poor one.

"Switching to class from race would be a grand bargain that satisfies both liberals and conservatives," says Richard Kahlenberg, a fellow at the Center for National Policy and author of "The Remedy: Class, Race and Affirmative Action."

But as the Texas episode shows, most members of minority groups and most liberals are strongly opposed to any system that markedly decreases preferences ...ks and Hispanics, even if they are

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*A shareholder resolution at Sigma-Aldrich Corp., St. Louis, proposes that any regulatory fines be deducted from executives' pay.*

**RISKY PREDICTIONS:** About 60% of corporate risk managers polled say their cost of risk has declined during the past five years. But looking ahead five years, their views split: 37% say costs will rise; 33% see a drop and 30% say costs will stay the same, the Risk and Insurance Management Society in New York says.

**GENERATION X-AVERS?** The 18-to-30-year-olds who make up Generation X have something in common with their World War II-era grandparents: They save money. On average, X-ers save 16.2% of income, close to the 16.5% saved by 51-to-65-year-olds, says the PaineWebber/Gallup Index of Investor Optimism. Baby boomers save 13.2%.

**SCHOOL BUSES** may see a "miniboomlet of demand" with several years of single-digit growth, thanks to the children of baby boomers enrolling in schools, analysts at Roney & Co. in Detroit say.

**IMAGE MAKERS in Hollywood strive to capitalize on their own images.**

As entertainment companies extend their brands beyond individual movies, some have more work to do than others, says John Nendick, a partner in Arthur Andersen's entertainment group. So far, Walt Disney Co. is the leader in the branding trifecta, with strong name-recognition in

State Sen. Royce West, an African-American Democrat from Dallas, defends the tactic, saying he only supports class-based preferences as a means of increasing the chances that more minorities will be enrolled. "I won't divide middle-class and lower-class minorities," he says. "I won't do that."

Not everybody in the Lone Star State feels that way, of course. "It is inappropriate that a wealthy minority child be given a preference over an impoverished Anglo," says Texas State Sen. Teal Bivins, a white Amarillo Republican who believes a class-preference system is workable.

Clearly, the idea of substituting class for race in education is a hot one. Most civil-rights advocates hate the concept, but the courts are increasingly pushing for alternatives to sweeping race-based programs. Earlier this week, in fact, a three-judge panel on San Francisco's Ninth Circuit Court of Appeals upheld California's ban, enacted by voters last year, on racial and gender preferences in state hiring and school-admissions policies.

A vanguard of educators, fearing legal challenges, is already moving toward class criteria. Last year, an elite public high school in San Francisco adopted needs-based criteria for admitting a fifth of its freshmen; the University of Virginia has opened to all low-income students a scholarship previously only available to blacks; and Colorado asked its biggest university to award certain scholarships on the basis of socioeconomic background, not race.

### Reasonable Compromise?

Substituting class for race is appealing to some people because it preserves the most desirable feature of affirmative action – improving opportunities for the needy – and removes the most controversial aspect – apportioning benefits according to the size of racial and ethnic groups. Last October, presidential candidate Robert Dole endorsed the idea. House Speaker Newt Gingrich has spoken favorably about it. Even some Democrats, such as Sen. Joseph Lieberman of Connecticut, are intrigued.

Proponents insist that class-based preferences offer a way out of the political quagmire of affirmative action, and they also point to the need to more directly address a widening education gap between more-affluent students, of any race, and poorer ones. According to a study of government and university data by Thomas

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# interoffice
MEMORANDUM

**to:** Distribution
**from:** Steve Frey Steve
**subject:** United Nations Special Commission on Iraq
**date:** May 9, 1996

The cease fire agreement which brought about an end to the 1990 armed conflict in Iraq, is set forth in United Nations Security Council Resolution No. 687. As mandated by this Resolution, the United Nations has established a special commission called the United Nations Special Commission on Iraq. The Commission is staffed by some 140 individuals representing the governments of various United Nations member countries. The purpose of the Commission is to investigate and monitor the activities of Iraq to insure that chemical and biological weapons previously developed or stockpiled by Iraq are eliminated.

The Commission has recently found documents which suggest that Iraq may have used commercial procurement methods to acquire from companies throughout the world a variety of equipment and materials, including chemicals, to develop or construct chemical or biological weapons. The Commission is conducting an extensive inquiry of many companies throughout the world to ask for further information about specific transactions.

It is possible that you may be contacted by the governmental authorities of your respective countries who are supporting the efforts of the Commission. You may be asked to provide further information regarding shipments to Iraq. If you receive such a request please contact me immediately in St. Louis (telephone extension 2856 or FAX 1102) before you respond. While we will likely recommend that you cooperate with the Commission and respond to the request, it is critical that we carefully consider each request and coordinate our responses in order to avoid confusion.

If, in the meantime, you have any questions please contact me.

*Distribution*

| | |
|---|---|
| Jean Knight-Kymer | Aldrich |
| Joe Rothrock | Supelco |
| Norm Stafford | Fluka |
| Felice de Jong | Sigma-Aldrich Pty, Ltd. |
| Max Van Laer | Sigma-Aldrich N.V./S.A. |
| Gilles Cottier | Sigma-Aldrich Chimie S.a.r.l. |
| Gerd Backes | Sigma-Aldrich Chemie GmbH |
| Moshe Rashi | Sigma Israel Chemical Co. Ltd. |
| Tsuneo Cho | Sigma-Aldrich Japan K.K. |
| Lars Ohrberg | Sigma-Aldrich Sweden AB |
| Herbert Vuilleumier | Fluka Chemie AG |
| Ken Humphryes | Sigma-Aldrich Company, Ltd. |

WITH COMPLIMENTS

ANITA C. ESSLINGER


BRYAN, CAVE, McPHEETERS & McROBERTS

700 THIRTEENTH STREET, N.W.

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ST. LOUIS
LOS ANGELES
NEW YORK
PHOENIX
KANSAS CITY
IRVINE
LONDON
RIYADH
DUBAI

MEMORANDUM

DATE: January 22, 1991

RE: Regulations Implementing Economic Sanctions Against Iraq and Kuwait

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Enclosed for your information is a copy of both the Iraqi Sanctions Regulations, issued on January 18, 1991, and the Kuwaiti Asset Control Regulations, issued on November 30, 1990. The regulations, which are administered by the Department of the Treasury, implement Executive Orders 12722, 12723, 12724 and 12725. These Executive Orders were issued under the International Emergency Economic Powers Act and the National Emergencies Act pursuant to the President's declaration of a national emergency with respect to the Iraqi invasion of Kuwait.

In light of current events involving Iraq and Kuwait and the broad nature of the prohibitions contained in the regulations, the Executive Orders and subsequent U.S. government pronouncements, U.S. persons and U.S. firms (including their foreign branches) should exercise a great deal of caution with respect to any business transaction potentially involving Iraq or Kuwait.

To help familiarize our clients with these prohibitions, we have also enclosed a brief summary of some of the more pertinent provisions of the regulations. The summary is intended to provide a general overview, only, of the nature and scope of the regulations and should not be used for specific guidance in any particular transaction.

VIOLATIONS OF THE EXECUTIVE ORDERS AND REGULATIONS IMPLEMENTING THEM GOVERNING TRANSACTIONS INVOLVING KUWAIT OR IRAQ CAN INVOLVE IMPOSITION OF CIVIL, CRIMINAL AND/OR ADMINISTRATIVE PENALTIES, INCLUDING FINES, IMPRISONMENT, FORFEITURE OF GOODS AND LOSS OF EXPORTING PRIVILEGES. It is advisable to seek the assistance of legal counsel prior to commencing any transaction involving these countries.

# SUMMARY OF KUWAITI AND IRAQI ECONOMIC SANCTIONS REGULATIONS

## I. Introduction

Under the International Emergency Economic Powers Act and the National Emergencies Act, on August 2, 1990, the President declared a national emergency with respect to the Iraqi invasion of Kuwait and issued Executive Orders 12722 and 12723 blocking Iraqi and Kuwaiti government assets and prohibiting transactions involving Iraq. On August 9, 1990, in response to United Nations Security Council Resolution No. 661 of August 6, 1990, the President issued Executive Orders 12724 and 12725 taking additional steps to block property of the governments of Iraq and Kuwait and to prohibit transactions involving Iraq and Kuwait.

To implement these Executive Orders, the Treasury Department has now issued two sets of regulations (the "Regulations"). First, on November 30, 1990, the Treasury Department's Office of Foreign Assets Control ("OFAC") issued the Kuwaiti Assets Control Regulations (the "Kuwaiti Regulations"). Likewise, on January 18, 1991, OFAC issued the Iraqi Sanctions Regulations to implement the economic sanctions against Iraq (the "Iraqi Regulations").

Generally, the Kuwaiti and Iraqi Regulations embody two types of prohibitions. The first are financial prohibitions which block the assets of the governments of Kuwait and Iraq. The actual prohibitions are broadly worded to bar any dealing whatsoever in any property or interest of the governments of Kuwait and Iraq which are in the U.S. or are held by U.S. persons.

The second type of prohibition implemented by these two sets of regulations bar trade and transactions involving Kuwait and Iraq, including travel and transportation activities.

---

1/ The restrictions imposed by Kuwaiti Regulations are unique in comparison to the Iraqi Regulations and past economic sanctions programs in that their purpose is not to sanction Kuwait but to protect the assets of the recognized government of Kuwait. General and specific licenses with respect to Kuwait which have been issued to date by the Treasury Department exhibit a willingness to create certain exceptions to the prohibitions which will be beneficial to the recognized government of Kuwait.

While on their face these prohibitions generally do not expressly apply to foreign-incorporated subsidiaries of U.S. firms located outside the United States, they do apply to individual U.S. citizens and permanent resident aliens, regardless of who employs them. Such individuals who hold positions in foreign companies (including foreign subsidiaries of U.S. firms) could be exposed to liability for actions prohibited by the Regulations and the Executive Orders. Any dealing by U.S. persons relating to property of Iraqi or Kuwaiti origin exported from those countries after August 6, 1990, or property of any origin intended for export to or from Iraq or Kuwait -- even if such property is exported from or to a country other than the United States and does not involve U.S. goods -- is prohibited. Moreover, for a U.S. firm to direct the conduct of prohibited business through a foreign-incorporated subsidiary would likely be deemed to constitute evasion and thus be prohibited.

Finally, the prohibitions could arguably be read to reach reexports by any person in a foreign country -- whether or not a U.S. person -- of U.S.-origin commodities and technical data and foreign made goods containing U.S. parts and components.

The following is a brief summary of the more relevant provisions of the Kuwaiti and Iraqi Regulations. This memorandum is intended as a summary only and should not be used for specific guidance in any particular transaction.

## II. Prohibited Transactions

The following are prohibited (except as otherwise authorized):

-- The transferring, paying, exporting, withdrawing or otherwise dealing in any interests in property of the governments of Kuwait or Iraq that are in the U.S., that hereafter come within the U.S. or that are or hereafter come within the possession or control of U.S. persons. The property subject to this provision, other than tangible property, **must be transferred to or caused to be held in an interest bearing account or interest-bearing status in a U.S. financial institution unless otherwise invested in a manner directed or authorized by OFAC.** This provision does not affirmatively require the holder of tangible blocked property to sell or liquidate the property and put the proceeds in a blocked account.

-- The transferring, endorsing or guaranteeing of signatures on, or any other dealing in any security

registered or inscribed in the name of the government of Kuwait or Iraq and held within the possession or control of a U.S. person.

-- The import into the U.S. of any goods or services of Kuwaiti or Iraq origin, or any activity by a U.S. person that promotes or is intended to promote such importation.

-- The export or reexport to Kuwait or Iraq, or to any entity operated from Kuwait or Iraq or owned or controlled by the governments of Kuwait or Iraq, directly or indirectly, of any goods, technology (including technical data or other information), or services either (i) from the U.S., or (ii) if subject to U.S. jurisdiction from a third country, or any activity that promotes or is intended to promote such exportation, except donations of articles intended to relieve human suffering, such as food and supplies intended strictly for medical purposes for which a specific license has been obtained.

-- Any dealing by a U.S. person relating to property of Kuwaiti or Iraqi origin exported from Kuwait or Iraq after August 6, 1990, or property intended for exportation from Kuwait or Iraq to any country or exportation to Kuwait or Iraq from any country, or any activity of any kind that promotes or is intended to promote such dealing.

-- Any transaction by a U.S. person relating to travel by any U.S. citizen or permanent resident alien to Kuwait or Iraq, or relating to activities by any such person within Kuwait or Iraq (after August 9, 1990), other than transactions (i) necessary to effect the departure of a U.S. citizen or permanent resident alien from Kuwait or Iraq; (ii) relating to travel and activities for the conduct of the official business of the Federal government or the United Nations, or (iii) relating to journalistic activity by persons regularly employed in such capacity by a news-gathering organization.

-- Any transaction by a U.S. person relating to transportation to or from Iraq or Kuwait; the provision of transportation to or from the U.S. by any Kuwaiti or Iraqi person or any vessel or aircraft of Kuwaiti or Iraqi registration; or the sale in the U.S. by any person holding FAA authority of any transportation by air that includes any stop in Kuwait or Iraq.

-- The performance by any U.S. person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Kuwait or Iraq.

-- Any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any U.S. person to the governments of Kuwait or Iraq or any person in Kuwait or Iraq.

-- Any transaction for the purpose of, or which has the effect of, evading or avoiding or which facilitates the evasion of avoidance of any of the prohibitions and any attempts to violate or conspiracies formed to engage in a prohibited transaction.

## III. Penalties

A civil penalty of up to $250,000 may be administratively imposed for violating or evading or attempting to violate or evade the prohibitions. In addition, criminal penalties for willful violations or evasions of the economic sanctions of up to $1,000,000 in corporate fines and up to $1,000,000 in fines and/or up to 12 years imprisonment for individuals, including officers, directors or agencies of corporations, who willfully participate in the violations may be imposed. The statutory basis for these penalties is found in the Iraq Sanctions Act of 1990, 104 Stat. 1979, dated November 5, 1990.

In addition, a violation of the regulations may also constitute a violation of the United Nations Participation Act. In essence, this act provides for the imposition of fines of up to $10,000 and imprisonment for up to ten years for violations of any order, rule or regulation issued by the President. Another statute imposes similar penalties in connection with the falsification of any fact or document relating to any matter under the jurisdiction of any U.S. department or agency. Finally, violations of the regulations may also constitute violations of applicable customs laws.

## IV. Discussion of the Regulations

Importations into the U.S. and Third Countries.

The regulations prohibit the importation of goods or services of Kuwaiti or Iraqi origin into the U.S. by any person. By definition, this import prohibition applies to both goods "produced manufactured, grown, or processed within Kuwait [or Iraq]" and goods "which have entered into Kuwaiti [or Iraqi] commerce." This prohibition also applies to

transshipment or transit through the U.S. of goods of Kuwaiti or Iraqi origin destined or intended for third countries.

Goods containing raw materials or components of Kuwaiti or Iraqi origin, including refined petroleum products, may not be imported into the U.S. even from third countries. Marking a change from prior OFAC regulations implementing other economic sanctions, substantial transformation of Kuwaiti or Iraqi origin goods in a third country does not exempt the third country products. It appears that OFAC may consider licensing the importation of goods containing raw materials or components of Kuwaiti origin from third countries if such raw materials or components were exported from Iraq or Kuwait prior August 9, 1990.

The regulations also prohibit U.S. persons from importing into locations outside the U.S. or otherwise dealing within such locations in goods or services of Kuwaiti or Iraqi origin. OFAC has informally indicated that this prohibition is designed to totally cut off any third country transactions involving goods or services of Kuwaiti or Iraqi origin by U.S. persons regardless of the legality of the transaction in such third country.

Finally, goods intended or destined for Kuwait or Iraq or any entity operated from Kuwait or Iraq may not be imported to the U.S. for transshipment or transit.

Exports from the U.S

The regulations also prohibit the exporting from the U.S. of goods, technology (including technical data or other information), or services to Kuwait or Iraq, to any entity owned or controlled by the government of Kuwait or Iraq, or to any entity operated from Kuwait or Iraq.

If the goods, technology or services are subject to U.S. jurisdiction, this prohibition also applies to exports or reexports from a third country. The issue of how far U.S. jurisdiction reaches with respect to transactions conducted entirely outside the United States by non-U.S. persons (including foreign subsidiaries of U.S. companies) is problematic. Though the issue is one of sensitive international relations policy, OFAC has informally indicated that it will attempt to provide some guidance on this issue by adding an interpretive section to the Regulations at a later date.

The Regulations attempt to define the third country export prohibition by providing in relevant part:

(1) Exportation of goods or technology (including technical data and other information) from the U.S. to third countries is prohibited if the exporter knows, or has reason to know, that the goods or technology are intended for transshipment to Kuwait or Iraq (including passage through, or storage in, intermediate destinations).

(2) Exportation of goods and technology intended specifically for incorporation or substantial transformation into a third-country product is also prohibited:

(a) if the particular product is to be used in Kuwait or Iraq, is being specifically manufactured to fill a Kuwaiti or Iraqi order, or

(b) if the manufacturer's sales of the particular product are predominantly to Kuwait or Iraq.

(3) It is expressily provided under the Kuwaiti Regulations <u>only</u>, that the exportation of goods or technology from the U.S. to third countries is <u>not prohibited</u> where the exporter has reasonable cause to believe that:

(a) the goods will come to rest in a third country for purposes other than reexportation to Kuwait or Iraq; or

(b) the technology will come to rest in a third country for purposes other than reexport to Kuwait or Iraq.

<u>Licenses</u>

The Office of Foreign Assets Control is authorized to issue both general and specific licenses allowing certain transactions which are otherwise prohibited under the Executive Orders and the Regulations. The general licenses issued to date have been incorporated into the Regulations and include authorization for activities such as:

payments into blocked accounts; completion of certain transactions entered into prior to August 2, 1990; importation of household

and personal effects; transactions involving telecommunications and mail; and renewals and registration of U.S. patents, copyrights and trademarks.

In addition, the Regulations authorize any transaction incident to a licensed transaction and necessary to give effect to such transactions except those transactions by an unlicensed blocked person involving an unlicensed debit to a blocked account.

Reporting Requirements

Every person engaging in any transaction governed by the Regulations must keep a full and accurate record of each transaction in which he engages, regardless of whether such transaction is effected pursuant to license or otherwise, and such records must be made available for examination for at least two years after the date of the transaction.

Every person is required to furnish under oath, on demand, in the form of reports or otherwise, complete information relative to any transaction governed by the Regulations, regardless of whether such transaction is effected pursuant to a license or otherwise.

## V. Additional Considerations

In addition to the prohibitions listed above, the Executive Orders and the Regulations have "blocked" or frozen all property and interests in property of the governments of Kuwait and Iraq that are or hereafter come within the United States or within the possession or control of U.S. persons (including their overseas branches). The Regulations and Executive Orders do not, however, block the assets of individual Kuwaiti or Iraqi nationals or corporations who are not representing the governments of Kuwait or Iraq.

The Kuwaiti Regulations include lists indicating the status of various entities in which the government of Kuwait or Kuwaiti nationals have an interest. One of the lists sets forth entities with which U.S. persons are prohibited from engaging in transactions. Another lists those entities that are under the effective control of the recognized government of Kuwait but with whom U.S. persons are authorized to engage in transactions with. Finally, the Regulations list various entities which OFAC does not consider to be controlled by the government of Kuwait. OFAC has warned, however, that solitary reliance on this list is not advised since the lists are subject to change as additional information becomes available.

No such lists are set forth in the Iraqi Regulations; transactions with Iraqi government controlled entities are strictly prohibited.

## VI. CONCLUSION

On balance, the trade sanctions imposed by the U.S. government prohibit virtually all direct U.S. business contacts with Kuwait or Iraq. Moreover, the important national policies behind the sanctions will undoubtedly lead to an expansive reading of the prohibitions. It therefore would be wise for U.S. firms to exercise prudence with respect to any business transaction potentially involving Kuwait or Iraq, including seeking the assistance of legal counsel before engaging in transactions involving those countries.

* * *

Please let us know if we can be of assistance in answering your questions concerning these sanctions.

SIGMA-ALDRICH SHAREHOLDERS' MEETING PROPOSAL

I move the acceptance of my shareholder proposal as set forth in proxy.

I understand that I am permitted in the next few minutes to talk only about my proposal and the management's argument against it, both of which you will have read. There is no need for me to talk about management's performance these last five years, because that is so clearly delineated in the three graphs on page 17 of the proxy statement.

Management states that you should be aware that I am a former director of the company who was not re-nominated by the Board in 1992. You should also be aware that I founded Aldrich in 1951, was its CEO until its merger with Sigma in 1975, and was a co-founder of Sigma-Aldrich in 1975, and at various times its president, CEO and chairman prior to 1992. The circumstances of my expulsion in that year are told in chapter 13 of my autobiography, which I hope many of you have read and which is available here in St. Louis from Library Limited Bookstores.

Management states that it is well aware that negative publicity can hurt shareholder value; when that negative publicity includes violations of law and substantial fines, it

is plain that the hurt is much greater. Why then should not management be expected to prevent 48 violations of the law against shipping toxins without export licenses? Keep in mind that my motion applies only to the future, and so the real question which I put to management and the directors at this time is to what extent other similar charges are pending or in the discussion stage - with the Justice Department regarding export permits and with the DEA - and to what extent are the outside directors aware of these? If the past fines of almost half a million dollars are just the tip of the iceberg, what measures has management taken to prevent further fines? If adequate measures have been taken, then of course management has nothing to fear from my motion. If not, then management, not shareholders, should bear the burden.

The board alleges that it is not aware of any other public company with a compensation policy comparable to my proposal. Earlier this year the Board of Wisconsin Energy reduced management bonuses because of fines - fines of more than $400,000 which the company had to pay because of management errors. I have the details here.

Management argues that adoption of my motion would impair the company's ability to attract qualified

management. My position is that qualified management should prevent such violations, and we should not try to attract management that will fail to do so. The nub of the matter is that present management has failed to pay sufficient attention to the nitty-gritty of the many regulations involving the handling of chemicals, and if they continue in this fashion, they, and not the shareholders, should pay for it.

Management believes that passage of this motion would severely impair the company's ability to attract qualified management. In my opinion, attracting qualified management will be more hindered by Dr. Cori's arrogance than by my motion.

Dr. Alfred Bader
924 East Juneau, Suite 622
Milwaukee, Wisconsin 53202
Phone: 414/277-0730
Fax: 414/277-0709

*A Chemist Helping Chemists*

April 28, 1997

Dr. Paul K. Smith
Chemist/President
BioAffinity Systems, Inc.
P.O. Box 818
Roscoe, IL 61073

Dear Dr. Smith:

I appreciate your thoughtfulness in sending me a copy of your letter to Dr. Cori regarding my resolution at the Sigma-Aldrich annual stockholders' meeting.

Of course, I know that such resolutions do not have a chance because 60% of the stock is owned by institutions, and they either vote for management or vote with their feet, by selling the stock.

But I believe that the fines of $480,000 are just the tip of the iceberg, and I really wonder whether the outside directors are aware of the on-going problems.

I was surprised at the last paragraph of your letter, in which you congratulated Dr. Cori for an outstanding performance in 1996. Actually, the performance was not good, and that is reflected on the chart on page 17 of the proxy statement. Sales went up only 7.8%, where traditionally before 1991, we had almost always had sales increases of more that 15%. Dr. Cori will be certain to try his best to continue to keep earnings increasing by more than 10%, just in order to protect his bonus. But of course, you know that you cannot do this continuously.

I would very much like to meet you sometime. Will you be at the annual meeting? Or do you ever come to Milwaukee? Also, could you send me a little information about your company?

Some of the enclosures may interest you.

With all good wishes and many thanks for your interest, I remain,

Yours sincerely,

AB/cw

Enclosures
bc: Bill Schield (w/enclosure)

BioAffinity Systems, Inc.

P.O. Box 818 • Roscoe, Illinois 61073 • Telephone: (815) 398-1794 • Fax: (815) 398-1810

Dr. Tom Cori, Chairman
Sigma Aldrich Corp.
3050 Spruce St.
St. Louis, MO 63103

Copy to:

Dr. Alfred Bader
2961 North Shepard Ave.
Milwaukee, WI 53211

**RE: SHAREHOLDER PROPOSED RESOLUTION**

Dear Dr. Cori:

Upon reading the 1996 annual report for Sigma-Aldrich, I was dismayed to read both the "shareholder proposed resolution" and the Board of Directors response to said proposed resolution.

Given the current business climate and the capricious ability of Government agencies to extort monies from Corporate America, Dr. Bader's proposal puts Sigma Aldrich Management in the unsavory position of handing out blank checks to OSHA, EPA, DOT, etc., etc. As a shareholder, I do not think such a strategy would be in the best interest of Sigma Aldrich and therefore myself. I believe Dr. Bader knows this. I do not believe that Dr. Bader actually wants or expects his proposal to be adopted. The proposal is merely a forum being used by Dr. Bader to inform other shareholders that a *faux pax* has occurred that might otherwise be swept under the rug. As a shareholder, I appreciate being informed and I thank Dr. Bader for his maneuver.

Of course, I believe that the Board also recognizes that Dr. Bader is using the forum of the annual meeting to express his displeasure at what he considers a poor use of monies on the one hand, and the description of lucrative executive bonus plans on the other. I take exception to a portion of the response offered by the Board to Dr. Bader's Proposal for the following reasons:

a) Dr. Bader has made significant contributions to the prosperity of Sigma Aldrich and therefore its shareholders. The last paragraph of the Board's response was totally uncalled for in that it portrayed Dr. Bader and his efforts in a disrespectful way. Further, the last paragraph of the Board's response did not respond to the

merits of Dr. Bader's Proposal but rather was a petty, personal attack. Why does the Board feel obligated to "piss-off" Dr. Bader? As a shareholder, I do not covet the notion that Dr. Bader might get pissed off enough to dump 5.6 million shares onto the open market.

b) The excuse offered by the response that "..nobody else does it this way.." is about as lame an excuse as I have ever read. Since when did SIAL get to where it is today by doing it the way everyone else does?

I am returning my proxy ballot marked "abstain" for the Proposal because I believe the Proposal is too broad to be a practical policy and that adoption would do more harm than good. By copy of this letter, I am expressing my thanks to Dr. Bader for keeping an eye out for all SIAL shareholders.

Lastly, I would like to thank you, Dr. Cori, the rest of the Board and all who work at Sigma-Aldrich for an outstanding 1996. Special congratulations are in order for reaching the 1 billion mark. I have the greatest respect and admiration for what you have accomplished and my proxy will be in favor of the Nominees. I hope there will come a day where we can all respect and admire the contributions of Dr. Bader, Dr. Cori and people like Dr. Oliver Lowry who I understand is in failing health. I believe that Dr. Lowry ( of Washington Univ) did much to advance Sigma during its early years.

Sincerely,

Paul K. Smith, Chemist/President
BioAffinity Systems, Inc.

Library Ltd.
Bookstores

314 727-8834

**FAX FROM**

*DR. ALFRED BADER*
Suite 622
924 East Juneau Avenue
Milwaukee, Wisconsin 53202
Telephone: 414/277-0730
**Fax: 414/277-0709**

April 10, 1997

4/10

314 727 8834

Lynn Bode

TO: ~~Ms. LeeAnn Langdon~~
Business & Technical Book Buyer and
Corporate Sales Manager
Library Limited Bookstores
FAX: 314/727-0478

Dear Ms. Langdon:

You may recall that three years ago, at a time of the annual meeting of the Sigma-Aldrich Corporation, you sold a number of copies of my autobiography, *Adventures of a Chemist Collector*, available from Trafalgar Square (ISBN #0-297-83461-4). I enclose some comments and reviews of book.

I believe that at the time, you sold about 30 copies, after my mentioning the availability of the book from your store at the company's annual meeting.

On Tuesday, May 6th, I will again be in St. Louis, at the annual meeting of the company; at that meeting, may I again say that the book is available from you?

One St. Louis resident, Mrs. Kristy Woolerod, is currently looking for a copy to purchase. If you can help her, please contact her at 314/340-6650. (If you cannot be of assistance, please let me know, and I will find another source of the book for her.)

With many thanks for your assistance and all good wishes, I remain,

Yours sincerely,

AB/cw

United States Department of State

*Washington, D.C. 20520*

April 26, 1996

President
Aldrich Chemical Company, Inc.
1001 West St. Paul Ave.
Milwaukee, WI 53233

Dear Sir:

The Departments of State and Commerce support the United Nations Special Commission on Iraq (UNSCOM) in its Security Council-mandated task of investigating--and assuring the destruction of--Iraq's chemical and biological warfare programs.

UNSCOM has found evidence of several orders to your company for raw materials which may have been used by the Iraqis in these programs without your knowledge. The attached table lists what UNSCOM knows about these orders. What UNSCOM requests from you is information on the exact materials delivered, so they can then trace what the Iraqis did with them.

We have worked closely with UNSCOM for five years. Information that you provide to UNSCOM will be held in the strictest of confidence: not released to governments or to the press. It will be used only in conjunction with other data to pursue a factual history of Iraqi weapons programs.

Please examine the attached table, and try to give the following UNSCOM expert as specific a description of what was delivered under these contracts as you can. Your cooperation with UNSCOM is very much in the interests of the United States of America--because you and I don't want Iraq to ever use such weapons against our soldiers.

Please provide this information directly to UNSCOM:

Dr. Debra Krikorian
UN Special Commission (UNSCOM)
Room S-3027, Secretariat Building
United Nations
New York, N.Y. 10017
Voice (212) 963-9031
Fax (212) 963-3922

Your action officer is welcome to call Dr. Krikorian, and to call me at (202) 647-1617, if we can help you. Thank you for your cooperation.

Sincerely,

William D. Eckert

William D. Eckert
Chief, Special Commission
Support Office, PM/RNP

cc: Daniel Kahan
Strategic Trade Analyst, Commerce/BXA/CBC
Fax (202) 482-0751

# Aldrich

| order # | LC | item | Date |
|---|---|---|---|
| | 88/4/718; 7938.15 | raw materials | 17/8/88 |
| 6458 | cash; 1119.90 | Chemical materials | 22/7/88 |
| 7058 | cash; 2238.25 | Chemical materials | 7/9/88 |
| 2659 - | cash; 1207.20 | Chem raw materials | 20/1/89 |
| 2759 | 89/4/152; 13,216.50 | raw materials | 19/12/88 |
| 2859 | cash; 583.80 | raw materials | 08/03/89 |
| 4159 | cash; 4549.80 | raw materials | 17/02/89 |
| 7759 | cash | raw materials | 15/6/89 |
| 8359 | cash; 979.00 | raw materials | 30/06/89 |
| 9459 | cash; 2744.15 | raw materials | 28/07/89 |
| 9559 | cash; 8134.50 | raw materials | 21/07/89 |
| 10459 | cash; 306.80PS | raw materials | 17/10/89 |
| 1550 | cash; 917.50 | raw materials | 21/6/90 |
| | | | |

## Aldrich

| order # | LC | item | Date |
|---|---|---|---|
| | 88/4/718; 7938.15 | raw materials | 17/8/88 |
| 6458 | cash; 1119.90 | Chemical materials | 22/7/88 |
| 7058 | cash; 2238.25 | Chemical materials | 7/9/88 |
| 2659 | cash; 1207.20 | Chem raw materials | 20/1/89 |
| 2759 | 89/4/152; 13,216.50 | raw materials | 19/12/88 |
| 2859 | cash; 583.80 | raw materials | 08/03/89 |
| 4159 | cash; 4549.80 | raw materials | 17/02/89 |
| 7759 | cash | raw materials | 15/6/89 |
| 8359 | cash; 979.00 | raw materials | 30/06/89 |
| 9459 | cash; 2744.15 | raw materials | 28/07/89 |
| 9559 | cash; 8134.50 | raw materials | 21/07/89 |
| 10459 | cash; 306.80PS | raw materials | 17/10/89 |
| 1550 | cash; 917.50 | raw materials | 21/6/90 |
| | | | |

SYSM Quick Message Compose 1

KNIGHT-KYMER, JEAN 04:15pm - Mon, May 06, 1996

Select Key/Command:

Date: 05/06/96 Time: 04:15pm Priority: 000

Subj: Iraq Access:

To: wcc0 tdw0

Wally:

we haave a request from the government. It seems that they believe the we have sold materials to Irag in the past which were used to make weapons. The data which they have available to us is limited. We therefore, need to request a "dump" of data to assist us in this request. Here is what we need:

Salesman code I3 Iraq

All sales between January 1988 and end of August 1990

for each of the above sales, we need the following:

1. account number and name
2. customer p.o. #
3. our s.o. #
4. product number, name and total quantity.

thanks very much: jkk cc: tdw for info. only

F1=Help F2=Send F3=End F4=Spell F5=Wordwrap F6=Directory

F7= F8=Down F9=Textsplit F10=File F11=Post F12=More...

**aldrich chemical company, inc.** B 15
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

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REFERENCE OUR INVOICE NO. 173025

PAGE 1

SOLD TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 04/28/89 | 958657 | CHK 1392/PPY | AIR FRTP/COLLECT | 13 | 32341 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

THANK YOU FOR YOUR PREPAYMENT OF $619.05
WHICH HAS BEEN CREDITED TO YOUR ACCOUNT
RECEIVED PPY CHECK FROM THE FOLLOWING:

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 1 | | 1 | 500 MG | 25625-0 | (S)-(+)-BENZOIN, 99% | NET | | 71.35 |
| 1 | | 1 | 500 GM | B868-1 | BENZOIN, 98% | NET | | 30.15 |
| 2 | | 2 | 250 GM | 17200-6 | BENZOIN ETHYL ETHER, 99% | NET | | 87.50 |
| 5 | | 5 | 100 GM | B870-3 | (+/-)-BENZOIN METHYL ETHER, 99% | NET | | 188.75 |
| 1 | | 1 | 3 KG | 15243-9 | DIBUTYL PHTHALATE, 99% | NET | | 20.40 |
| 1 | 1 | | 500 GM | 23282-3 | 3,6-DIHYDROXYNAPHTHALENE-2,7-DISULFONIC ACID, DISODIUM SALT, TECH., 92+% | NET | | .00 |
| 10 | | 10 | 10 GM | #21327-6 | 4,5-DIHYDROXYNAPHTHALENE-2,7-DISULFONIC ACID, DISODIUM SALT DIHYDRATE, A.C.S. | NET | | 130.50 |
| 1 | | 1 | 500 GM | H1790-2 #= | HYDROQUINONE, 99% PRODUCT OF FLOYD GREEN DIVISION OF ALDRICH CHEMICAL COMPANY | NET | | 11.50 |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.
THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

..............................

PLEASE PAY THIS AMOUNT> 540.15

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**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273 3850 Cable Aldrichem TWX 910-26-3052 TELEX 26 843

D 13

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

B-F-1

REFERENCE OUR INVOICE NO. 173025-01

PAGE 1

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 05/04/89 | 958657 | CHK 1392/PPY | AIR FRTP/COLLECT | 13 | 32341 | NET 30 DAYS F O B MILWAUKEE WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  | THANK YOU FOR YOUR PREPAYMENT OF $619.05 WHICH HAS BEEN CREDITED TO YOUR ACCOUNT RECEIVED PPY CHECK FROM THE FOLLOWING: |  |  |  |
| 1 |  | 1 | 500 GM | 23282-3 | 3,6-DIHYDROXYNAPHTHALENE-2,7-DISULFONIC ACID, DISODIUM SALT, TECH., 92+% | NET |  | 78.90 |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.
THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

..................................

PLEASE PAY THIS AMOUNT

FICHE COPY

K 2

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364
D-U-N-S NUMBER 00-611-3906

B-F-1 REFERENCE OUR INVOICE NO. 180912 PAGE 2

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
IN THE NAME OF CENTRAL BANK
OF IRAQ RASHID STREET BAGHDAD, IRAQ
CLIENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTATION DIV
P.O. BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO. | TERMS |
|---|---|---|---|---|---|---|
| 06/30/89 | 958657 | L/C 89/4/152 | AIR FRTC COLLECT | 13 | 31589 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 1 | | 1 | 57 LT | 29539-6 | HYDROGEN, 99.99+% | NET | | 58.45 |
| 1 | | 1 | 1 GM | 14877-6 | 3-HYDROXYANTHRANILIC ACID, 97% | NET | | 29.15 |
| 5 | | 5 | 100 GM | 27899-8 | 5-HYDROXYANTHRANILIC ACID, 99% | NET | | 282.25 |
| 1 | | 1 | 500 GM | ~~19759-8~~ | PICRIC ACID, 98% | NET | | 31.60 |
| | | | | | NO LICENSE REQUIRED | | | |
| 5 | | 5 | 10 GM | 21291-1 | PALLADIUM HYDROXIDE ON CARBON, MOIST | NET | | 202.75 |
| 5 | | 5 | 50 GM | 20569-9 | PALLADIUM ON ACTIVATED CARBON (10% PD) | NET | | 566.25 |
| 25 | | 25 | 10 GM | 20568-0 | PALLADIUM ON ACTIVATED CARBON (5% PD) | NET | | 543.75 |
| 5 | | 5 | 100 GM | 22167-8 | RANEY NICKEL, ACTIVE CATALYST | NET | | 130.25 |
| 5 | | 5 | 10 GM | 21435-3 | PALLADIUM ON CALCIUM CARBONATE (5% PD) | NET | | 120.00 |
| 6 | | 6 | 125 GM | P5100-1 | PROPARGYL BROMIDE, 80 WT. % SOLUTION IN TOLUENE | NET | | 195.00 |
| 1 | | 1 | 1 KG | H1130-0 | HEXAMETHYLENETETRAMINE, 99% | NET | | 12.10 |
| 2 | | 2 | 500 GM | C7090-8 | 5-CHLOROSALICYLIC ACID, 98% | NET | | 45.60 |
| 10 | | 10 | 25 GM | 25975-6 | 5-CHLOROSALICYLALDEHYDE | NET | | 469.50 |
| 5 | | 5 | 100 GM | M129-6 | MALONIC ACID, 99% | NET | | 59.25 |
| 5 | | 5 | 100 GM | N2680-6 | TRANS-BETA-NITROSTYRENE, 97% | NET | | 409.25 |
| 5 | 4 | 1 | 100 GM | 16863-7 | 2,4-DIHYDROXYBENZALDEHYDE, 98% | NET | | 78.95 |
| 10 | | 10 | 5 GM | D10820-0 | 2,5-DIHYDROXYBENZALDEHYDE, 97% | NET | | 335.50 |
| 3 | | 3 | 100 GM | D10840-5 | 3,4-DIHYDROXYBENZALDEHYDE, 97% | NET | | 211.05 |
| 4 | | 4 | 25 GM | D5660-8 | 3,4-DICHLOROBENZALDEHYDE, 95% | NET | | 70.60 |
| 20 | 18 | 2 | 500 GM | T6900-0 | 3,4,5-TRIMETHOXYBENZOIC ACID, 99% | NET | | 78.20 |
| 2 | | 2 | 25 GM | 13216-0 | 3,4,5-TRIMETHOXYBENZONITRILE, 95% | NET | | 90.70 |
| 2 | | 2 | 100 GM | 11519-3 | 1-ADAMANTANAMINE HYDROCHLORIDE, 99+% | NET | | 162.50 |
| 1 | | 1 | 5 KG | 16155-1 | ACTIVATED CARBON, DECOLORIZING | NET | | 60.95 |

CONTINUED TO PAGE 3

J 2

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

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REFERENCE OUR INVOICE NO. 180912

PAGE 1

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
IN THE NAME OF CENTRAL BANK
OF IRAQ RASHID STREET BAGHDAD, IRAQ
CLIENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTATION DIV
P.O. BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO. | TERMS |
|---|---|---|---|---|---|---|
| 06/30/89 | 958657 | L/C 89/4/152 | AIR FRTC COLLECT | 13 | 31589 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

LETTER OF CREDIT NO. 89/4/152 DTD 9.4.1989
UBAF ARAB AMERICAN BANK REF NO. 10798 BENEFICIARY M/S ALDRICH CHMICAL INC P.O. BOX 335 MILWAUKEE WISCONSIN 53201 U.S.A.WE HEREBY CERTIFY THAT MERCHANDISE DESCRIPTION QUANTITY PRICE VALUE NET AND GROSS WEIGHT FREIGHT CHARGES SHIPPING MARKS COUNTRY OF ORIGIN COUNTRY OF MANUFACTURER TRADE DISCOUNT IF ANY ) (NONE) AS STATED IN THIS INVOICE ARE CORRECT AND THAT THEGOODS ARE OF U.S.A. ORIGIN. EVIDENICING ONE OR MORE SHIPMENTS OF THE FOLLOWING GOODS AS PER QUOTE REF 31589 D.D 19/12/88 AND OUR CLIENTS REF 359/2494 D.D 25/3/89
FROM U.S.A. TO BAGHDAD BY AIR ON IRAQ AIRWAYS
WE HEREBY CERTIFY THAT THE SHIPPING MARKS AND LETTER OF CREDIT NUMBER 89/4/152 APPEAR ON THE PACKAGES

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 1 | | 1 | 1 KG | T2420-1 | TETRAMETHYLTHIURAM DISULFIDE, 97% | NET | | 14.45 |
| 1 | | 1 | 2 KG | 29503-5 | 1,3-BUTADIENE, 99+% | NET | | 121.00 |
| 1 | | 1 | 1 KG | ~~D8000-2~~ | 1,3-DICYCLOHEXYLCARBODIIMIDE, 99% | NET | | 99.40 |
| | | | | | NO LICENSE REQUIRED | | | |
| 4 | | 4 | 500 GM | 24697-2 | MAGNESIUM SULFATE, 99% | NET | | 90.00 |
| 6 | | 6 | 500 GM | 24157-1 | QUINOLINE, 98% | NET | | 192.30 |
| 2 | | 2 | 500 GM | 20931-7 | COPPER CHROMITE | NET | | 125.10 |
| 4 | | 4 | 500 GM | M6265-4 | 3-METHYL-4-NITROPHENOL, 98% | NET | | 260.60 |
| 4 | | 4 | 10 GM | 10694-1 | 2-METHYL-3-NITROPHENOL, 98% | NET | | 239.80 |
| 1 | | 1 | 1 KG | 13536-4 | DIETHYL OXALATE, 99+% | NET | | 16.45 |
| 1 | | 1 | 50 GM | 20312-2 | COPPER, POWDER, 99.999% | NET | | 190.20 |
| 1 | | 1 | 2 KG | 20785-3 | SODIUM SULFATE, 98% | NET | | 22.35 |
| 6 | | 6 | 500 ML | 26800-3 | HYDROBROMIC ACID, 48% | NET | | 37.80 |
| 1 | | 1 | 454 GM | 29541-8 | HYDROGEN BROMIDE, 99+% | NET | | 146.00 |

CONTINUED TO PAGE 2

**aldrich chemical company, inc.** L 2 FICHE COPY

DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

B-F-1 REFERENCE OUR INVOICE NO. 180912 PAGE 3

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
IN THE NAME OF CENTRAL BANK
OF IRAQ RASHID STREET BAGHDAD, IRAQ
CLIENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTATION DIV
P.O. BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO. | TERMS |
|---|---|---|---|---|---|---|
| 06/30/89 | 958657 | L/C 89/4/152 | AIR FRTC COLLECT | 13 | 31589 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | * | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 5 | | 5 | 1 LT | 11021-3 | ACRYLONITRILE, 99+% | NET | | 51.25 |
| 5 | | 5 | 1 LT | S497-2 | STYRENE, 99% | NET | | 46.25 |
| 4 | | 4 | 25 GM | B7440-2 | 2-BROMO-4-NITROTOLUENE, 98% | NET | | 64.40 |
| 20 | | 20 | 25 GM | 24710-3 | 2-BROMO-5-NITROTOLUENE, 98% | NET | | 680.00 |
| 2 | | 2 | 250 GM | 10053-6 | 4-AMINOBENZOIC ACID, 99% | NET | | 31.70 |
| 1 | 1 | | 100 GM | 22987-3 | ACETIC ACID, SODIUM SALT, 99.999% | NET | | .00 |
| 1 | | 1 | 500 GM | A8810-7 | P-ANISALDEHYDE, 98% | NET | | 27.30 |
| 20 | 9 | 11 | 25 GM | 20273-8 | BARIUM CHLORIDE, 99.999% | NET | | 342.65 |
| 1 | | 1 | 500 GM | 24859-2 | BISMUTH(III) NITRATE PENTAHYDRATE, 98% | NET | | 24.70 |
| 1 | | 1 | 3 KG | E455-0 | 2-(2-ETHOXYETHOXY)ETHANOL, 99+% | NET | | 21.75 |
| 1 | | 1 | 1 KG | 22201-1 | COPPER(II) CHLORIDE, 97% | NET | | 53.05 |
| 2 | | 2 | 1 KG | 27160-8 | GELATIN, CA. 300 BLOOM, FROM SWINE SKIN | NET | | 57.80 |
| 5 | | 5 | 100 GM | 15774-0 | FERRIC CHLORIDE, ANHYDROUS, 98% | NET | | 41.75 |
| 1 | | 1 | 250 GM | 26869-0 | LEAD(II) CHLORIDE, 98% | NET | | 17.90 |
| 1 | | 1 | 500 GM | 24406-6 | NICKEL(II) ACETATE TETRAHYDRATE, 98% | NET | | 19.10 |
| 1 | | 1 | 500 GM | +22346-8 | POTASSIUM PERMANGANATE, 99%, A.C.S. REAGENT | NET | | 15.35 |
| 1 | | 1 | 500 GM | +20797-7 | POTASSIUM IODATE, 98% | NET | | 41.75 |
| 2 | | 2 | 250 GM | 21538-4 | POTASSIUM FLUORIDE, ANHYDROUS, 99% NO LICENSE REQUIRED | NET | | 45.30 |
| 1 | | 1 | 2 KG | 20801-9 | POTASSIUM FERRICYANIDE, 99% | NET | | 36.95 |
| 2 | | 2 | 500 GM | +20768-3 | POTASSIUM BROMIDE, 98% | NET | | 30.20 |
| 2 | | 2 | 100 GM | 21005-6 | POTASSIUM PERIODATE, 99.8%, A.C.S. REAGENT | NET | | 47.30 |
| 1 | | 1 | 500 GM | 20924-4 | POTASSIUM DICHROMATE, 99% | NET | | 9.85 |

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**aldrich chemical company, Inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

M 2

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364
D-U-N-S NUMBER 00-611-3906

B-F-1 REFERENCE OUR INVOICE NO. 180912 PAGE 4

SOLD TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO
IN THE NAME OF CENTRAL BANK
OF IRAQ RASHID STREET BAGHDAD, IRAQ
CLIENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTATION DIV
P.O. BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO. | TERMS |
|---|---|---|---|---|---|---|
| 06/30/89 | 958657 | L/C 89/4/152 | AIR FRTC COLLECT | 13 | 31589 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 1 | | 1 | 17 KG | 13436-8 | 1,2-PROPANEDIOL, 99% | NET | | 67.10 |
| 2 | | 2 | 500 GM | 22353-0 | SODIUM CARBONATE, POWDER, 99+%, A.C.S. REAGENT | NET | | 33.30 |
| 1 | | 1 | 500 GM | 20783-7 | SODIUM NITRITE, 97% | NET | | 9.65 |
| 4 | | 4 | 500 GM | 20784-5 | SODIUM SULFITE, 98% | NET | | 28.80 |
| 1 | | 1 | 500 GM | 22871-0 | SODIUM NITROFERRICYANIDE DIHYDRATE, 99%, A.C.S. REAGENT | NET | | 87.20 |
| 2 | | 2 | 500 GM | 24366-3 | SODIUM HYPOPHOSPHITE HYDRATE | NET | | 45.00 |
| 2 | | 2 | 1 KG | 21726-3 | SODIUM THIOSULFATE, 99% | NET | | 46.70 |
| 3 | | 3 | 500 GM | 20913-9 | SILVER NITRATE, 99+%, A.C.S. REAGENT | NET | | 888.75 |
| 2 | | 2 | 500 GM | T10-9 | L-TARTARIC ACID, 99% | NET | | 25.30 |
| 2 | | 2 | 25 GM | 26132-7 | YTTRIUM, POWDER, -40 MESH, 99.9% | NET | | 181.10 |
| 20 | | 20 | 500 GM | 23203-3 | TITANIUM(IV) OXIDE, 99.9+%, ANATASE | NET | | 839.00 |
| 1 | | 1 | 250 GM | 20516-8 | YTTRIUM OXIDE, 99.99% | NET | | 88.15 |
| 5 | | 5 | 50 GM | 26849-6 | TITANIUM, POWDER, -100 MESH, 99.9% | NET | | 116.75 |
| 10 | | 10 | 10 GM | 19446-8 | 3,4-DIMETHOXYPHENOL, 97% | NET | | 828.50 |
| 2 | | 2 | 500 GM | 10842-1 | METHYL CYANOACETATE, 99% | NET | | 39.90 |
| | | | | += | FOR LABORATORY USE ONLY. NOT FOR DRUG USE. | | | |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.
THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

CONTINUED TO PAGE 5

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N 2

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

B-F-1

REFERENCE OUR INVOICE NO. 180912 PAGE 5

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
IN THE NAME OF CENTRAL BANK
OF IRAQ RASHID STREET BAGHDAD, IRAQ
CLIENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTATION DIV
P.O. BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO. | TERMS |
|---|---|---|---|---|---|---|
| 06/30/89 | 958657 | L/C 89/4/152 | AIR FRIC COLLECT | 13 | 31589 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | * | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | | PLEASE PAY THIS AMOUNT> | | | 1C330.55 |

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**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

J 1

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

B-F-1

REFERENCE OUR INVOICE NO. 143968 PAGE 1

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO. | TERMS |
|---|---|---|---|---|---|---|
| 06/30/89 | 958657 | 31589 PPY | AIR FRTP COLLECT | 13 | 31589 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | * | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | | THANK YOU FOR YOUR PREPAYMENT OF $1369.70 WHICH HAS BEEN CREDITED TO YOUR ACCOUNT SHIPMENT FROM USA AIRPORT TO BAGHDAD | | | |
| 10 | 10 | | 100 GM | C510-6 | (CARBETHOXYMETHYLENE)TRIPHENYLPHOSPHORANE, 95% | NET | | .00 |
| 2 | | 2 | 100 GM | M160-1 | MALONYL DICHLORIDE, 97% | NET | | 187.80 |
| 2 | | 2 | 25 GM | M160-1 | MALONYL DICHLORIDE, 97% | NET | | 56.60 |
| 2 | | 2 | 500 GM | 10591-0 | SALICYLIC ACID, 99+% | NET | | 19.30 |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.

THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

..................................

PLEASE PAY THIS AMOUNT> 263.70

FICHE COPY

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

F 2

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

B-F-1

REFERENCE OUR INVOICE NO. 143968-01 PAGE 1

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 07/06/89 | 958657 | 31589 PPY | AIR FRTP COLLECT | 13 | 31589 | NET 30 DAYS F O B MILWAUKEE WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | · | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | | THANK YOU FOR YOUR PREPAYMENT OF $1369.70 WHICH HAS BEEN CREDITED TO YOUR ACCOUNT SHIPMENT FROM USA AIRPORT TO BAGHDAD | | | |
| 10 | | 10 | 100 GM | C510-6 | (CARBETHOXYMETHYLENE)TRIPHENYLPHOSPHORANE, 95% | NET | | 937.50 |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.
THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

..............................

PLEASE PAY THIS AMOUNT> 937.50

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

G 5

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

FICHE COPY

B-F-1

REFERENCE OUR INVOICE NO. 647967 PAGE 1

SOLD TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO
IN THE NAME OF CENTRAL BANK OF IRAQ
RASHID STREET P.O. BOX 64 BAGHDAD
CLENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTATION DIV.,
P.O BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO. | TERMS |
|---|---|---|---|---|---|---|
| 02/14/89 | 958657 | L/C 88/4/718 | AIR FRIC PREPAID | 13 | 29896 | NET 30 DAYS F O B MILWAUKEE WIS PLANT |

LETTER OF CREDIT NO. 88/4/718 ARAB AMERICAN BANK REF NO. 9843
BENEFICIARY: M/S ALDRICH CHEMICAL CO., LTD., P.O BOX 355 MILWAUKEE WISCONSIN 53201 U.S.A WE HEREBY CERTIFY THAT MERCHANDISE DESCRIPTION QUANTITY PRICE VALUE NET AND GROSS WEIGHT FREIGHT CHARGES SHIPPING MARKS COUNTRY OF ORIGIN COUNTRY OF MANUFACTURERS TRADE DISCOUNT (NONE) ARE CORRECT AND THAT THE GOODS ARE OF U.S.A. ORIGIN.EVIDENCING ONE OR MORE SHIPMENTS OF THE FOLLOWING GOODS RAW MATERIALS AS PER QUOTATION NO. 29896 D.D. 17-8-88 AND OUR CLIENTS TLX REF 358/6171 D.D 16-9-88 FROM U.S.A TO C AND F BAGHDAD BY AIR
WE HEREBY CERTIFY THAT THE LETTER OF CREDIT NUMBER APPEARS ON THE PACKAGES IN ADDITION TO THE SHIPPING MARKS. MANUFACTURERS: M/S ALDRICH CHEMICAL CO., LTD., P.O BOX 355 MILWAUKEE WISCONSIN 53201 U.S.A

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 1 | | 1 | 500 GM | B8220-0 | 4-BROMOTOLUENE, 98% | NET | | 52.95 |
| 1 | | 1 | 50 GM | 23997-6 | CYANOACETIC ACID, 99+%, GOLD LABEL | NET | | 16.75 |
| 1 | | 1 | 100 GM | C5630-1 | 4-CHLORO-1-METHYLPIPERIDINE HYDROCHLORIDE, 99% | NET | | 28.60 |
| 2 | | 2 | 25 GM | C5630-1 | 4-CHLORO-1-METHYLPIPERIDINE HYDROCHLORIDE, 99% | NET | | 23.10 |
| 1 | | 1 | 2.5KG | D9775-4 | DIETHYL MALONATE, 99% | NET | | 40.95 |
| 40 | | 40 | 500 GM | 17926-4 | ETHER, ABSOLUTE, A.C.S. REAGENT | NET | | 648.00 |
| 5 | | 5 | 100 GM | D13060-5 | 2,5-DIMETHOXYBENZALDEHYDE, 99% | NET | | 123.75 |
| 2 | | 2 | 25 GM | 25796-6 | 2,5-DIMETHOXYBENZOIC ACID, 99% | NET | | 133.70 |
| 1 | | 1 | 8 LT | 29608-2 | ETHER, ANHYDROUS, 99+% | NET | | 89.25 |
| 1 | | 1 | 1 EA | Y50214-6 | DEPOSIT CYLINDER DOT 4BW240 | | | 350.00 |
| 2 | | 2 | 5 GM | 14529-7 | 1,3-DIHYDROXYNAPHTHALENE, 96% | NET | | 68.50 |

CONTINUED TO PAGE 2

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26 843

H 5

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

FICHE COPY

B-F-1

REFERENCE OUR INVOICE NO. 647967 PAGE 2

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
IN THE NAME OF CENTRAL BANK OF IRAQ
RASHID STREET P.O. BOX 64 BAGHDAD
CLENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTATION DIV.,
P.O BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 02/14/89 | 958657 | L/C 88/4/718 | AIR FRIC PREPAID | 13 | 29896 | NET 30 DAYS F O B MILWAUKEE WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 2 | | 2 | 5 GM | E4735-2 | 1-ETHYL-3-PYRROLIDINOL, 97% | NET | | 108.90 |
| 10 | | 10 | 1 GM | 21987-8 | 4-HYDROXYINDOLE, 99% | NET | | 731.00 |
| 10 | | 10 | 1 GM | H3185-9 | 5-HYDROXYINDOLE, 97% | NET | | 328.00 |
| 10 | | 10 | 100 GM | 12877-5 | 4-HYDROXYPIPERIDINE, 98% | NET | | 1330.50 |
| 2 | | 2 | 1 KG | 26642-6 | IODINE, BEAD, 1 TO 3MM, 99.7% | NET | | 148.70 |
| 2 | | | 5 GM | M7950-6 | 1-METHYL-3-PYRROLIDINOL, 99% ABOVE ITEM CANCELED | NET | .00 | .00 |
| 5 | | 5 | 1 GM | 28658-3 | 5-METHOXYTRYPTAMINE, 98% | NET | | 134.25 |
| 10 | | 10 | 25 GM | 22248-8 | N-(1-NAPHTHYL)ETHYLENEDIAMINE DIHYDROCHLORIDE, 98%, A.C.S. REAGENT | NET | | 217.50 |
| 2 | | 2 | 100 GM | 21006-4 | PERIODIC ACID, 98% | NET | | 54.70 |
| 1 | | 1 | 50 GM | 20513-3 | PRASEODYMIUM(III) NITRATE HEXAHYDRATE, 99.9% | NET | | 23.75 |
| 1 | | 1 | 500 GM | P7380-3 | PYRROLIDINE, 99% | NET | | 31.65 |
| 1 | | 1 | 10 GM | 22984-9 | SCANDIUM(III) CHLORIDE HYDRATE, 99.99% | NET | | 230.25 |
| 1 | | 1 | 500 GM | ~~22167-8~~ | RANEY NICKEL, ACTIVE CATALYST | NET | | 76.85 |
| 50 | | 31 | 100 MG | +23390-0 | SEROTONIN HYDROCHLORIDE HEMIHYDRATE, 99% CONSIDER COMPLETE - BALANCE CANCELED | NET | | 652.55 |
| 1 | | 1 | 5 GM | M1490-0 | 5-METHOXYINDOLE, 99% | NET | | 47.10 |
| 1 | | 1 | 100 GM | 19615-0 | 2-IODOTHIOPHENE, 98+% | NET | | 49.15 |
| 1 | | 1 | 250 GM | 12416-8 | 2-BROMOTHIOPHENE, 98% | NET | | 65.15 |
| 1 | | | 500 GM | B7520-4 | (+/-)-2-BROMOPENTANE, 95% ABOVE ITEM CANCELED | NET | .00 | .00 |
| 2 | | 2 | 25 GM | C11730-7 | CYCLOPROPYL BROMIDE, 99% | NET | | 128.30 |

CONTINUED TO PAGE 3

FICHE COPY

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

I 5

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

B-F-1 REFERENCE OUR INVOICE NO. 647967 PAGE 3

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
IN THE NAME OF CENTRAL BANK OF IRAQ
RASHID STREET P.O. BOX 64 BAGHDAD
CLENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTATION DIV.,
P.O BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS NET 30 DAYS F O B MILWAUKEE WIS PLANT |
|---|---|---|---|---|---|---|
| 02/14/89 | 958657 | L/C 88/4/718 | AIR FRTC PREPAID | 13 | 29896 | |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | += | FOR LABORATORY USE ONLY. NOT FOR DRUG USE. | | | |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.

THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

..............................

PLEASE PAY THIS AMOUNT> 5933.85

**aldrich chemical company, inc.**
DEPT 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273 3850 Cable Aldrichem TWX 910 26 3052 TELEX 26 843

C 6

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

B-D-1

REFERENCE OUR INVOICE NO 677240 1

SOLD TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION C/O
IRAQI AIR LINES BLDG 68
JFK INTERNATIONAL AIRPORT
JAMAICA NY 11430

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 05/09/90 | 958657 | 35776 | AIR FRTP BURLINGTON COL | 13 | 35776 | NET 30 DAYS F.O.B. MILWAUKEE WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | | THANK YOU FOR YOUR PREPAYMENT OF $917.50 | | | |
| | | | | | WHICH HAS BEEN CREDITED TO YOUR ACCOUNT | | | |
| | | | | | ******ULTIMATE CONSIGNEE | | | |
| 5 | | 5 | 5 GM | 32906-1 | 2-MERCAPTOPYRIDINE N-OXIDE, SODIUM SALT HYDRATE, 98% | NET | | 130.00 |
| 1 | | 1 | 500 GM | 12833-3 | FLUORENE, 98% | NET | | 108.00 |
| 10 | | 10 | 1 GM | R220-6 | RUBRENE, 98% | NET | | 452.00 |
| 5 | | 5 | 5 GM | P1120-4 | PERYLENE, 99+% | NET | | 227.50 |
| | | | | | PLEASE PAY THIS AMOUNT> | | | 917.50 |

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

G 3

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

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B-F-1

REFERENCE OUR INVOICE NO. 354589

PAGE 1

SOLD TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 09/18/89 | 958657 | 9459/PPY | AIR FRTP PPD | I3 | 33865 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | | THANK YOU FOR YOUR PREPAYMENT OF $2744.15 WHICH HAS BEEN CREDITED TO YOUR ACCOUNT CHK#00491467 | | | |
| | | OK TO | SHIP REF: | 411 | | | | |
| 1 | | 1 | 100 GM | D17420-3 | 2,4-DIMETHYLPHENOL, 97% | NET | | 16.60 |
| 5 | | 5 | 100 GM | #21302-0 | MALACHITE GREEN CARBINOL HYDROCHLORIDE | NET | | 156.25 |
| 8 | 8 | | 25 GM | #86121-9 | MALACHITE GREEN OXALATE, CERTIFIED (C.I. 42000) | NET | | .00 |
| 5 | | 5 | 100 GM | #20020-4 | LEISHMAN STAIN | NET | | 313.75 |
| 5 | | 5 | 1 KG | G283-4 | L-GLUTAMIC ACID, MONOSODIUM SALT MONOHYDRATE, 98% | NET | | 72.25 |
| 10 | | 10 | 25 GM | 32526-0 | METHYL GLYCOLATE, 96% | NET | | 400.00 |
| 2 | | 2 | 500 GM | #86099-9 | CRYSTAL VIOLET, CERTIFIED (C.I. 42555) | NET | | 84.20 |
| 2 | | 2 | 100 GM | 22969-5 | IODINE, 99.999+% | NET | | 221.00 |
| 40 | | 40 | 25 GM | #10214-8 | SAFRANINE O, CERTIFIED | NET | | 642.00 |
| | | | | #= | PRODUCT OF FLOYD GREEN DIVISION OF ALDRICH CHEMICAL COMPANY | | | |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.
THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

..................................

PLEASE PAY THIS AMOUNT> 1906.05

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

I 4

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364
D-U-N-S NUMBER 00-611-3806

FICHE COPY

B-F-1

REFERENCE OUR INVOICE NO. 354589-01 PAGE 1

SOLD TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO. | TERMS |
|---|---|---|---|---|---|---|
| 10/20/89 | 958657 | 9459/PPY | AIR FRTP PPD | 13 | 33865 | NET 30 DAYS F.O.B. MILWAUKEE, WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | OK TO | SHIP REF: | 411 | THANK YOU FOR YOUR PREPAYMENT OF $2744.15 WHICH HAS BEEN CREDITED TO YOUR ACCOUNT CHK#00491467 | | | |
| 8 | | 8 | 25 GM | #86121-9 #= | MALACHITE GREEN OXALATE, CERTIFIED (C.I. 42000) PRODUCT OF FLOYD GREEN DIVISION OF ALDRICH CHEMICAL COMPANY | NET | | 95.60 |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.
THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

..............................

PLEASE PAY THIS AMOUNT> 95.60

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

K 13

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

FICHE COPY

B-F-1

REFERENCE OUR INVOICE NO. 336424

PAGE 1

SOLD TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 09/12/89 | 958657 | 33542 | AIR FRTP PREPAID | 13 | 33542 | NET 30 DAYS F.O.B. MILWAUKEE WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | . | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | | THANK YOU FOR YOUR PREPAYMENT OF . $979.00 WHICH HAS BEEN CREDITED TO YOUR ACCOUNT | | | |
| | | CHECK | NO 1439 | RECEIVED | OK TO SHIP SCREENING REF 396 | | | |
| 5 | | 5 | 5 GM | 32906-1 | 2-MERCAPTOPYRIDINE N-OXIDE, SODIUM SALT HYDRATE, 98% | NET | | 130.00 |
| 1 | | 1 | 500 GM | 12833-3 | FLUORENE, 98% | NET | | 102.00 |
| 10 | | 10 | 1 GM | R220-6 | RUBRENE, 98% | NET | | 415.00 |
| 5 | | 5 | 5 GM | P1120-4 | PERYLENE, 99+% | NET | | 209.00 |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.
THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

..............................

PLEASE PAY THIS AMOUNT> 856.00

**aldrich chemical company, Inc.** C 4
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26-843

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364 FICHE COPY

D-U-N-S NUMBER 00-611-3906

B-F-1

REFERENCE OUR INVOICE NO. 301788 PAGE 1

SOLD TO:
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO:
IN THE NAME OF CENTRAL BANK
OF IRAQ RASHID STREET BAGHDAD, IRAQ
CLIENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTATION DIV
P.O. BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 09/07/89 | 958657 | L/C 89/4/152 | AIR FRTC COLLECT | 13 | 31589 | NET 10 DAYS F.O.B. MILWAUKEE, WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | | LETTER OF CREDIT NO. 89/4/152 DTD 9.4.1989 UBAF ARAB AMERICAN BANK REF NO. 10798 BENEFICIARY M/S ALDRICH CHMICAL INC P.O. BOX 335 MILWAUKEE WISCONSIN 53201 U.S.A.WE HEREBY CERTIFY THAT MERCHANDISE DESCRIPTION QUANTITY PRICE VALUE NET AND GROSS WEIGHT FREIGHT CHARGES SHIPPING MARKS COUNTRY OF ORIGIN COUNTRY OF MANUFACTURER TRADE DISCOUNT IF ANY ( NONE) AS STATED IN THIS INVOICE ARE CORRECT AND THAT THEGOODS ARE OF U.S.A. ORIGIN. EVIDENCING ONE OR MORE SHIPMENTS OF THE FOLLOWING GOODS AS PER QUOTE REF 31589 D.D 19/12/88 AND OUR CLIENTS REF 359/2494 D.D 25/3/89 FROM U.S.A. TO BAGHDAD BY AIR ON IRAQ AIRWAYS WE HEREBY CERTIFY THAT THE SHIPPING MARKS AND LETTER OF CREDIT NUMBER 89/4/152 APPEAR ON THE PACKAGES | | | |
| 10 | | 10 | 500 GM | +10409-4 | PIPERIDINE, 99% RECD DEA FORM | NET | | 259.50 |
| | | | | += | FOR LABORATORY USE ONLY. NOT FOR DRUG USE. | | | |

THESE COMMODITIES LICENSED BY THE U.S.A. FOR ULTIMATE DESTINATION AS INDICATED IN THE 'SHIP TO' ADDRESS. DIVERSION CONTRARY TO U.S.A. LAW IS PROHIBITED.
THE UNDERSIGNED AS AGENT OF ALDRICH CHEMICAL COMPANY, INC. HEREBY CERTIFIES THAT THE PRICES STATED IN THIS INVOICE ARE ACCURATE AND ARE THE CURRENT EXPORT MARKET PRICES FOR THE GOODS DESCRIBED HEREIN AND DECLARES THAT THE ORIGIN OF THESE GOODS IS THE U.S.A.

..............................

PLEASE PAY THIS AMOUNT> 259.50

H 8

FICHE COPY

**aldrich chemical company, inc.**
DEPT. 700, MILWAUKEE, WISCONSIN 53259
Telephone (414) 273-3850 Cable Aldrichem TWX 910-26-3052 TELEX 26 843

FEDERAL EMPLOYER'S I.D. NUMBER 39-0832364

D-U-N-S NUMBER 00-611-3906

B-F-1

REFERENCE OUR INVOICE NO. 332763

PAGE 1

SOLD TO
TECHNICAL & SCIENTIFIC MATERIALS
IMPORTATION DIVISION
P O BOX 10037
BAGHDAD IRAQ 0

SHIP TO
IN THE NAME OF CENTRAL BANK OF
IRIQ ROSHID STREET BAGHDAD, IRAQ
CLIENT'S NAME TECHNICAL AND SCIENTIFIC
MATERIALS
IMPORTTION DIV
P O BOX 10037 BAGHDAD

| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 09/07/89 | 958657 | L/C 89/4/152 | AIR FRTP | 13 | | NET 30 DAYS F O B MILWAUKEE WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | . | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | | REPLACEMENT FOR MATERIAL NOT IN PACKAGE ON INVOICE 180912 | | | |
| 1 | | 1 | 500 GM | C7090-8 | 5-CHLOROSALICYLIC ACID, 98% | | .00 | NO CHARGE |

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| DATE | ACCOUNT NO. | PURCHASE ORDER NUMBER | SHIPPED VIA | SLS Man | QUOTE NO | TERMS |
|---|---|---|---|---|---|---|
| 09/08/89 | 958657 | L/C 89/4/152 | AIR FRTC COLLECT | 13 | 31589 | NET 30 DAYS F O B MILWAUKEE WIS PLANT |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | • | UNIT PRICE | NET AMOUNT |
|---|---|---|---|---|---|---|---|---|
| | | | | | LETTER OF CREDIT NO. 89/4/152 DTD 9.4.1989 UBAF ARAB AMERICAN BANK REF NO. 10798 BENEFICIARY M/S ALDRICH CHMICAL INC P.O. BOX 335 MILWAUKEE WISCONSIN 53201 U.S.A.WE HEREBY CERTIFY THAT MERCHANDISE DESCRIPTION QUANTITY PRICE VALUE NET AND GROSS WEIGHT FREIGHT CHARGES SHIPPING MARKS COUNTRY OF ORIGIN COUNTRY OF MANUFACTURER TRADE DISCOUNT IF ANY ) (NONE) AS STATED IN THIS INVOICE ARE CORRECT AND THAT THEGOODS ARE OF U.S.A. ORIGIN. EVIDENICING ONE OR MORE SHIPMENTS OF THE FOLLOWING GOODS AS PER QUOTE REF 31589 D,D 19/12/88 AND OUR CLIENTS REF 359/2494 D,D 25/3/89 FROM U.S.A. TO BAGHDAD BY AIR ON IRAQ AIRWAYS WE HEREBY CERTIFY THAT THE SHIPPING MARKS AND LETTER OF CREDIT NUMBER 89/4/152 APPEAR ON THE PACKAGES | | | |
| 4 | | 4 | 100 GM | 16863-7 | 2,4-DIHYDROXYBENZALDEHYDE, 98% | NET | | 315.80 |
| 18 | | 18 | 500 GM | T6900-0 | 3,4,5-TRIMETHOXYBENZOIC ACID, 99% | NET | | 703.80 |
| 1 | | 1 | 100 GM | 22987-3 | ACETIC ACID, SODIUM SALT, 99.999% | NET | | 142.25 |
| 9 | | 9 | 25 GM | 20273-8 | BARIUM CHLORIDE, 99.999% | NET | | 280.35 |

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| 09/23/88 | 958657 | 6458/PPY | AIR FRTC PPD | I3 | 30007 | |

| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | | UNIT PRICE | NET AMOUNT |
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| | | | | | THANK YOU FOR YOUR PREPAYMENT OF $1111.90 WHICH HAS BEEN CREDITED TO YOUR ACCOUNT | | | |
| 10 | | 10 | 100 GM | E3540-0 | ETHYL 2-METHYLACETOACETATE, 95% | NET | | 453.00 |
| 1 | | 1 | 1 KG | A730-2 | 4-ACETAMIDOPHENOL, 98% | NET | | 32.25 |
| 2 | | 2 | 500 GM | M6265-4 | 3-METHYL-4-NITROPHENOL, 98% | NET | | 130.30 |
| 1 | | 1 | 100 GM | 14558-0 | BRUCINE DIHYDRATE, 98% | NET | | 46.05 |
| 1 | | 1 | 100 GM | +13492-9 | (-)-STRYCHNINE, 98% | NET | | 48.30 |
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| 07/27/89 | 958657 | 32662PPY | AIR FRIC COLLECT | 13 | 32162 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

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| ORD | B/O | SHPD | UNIT | CATALOG NUMBER | DESCRIPTION | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | THANK YOU FOR YOUR PREPAYMENT OF $2238.25 WHICH HAS BEEN CREDITED TO YOUR ACCOUNT | | | |
| 2 | | 2 | 50 GM | 22611-4 | 2-BROMOETHYL CHLOROFORMATE, 97% | NET | | 71.10 |
| 1 | | 1 | 1 KG | ~~18574-4~~ | 2-CHLOROETHANOL, 99% | NET | | 24.15 |
| 4 | | 4 | 408 GM | 29513-2 | CHLORINE, 99% | NET | | 283.00 |
| | | | | | SPECIAL PACKAGING CHARGE | | | 10.00 |

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| 07/27/89 | 958657 | 32662PPY | AIR FRIC COLLECT | 13 | 32162 | NET 30 DAYS F O B MILWAUKEE, WIS PLANT |

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| | | | | | THANK YOU FOR YOUR PREPAYMENT OF $4549.80 WHICH HAS BEEN CREDITED TO YOUR ACCOUNT | | | |
| 5 | | 5 | 100 GM | C510-6 | (CARBETHOXYMETHYLENE)TRIPHENYLPHOSPHORANE, 95% | NET | | 468.75 |
| 5 | | 5 | 100 GM | M160-1 | MALONYL DICHLORIDE, 97% | NET | | 469.50 |
| 4 | | 4 | 500 GM | 19304-6 | 3-HYDROXYPYRIDINE, DISTILLED, 98% | NET | | 374.00 |
| 2 | | 2 | 100 GM | 15726-0 | 1-HYDROXYBENZOTRIAZOLE HYDRATE | NET | | 132.50 |
| 5 | | 5 | 10 GM | 10694-1 | 2-METHYL-3-NITROPHENOL, 98% | NET | | 311.50 |
| 2 | | 2 | 800 ML | 28768-7 | CYCLOPENTANE, ANHYDROUS | NET | | 46.80 |
| 2 | | 2 | 2 LT | 27099-7 | DICHLOROMETHANE, ANHYDROUS, 99+% | NET | | 50.50 |
| 1 | | 1 | 800 ML | 27099-7 | DICHLOROMETHANE, ANHYDROUS, 99+% | NET | | 22.20 |
| 1 | | 1 | 3 KG | 29822-0 | PHOSPHORUS PENTOXIDE, POWDER, 98+%, A.C.S. REAGENT | NET | | 100.70 |
| 1 | | 1 | 1 KG | 20998-8 | ZINC, DUST, -325 MESH | NET | | 23.35 |
| 5 | | 5 | 100 GM | 20998-8 | ZINC, DUST, -325 MESH | NET | | 64.75 |
| 20 | | 20 | 50 GM | 22999-7 | ZINC CHLORIDE, 99.999% | NET | | 1720.00 |
| 4 | | 4 | 25 GM | H4980-4 | 2-HYDROXYPHENYLACETIC ACID, 99% | NET | | 147.20 |
| 4 | | 4 | 500 GM | 21749-2 | DOWEX 50X8-100 ION-EXCHANGE RESIN | NET | | 318.60 |

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# Sigma [illegible] Bader Now Trying To Reduce Compensation

SIGMA-ALDRICH SHAREHOLDERS' MEETING PROPOSAL

I move the acceptance of my shareholder proposal as set forth in proxy.

I understand that I am permitted in the next few minutes to talk only about my proposal and the management's argument against it, both of which you will have read. There is no need for me to talk about management's performance these last five years, because that is so clearly delineated in the three graphs on page 17 of the proxy statement.

Management states that you should be aware that I am a former director of the company who was not re-nominated by the Board in 1992. You should also be aware that I founded Aldrich in 1951, was its CEO until its merger with Sigma in 1975, and was a co-founder of Sigma-Aldrich in 1975, and at various times its president, CEO and chairman prior to 1992. The circumstances of my expulsion in ~~that~~ ~~year~~ are told in chapter 13 of my autobiography, which I hope many of you have read and which is available here in St. Louis from Library Limited Bookstores.

Management states that it is well aware that negative publicity can hurt shareholder value; when that negative publicity includes violations of law and substantial fines, it

is plain that the hurt is much greater. Why then should not management be expected to prevent 48 violations of the law against shipping toxins without export licenses? Keep in mind that my motion applies only to the future, and so the real question which I put to management and the directors at this time is to what extent other similar charges are pending or in the discussion stage - with the Justice Department regarding export permits and with the DEA - and to what extent are the outside directors aware of these? If the past fines of almost half a million dollars are just the tip of the iceberg, what measures has management taken to prevent further fines? If adequate measures have been taken, then of course management has nothing to fear from my motion. If not, then management, not shareholders, should bear the burden.

The board alleges that it is not aware of any other public company with a compensation policy comparable to my proposal. Earlier this year the Board of Wisconsin Energy reduced management bonuses because of fines - fines of more than $400,000 which the company had to pay because of management errors. I have the details here.

Management argues that adoption of my motion would impair the company's ability to attract qualified

management. My position is that qualified management should prevent such violations, and we should not try to attract management that will fail to do so. The nub of the matter is that present management has failed to pay sufficient attention to the nitty-gritty of the many regulations involving the handling of chemicals, and if they continue in this fashion, they, and not the shareholders, should pay for it.

Management believes that passage of this motion would severely impair the company's ability to attract qualified management. In my opinion, attracting qualified management will be more hindered by [redacted] than by my motion.

# MEMO

DATE: July 8, 1996

TO: Sigma-Aldrich Directors

FROM: T. Cori

**RE: Attached July 8, 1996 News Release**

As we discussed at several previous Sigma-Aldrich meetings, we have been talking with the Commerce Department about this matter. It's a lot of money, but it is the best deal we could get. We have improved our procedures to prevent such problems in the future. We will have a complete report at the August 13, 1996 Directors' Meeting. For details please call Pete Gleich.

Tom Cori
7/8/96.

UNITED STATES DEPARTMENT OF

# COMMERCE NEWS

WASHINGTON, D.C. 20230

BUREAU OF EXPORT ADMINISTRATION

For Immediate Release
July 8, 1996

Contact: Susan Hofer
Eugene Cottilli
(202) 482-2721
BXA - 96 -13

## SIGMA CHEMICAL PENALIZED $480,000 FOR BIOTOXIN EXPORTS

(Washington) -- The Commerce Department's Bureau of Export Administration (BXA) today imposed a civil penalty of $480,000 on Sigma Chemical Company, based in St. Louis, Mo., for allegedly violating export controls on biological agents by shipping U.S.-origin biotoxins to various countries without the required export licenses. Sigma Chemical agreed to pay a $480,000 civil penalty to settle these allegations. Today's action marks the first settlement with a firm allegedly exporting biological agents illegally.

"The U.S. is leading international efforts to forestall the spread of biological weapons. Strong enforcement of export controls on biological agents is an integral part of the Clinton Administration's non-proliferation strategy," Assistant Secretary for Export Enforcement John Despres announced.

Over 30 countries joined together to create the list of dual-use biological agents, and to require licenses for their export, of which biotoxins are among the most dangerous. Biotoxins can be used in the manufacture of biological weapons, as well as in the research, pharmaceutical and biotechnology industries.

The investigation which led to this settlement began in 1992. It was prompted by a study by the General Accounting Office (GAO) of U.S. and international efforts to ban biological weapons, requested by then Senator Al Gore. After the investigation by BXA's Chicago Export Enforcement Field Office, the Department alleged that, on 48 separate occasions between July 1992 and January 1993, Sigma exported U.S.-origin biotoxins from the United States to various countries without the required validated export licenses.

"Sigma's export compliance system failed to properly interpret and implement the licensing requirements of the Export Administration Regulations," stated Mr. Despres.

BXA administers and enforces the Export Administration Act through its Export Administration Regulations, regulating exports and reexports of dual-use commodities, technology and software for reasons of national security, foreign policy, and short supply.

-- 30 -

APRIL 1997
VOLUME 1
NUMBER 4

# DIRECTOR'S ALERT

YOUR NEWS FROM OTHER BOARDROOMS

## WHAT'S INSIDE

**FEATURES**

Investor's gripe gets chiefs' attention . . . . . . . . 2

Fleming revamps boardroom practices . . . . . . . . 2

RJR Nabisco slammed for option re-pricing . . . . . . . 3

Healthdyne wages poison pill war . . . . . . . . 3

AFL-CIO promotes director Web watch . . . . . . 4

Director's Profile . . . . . . . . . . 5

Foreign boards to get a taste of CalPERS . . . . . . . . 7

Investors say: "fling open the boardroom doors" . . . . . . . . . 7

**COMPENSATION COMMITTEE REPORTS**

BankAmerica/Time Warner raise CEO bar . . . 8

Times Mirror rejiggers directors' pay . . . . . . . . . . 10

**AUDITING COMMITTEE REPORT**

SEC on auditor independence crusade . . . . . . . . 9

**NOMINATING COMMITTEE REPORT**

Bell Atlantic makes first director cut . . . . 10

## Adobe and Altera boards get spooked

Gone—but not forgotten. That's how directors of two California-based high-tech computer companies view Proposition 211.

Although 211 was soundly defeated last November, the boards of both **Adobe Systems Inc.** and **Altera Corp.** aren't taking any chances. They're rushing to join a list of California corporations seeking to reincorporate in Delaware. Adobe just got the go-ahead from shareholders at its annual meeting. Altera hopes to get a green light in early May.

Prop 211 is synonymous with shareholder class action pitbull **Bill Lerach** of law firm **Milberg Weiss Hynes Bershad & Lerach**. Its mission was to put directors' personal assets on the line when shareholders bring securities fraud suits. Supporters, led by Lerach, reportedly shelled out $10-$15 million to lobby for its passage. But they were outgunned by a Silicon Valley coalition which spent $40 million to crush the proposal.

"The Delaware issue came up a few times before," says Adobe director **Robert Sedgewick**, a **Princeton University** professor. "But last fall we began to take it seriously." Adobe directors and Adobe brass fear 211 will rear its head again in California. When it does, the board of this software company, that boasts $186 million in revenue, wants to be safely

*CONTINUED ON PAGE 11*

## Executives put on line for company fine

**Wisconsin Energy** executives' wallets are a little lighter this year. The Milwaukee-based utility was forced to pay more than $400,000 in environmental fines last year. And management bonuses have been cut as a result. The compensation committee took the initiative and agreed to cut executives' incentive awards for 1996 to cover the costs of the penalties. As a result, all awards under the company's short-term bonus plan were reduced by 12.2 percent. For CEO **Richard Abdoo**, that meant a cut of about $37,000. Awards for participants employed in the affected nuclear business units were reduced by another 50 percent.

This news comes on the heels of a call from California State Treasurer **Matt Fong** for executives of **Texaco** to share part of the cost of its $115 million anti-discrimination settlement. Fong, who sits on the board of the California

*CONTINUED ON PAGE 12*

## Teamsters "hit list" draws director fire

**Frank Carlucci** can breathe a little sigh of relief. The former secretary of defense is no longer the worst director in the country. He's the second worst. **The Teamsters** announced their second annual list of the country's "Least Valuable Directors." Carlucci was unseated by another Washingtonian, **Tony Coelho**, former House Majority whip.

Going by the Teamsters list, the recent trend to beef up boards with beltway insiders and prestigious academics is foolhardy. The number-three ranking went to former secretary of state **Lawrence Eagleburger**. **Wharton** dean **Tom Gerrity** and **Harvard** business school professor **Walter Salmon** also made the list. In addition, the Teamsters singled out for humiliation such corporate heavy hitters as **Autodesk** CEO **Carol Bartz**, **CSX** CEO **John Snow**, and for the second time **Westinghouse** CEO **Michael Jordan**.

As expected, the union used many of the

*CONTINUED ON PAGE 12*

# Investor's gripe gets chiefs' attention

There is a new player in the shareholder resolution game. **Dr. Paul Sheehan**, a neurologist from St. Louis, wants boards to index to inflation the stock options they grant executives. Sheehan's proposal went to 19 companies. Soon after, he found his phone ringing off the hook.

**Coca Cola**, **Eli Lilly** and **Wisconsin Energy** sent emissaries down to visit him. Lawyers from **Airtouch** and **Motorola** spoke with him at length on several conference calls. **Colgate Palmolive** CEO **Reuben Mark** picked up the phone himself and called Sheehan.

"I think I've struck a chord," he quips.

Sheehan wants compensation committees to grant all stock options at the market price, and to index the grant price for inflation using the Consumer Price Index. Management would not profit unless the stock price appreciation exceeded the rate of inflation from the date the options are granted through the date the options are exercised.

Sheehan reasons that executives should not get a windfall simply because inflation carried their stock price higher. In his view, a rising tide lifts all ships, and real shareholder value is not enhanced at stock price appreciation levels at or below the rate of inflation.

His resolution missed the boat this proxy season. Companies succeeded in getting it tabled based on legal technicalities. But Sheehan now knows the ropes. He's sharpening his pencil for next year and reports his efforts have been passed on through the grapevine. He's already begun to hear from other activists offering their help.

Sheehan's targets agree his idea holds great public relations appeal, especially in today's highly sensitized compensation arena. "It is certainly serious and well intentioned," sums up Eli Lilly's assistant secretary **Jim Lootens.** But they deem it unworkable. The beauty of options from a company point of view is that they can be granted with no hit to the bottom line. By indexing them to inflation, they become variable. That makes them subject to a compensation expense.

Colgate Palmolive's Mark has an even stronger story to tell. He sees merit in Sheehan's idea, but notes: "We've already done something better. My options already come with a far stricter benchmark than the CPI." Premium priced options awarded to him come in tranches, which make them worthless unless the stock climbs from 10 percent to 100 percent respectively.

Sheehan hears their reason, but is not deterred, "I'm not a nut with a crusade," he sums up. "Nor do I spend my time running from annual meeting to annual meeting. I just read proxies, and I don't like what I'm seeing."■

# Fleming revamps boardroom practices

*"We did this because we thought it was the right thing to do."*

**Fleming Corp.** directors are sprucing up their corporate governance practices. The board has redeemed a disputed poison pill. And it has formed a governance committee.

The wholesale food distribution company has been fighting with the Teamsters over its poison pill. In February, an Oklahoma City federal judge sided with the union and ordered Fleming to let its shareholders, not its board, vote on whether or not they want the pill (see *Director's Alert*, February 1997). The vote would be binding on the board.

Fleming now waits for its appeal to be heard. In the interim the board has up and redeemed the pill anyway. Why? It believes the company is no longer a takeover target, explains Fleming spokesman **Andy Oden**.

Meanwhile Fleming has also fleshed out a governance committee. The committee has addressed each of the shareholder activists' hot buttons. Interlocking directorships are forbidden. Stock ownership is mandatory. Stock options will not be re-priced. The board will also begin a plan of self evaluation. And each director will be individually evaluated by the governance committee each time that he or she is up for re-election.

Teamsters' director of corporate affairs **Bart Naylor** deems these efforts an attempt by the board to win votes.

Fleming general counsel **David Almond** insists that he is not trying to curry favor with the shareholders. "We didn't do this to make them happy, we did this because we thought it was the right thing to do," says Almond. But if the shareholders are happy, the board won't complain. ■

# RJR Nabisco slammed for option re-pricing

**RJR Nabisco** and the **Teamsters** have come to terms. The union has been pushing RJR to put a proposal banning option re-pricing on its proxy. It was "outraged" by an option re-pricing program the tobacco giant sponsored last year.

Faced with the prospect of a battle and the inevitable negative publicity which would result, the tobacco giant struck a deal. It agreed to add to its long-term incentive plan an amendment banning any option re-pricing program without shareholder approval. In return, the Teamsters agreed to withdraw their proposal.

Option re-pricing is shaping up to be a hot issue. The prospect of a bear market has visions of re-pricing schemes dancing in institutional shareholders' heads. They reason if many of the outstanding option grants go under water, executives will push to have them re-engineered. **Fidelity** proxy gatekeeper **Bob Pozen** cites option re-pricing as a flag raiser at the mutual fund giant. CalPERS plans to add it to its own agenda. And **the State of Wisconsin Investment Fund (SWIF)** has it on its screen. It has just negotiated a similar tit-for-tat agreement with an Oregon computer company.

The RJR Nabisco story could be a hint of things to come. Here's a synopsis:

Last year the company, which had 1996 sales of $17 billion, re-priced existing stock options held by its employees. RJR executives could cash in all their existing options for new ones with a $27 exercise price. That was the market price of the stock on the day the new options were granted. The affected option grants had been made over a period of time at a variety of prices ranging from $25 to $50.

***Bart Naylor***
*Director of Corporate Affairs Teamsters*

"We call it a re-positioning, not a re-pricing," says RJR's communications chief **Carol Makovich.** The program, she notes, was an all-or-nothing deal. To participate, employees had to cash in all their options, not only those that were worth less. "The existing program was no longer a valid incentive," she explains.

"We call it 'lowering the bar,' " retorts the Teamsters' **Bart Naylor**. Naylor is the Brotherhood's director of corporate affairs. "When RJR Nabisco was performing badly, the directors untied the connection between performance and pay. It was pretty egregious."

Much of the stock deflation was due to external forces, and could not be specifically tied to management, replies Makovich. For example, she points out that the stock price had been hit by the anti-tobacco litigation as well as the fact that a major shareholder, **Kohlberg Kravis Roberts & Co.**, cashed out.

Makovich also reports the program was viewed at RJR as a one-time event. "We do not expect to be re-pricing options on a regular basis," she emphasizes. So the amendment to their long- term incentive plan will not impede company plans from going forward. ■

# Healthdyne wages poison pill war

Just how far will some companies go to fend off a hostile takeover? Ask Georgia-based **Healthdyne Inc.** Faced with a hostile tender offer and a proxy contest, Healthdyne thought it had a couple of tricks up its sleeve. One, an 11th-hour scramble for protection from the Georgia senate, died after a dramatic seven-day fight. The other, a "dead hand" poison pill, is now the center of a courtroom battle.

Healthdyne is a manufacturer of medical devices with 1996 revenues of $118 million. It is being pursued by **Invacare**, an Ohio competitor. When Healthdyne was spun off from its parent in 1995 it adopted annual board terms rather than a staggered board. This, it recently realized, made it vulnerable to having the entire board unseated in a hostile takeover. To protect itself, Healthdyne's board adopted a dead hand poison pill. Such a pill can only be redeemed by the incumbent directors. That means that even if Healthdyne's shareholders vote in new directors to approve the merger, the new directors cannot kill the pill.

This kind of pill is not unheard of. But it has not been upheld when challenged in court. Healthdyne is counting on Georgia's corporation-friendly laws to offer it some pill protection. In 1989 the Georgia legislature offered such protection to **West Point–Pepperell**. It was embroiled in a takeover battle with financier **William Farley**. Although the courts

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**HEALTHDYNE** *CONTINUED*

invalidated West Point–Pepperell's pill, the legislature essentially reversed the court decision. It gave the board "sole discretion" over the terms of the corporation's poison pill.

**"The Georgia legislature put the kabosh on the company's other defense tactic."**

But this time the legislature isn't being so accommodating. It has already put the kabosh on the company's other defense tactic. A week before the close of the Georgia senate's session, Healthdyne got legislators to agree to amend a standard business law. The amendment would have forced each of Georgia's 200 publicly held corporations, including itself, to have staggered board terms. This would have torpedoed Invacare's plans to unseat the entire board.

Invacare pulled together an all-star team from its local law firm **King & Spalding** to defeat the bill. The team included such political heavies as former US attorney general **Griffin Bell** and former Georgia governor **George Busbee**. Healthdyne called on another former Georgia governor, **Carl Sanders**, now name partner in law firm **Troutman Sanders**. Still, Invacare prevailed—the bill died in conference committee.

Making staggered boards mandatory at the state level is not without precedent, however. Massachusetts has done it. The state adopted the provision to its business laws to bail glass manufacturer **Norton Corp.** out of a takeover battle with UK company **BTR plc.** in 1990. Now all boards of Massachusetts public corporations must be staggered unless the directors or the shareholders agree to de-stagger by a two-thirds majority.

Healthdyne's takeover defenses have not endeared its shareholders. **Doug Hirsch** is a managing partner at money manager **Seneca Capital**, which acquired Healthdyne stock after Invacare made its initial bid. "The board has tons of discretion. But it can't deprive the shareholder the lifeblood of being a shareholder," namely voting on the board, Hirsch says. ■

# AFL-CIO promotes director Web watch

Tell your secretary to start manning the phones. The **AFL-CIO** is getting employees riled up about executive pay and telling them how to contact the CEOs and directors to complain. **Executive Paywatch** is the AFL-CIO's new Internet site on the World Wide Web (the URL is www.paywatch.org).

Paywatch posts the pay packages of about 100 CEOs in the Fortune 500, and provides a program which lets the average Joe figure how long he'd have to work to catch up with the boss. Then it advises: "Find out about the role your company's board of directors play in approving these outrageous packages."

How? There are instructions on how to download a proxy, where to find names and addresses of directors, and what to look for. The suggested hot buttons include looking for CEOs who sit on each other's boards, directors who have business dealings with the company, directors who get "high pay," directors who miss meetings, and directors who sit on several boards that "overpay" their CEOs.

Then, it advises, "call them. . . write them. . . e-mail them. And rally your co-workers and 401-k plan managers to do the same." ■

DIRECTOR'S ALERT

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# DIRECTOR'S PROFILE

### Lutz to Grumman

**Chrysler's Bob Lutz**, 65, has a little more time on his hands. He's stepped up from CEO to vice chairman of the auto maker. So he is taking a seat on **Northrop Grumman's** board. It's a natural. Lutz has broad operations experience. And he knows Northrop's CEO **Kent Kresa**. Kresa serves on Chrysler's board, and in the 1950s Lutz flew attack jets for the Marines, one of Northrop's major customers today. Lutz has two other boards: **Silicon Graphics** and **ASCOM**, a Swiss technology company.

### Case adds two

In the early '90s, **Case Corp.** restructured its moribund agriculture and construction business with massive write-offs under **Tenneco's** protective wing. Now the company is out from under Tenneco, and CEO **Jean-Pierre Rosso** continues to expand the board. Two current picks bring membership up to 10. They reflect Case's long-time global orientation.

Pei-yuan Chia

One newcomer is **Pei-yuan Chia**, 58. He recently took early retirement from a vice chair slot at **Citicorp** where he had been the key liaison to Asia customers. The other addition is **Tom Hodgson**, 55. Hodgson, COO of **Abbott Labs**, led the pharmaceutical to strong growth in the 1980s. Case booked 1996 revenues of $4.9 billion.

### Price and Ryan join Sears

**Sears Roebuck and Co.** still struggles to get in step with changing consumer attitudes. CEO **Arthur Martinez** recognizes the need for a diversified board. He is adding **Hugh Price**, 55, CEO of the **National Urban League**.

Hugh Price

Price, who also serves on the **MetLife** and **NYNEX** boards, comes with strong public policy experience. Prior to joining the Urban League, he was at the **Rockefeller Foundation.** In addition to the two female members, this gives the giant retailer two minority representatives on its 12-person board.

At the same time, Sears is adding local boy **Patrick Ryan**, CEO of **Aon Corporation,** the diversified insurer. Ryan, 59, has a wall full of awards from local groups to attest to his "Mr. Chicago" title. The newcomers replace two former CEOs who retired from the Sears board.

### AT&T welcomes Fisher

**AT&T** welcomes **Kodak** CEO **George Fisher**, 56, to its board. For Fisher this is somewhat of a homecoming. Before joining Kodak, Fisher was CEO of **Motorola**. He joined Motorola after 10 years at **Bell Telephone Labs**.

George Fisher

Fisher brings to AT&T some needed turnaround experience. The company is struggling with increased competition in the long-distance wars. It is also rebuilding its board after the **Lucent Technologies** and **NCR** spin-offs. Fisher is credited with getting Kodak spruced up. This is his second board seat since joining Kodak. He recently joined the board of **General Motors**.

### Signet signs Brock

**Macon Brock,** CEO of **Dollar Tree Stores, Inc.,** joins the board of **Signet Banking Corp**. Dollar Tree is an aggressively expanding discount variety store chain. It operates 750+ stores in strip centers and malls in 26 states in the Midwest, South and Northeast.

Brock, who founded Dollar Tree in 1996, has been in the retail business for 28 years. This experience will come in handy as Signet, which had revenues of $748 million in 1996, accelerates its transition from a mid-sized regional bank into a national financial services company.

### SNET snaps up Roche

**Joyce Roche**, 50, takes a seat on the board of **Southern New England Telecommunications Corp.** Roche is CEO of **Carson, Inc.**, a Savannah-based ethnic hair care company that recently went public. Its brands include **Let's Jam** and **Dark and Lovely.** SNET is a $2 billion Connecticut-based telephone company that also sells wireless, information, and entertainment services.

Roche brings strong marketing skills at a time when SNET must grow its customer base by building multiple-product relationships. Prior to joining Carson, she held a variety of positions at **Avon**, including vice president of global marketing. In 1992 she made *Business Week's* 50 Top Women in Business. She is the third woman to be added to the 13-member board, which

CONTINUED ON NEXT PAGI

**PROFILE** *Continued*

includes **Zoe Baird** of nanny tax fame.

### *H&Q picks Perry*

Former defense secretary **Bill Perry**, 70, is joining the board of investment banker **Hambrecht & Quist.** H&Q, with 1996 revenues of $390 million, is an IPO underwriting powerhouse. It specializes in new high-tech ventures. **Apple**, **Genentech**, and **Netscape** are among its launches. San Francisco–based H&Q went public itself in 1996, and Perry brings the number of independents on its seven-man board up to three.


Bill Perry

Perry is no stranger to the firm. He was head of research there in the mid-'80s, and returns with strong connections to the defense industry. Hambrecht held a vacant board seat open for him after learning he was leaving Washington. Perry also serves as a professor at **Stanford University**.

### *Two join Mapco*

**Mapco, Inc.**, has been doing some restructuring. And it's been shedding directors and bringing on new ones in the process. One of the new recruits is **Frank McPherson**. McPherson, 63, recently retired as CEO of **Kerr-McGee Corp.**

The $3.3 billion Tulsa-based Mapco markets natural gas liquids, propane, and petroleum products. McPherson brings from his tenure at Kerr-McGee experience and contacts in the oil and gas exploration business. He also brings along a strong local presence, which should help Mapco in its new emphasis on regional marketing and customer service. McPherson's other board seats include **Kimberly-Clark** and the **Bank of Oklahoma**.

Also new to the Mapco board is **John Whitmire**, 56. Whitmire is the CEO of Houston-based **Union Texas Petroleum Holdings, Inc.** Prior to joining Union Texas he held senior positions in **Phillips Petroleum Company's** worldwide exploration and production operations. His international experience meshes with Mapco's plans to expand overseas.

### *Paine Webber takes Torell*

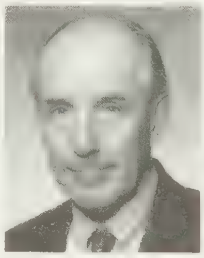
**Paine Webber Group, Inc.**, adds **John Torell**, 57, to its 14-member board. As the former president of **Manufacturer's Hanover Trust** and CEO of savings and loan **Cal Fed**, he comes to Paine Webber with strong connections to the banking community. With the breakdown of the barriers between banks and brokerages, this could prove useful. Paine Webber, with $5.7 billion in revenues in 1996, is the fourth-largest retail brokerage in the US. But it has been unable to succeed in becoming a financial supermarket like its number-one competitor **Merrill Lynch.**


John Torell

Currently Torell is a partner of **Zilkha & Co.**, a merchant banking firm, and a director of **American Home Products**.

### *Stiritz joins Vail*

**Vail Resorts** has gone public. And it has appointed **Ralston Purina** CEO **Bill Stiritz**, 62, to its board. Stiritz joins the board along with **Joe Micheletto**, 60. Both have a seat at the Vail table as a result of Vail's merger with **Ralston Foods**. Ralston is a subsidiary of **Ralcorp Holdings**, the Ralston Purina spin-off best known for the **Beechnut** brand. Now it owns 28% of Vail. Stiritz is chairman of Ralcorp and Micheletto is CEO. Vail's ski resort portfolio includes Keystone, Breckenridge, Vail, and Beaver Creek. Others on the board include **Universal Studio** CEO **Frank Biondi**, **Conseco** CEO **Stephen Hilbert**, and **Loews Corporation** COO **James Tisch**.


Bill Stiritz

### *WMX woos three*

There's a lot going on at **WMX Technologies**. A battle with investor **George Soros** ended with the ouster of CEO **Phillip Rooney** and the naming of three new directors: **Steve Miller**, **Steve Rothmeier**, and **Paul Montrone**.

**Miller**, 55, is a turnaround specialist. Most recently he's overseen the restructuring at **Federal Mogul Corp**. and at **Morrison Knudsen**. He also took a lead role in the financial restructuring of **Chrysler**.

**Rothmeier**, 50, is a former CEO of **Northwest Airlines**. He is credited with developing Northwest into a major international carrier in the mid-'80s. He also ran **IAI Capital**, a venture capital and merchant banking group. Now he is CEO of **Great Northern Capital**, a private merchant bank. Rothmeier's other directorships include a seat on the board of **Honeywell, Inc.**

**Paul Montrone, 55**, is CEO of **Fisher Scientific International.**

# Foreign boards to get a taste of CalPERS

If you think institutional shareholders are content to limit their activism to US-based corporations, think again. They're packing up their principles and exporting them overseas. With $20 billion of its $100 billion portfolio sunk into international equities, **CalPERS** is on a global governance bent. The pension fund giant has already issued a set of global governance principles.

Now it's going country specific.

In the United Kingdom, where CalPERS invests $3.7 billion, it is making known its intentions to be active. Currently there is a UK committee—the **Hampel Committee**—reviewing governance standards. CalPERS wants a seat at the review table. And it is encouraging other non-UK–based investors to "exercise their rights as shareholders" and get involved as well. CalPERS suggests several changes to the UK governance status quo. These include the regular elections of all directors, confidential voting, and improved access for shareholders to present resolutions through the company proxy process.

In France, where CalPERS has a commitment of $1.9 billion, it is calling for a one-share, one-vote capital structure, regular elections of all directors, and a greater disclosure of executive compensation.

"The corporate governance movement has definitely spread overseas," nods corporate boardroom practices expert **Ira Millstein**, senior partner at **Weil, Gotshal & Manges**. As evidence, Millstein reports he has recently been appointed to two new global governance panels. One, an advisor group on governance for the **Organization for Economic Co-operation and Development** (OECD), is holding a major governance forum in Paris this year. The other, the **Gore-Chernomyrdin Commission of the US-Russia Capital Markets Forum**, has been formed to provide advice to the Russian government on developing a capital market and related governance issues. ■

***Ira Millstein***
*Partner*
*Weil, Gotshal & Manges*

**CALPERS IS BURNING THE MIDNIGHT OIL**

CalPERS' international efforts haven't hindered its US boardroom initiatives. It expects to issue its US corporate board model standards in early May. It will then take those standards and compare them to standards already in place at the top 300 companies in the Fortune 500. It will issue boardroom report cards on each company. "We will be looking at the quality of the processes in place, not simply whether there is a process in place," explains CalPERS spokesman Brad Pacheco.

Meanwhile, its reverse robinhood program is taking shape. Here, CalPERS plans to target US boards that have approved high executive pay, while at the same time laying off workers. "We will be publicly critical of these companies and their boards," warns Pacheco. But he adds that CalPERS will also do the reverse. It promises to give a pat on the back to companies and boards that have been sensitive to the layoff issue.

# Investors say: "fling open the boardroom doors"

Investors want to know more about the backgrounds, business track records, and specific contributions of directors to the board. And they say that "boards need to be more aggressive in weeding out underperforming members."

That's the word from a recent survey of 201 equity portfolio managers and 30 institutional shareholders by **Russell Reynolds Associates**. Executive recruiter **Russell Reynolds** reasons institutional investors and portfolio managers own more than 60 percent of the stock of public companies. So it is important to know what the investors think. Here's what emerges:

Compensation issues are high on the investor's watch list. Sixty-two percent of investors wholeheartedly oppose a cap on executive compensation. But 51 percent of the investors who want to set limits on CEO compensation want it tied to company performance. Company profitability, stock performance, and the executive's track record are what they look at most.

What else bugs them? The investors have their eyes on board composition. More than 60 percent of both portfolio managers and shareholders agree that boards with members from the same family give them cause for concern. Directors who were fired from their own companies rankle institutional shareholders. Seventy-three percent say that fired executives are a big no-no. The portfolio managers weighed in with a 52 percent disapproval rating on that point. The institutional shareholders were particularly upset about interlocking directorships. Fifty-three percent said that interlocks raise a red flag when deciding where

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**INVESTORS** *CONTINUED*

to invest. But the portfolio managers were less concerned. Only 32 percent of portfolio managers report factoring it into their investment decisions.

**Bob Lear, Columbia University**'s executive in residence and a principal at **Lear/Yavitz & Associates**, cautions that too much shouldn't be made of such surveys. His point? Institutional investors play a valuable role in raising public awareness by focusing on individual boards. "There is a fear psychology at work," he points out. "Other companies pay attention because they don't want to be targeted by the institutional shareholders." But outside evaluators are not necessarily best suited to judge board performance. "They can't substitute for good independent directors and the board's own process for looking at itself," he says. ■

*For more information or a copy of the study, contact Sally Laroche at Russell Reynolds Associates, 212-351-2040.*

# BankAmerica/Time Warner raise CEO bar

COMPENSATION COMMITTEE REPORT

Compensation committees are hitting on a new tool: premium priced options. Premium priced options are options with strings attached. This year they appear on the compensation schedules of senior executives at **BankAmerica**, **Time Warner**, and **Philip Morris.** They also figure in **Michael Eisner's** highly controversial package with **Disney**.

"It's all part of a move to tie management's option profits to corporate results," says **KPMG Peat Marwick** compensation guru **Peter Chingos**.

**CEOs ON THE PREMIUM PLAN**

Experts estimate that 15 percent of US businesses now use premium priced options in their compensation plans. That is up almost 100 percent from last year. Here's how some of the 1996 awards work:

| Name | Present Value* | # of Options | Exercise Price |
|---|---|---|---|
| Gerald Levin | $2,831,500 | 175,000 | $42.63 |
| CEO | 1,091,125 | 87,500 | 53.29 |
| TimeWarner | 840,000 | 87,500 | 63.95 |
| Michael Eisner** | $134,096,924 | 5,000,000 | $ 63.31 |
| CEO | 25,390,861 | 1,000,000 | 79.14 |
| Disney | 21,194,406 | 1,000,000 | 94.97 |
| | 14,901,090 | 1,000,000 | 126.62 |

*valued by Black-Scholes
**options become exercisable in stages; first 5 million vests in 2003; each of the next 1 million vest in 2004, 2005, and 2006 respectively.

Once the darling of shareholder activists, regular options have become the demon. Regular options are in the money if the stock advances beyond the market price on the date of grant. As the size of the typical option grant has grown, the amount of value-added an executive must provide in order to profit handsomely from option grants has diminished. This, say critics, destroys the incentive factor which options were supposed to provide.

Proponents of premium priced options say they put the incentive back in. This is because they have an exercise price higher than the fair market value at the time of the grant. An executive makes little money unless the shares advance substantially beyond their premium price.

BankAmerica CEO **Dave Coulter** and members of his operating team will only receive premium options going forward, pending shareholder approval of a new long-term incentive plan. Members of the executive level immediately below will receive one-half regular options and one-half premium priced options.

Time Warner CEO **Gerald Levin** and president **Richard Parsons** got one quarter of their total option award in 1996 at an exercise price 25 percent above the fair market value of the common stock on the date of grant. Another quarter came with a 50 percent premium.

And Michael Eisner's options include tranches which are exercisable at 125 percent, 150 percent, and 200 percent of fair market value (see chart).

Just how much do options figure in executive compensation packages? The current value of stock options—what they are worth even if they are not exercised—is the fastest-growing piece of executive compensation, reports KPMG's Chingos. He tallies the median current value of the 1996 option grants among 25 top performing companies at $2.8 million. That's up a whopping 49 percent from 1995. Meanwhile, the median base salary rose 6 percent and bonuses 13 percent. ■

# SEC on auditor independence crusade

AUDITING COMMITTEE
REPORT

How independent is your auditor? The **SEC** wants to know. The regulators are taking a look at the growth of accounting firms' consulting practices, and getting nervous. **SEC** chairman **Arthur Levitt** and other senior members of the Commission staff have been on the stump, calling for a fresh look at auditor independence guidelines. They worry that the integrity of a company's audit could be compromised if the audit firm does too much non-audit work for management.

"We do receive calls from corporate board members seeking guidance on this," says **Bob Burns**, chief counsel in the SEC's office of the chief accountant. "But," he adds, "I wouldn't mind receiving more."

What has got the Commission's guard up is the increasing spread between the revenues accounting firms are reaping from consulting fees versus the revenues they are reaping from audit fees. A study published in *Accounting Today* shows that for the 100 largest accounting firms in the US, revenue from consulting and related services increased by 36 percent during 1995. Revenue from traditional auditing and accounting work increased only one percent.

"I would expect that determining the independence question for the auditor has become a growth industry in and of itself," Levitt quipped at a recent industry conference.

What should raise a red flag in audit committee meetings? "While the amount of fees from consulting does not necessarily mean that independence is compromised," points out audit committee guru **Al Sommer**, "it is something to watch." Sommer is a former SEC commissioner and experienced audit committee chairman. Currently he is a director of **Figgie International**.

***A.A. Sommer***
*Director*
*Figgie International*

Sommer also sees problems with having the auditor do any executive recruiting or compensation consulting for management.
If the audit partner or a member of the audit team took a management position which required interaction with the auditors, he would want to see enhanced procedures after the next audit. "And, if the firm is being hired to do a consulting service with a substantial fee, I would want documentation that they were the most qualified to do the job," he concludes.

### WHAT ARE DIRECTORS ASKING?

The **SEC's Bob Burns** reports most of the queries on auditor independence that he gets from board members fall into three basic categories:

- What kind of non-audit services can the board hire the auditor for?
- Is the audit firm's independence compromised if a member of the audit team, or an employee of the audit firm, takes a position with management?
- How carefully must family relationships be scrutinized? Can a husband work on a audit team when the wife works for management or vice versa?

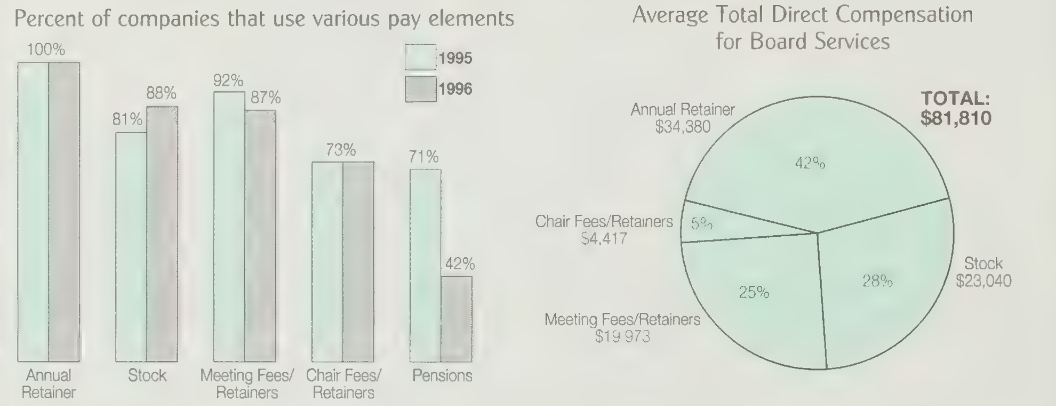
There are rules already on the books. Members of audit firms can't invest in client firms, can't be related to or borrow money from clients, and can't participate in management activities of audit clients. Moreover, auditors can't sell services that leave them auditing their own work. "But it is unclear how these new additional relationships will impact an auditor's objectivity," points out the SEC's Burns. ■

# Times Mirror rejiggers directors' pay

COMPENSATION COMMITTEE **REPORT**

Directors of **Times Mirror Company** have just joined the exclusive list of board members whose total compensation is subject to the vagaries of the company stock price. They now receive an annual grant of 500 shares of stock, the cash value of 500 shares of stock, and 5,000 options. All committee and meeting fees have been abolished.

HOW DIRECTOR PAY BREAKS DOWN




Based on 1997 proxies for the 200 largest US Companies. Source: Price Waterhouse

This is just one of the director compensation tidbits coming to the fore in the 1997 proxy season. But it represents the cutting edge of the trend to pay directors with stock. This is because the number of shares of stock are fixed for Times Mirror directors. In the vast majority of plans, there is a fixed dollar amount. The number of shares is then backed into that dollar amount based on the stock's current market value.

"Shareholder activists have been lobbying for this, and it appears directors are listening," sums up, **Price Waterhouse** compensation expert **Rahel Green**.

A study of director compensation based on 1997 proxy data reveals that stock now comprises 28 percent of the average direct compensation for board services. The number of companies that include stock in their director compensation plans is now up to 88 percent (see chart). Green also cites a continuation of the overwhelming trend toward scrapping director pension plans. Typically, this is accomplished in one of three ways:

- the value of the benefit is made up in one-time stock grants
- the value of the benefit is paid out in cash
- the existing plan is left in place, but benefits cease going forward

This kind of rejiggering of retirement plans appears to have been part of the rationale for a revamping of director compensation at **GTE Corporation**. Directors now receive a $60,000 retainer, up from $30,000. Meeting fees have been eliminated, but committee chairs still get an extra $2,500 annually. In addition, directors receive an annual grant of 1,000 shares of deferred stock. These awards are not payable until the director leaves. At the same time, the board eliminated its retirement plan. ■

# Bell Atlantic makes first director cut

NOMINATING COMMITTEE **REPORT**

When companies merge it usually takes a year or two for the new board to shake out. This is because the players all have to get to know one another. And management has to get to know the players. That long slow process has begun at **Bell Atlantic/NYNEX.**

In a pre-merger joint proxy, Bell Atlantic and NYNEX spell out who is continuing on the new entity's 22-person board. Each company got to install 11 of its board members. Age appears to have influenced the process. Two of the 12 NYNEX board members who are at or close to

CONTINUED ON NEXT PAGE

## BELL ATLANTIC *Continued*

the mandatory retirement age of 70 have resigned: **NYU** president emeritus **John Brademus**, 70, and retired **New England Mutual Life Insurance Company** chairman **Edward Phillips**, 69.

And the three oldest members from the old Bell Atlantic board are gone. Their ages? Sixty-nine, sixty-six, and sixty-two. Despite appearances, however, Bell Atlantic spokesperson **Jay Grossman** disputes the fact that age was the determining factor.

Was this the right approach? **Deborah Cornwall** of the boardroom consulting firm **The Cornlund Group** says no. "The basic question is whether they started out with a blank sheet of paper and said, 'What does this organization need?' Or did they figure out how not to offend anybody? It looks like they did what was expedient," she adds.

But, observers caution that this is just the beginning. For one, a 22-person board is unwieldy. Further streamlining is inevitable. Moreover, depending upon how regulators approve the merger, other board members may choose to step down. This may make the weeding-out process easier down the line.

Who's left for now? From the NYNEX side, **Chase Manhattan CEO Walter Shipley** stays, as does **Elizabeth Kennan**, president emeritus of **Mount Holyoke College**. From the old Bell Atlantic board, former governor of New Jersey **Tom Kean** will stick around. So will ambassador **Rozanne Ridgway**. She co-chairs the private foreign policy institute, **The Atlantic Council of the United States**. ■

**THE DIRECTOR SCORE-CARD**

| | Before the Merger | After the Merger | Dropped |
|---|---|---|---|
| Retired | 3 | 0 | 3 |
| Academics | 3 | 2 | 1 |
| Non-profit | 2 | 2 | 0 |
| Sitting Executives | 13 | 12 | 1 |
| Women | 4 | 4 | 0 |

## ADOBE *Continued from page 1*

ensconced in Delaware.

Ditto for the board of programmable computer chip maker Altera. Proposition 211 proposed eliminating a company's ability to indemnify its directors. What makes Delaware particularly attractive in this instance is that its courts have said that a company can indemnify its directors from personal liability in a fraud suit. Says Altera corporate secretary **Dell Bergere**: "There is a real basis of law to deal with in Delaware. . . . There is a greater sense of comfort for directors."

Delaware has long been a corporate haven. Because the lion's share of US companies are incorporated in Delaware, the laws governing corporations have been tested in court and are very clearly defined.

Who else has taken flight? Last fall, when 211 was still on the ballot in California, semiconductor maker **TriQuint,** software designer **Objective Systems Integrators**, and circuit board manufacturer **Solectron** reincorporated in Delaware. Two TriQuint directors were so afraid of the ramifications of 211 that they penned resignation letters dated the day after the election. The letters were to be accepted if the proposition passed, reports TriQuint director **E. Floyd Kvamme**. He is a partner in venture capital firm **Kleiner Perkins Caufield & Byers**.

**Roger McNamee**, a partner with **Integral Capital Partners**, was a vocal opponent of 211. McNamee, who invests solely in high-tech companies, points out that a stock price drop in a high-tech company is rarely the result of fraud. Rather, he says, high-tech stocks are volatile by nature. As soon as the company's stock drops, the plaintiff's bar is on the case. And when you are dealing with high-tech companies, that can be almost all the time. So directors of high-tech companies are particularly at risk. Investors are too, he says, since the suits distract the management from matters at hand.

Some observers wonder, however, whether these corporations are spending tens of thousands of dollars to reincorporate needlessly. **Mern Horan**, the executive director of the **National Association of Securities and Commercial Law Attorneys**, says that no further ballot initiatives are being planned. ■

**E. Floyd Kvamme**
*Director*
*TriQuint*

**WHERE WILL LERACH STRIKE NEXT?**

Although the 211 advocates are still licking their wounds, the anti-211 forces are keeping a vigilant watch on their activities. **Richard Claussen** of public affairs consulting company **Goddard Claussen** was the campaign manager on the No-to-211 efforts. He has not entirely disbanded the anti-211 task force. They have about $500,000 in emergency funds in case the initiative suddenly surfaces in another state, he reveals.

Twenty-seven states have a ballot initiative process. But Claussen is keeping particularly close watch on Florida and Colorado. In California, Lerach got plenty of support from the **Citizens for Retirement Protection and Security.** Florida would be an easy target, Claussen reasons, because of the large number of retired people heavily dependent upon their investments. Colorado is on his radar screen because it requires only about 50,000 signatures to get an initiative on the ballot, a much smaller number than the 1 billion signatures Lerach had in California.

**LEAST VALUABLE** *CONTINUED FROM PAGE 1*
same criteria this time around that it used for list number one (See *Director's Alert*, January 1997). Factored in were reports from compensation expert **Graef Crystal** that identify companies with low stock performance but high CEO compensation and high director pay packages. Plus the union looked at a list from the Council of Institutional Investors that spotlighted companies with long-term stock market performance problems. *BusinessWeek*'s list of the worst boards also figured into the equation. In addition, this time around the Teamsters skewered the directors if they sat on more than four boards, didn't attend 75 percent of the meetings, consulted at the company, or sat on the board of a company in bankruptcy.

But some directors on the list think that the process stinks. In a letter to the Teamsters Carlucci writes: "The numbers game is easy but is a poor indicator of performance .... If ability to handle the responsibilities is what you are looking for, attendance would be much better. That is self-serving to some extent, since mine is very high on all my boards, save one, a company we own."

***"If I am responsible for poor performance, I want credit for good performance"***

Former dean of the **McIntire School of Commerce at the University of Virginia**, **Bonnie Hill**, also wrote the Teamsters to correct inaccuracies in her own record. Hill, who is now a vice president at **Times Mirror**, was blasted for serving on the board of two poorly performing utilities. But Hill also serves on the boards of three thriving companies: **Hershey Foods**, **Crestar Financial**, and **AK Steel**. The Teamsters overlooked these companies in their calculations and never responded to her letter.

"If I am responsible for poor performance, I want credit for good performance," says Hill. She says that since the Teamsters misconstrued her record of service, then perhaps others on the list are wrongly singled out. "I'm considered an activist director, and I feel the Teamsters did a pretty bad job [of compiling their list]," she says.

For their part, the Teamsters admit in a disclaimer appended to the report that their judgments could be flawed. The real purpose of the list is to set tongues wagging in hopes of opening the closed doors of boardrooms. But so far the reports have had little impact. Hill says that when she found out she was on the list she called her colleagues to see if she should take some kind of action to clear her name. She says that the word that came back was, "No one pays attention to this report." ■

**EXECUTIVES** *CONTINUED FROM PAGE 1*
Public Employees Retirement System (**CalPERS**), has been lobbying for other institutional shareholders to join his crusade.

Is making management feel the pain the beginning of a trend? "It is not unheard of for fines for environmental violations to be factored into award decisions," comments executive compensation consultant **Dave Swinford** at **William Mercer & Company**. "What would be unusual would be if the cuts amounted to the full value of the fine," he adds. While the bonus reduction is reported in the board's compensation committee report, Wisconsin Energy is not releasing figures on the total amount of the cuts. But communications chief **Rick James** reports: "They were pretty close to being equivalent to what the fines were."

***"If it were coming out of their pockets, they'd be more careful."***

One big shareholder of **Sigma Aldrich Corp.** wants to nick that company's executives, too. The company paid $480,000 to settle allegations that it illegally exported toxins that could be used in biological weapons. The company had $1 billion in sales last year. **Dr. Alfred Bader** put a resolution on the company's proxy asking to make the cuts equal the fines.

Bader, a former Sigma Aldrich chairman and holder of 5.6 percent of the company's outstanding shares, wants executives to pay a pro-rata portion of the amount of fines and penalties that the company pays. He reasons that fines and penalties assessed against the St. Louis–based chemical company and the negative publicity from them hurt the company's financial performance. This in turn affects shareholder value. Executives should be accountable if something goes wrong on their watch, he argues. "That's money out of my pocket in terms of dividends," Bader asserts. "If it were coming out of their pockets, they'd be more careful."

The board argues that Bader bears a grudge against current management because he was ousted as chairman. It also claims that no other public company has such a policy. It reasons that adopting it would impede Sigma Aldrich's ability to attract management talent. ■

online
MILWAUKEE
JOURNAL SENTINEL



# Wisconsin Energy trims bonuses

**By Lee Bergquist**
**of the Journal Sentinel staff**

**April 4, 1997**

When Wisconsin Energy Corp. was forced to pay more than $400,000 in civil fines last year, the penalties hit many employees where it hurts most.

Their pocketbooks.

In what seems like a novel step, the company's top executives and about 100 managers received bonuses that were 12.2% smaller than they would have been because of troubles at both the Point Beach and Port Washington power plants.

Managers at Point Beach's nuclear operations were hit even harder. On top of the 12.2% reduction, Wisconsin Energy's board of directors decided to slice bonuses another 50% for managers in the company's nuclear unit, proxy statements show.

Also, the bonuses of non-management employees not represented by a bargaining unit were cut 1%.

The size of bonuses vary from employee to employee, and figures were not available from the company on the total amount of savings from the cuts.

Milwaukee-based Wisconsin Energy owns the biggest utility in the state, Wisconsin Electric Power Co. The proxy statement was mailed to shareholders recently in advance of the company's April 30 annual meeting.

The proxy explained that bonuses were reduced so that "stockholders not assume responsibility for these penalties."

Director and Snap-on Inc. Chairman Robert A. Cornog is chairman of Wisconsin Energy's board of directors compensation committee.

Cornog said in a statement that the idea for the reduced bonuses originated with Wisconsin Energy Chairman Richard A. Abdoo and his senior managers.

"It is WEC's compensation committee's belief that the reduction in the incentive awards was the right thing to do and clearly sends the signal of focusing on the basics of the business."

A spokesman at the Edison Electric Institute in Washington, D.C., said he was not aware of other utilities that have cut bonuses to reflect fines levied by regulators.

At Chicago-based Unicom Corp., the owner of Commonwealth Edison, management was not forced to pay fines totaling $350,000 last year at the company's nuclear plants, a spokesman said.

Last year's power plant woes meant that Abdoo's bonus was cut 12.2% from what he would have been paid. His bonus still increased 32%, to $306,472, on top of a base salary of $560,000.

All told, Abdoo was paid $988,722 -- up 20% from last year. The increase came despite some disappointing results: In addition to the nuclear woes, earnings fell 8%, and the merger with Northern States Power Co. was not completed as planned.

However, the company increased its dividend last year. In addition, shareholders were told that Abdoo was awarded higher pay, in part, because of his efforts to control costs, increase the customer base and for his "leadership role and continued visionary efforts to restructure the electric utility industry."

After the cuts, other managers' bonuses ranged from nothing to 54.7% of base salary, the proxy shows.

The U.S. Nuclear Regulatory Commission fined Point Beach $325,000 in 1996 for an array of problems and warned the company that the agency was not pleased with its declining performance. Point Beach is located on Lake Michigan near Two Creeks in Manitowoc County.

Wisconsin Energy also paid $76,380 in fines to the state Department of Justice to settle charges of alleged violations of the state's clean air laws at the company's coal-fired plant in Port Washington. The company agreed to spend another $185,000 on environmental projects at the plant.

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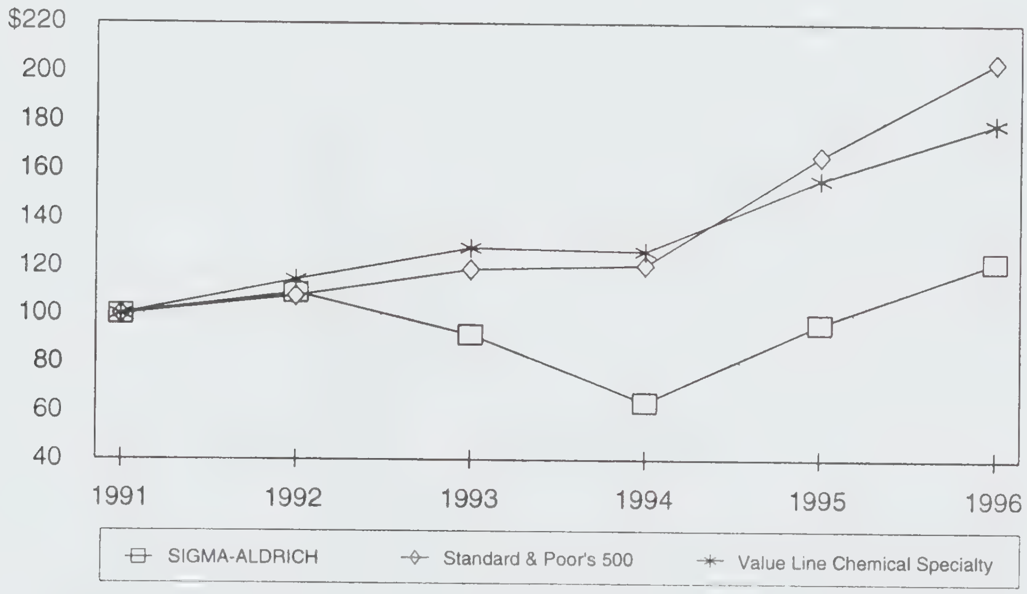
## PERFORMANCE GRAPH

The following performance graph compares the Company's cumulative shareholder return (stock price appreciation plus reinvestment of dividends) for a five year period ended December 31, 1996, with that of the Standard and Poor's 500 Composite Stock Price Index and an index of the companies included in the Value Line Chemical Specialty Industry Group, assuming that $100 was invested in each on December 31, 1991, and that all dividends were reinvested. These indices are only included for comparative purposes as required by Securities and Exchange Commission rules and do not necessarily reflect management's opinion that such indices are an appropriate measure of the relative performance of the Company's common stock, and are not intended to forecast or be indicative of possible future performance of the common stock.

### Comparative Five-Year Returns




| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|---|
| SIGMA-ALDRICH CORP. | 100.00 | 109.06 | 91.60 | 63.52 | 96.11 | 122.07 |
| Standard & Poor's 500 | 100.00 | 107.79 | 118.66 | 120.56 | 165.78 | 204.30 |
| Value Line Chemical Specialty | 100.00 | 114.53 | 127.71 | 126.35 | 156.12 | 179.23 |

# The Aldrich Story

**How Aldrich Came to be**
*As told by Aldrich's Founder, Alfred Robert Bader*

**The notion that I might have a niche in the fine-chemical business first came to me in 1949 while a graduate student at Harvard. In those days when you needed a research organic, you looked into one catalog, Eastman Kodak's. If it was in there, you bought it; if not, you made it. The starting material I needed for the last product needed to complete my research under Professor Louis Fieser was 2-isopropylphenol, in order to make 2-isopropyl-naphthoquinone. The Eastman catalog listed 2-isopropylphenol, and so I ordered 500g. Six weeks later it still had not come, so I went to see Warren Stockwood, who oversaw the storeroom, to ask for advice. He handed me a sheet of Harvard Chemistry Department stationary and told me to write them. "See what happens," he said.**

**I received a form postcard - I wish I had kept it because today I'd have it framed. It simply said that my order had been received and would I not add to the paperwork; Eastman would ship the material whenever possible, "My gosh, if that's how the fine-chemical business is operated in the United States, maybe I have a place in it."**

**After graduating from Harvard I joined the research laboratories of the paint division of the Pittsburgh Plate Glass Company in Milwaukee and became good friends with the director of research, Dr. Howard Gerhart. I asked him whether I might not start a tiny division within PPG to make and sell research chemicals, and he just shook his head and said no, that wouldn't fly. He believed Eastman Kodak was so well entrenched that no one could compete.**

**I agreed that we could not compete with Kodak; however, we could compete with DPI, the Distillation Products Industries division of Kodak that sold fine chemicals. DPI offered only about 4,000 products, and research chemists would be interested in many more products if they were available. So a friend of mine, a Milwaukee attorney named Jack E., and I started a company to offer research chemicals. We incorporated on August 17, 1951, with the required capital of $500, each of us putting up $250. We tossed up for the name; I lost the toss. Jack was engaged to a charming girl, Betty Aldrich, and so the company was named the Aldrich Chemical Company. At first the paperwork, storage, weighing, labeling, packaging, and invoicing was done in Jack's office; later we rented a garage (on Farwell Avenue) on Milwaukee's east side for $25 a month. Our first product was one that I had learned to make for my M.Sc.: methylnitrosonitroguanidine (MNNG), which was first made by my professor at Queen's University, Arthur F. McKay. We contracted with Dr. McKay and with a small company in Milwaukee to make this product for us. MNNG is an excellent precursor for diazomethane. It is a stable crystalline solid that melts at 118 °C, and its great advantage over other precursors is that it yields diazomethane with aqueous rather than ethanolic alkali, as is the case with other precursors. I had told Prof. Fieser about this compound, and he had every student in Chemistry 20, the first organic chemistry course, make one batch. I then took all of these batches, crystallized them once from methanol to get rid of all of the cigarette butts and bobby pins, and the chemistry department then had a sufficient supply of MNNG to last for an entire year. We had a permanent diazomethane still in my lab so that anyone needing diazomethane could use it. What we didn't know at the time was that MNNG was one of the most powerful mutagenic agents known.**

**The first Aldrich catalog was a mimeographed sheet that we sent to some 2000 research chemists**

around the country. Our mailing list consisted of the senior authors of organic papers in the *Journal of the American Chemical Society* and the *Journal of Organic Chemistry.*

Gradually, we added other compounds not listed by Kodak. Catalog number 2 was again a single mimeographed sheet, but unfortunately I don't have a copy of it. An appeal to readers of *Adrichimica Acta*, Vol. 17, No. 3, to exchange a fine English 19th century landscape for that single sheet if any customer should chance to find one, was unsuccessful. Sales in the first year were $1705, and as we paid no salaries, we actually showed a $20 profit. In the second year sales climed to $5400 and reached $15,000 by the third year.

I was very happy in my work at PPG and also had really grown to like the city of Milwaukee. Early in 1954 PPG decided to move its research laboratories from Milwaukee to Springfield, PA, near Pittsburgh. Hence, I told Howard Gerhart that I planned to leave PPG and work full time at Aldrich. He said, "Alfred, you are a very good chemist. You can make a great many things, but you are not a businessman. I am convinced that within a couple of years Aldrich will go bankrupt. When it does, please don't look for another job but come back to PPG; we need you. And in the meantime, will you please consult for us?" This I was happy to do.

## Outside Money

Of course, Aldrich had no capital, and neither Jack nor I was in any position to put any money into the company. So we went to a friend, a Milwaukee businessman, and persuaded him to buy a third of the company for $25,000. The agreement was that he would put in $5000 immediately and then a thousand dollars a month for the next 20 months. To conserve capital, my salary was to drop from the $800 a month I had been making at PPG to $500 a month, and I was not to cash the salary checks for the first six months. Our investor had the option at any time to withdraw his capital in exchange for his stock. After seven months, in 1955 he came to me and said, "Look, Aldrich has been growing nicely, sales are up practically every month, but still, I don't think that the company will ever be worth $75,000 to justify a $25,000 investment for one third, so I want out. Please return my money."

In such decisions, people usually have good reasons and real reasons, and with ordinary human beings these are often quite different. When I pressed him for his real reason, he said, "Well, I was so disappointed in you. You will recall that some weeks ago you had a friend of yours, Martin Ettlinger, visit you, and you paid him a consulting fee of $100 without asking my consent." Martin Ettlinger had been my good friend since Harvard days. He helped enormously with the publication of papers, with making suggestions for Aldrich, with many chemical matters, and when he visited us, that small gift seemed entirely justifiable. Our investor, of course, was on our board of directors and there was tight control of expenses. For instance, the only action of the last board meeting before his departure was to empower me to buy another badly needed secondhand desk at a cost not to exceed $35! Still, a consulting payment to Martin of only $100 seemed so well deserved that I had quite unthinkingly, not asked for board approval.

We were now in a difficult position. Our investor had put $12,000 into the company and was entitled to receive that back over the next couple of years. Jack, the attorney who set up the company in 1951, had helped a great deal in the early days. But, since leaving PPG, I was working 12-14 hours a day, and with his law practice, Jack could help very little now. Moreover, every move, including minor purchases, required mutual agreement, making progress and decision making difficult. With the withdrawal of the only real capital, the only source of capital was to be that generated by our own efforts. Under the circumstances, a 50/50 interest between Jack and me

did not strike me as fair or workable, and so I went to an old friend, another attorney known for his uprightness and legal wisdom, Harry K., and explained the problem. Harry worked out three alternatives and suggested that I submit these to Jack: one was that I sell my 50% to Jack for $3000 and use that $3000 to start the Bader Chemical Company; the second was that Jack sell his 50% to me for $10,000, to be paid over two or three years; the third was that Jack sell 20% of the company to me for $6000, so that I would have 70% and he 30%. Jack did not like any of these alternatives and became very angry. Eventually he proposed that he sell me his half for $15,000, to be paid over three years, and I am sorry that he has not spoken to me since.

When I left PPG, Aldrich moved from the garage on Farwell to a thousand-square foot laboratory near Capitol Drive in Milwaukee and hired two secretaries and a full-time lab technician from PPG. By this time the debts were substantial: $12,000 to our former investor and $15,000 to Jack . Sales, however, skyrocketed to $39,000 by that fourth year, and just about that time we received our first really large order. Du Pont had written to a number of companies asking for quotations for 500 lb of suberic acid. I had never made suberic acid before, but the preparation seemed straightforward and the starting material, 1,6-hexanediol, was available very inexpensively from Union Carbide. I had no idea how to figure costs of production but felt that we couldn't go wrong if we got the order at $38 a pound. Believe it or not, we got that order for delivery by the end of the year. That $19,000 really helped.

## Expanding Our Catalog

It became clear to me early that we couldn't succeed if we sold only what I knew how to make; we must combine production with resale, particularly of imports. I knew western Europe fairly well, spoke German fluently and French haltingly, so I decided to spend a month or two every year traveling from one country to the other, visiting small and medium-sized chemical companies asking what we might purchase from them. Of course, I knew what was in our own catalog. If they were, I declined - how could we compete with Kodak? - but if they were not, I bought $100 or $200 worth to ship to Milwaukee and add to our catalog.

A few years later, an interesting experience changed this policy. An old friend, Prof. John Sheenan of M.I.T., contacted me and urged me to offer a new peptide reagent that he had developed, dicyclohexylcarbodiimide, which was not in the Kodak catalog. The preparation is not particularly easy as it involves a mercuric oxide oxidation and the material is a strong eye and skin irritant. But we listed it, and sales did very nicely. Then one day, when I glanced at the Kodak catalog, I noticed to my great chagrin that Kodak was now offering DCC at a few pennies per bottle less than ours. Of course I figured that was the end for that product; no one would buy DCC from Aldrich. But I was mistaken: sales kept going up. Then I realized that we could compete with Kodak, and from then on we listed whatever useful products we could buy or make, regardless of the compounds listing in the Kodak catalog.

In the mid-50s I met another Milwaukee attorney, Marvin Klistner, who became my good friend and is really the man whose wisdom and help were instrumental in building Aldrich. He has remained with us, first as a director of Aldrich and then of Sigma-Aldrich.

By 1958, we had about a dozen people, most of whom are still with us, and we had outgrown the rented laboratory. We purchased an old 27,000 square foot shoe factory building, and within three years we bought another, much larger building, formerly the headquarters of the Badger Meter Company. I remember how we rattled around first in the old shoe company and then in the Badger Meter building, but within a few years we filled them up. We have never had a year in

which our sales or our profits were less than the year before, and of course at the beginning we plowed all our earnings back into the business.

Most of our sales were for catalog items, but gradually we became more involved in custom syntheses, particularly for pharmaceutical companies. Among these, Upjohn was by far our best customer in the early days, and many of the Upjohn chemists became good friends. For years I thought that Upjohn would, in time, purchase Aldrich. I found out later that a number of the chemists at Upjohn thought so too, but others in management counseled against it because we were, in their view, just a "one-man company".

In 1962 Aldrich's sales reached the first million, and by 1965 our total sales and research income reached $2 million. By this time some able chemists had joined us. Dr John Biel, director of laboratories at the Lakeside Laboratories in Milwaukee for a number of years, joined us in 1962 to head our research department. We had some 15 chemists, including 7 Ph.D.s working on various research contracts, principally for pharmaceutical companies and the government. Bernie Edelstein, a graduate chemist from the University of Wisconsin, graduated from the University of Michigan Law School and joined us in 1962.

By 1965, many of our chemist friends were asking how they could buy Aldrich stock. We felt that we had such a good record of steadily growing sales and revenues that it was time to go public - not on any grand scale but simply by offering 100,000 shares of the total 600,000 shares to a select list of chemists and friends who had often expressed an interest. We went to a small Milwaukee stockbroker, the Marshall Company, and asked what the minimum commission would be for selling the stock at $10 a share on what they called a best efforts basis. The minimum commission permitted by the S.E.C. was 17 cents, and so my family and I offered up to 100,000 shares at $10 a share. We had considerable difficulties with the Wisconsin regulatory agency, which protested that $10 a share for a company whose earnings were only 30 cents a share was very high. Of course we pointed out that the Marshall Company would sell the shares only on a best efforts basis, and finally we did receive permission. What we didn't realize was that when prospective stockholders called the Marshall Company to inquire, the individual stockbrokers were discouraging and suggested that if the buyer wanted to speculate, better stocks could be had in the $10 a share range - better, at least, in the commission that would be paid the stockbrokers. As a result, we sold few shares in Milwaukee and only about 16,000 total around the country to about 200 chemists and friends who knew us well. After the offering closed, the market generally went down, and the executives at the Marshall Company, who really didn't understand our business, began to sell the stock short, feeling that $10 a share had been too high. What they didn't realize, at least not at first, was that all our new stockholders had known the company for some years and had faith in it. In fact, during the first year only 45 shares were offered by these new stockholders, those owned by an investment club in Ann Arbor that folded. The Marshall Company merrily kept selling stock short - 4000 shares - until they realized that they couldn't deliver. They then came to me in some panic and pointed out that they had been most helpful in selling the stock and asked if I would please help them now. By that time, their offering of $14 a share had not elicited any sales, and I got them out of their misery by selling them the needed stock at that price.

During the next year, a stockbroker at a much more substantial Milwaukee brokerage house, William Schield at Robert W Baird, got to know me well personally and really became intrigued by the company. He persuaded Baird to offer 120,000 shares of Aldrich Stock at $23 a share (including a commission of $1.45 for Baird), again a sale by my family and me, not the company. The sale did well and Aldrich stock has never sold below that $23. One of those old shares has now been split into 12 Sigma-Aldrich shares, which in 1987 were traded between $30 and $50 per

share.

## A Merger?

By the late 1960s, it was clear to me that the greatest growth in chemical research lay in biochemistry, and we were not biochemists. Organic chemistry seemed to have peaked with Woodward's synthesis of strychnine; Sharpless's chiral epoxidation and Brown's hydroboration were not yet with us. So we started a small biochemical department, with a small but eye catching catalog, and began considering a merger with a biochemical company. In Europe the biochemical companies were large companies like Boehringer-Mannheim, and they might consider buying Aldrich, but that would not be a true merger. In the United States there were three important biochemical companies. Calbiochem had just been purchased by Hoechst, and in my experience large companies usually ruin the entrepreneurial spirit of the smaller company, the spirit that is really the reason for the acquisition.

The second company, Nutritional Biochemicals, had been bought by ICN, which struck me as being a conglomerate acquiring companies here, there, and everywhere. For some years, one of their men called me regularly to inquire when we would join their "family of companies," and I just laughed and declined.

The third company, Sigma in St Louis, was the ablest and most interesting of the lot, presided over by a towering figure, Dan Broida. Dan was one of the most interesting men I have ever known. On graduation as a chemical engineer, he was employed by Midwest Consultants, a small company owned by two brothers, Aaron Fisher and Bernard Fishlowitz, in St Louis. Midwest Consultants was the forerunner of Sigma Chemical Company, set up first to make saccharin and then biochemicals. Dan, Aaron, Bernard, and their families each owned about a third of Sigma, at first just a small storefront operation.

Dan built Sigma into a singular company where service, purity of products, and lowest price in the marketplace were absolute musts. Employees could not leave Sigma at the end of the day until the last order was shipped. Advertisements were shunned; service and product quality spoke for themselves. Dan truly believed that any biochemist who was foolish enough to buy from a competitor deserved what he received.

## Eyes are Opened

Sigma placed greater emphasis on production than Aldrich. In fact, Dan considered suppliers just a necessary evil.

If a purchased product sold well, Sigma would in time make it. And Dan treated many suppliers (including Aldrich) disdainfully. Purchased products were often rejected for good reasons, but Dan would not give the reasons to the suppliers, for they might then improve their product and sell the improved products also to competitors! Aldrich, on the other hand, worked hard to establish good relations with suppliers, and many of these became our good friends. By working with reliable suppliers, we were able to concentrate our efforts at Aldrich on new products. And when requirements for these became so large that Aldrich could no longer handle them, we would go to a supplier-friend with the right equipment and have our requirements filled. I am sure that our good relations with suppliers was a real eye-opener to Sigma on our merger, as was their insistence on same day service to Aldrich.

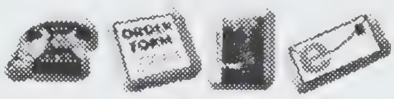
Correspondingly, Aldrich had good relations with its competitors, many of whom - like Fluka and Kodak - were also our suppliers and customers.

I approached Sigma in 1967 to suggest a merger between Sigma, then still family owned, and Aldrich, now a public company. I was quickly rebuffed. Sigma went public through Goldman Sachs in 1972.

Scientifically, the merger made excellent sense. By 1975 Sigma was the leading supplier of biochemicals, Aldrich of organics. The technical competence in both areas had become important as the two fields became more interrelated. None of our organic competitors had a substantial share in the biochemical market and none of Sigma's competitors knew as much organic chemistry as did Aldrich. To Aldrich stockholders it opened up the many opportunities for expansion afforded by biochemistry. To Sigma stockholders it was a sensible deal because it gave Sigma organic chemicals know-how, which was valuable in the development of many biochemical products, and a potential for a new balanced management - balance difficult to achieve with Dan alone at the helm.

The valuation of Sigma and Aldrich stock was fairly simple: neither of us had debt, and Sigma had long been about twice the size of Aldrich in sales and profits. Each had very conservative accounting policies and there was no doubt - so often present in merger negotiations - that neither had overstated its earnings.

We merged in August of 1975. Since the merger, corporate sales and net income have increased more than 15% annually, which translates into doubling our business every 5 years. Major factors contributing to our success are the dedication of our people, the aggressive addition of new products, and the technical support provided to our customers. Each year over one million Catalog/Handbooks, brochures, technical bullitins and advertisements are distributed to researchers around the world.



**FAX FROM:**

*DR. ALFRED BADER*
Suite 622
924 East Juneau Avenue
Milwaukee, Wisconsin 53202
Telephone: 414/277-0730
**Fax: 414/277-0709**

*A Chemist Helping Chemists*

May 1, 1997

TO: Mr. Tom Tallarico
Secretary
Sigma-Aldrich Corporation
FAX: 314/286-7874

Dear Tom:

Thanks for your FedEx letter. But why FedEx when a fax is so much cheaper?

Surely there will be no need for me to read my proposal and management's response. I just plan to comment on both. Five minutes will be fine.

With best regards,

AB/cw

SIGMA-ALDRICH
CORPORATION

3050 Spruce Street
Saint Louis, Missouri 63103 USA
Telephone (314) 771-5765
Fax (314) 286-7874
email: tallarit@sial.com

April 29, 1997

Dr. Alfred Bader
924 East Juneau, Suite 622
Milwaukee, WI 53202

Dear Alfred:

We plan to commence the annual shareholder meeting promptly at 11:00a.m. on May 6th. We invite you to make a five minute presentation of your proposal early in the meeting; after which we will open the polls for voting. An agenda for the meeting will be available the day of the meeting.

Please call if you have any questions regarding the meeting or the procedures.

Very truly yours,

SIGMA-ALDRICH CORPORATION

Tom Tallarico

Thomas M. Tallarico

TMT:td

online
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# Wisconsin Energy trims bonuses

"It is WEC's compensation committee's belief that the reduction in the incentive awards was the right thing to do and clearly sends the signal of focusing on the basics [illegible]

A spokesman at the Edison [illegible] Institute in Washington, D.C., said he was not aware of other utilities that have cut bonuses to reflect fines levied by regula[illegible]

At Chicago-based [illegible] the owner of Commonwealth Edison, management was not forced to pay fines totaling $350,000 last year at the company's [illegible]

Last year's power plant [illegible] Abdoo's bonus was cut 12.2% from what he would have been paid. His bonus still increased [illegible]

[illegible] was paid [illegible] disappointing results [illegible]

However, the company increased [illegible] was awarded higher pay, in part, because of his efforts to control costs, increase the [illegible]

[illegible]

The U.S. Nuclear Regulatory Commission fined Point Beach $325,000 in [illegible] and warned the company that the agency was not pleased with its declining perfor[illegible]

[illegible]

Wisconsin Energy also paid [illegible] fines to the state Department of Justice to settle [illegible] alleged violations of the state's clean air laws at the company's coal-fired plant [illegible] $185,000 on environmental projects [illegible]

SIGMA-ALDRICH
CORPORATION

3050 Spruce Street
Saint Louis, Missouri 63103 USA
Telephone (314) 771-5765
FAX (314) 534-2674
Internet sig-ald@sial.com

February 25, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dr. Alfred Bader
2961 North Shepard Avenue
Milwaukee, Wisconsin 53211

Re: Shareholder Proposal

Dear Alfred:

I have not contacted you before now because we have intended to include your proposal in the 1997 proxy statement. Enclosed is a copy of your proposal and the Company's statement in opposition, which we intend to include in the 1997 proxy materials.

Very truly yours,

SIGMA-ALDRICH CORPORATION

Thomas Tallarico

Thomas M. Tallarico

TMT:td
Enclosure

cc: Randy Wang

Dr. Alfred Bader
924 East Juneau, Suite 622
Milwaukee, Wisconsin 53202
Phone: 414/277-0730
Fax: 414/277-0709

*A Chemist Helping Chemists*

February 18, 1997

*Via Facsimile: 800/325-5052 and U.S. Mail*

Mr. Tom Tallarico
Secretary
Sigma-Aldrich Corporation
3050 Spruce Street
St. Louis, MO 63103

Dear Tom:

On November 4, 1996, you received my timely proposal of November 1st to be put into the proxy statement which Sigma-Aldrich will mail at the end of March. Absent being granted a shorter period by the SEC, the company had until 80 days before the mailing date to notify me and the SEC of its objection, and it has not done so. Hence, my proposal must be included in the proxy statement, and I look forward to being at the annual meeting on May 6th to discuss it.

Sincerely,

AB/cw

c: Dr. David Harvey *(via fax and mail)*
President, Sigma-Aldrich Corporation

7/11/96

# Export Of Toxins Called Inadvertent

## St. Louis Firm Didn't Know Of New Law

By Charlotte Grimes
Post-Dispatch Washington Bureau

WASHINGTON

THE FIRST hint that Sigma-Aldrich Corp. of St. Louis might be illegally exporting deadly toxins useful in biological weapons came through the methodical routine of dogged research, federal investigators said in interviews Wednesday.

"We had talked to people in the industry who exported toxins and zeroed in on this one," said Raymond Plunkett of the General Accounting Office, the investigative arm of Congress. "It just paid off."

It paid off to the tune of a $480,000 fine against Sigma-Aldrich, announced this week in an agreement with the company to settle federal allegations that it had made 48 shipments of the toxins without a license.

The company has said that it inadvertently violated export-control laws, an account largely echoed by federal investigators.

And the Department of Commerce, which concluded the investigation triggered by the GAO and reached the settlement, has said it had no evidence that Sigma-Aldrich's chemicals were misused.

**The fine is** the first levied in a case involving illegal toxin exports, said Thomas Hill, special agent in charge of the investigation by the Commerce Department's Bureau of Export Administration.

On Wednesday, he and Mark D. Menefee, acting director of the bureau's enforcement office.other officials offered assurances that the shipments had not been diverted from their benign medical or research uses.

The shipments, between July 1992 and January 1993, included biotoxins derived from staphylococcus and tetrodotoxin toxins.

Staphylococcus is a bacteria that causes boils, abscesses and infections that can be fatal. Tetrodotoxin is produced by the Japanese puffer fish and is a poison that can kill immediately in tiny amounts. Both are used in medical and biotechnological research.

**Sigma shipped them** without licenses to 17 countries in Europe, Latin America, Asia and the Middle East, the government said. The toxins' potency and their shipment to regions plagued by terrorism triggered special concern, the export control officials said.

"They have applications in biological weapons programs," Menefee said. "They're easy to divert by terrorist groups or unstable countries."

Officials gave no specifics of how the toxins could be used in weapons. "People are only limited by their imagination," Menefee said.

The export administration's investigation involved four investigators at different times between 1992 and late 1995, Hill said. He and Menefee gave credit to the GAO for tipping off their agency to the possible violations.

The GAO had been asked by then-Sen. Al Gore to look into the effectiveness of new controls on toxins that could be used in biological weapons, Plunkett said.

Almost at the end of their study, he recalled, GAO evaluators made queries in the industry about the major exporters of toxins. Sigma-Aldrich's name came up. A GAO evaluator called the company about its shipments and reached a manager who was surprised by the law, Plunkett said.

"This fellow was very honest," Plunkett said. "He told us that they were exporting toxins without a license and didn't know they needed one."

7/10/96

# U.S. Fines Chemical Firm Here

## Exports Have Use In Germ Warfare

By Robert Manor
Of the Post-Dispatch Staff

Sigma-Aldrich Corp. of St. Louis has agreed to pay a $480,000 fine to settle federal allegations that it illegally exported toxins that could be used in biological warfare.

The U.S. Department of Commerce said there is no evidence that Sigma's chemical products were misused. The penalty marked the government's first settlement with any company accused of illegally exporting toxins.

The Commerce Department requires export licenses for 10 biotoxins — natural or synthetic versions of poisons produced by living organisms. Licenses are intended to prevent terrorists or renegade nations such as Libya and Iraq from using biotoxins to develop and produce biological warfare weapons.

Biotoxins also can be used for legitimate uses such as health and biotechnology research or new drug development.

Commerce Department officials said their investigation of Sigma's trading business, Sigma Chemical Co., found that on 48 occasions between July 1992 and January 1993, Sigma exported biotoxins to various countries without the required licenses.

"The U.S. is leading international efforts to forestall the spread of biological weapons," said John Despres, an official in the Commerce Depart-

See SIGMA, Page 4

# Sigma

From page one

ment's Bureau of Export Administration. Despres said Sigma failed to follow the agency's rules.

Peter Gleich, vice president of Sigma-Aldrich, said his company inadvertently violated export laws and has since obtained the needed licenses.

"We reached a settlement to avoid long and expensive litigation," Gleich said.

Sigma-Aldrich produces and sells research chemicals needed by laboratories around the world.

Gleich said the company exported five biotoxins, most of them derived from the staphylococcus and tetrodotoxin toxins.

Staphylococcus is a bacteria responsible for boils, abscesses and other infections in humans. It can be fatal.

The tetrodotoxin toxin is derived from the Japanese puffer fish, Gleich said. The tetrodotoxin produced by the puffer fish is an extremely poisonous substance that can kill immediately.

Gleich noted that Sigma exported only tiny amounts — as little as thousandths of a gram — of the biotoxins.

The government said Sigma exported biotoxins to France, Italy, Israel, Thailand, Poland, Austria, Sweden, England, Norway, Chile, Spain, Brazil, Japan, Portugal, Taiwan, Egypt and the United Arab Emirates.

None of the importing countries is known to have an active biological warfare program.

One Commerce Department official, who asked not to be identified, said the export licenses are needed to prevent biotoxins from falling into the wrong hands.

"Without licensing procedures being followed carefully, there is no way to track where this stuff ends up," the official said.

In the absence of licensing, it is easier for a sham company to obtain biotoxins and provide them to terrorists or nations developing biological weapons, the official said.

Biological warfare is a broad term encompassing everything from weapons that cause disease to toxins used to poison an enemy's water supply.

Iraq, for example, has admitted making large quantities of the clostridium botulinum and bacillus anthracis microbes. Less than a pinhead of either can kill. The United Nations has accused Iraq of stockpiling enough to kill everyone in the world.

St. Louis Post Dispatch 7/17/96

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Commerce Department officials said their investigation of Sigma's trading business, Sigma Chemical Co., found that on 46 occasions between July 1992 and January 1993, Sigma exported biotoxins to various countries without the required licenses.

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2961 North Shepard Avenue
Milwaukee, Wisconsin 53211

*A Chemist Helping Chemists*
November 1, 1996

Mr. Thomas M. Tallarico
Secretary
Sigma-Aldrich Corporation
3050 Spruce Street
St. Louis, MO 63103

Dear Mr. Tallarico:

I intend to present for action at the 1997 annual shareholders' meeting (the "Annual Meeting") of Sigma-Aldrich Corporation (the "Company") the proposal set forth below. In connection therewith, I request that the proposal and the related statement in support, pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Act"), be included in the proxy statement for the Annual Meeting. My address is: 2961 North Shepard Avenue, Milwaukee, WI 53211.

I hold of record and beneficially, as of October 31, 1996, more than 2,500,000 shares of common stock of the Company, which I acquired in the reorganization that created the Company on July 31, 1975. I will continue to own significantly more than one percent (1%) of the outstanding shares of the Company as required by Rule 14a-8 of the Act through the date of the Annual Meeting.

Proposal: RESOLVED, that the shareholders recommend to the Board of Directors (the "Board") that the Board and its Compensation Committee adopt an executive compensation policy under which the annual salary that each executive officer (which shall include all of the Company's "officers" as defined by Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) will earn in the Company's next fiscal year (as calculated pursuant to the Compensation Committee's present, or any future, salary plan) will be reduced by such executive officer's pro-rata portion of the amount of fines or penalties that the Company paid in the immediately preceding year to any federal, state, local or other governing or regulatory body. For purposes of this resolution, an executive officer's pro-rata portion shall mean

the percentage that such executive officer's annual salary in the immediately preceding year represents of the total annual salary in the immediately preceding year of all executive officers of the Company.

## STATEMENT IN SUPPORT OF PROPOSAL

According to an investigation by the Bureau of Export Administration of the U.S. Department of Commerce (the "Department"), the Company exported, on forty-eight occasions from July 1992 to January 1993, toxins to seventeen countries without the licenses required by U.S. export laws. Pursuant to such investigation, the Company agreed in July 1996 to pay a $480,000 fine to settle allegations by the Department that it had illegally exported toxins that could be used to make biological weapons.

Fines and penalties assessed against the Company, as well as negative publicity from them, can hurt the Company's financial performance and shareholder value. Executive officers are ultimately responsible for the operation and performance of the Company and their financial interests should be aligned with those of the Company's shareholders. Future compensation of the executive officers of the Company, therefore, should be reduced by the amount of fines or penalties that the Company must pay. Linking executive compensation to fines or penalties will create an incentive for the executive officers of the Company to ensure that the Company operates in accordance with all applicable laws and regulations. Avoiding fines or penalties for illegal activities in the future, such as the $480,000 fine paid to the Department, can increase the Company's financial performance and shareholder value.

Very truly yours,

Alfred Bader

Dr. Alfred Bader

7/10/96

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Sigma-Aldrich Corp
3050 Spruce St
St. Louis MO
63103

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PS Form **3811,** December 1994

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PS Form **3800**, April 1995 *(Reverse)*

Dr. Alfred Bader
2961 North Shepard Avenue
Milwaukee, Wisconsin 53211

*A Chemist Helping Chemists*
November 1, 1996

Mr. Thomas M. Tallarico
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Dear Mr. Tallarico:

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I hold of record and beneficially, as of October 31, 1996, more than 2,500,000 shares of common stock of the Company, which I acquired in the reorganization that created the Company on July 31, 1975. I will continue to own significantly more than one percent (1%) of the outstanding shares of the Company as required by Rule 14a-8 of the Act through the date of the Annual Meeting.

Proposal: RESOLVED, that the shareholders recommend to the Board of Directors (the "Board") that the Board and its Compensation Committee adopt an executive compensation policy under which the annual salary that each executive officer (which shall include all of the Company's "officers" as defined by Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) will earn in the Company's next fiscal year (as calculated pursuant to the Compensation Committee's present, or any future, salary plan) will be reduced by such executive officer's pro-rata portion of the amount of fines or penalties that the Company paid in the immediately preceding year to any federal, state, local or other governing or regulatory body. For purposes of this resolution, an executive officer's pro-rata portion shall mean

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Alfred Bader

Dr. Alfred Bader

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MILWAUKEE
JOURNAL SENTINEL

Milwaukee Journal Sentinel Online Main Page
Business Main Page

# Wisconsin Energy trims bonuses

**By Lee Bergquist**
**of the Journal Sentinel staff**

**April 4, 1997**

When Wisconsin Energy Corp. was forced to pay more than $400,000 in civil fines last year, the penalties hit many employees where it hurts most.

Their pocketbooks.

In what seems like a novel step, the company's top executives and about 100 managers received bonuses that were 12.2% smaller than they would have been because of troubles at both the Point Beach and Port Washington power plants.

Managers at Point Beach's nuclear operations were hit even harder. On top of the 12.2% reduction, Wisconsin Energy's board of directors decided to slice bonuses another 50% for managers in the company's nuclear unit, proxy statements show.

Also, the bonuses of non-management employees not represented by a bargaining unit were cut 1%.

The size of bonuses vary from employee to employee, and figures were not available from the company on the total amount of savings from the cuts.

Milwaukee-based Wisconsin Energy owns the biggest utility in the state, Wisconsin Electric Power Co. The proxy statement was mailed to shareholders recently in advance of the company's April 30 annual meeting.

The proxy explained that bonuses were reduced so that "stockholders not assume responsibility for these penalties."

Director and Snap-on Inc. Chairman Robert A. Cornog is chairman of Wisconsin Energy's board of directors compensation committee.

Cornog said in a statement that the idea for the reduced bonuses originated with Wisconsin Energy Chairman Richard A. Abdoo and his senior managers.

"It is WEC's compensation committee's belief that the reduction in the incentive awards was the right thing to do and clearly sends the signal of focusing on the basics of the business."

A spokesman at the Edison Electric Institute in Washington, D.C., said he was not aware of other utilities that have cut bonuses to reflect fines levied by regulators.

At Chicago-based Unicom Corp., the owner of Commonwealth Edison, management was not forced to pay fines totaling $350,000 last year at the company's nuclear plants, a spokesman said.

Last year's power plant woes meant that Abdoo's bonus was cut 12.2% from what he would have been paid. His bonus still increased 32%, to $306,472, on top of a base salary of $560,000.

All told, Abdoo was paid $988,722 -- up 20% from last year. The increase came despite some disappointing results: In addition to the nuclear woes, earnings fell 8%, and the merger with Northern States Power Co. was not completed as planned.

However, the company increased its dividend last year. In addition, shareholders were told that Abdoo was awarded higher pay, in part, because of his efforts to control costs, increase the customer base and for his "leadership role and continued visionary efforts to restructure the electric utility industry."

After the cuts, other managers' bonuses ranged from nothing to 54.7% of base salary, the proxy shows.

The U.S. Nuclear Regulatory Commission fined Point Beach $325,000 in 1996 for an array of problems and warned the company that the agency was not pleased with its declining performance. Point Beach is located on Lake Michigan near Two Creeks in Manitowoc County.

Wisconsin Energy also paid $76,380 in fines to the state Department of Justice to settle charges of alleged violations of the state's clean air laws at the company's coal-fired plant in Port Washington. The company agreed to spend another $185,000 on environmental projects at the plant.

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ALDRICH HAS BEEN PASSING ***ADVENTURES OF A CHEMIST COLLECTOR*** AMONG EMPLOYEES, REQUESTING ANONYMOUS COMMENTS.

> *"Everyone should read Alfred Bader's book, regardless of who you are or what you do in the Company. It offers good background as to how the Company started, flourished, and teaches a lesson that high Company management has to observe the rules just like anyone else and certainly to be aware of any impropriety or improper action, not in accord with correct procedures. In this case, it may have been 'acting before thinking of the consequences.' Was an extremely unfortunate incident, but it was done."*

EMPLOYEES' COMMENTS ARE AS DIVERSE
AS THEY ARE INTERESTING:

*I'm glad I read the book; I really have a different impression of him now that I have it first-hand. I was told from someone in particular that he made a terrible mistake that led to his being "kicked out" and that he should have known that his action was unacceptable so he got what he deserves. I understand now what really transpired and cannot understand the action of the Board of Directors. Did someone have a grudge against him or what that they would take such drastic action? I have a difficult time understanding that. Otherwise, I enjoyed reading about his family, his travels, the people he knows worldwide, his love for art and his love for his wife, Isabel.*

Enjoyed reading Alfred's book and am now rereading certain chapters that I especially like. I can't tell you which parts of the book I enjoyed more than others; I think the flow and movement from early to later years is good. There were many things I had always been curious about that I learned.

*Nice to see old names from the past; brings back some good memories; nostalgic.*

The book is a well-written one, but of course, you have to keep in mind that it was written only from Alfred Bader's perspective.

*Alfred Bader's life has been fascinating; I wonder still what was the most dominating factor in his young life that led him to his occupation. Someone or something obviously exerted a dominating influence upon his personality; at times being very complex and other times just an ordinary man with unique talents.*

Dr. Bader has a way of romanticizing in his book. Besides being such an extraordinary business person, he emphasizes his emotions and interests vividly. He has an unusually remarkable memory, writing about incidents and situations with great detail. Yes, he must be a romantic, adventurous, mysterious and artistic person, yet practical. He is a man of many talents and traits, and it's good that he gathered everything together and wrote a worthwhile book.

Right on, Alfred. Like Tommy Thompson said, "stick it to 'em". You'll come out on top and have a right to be proud of yourself. Not many people have led a life such as yours, and I'd like to tell some of those "high and mighty" in St. Louis where to go. But it wouldn't do any good anyway; who am I?

*I find the book fairly easy to read, and it's a book that can be read at leisure and really enjoy it. Most everything is understandable and comprehensible.*

Well written - must have kept volumes of good notes or a diary in order to remember everything.

*I think Alfred should have been a little more aware of people's needs. I suppose I have the feeling, and maybe it's wrong, that he could have helped women in the chemical industry more. I haven't heard of any scholarships that he has set up to help them learn chemistry and science. Perhaps he has, but it's more difficult for women to break the barrier, the "glass ceiling", if you will. I know he has given freely and generously to many organizations and charities, but if people with his means could only see that women interested in the chemical field could use more encouragement and help, it would mean a lot to them.*

Interesting stories - nice to see most of your life history in a book.

*Alfred Bader's book is educational as well as incredibly interesting. It tells about a self-made man who stepped on a few toes during his lifetime, but when you start a business and try to make it go, sometimes you have to do what is necessary to keep that business. He made the only judgments he thought were correct at the time, and I believe he was a very wise, concerned individual. He tells about the hiring of a black lady with great compassion. I don't think he has a discriminatory bone in his body as far as that is concerned. He mentioned that when he first started his business, he didn't even cash his paycheck in order to pay his employees. That to me rather proves his allegiance to the employees working for him. I believe he did the best he could with what he had to work with at the time. He must have spent some sleepless nights back then worrying whether his small business could make it. I also believe he was a man of vision, determined, is religious, and is a man of great character.*

One of the interesting aspects of the book and quite sad is the part where Alfred Bader was "kicked off" the board of directors. Why did it happen to Marvin Klitsner also - What did he do? It's quite difficult for me to understand, after his explanation in the book as to what happened, there couldn't have been some understanding and "compromise", if you will, on the board of director's part. Why haven't they offered the public and the shareholders more explanation on this? I think they owe it to us, but time marches on and I suppose they think eventually it will be forgotten. But - it's a vital part of the corporation's history. Hardly anyone was to discuss it, and if Alfred Bader would not have written about it in his book, many people wouldn't ever have known what happened.

Good book to read. Especially enjoyed the chapter on the ABC Library. Would have liked to have more emphasis put on this part of the book - in greater detail - did you envision a large library, and where do all the rare chemicals end up? This could have been expanded a bit more.

*Dr. Bader sure does know a lot of people throughout the world. He has a lot of acquaintances and friends, some very prominent and well-known, throughout the chemical industry and everywhere. I liked reading about all the different people he knows, what they do, where they live and how he met them. I wonder how many phone calls he gets just in one day. Does his wife answer all those calls at home? I wonder how many charitable organizations call him and write to him for donations because he is a very wealthy person. I wonder what he tells them and how he selects his charity. It was interesting to read that among all his talents, he teaches Sunday school.*

I am glad that I had a chance to work with Alfred Bader. He was very conservative, yet fair and straightforward. I hope he continues to enjoy life with his wonderful family and does just what he wants to do. He worked very hard during his lifetime to build up a company that employs many people so they can make a living. We should thank him for that. The fact of the matter is, if it were not for him, we would not be here today. Remember that. I pray that he and his wife, Isabel, enjoy life for many years to come. They are real nice people, and I'm glad to know them.

*If you want to know the "who, what, where, when, why and how" about Alfred Bader, just pick up his book! He marvelously addressed all my curiosities about him. Certainly, his life in his very early years was very difficult, but it teaches that if one really exerts his or her energies in the right direction, you can do what you put your mind to. But, like Alfred Bader, life is a constant learning experience; making mistakes, but learning from them and go on from there. Seems as though he had a few bad times and I don't know whether they were from being very independent or stubborn (the early years, Jack Eisendrath episode, where they parted and Eisendrath never spoke to him again), but he had to make a business decision that he thought was the best one. I now know how Aldrich Chemical got its name (from a toss up!) and how it became Sigma-Aldrich Corporation. This is a book of personal success in business, family and friends, and allowed me to understand what his life is all about. I wish him well in his future endeavors.*

After reading Alfred Bader's autobiography, I reread chapters that I found particularly fascinating; especially the "Aldrich" chapter, which tells about the merger between Aldrich and Sigma Chemical companies in 1975. It amazed me as I read, how he was involved in so many non-Aldrich activities while working so hard to keep the Company intact. He started a Jewish day school of which he was one of the first presidents - the "Hillel Academy", which flourished under his leadership. Both of his sons attended the school prior to high school. He managed to find the extra time somehow to be involved in other important activities. I found the entire book so interesting that I could hardly put it down once I started reading!

*Alfred Bader is a survivor. His story of his adventures told of some heavy blows dealt to him personally at a very young age and again later in life. Especially, his expulsion from the Sigma-Aldrich Board of Directors. He did a good job explaining in detail his position and the Board's decision, and I'm glad he put it in writing. I cannot for the life of me understand the fairness in the final decision and I can well imagine the effect it had on him. I think they were very narrow-minded, and also believe that Tom Cori, the leader, was determined to do it his mean-spirited way regardless of the consequences and the hurt it caused. It is my opinion that Tom Cori wanted Alfred Bader out of his way completely and that was the only method he had to do so. Jealously, perhaps? This is a case of not only surviving from being struck down, but not counted out. He was dealt a raw deal in the end which was not planned, but he did not collapse. He showed resilience and coped under the circumstances, attaining a healthy self image to the world. People admire him for his spirit and tenacity. Definitely a remarkable life adventure.*

*Adventures of a Chemist Collector* is filled with inspiring success stories, from the beginning to the end. It seemed to cover everything - his personal life and life in the business world. His savvy as a business man is to be greatly admired. How he started out in the chemical industry, learning the ethical, legal, security and privacy issues as he went along. The more I think about it, the book portrayed his great potential from the very beginning. He believed in himself; had great faith and vision to build a business from a one product order/catalog to a worldwide corporation. Along the way, over the years, he met and interacted appropriately with many extremely knowledgeable, interesting people throughout the world, established a good relationship, and remained friends with them. I have never heard or read anything detrimental about Alfred Bader or his family. He's an immensely hard-working, dedicated individual with a tremendous amount of talent and expertise in his field of chemistry and art, which he applied very successfully.

*One of the things I realized after reading the autobiography of Dr. Alfred Bader, founder of the Aldrich Chemical Company, is that he and his family had experiences and problems just as all of us have. I'm glad he wrote about his sons "David and Daniel". Being a mother of sons myself, I could relate to the day-to-day concerns and anxiety in raising them. They encountered discrimination and abuse in school; the oldest son was beaten up by some tough students during his first days of high school, and also had a reading problem. He wrote about their differences and their good times with their maternal grandparents in South Dakota. Just like a typical, common, down-to-earth "Czech" family. His sons have grown up, married and prospered. I'm sure he is very proud of them. I can imagine how devastated they were when their dear mother passed away, but nevertheless I was glad to read that they get along very well with Alfred's wife, Isabel. That's the way it should be. Anyway, yes, I am glad he told his story the way he did - upfront and forthright.*

He, undoubtedly, is one of the great communicators of all time! I believe he knows exactly how to evaluate every alternative in order to make the correct decision and, this of course, led to his success as a builder of a successful company. I would highly recommend everyone read this book.

*It must have taken a very, very long time to write his autobiography with all the information he accumulated about his boyhood and his life as a chemist and art collector. He traveled great distances in Europe trying to learn more about his family, encouraged by his wife, Isabel. I also liked the many photos that were connected with his life in some way. It's interesting reading about all of the personalities and also seeing what they actually looked like.*

You won't be disappointed; I encourage you to get the book and read it. It doesn't matter what you think of him personally; that's your prerogative. I think you will really get to know him after reading his autobiography. You'll learn about his applications, the strategy and techniques it takes to maintain control effectively. How important it is to surround oneself with good, hard-working, responsible and intelligent people, and how he made decisions every day that affected the business, employees, his and their families. The responsibilities he had, the concerns and worrying, his beliefs, his religious affiliation, discipline, and how to review and evaluate situations before taking action or investing. The immense knowledge and skill it takes to make the best decision and who to trust and not trust. What he is doing now and how he succeeded in doing something he really enjoys doing as a business and hobby as well. How and why he is on great demand for speaking engagements all over the world. I have read the many articles published about him in chemistry-related publications from their viewpoint, but take time to read the book; I guarantee you'll learn a lot.

*I don't have much education; I'm a janitor; quit school. My friend says read the book. Learn about your Company. It takes me a long time to read and understand but my friend is right, he knows a lot. My wife is reading it too. I've never read very much. My family just never had many books at home, just the ones we read in school and that wasn't much. Now we talk about it. We've never met the man, but I heard like because he is a Jew, Jews stick together and get anything they want. But man, he didn't have nothing to start with, he was real poor like a lot of us. I'm glad he done real good. He helped a lot of people like me, I have a good job that I come to every day and I try to work hard. I like working at Aldrich and I can keep this job for as long as I want to and maybe someday I can have a better job if I read and study, and learn things. If I ever met the man I like to shake his hand and say "thanks, man". I tell you more when I'm done (with) the book.*

I really can't say anything negative about Alfred Bader's autobiography. It's an especially good book from cover to cover. It's his way of communicating with the public and is a valuable addition to any library. He went through some real trying times, but he maintained a positive attitude and "weathered the storm". It's a good book for young people to read and, especially, current people associated with Aldrich Chemical. It gives major historical events and what it takes to attempt and succeed, building a company with it many competitors. It's very enlightening; I'm glad he authored a book and is available to anyone. It teaches many things: life depends entirely on one's perspective; God is testing us here on earth. Maintain the golden rule, and do the very best that you can regardless of what you do in life. Like an old clay jar, it may crack many times, but the more cracks in the jar, the more light that shines through.

I do believe *Adventures of a Chemist Collector* is an invaluable source of reading. The historical facts and research takes one on a journey and the writing provides an enormous amount of revelation and information. It is characterized in extent, intensity and comprehensiveness. (There are some things that I say to myself only he would dare try to accomplish.) He is an unassuming, almost invincible man, and a brilliant chemist. At times I would say he used whatever means he had to justify the end results - perhaps at times using very convincing methods. However, all of us have our little idiosyncracies and way of doing; to think otherwise would be judgmental. It would have, however, been a nice ending to his career if he could have remained as a member of the Board of Directors of Sigma-Aldrich Corporation. I do not wish to comment on the action of the Board with regard to Bader's dismissal. He is now keeping busy in the community spending his time in the art field, time with his family and fulfills requests for numerous speaking engagements. He is to be highly commended for his and Isabel's most recent, impressive and awesome gift: the Herstmonceux Castle in Sussex, to Queen's University for the European campus. He has a remarkably entertaining personality with a vivid memory, and he will be remembered for his many achievements and contributions to science and industry. He gave a lot and I wish him well. Life goes on.

*Dr. Bader was an expert in his field and through his expertise, made it work. Regardless of his extremely meager beginning, he succeeded in doing what he started out to do and turned out very successful. He went through some real difficult times as a child and perhaps this played a part in his endeavor to succeed. I really enjoyed reading chapter after chapter, about his work, family, his love of art and history. He knows multitudes of interesting people all over the world. I know they must value his acquaintance and appreciate his extraordinary mind. I also know that he will never be a lonely man, and he never has anything to be sorry for. He has done a great job with his life and I wish him many more years of rewards.*

In regards to *Adventures of a Chemist Collector*, the story of Aldrich Chemical is one that should be shared with all employees. So often we have a limited reference point from which we can judge the advances (or downfalls) of our workplaces. For those of us who concentrate on doing our jobs, and not dwelling on those issues which we cannot control, I can now better understand why things are the way they are. While I realize that many a small company grew from similar circumstances, this particular story is even more fascinating to me because I have met many of the individuals mentioned and have seen the impact that they have had not only on Aldrich, but on the scientific community as a whole.

*Alfred Bader portrayed in his book character and steadfastness. His book is true and consistent with facts, irrespective of certain people's personal opinions about him. Nothing was invented by a product of his imagination or hypothetically assumed. He is possessed of a creative mind; however, to my knowledge, I believe the facts in his book are accurate. It was well-written and totally indicative of him. He's a good businessman-shrewd, acute in perception, perspicacious and, I believe inherently honest.*

From the beginnings of his childhood, have to live years in camps without his parents, the schools he attended, the awards he received, the company he formed, his scientific mind, his business, famous people that he met and remained friends with, his disappointments, his rewards, his dealings with vendors and customers - exemplifies an extraordinary, profound person. His life was full of activity; displayed a rare person with unusual determination. From reading his thoughts, very factual; and including every phrase of his "chapters" of life, I give him a great deal of credit for publishing these facts for anyone to read. It was very enlightening to read his remarks of truth, some not very pleasant. But he told his story the way it was.

*Well, I hope the management of the Corporation realize now what a mistake they made in their decision of Alfred Bader's no longer having anything to do with Sigma-Aldrich. It would have been so good for the corporation to have him visit our customers, talk to scientists, and to identify what we can do for them and what they can do for us. He did a lot of that during the years he was with the company and that's what it takes. He knew a lot of important customers that were vital to our success and they were anxious to have him come. Now when we send company people to visit customers, it doesn't have the impact or effectiveness that it once did. I don't believe we will experience the growth that we once had; there is so much competition that it takes something very unique to change it. I think it was very important for Alfred Bader to meet our customers; it gave them a chance to tell the leader of the company firsthand what was needed. We don't have that anymore. We have complaints of our people appearing "arrogant" when visiting customers and they don't want to have anything to do with us anymore. Hopefully, this will change and our customers will be happy with us. I don't want to sound pessimistic, and of course we do have many customers who respond in their communication that we serve them well and are satisfied with our service.*

Alfred Bader's recent book is a very impressive life story. I would like to know now what he's doing now, but I'm sure he is still leading a very interesting life. What are his children doing; where are they? When I think of his chapter on "David and Daniel", it was real nice he wrote about them. I think he was right in saying he didn't spend enough time with them, although most leaders of business don't have the time to do the things they would like to do because of limited leisure time. Anyway, it sounds like they were brought up with good values and a nice mother and friends. They didn't get into a lot of trouble like some children do today when their parents are so busy leading their own lives that they don't know what their children are doing. Yes, I liked the book because it told just about everything he did over the years; his work and his joys, sometimes hardships, and disappointment in having to be told "get out of the company, they didn't want him anymore". Especially since it was Alfred Bader that started it and that it was he who hired and recommended many of the workers. Must have been an extremely difficult burden to bear. Also, one thing he did in his book was to tell some of the things he isn't so proud of. Many authors leave those things out, but all of us have done something in our lifetime that we aren't proud of; it's a human element that we can relate to. So that is to his credit. He isn't a braggart; it is sensitive and real, not fictitious.

I think *Adventures of a Chemist Collector* is a book that a lot of business men and business women should read. They will realize what this man had to go through in order to start a company and what it takes to survive. He didn't have a partnership and a lot of finances with which to build a company. Many of our businesses (not all, of course) are started by families that have great wealth. To form a company takes money for buildings, land, inventory, payroll, and benefits.

*I really am not completely finished with Dr. Bader's book. I have skipped over chapters that I will read later - the ones about the vendors, etc. So far what I have read is more than I expected to learn about him. Many people have told me about the founder of Aldrich and now I am really learning what a talented man he is. I think he is a truthful person and worked very hard his entire life. I feel bad about his expulsion form the corporation; he could have contributed some valuable experience in the years to come. Even offered to work without drawing a salary because the company meant so much to him, which I can understand. All I can say is, "It's their loss." I'm sure he is very involved with his family and art and I wonder if he actually misses the day-to-day activity of the chemical business. I will finish his book before the year ends because I want to read every word!*

Personally, I can say *Adventures of a Chemist Collector* was a real education for me. It's a good history of not only Aldrich Chemical Company and Sigma-Aldrich Corporation, but an excellent life story of Alfred Bader and his family.

*When I started reading his book, I thought this should really be interesting. I thought the entire book would be "one-sided" and incidents and explanations from his viewpoint only. It is not only interesting reading, but he tells the true facts just the way they happened. It gives a thorough explanation of how he formed a company that flourished as a result of vision, dedication, and making some good decisions along the way. After working for a paint company where he mainly had "one job" then trying to set up his own company with all the regulations and problems could not have been easy. He had to have a lot of expert opinions and people working at the company that were really loyal and hard-working. He told about one black woman he hired that stayed with him for years, so that says something - he is definitely not a prejudiced person. He just wanted people to put in a good day's work regardless of their color, nationality or religion. His company prospered and eventually came to the point where it merged with another chemical company to form a corporation. The really sad chapter was the unfortunate incident where the Board of Directors told him they no longer wanted him associated with the Corporation as a result of his selling stock and "betting against the company". It was their call and they have to live with it, but it took a lot of "guts" to do such a thing! All he did was give a generous gift to a University of stock that he owned. He didn't steal it from anyone. He will be remembered by most people, however, as the person who started a great company from nothing; he had no family to help him get started.*

"The Alchemist" (Collection of A. Bader)

# MEMO

DATE: July 8, 1996

TO: Sigma-Aldrich Directors

FROM: T. Cori

**RE: Attached July 8, 1996 News Release**

As we discussed at several previous Sigma-Aldrich meetings, we have been talking with the Commerce Department about this matter. It's a lot of money, but it is the best deal we could get. We have improved our procedures to prevent such problems in the future. We will have a complete report at the August 13, 1996 Directors' Meeting. For details please call Pete Gleich.

Tom Cori
7/8/96.

# Fines, Compensation Link Rejected For Sigma-Aldrich

By Robert Steyer
Of the Post-Dispatch Staff

Shareholders of Sigma-Aldrich Corp. on Tuesday rejected a proposal that would have reduced top executives' compensation if the company paid fines for violating federal, state or local laws.

The proposal was offered by Alfred R. Bader, the company's former chairman, who was denied renomination for the board of directors five years ago.

Bader, who owns 5.6 percent of the company's stock and is the second largest shareholder, has continued to criticize Sigma-Aldrich's management.


Bader


Cori

But his proposal received only 14 percent of votes cast during an annual meeting that contained more drama than the usual get-together of shareholders, securities analysts and executives.

When Chairman Tom Cori introduced Bader to make his proposal, Bader declined to speak from the audience. Instead, he strode to the lectern where Cori was conducting the meeting.

As Bader began to discuss his proposal, he asked Cori to sit down. Cori remained standing, just a foot away from his former colleague.

And as Bader delivered his speech, he periodically addressed and glared at Cori, who kept silent and returned his stare.

Cori made no comments about the proposal or Bader's remarks.

Bader wanted Sigma-Aldrich to adopt a policy in which top executives' pay would be cut in proportion to fines paid to any government agency in the previous year.

To support his proposal, Bader pointed to the $480,000 federal fine that Sigma-Aldrich paid last summer.

The company settled allegations by the federal government that it had illegally exported toxic substances that could have been used in chemical warfare.

The government said there was no evidence that the substances were misused. Sigma-Aldrich said it had "inadvertently violated" U.S. export laws.

In its proxy statement, the company opposed Bader's proposal. It said Bader's plan would "severely impair" Sigma-Aldrich's ability to hire and retain executives.

Bader's proposal, the company added, could penalize executives without regard to their individual responsibilities.

"If adequate measures have been taken, then of course management has nothing to fear from my motion," Bader said at the annual meeting. "If not, then management — not shareholders — should bear the burden."

Company executives have "failed to pay sufficient attention to the nitty-gritty of . . . many regulations," Bader alleged. "My position is that qualified management should prevent such violations, and we should not try to attract management that will fail to do so."

In related matters, the company said it expects to open in the third quarter a 70,000 square-foot expansion of its 30,000 square-foot plant at 3506 South Broadway. Sigma-Aldrich expects to hire 10 to 60 more people over the next four years at the plant.

A company spokesman added that Sigma-Aldrich expects by late June to complete its purchase of 14 acres in St. Louis for a new corporate headquarters.

The company is buying land on the old LaClede Town housing project bounded by Ewing Avenue, Olive Street and Laclede Avenue. Sigma will continue to use its current headquarters at 3050 Spruce Street.

# Bank Of England Is Freed To Set Interest Rates

By The Associated Press

LONDON — The new Treasury chief made his debut on Tuesday with a bang: Handing the Bank of England the freedom to set interest rates without his permission.

Gordon Brown gave up one of the Labor government's most important levers for controlling the economy, but the move delighted investors.

Stock and bond prices rallied and the pound, the British currency, rose against other major currencies as Brown shook things up in his first full business day on the job as chancellor of the exchequer.

It's a radical change for the Bank of England, the stodgy "Old Lady of Threadneedle Street" that has been controlled by the government for more than three centuries. It will now have monetary powers more like those of the Federal Reserve or other European central banks.

Moments earlier, Brown raised interest rates by a quarter percentage point, warning that the government otherwise would miss its target of 2.5 percent inflation next year.


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Technology

# DVD Movie Close To Reel Feeling

## Will Bring Full-Length Features, More Complex Games To Your PC

By Dan Stets


David Fox is a consumer-electronics company's dream customer. Fox already has a 53-inch color television, and last month became one of the first buyers of a digital versatile disc, or DVD, player.

"It seems like the technology of the future," said Fox, 41, a resident of Voorhees, N.J. His household is one of more than 15 million in America with a home-theater setup, including a large TV, surround-sound speakers and video players.

Until now, those video players have been videocassette recorders or, in a small number of cases, laser-disc players. Now comes the DVD, which promises a viewing and sound experience similar to that of a movie theater.

Fox, who has had a laser-disc player, bought his DVD because of the promise of higher technology as well as lower prices for DVD movies.

Laser-disc movies cost about $40, while most of the new DVD titles are ...ted to sell for around $20, al-

multigigabytes of new storage to computer systems.

For now, the focus is on video. DVD technology was developed to allow a full-length movie to go on a standard-size compact disc, which has a diameter of 4½ inches.

DVD players are capable of delivering a picture that's better than those created by other types of TVs. The colors are more vivid. The players also can deliver the most advanced sound available, Dolby Digital, so that a home theater can be just like a movie theater.

A DVD is an optical disc encoded like a compact disc, but it has many times the storage capacity. The format offers 500 lines of visual resolution compared with 240 lines of resolution on videocassette.

A single-layer DVD recorded on one side can play about 133 minutes of video, which is long enough to show about 97 percent of the movies ever made, Varner noted. The discs coming on the market now will have that capacity, but eventually there will be discs recorded on two sides —

## DV...

Digital Versatile Discs (also known as Digital Video Discs) are expected to usher in a new era in consumer electronics. DVDs will bring high-quality video to televisions and personal computers. The TV players are on the market already, and videos and movies on DVD are beginning to appear

### Storage capacity

While a DVD is the same physical size as a compact disc, it can hold up to 25 times more data. DVDs can store data on both sides of the disc, unlike CDs, which use only one side. DVDs also can stack two layers of data on a side.

A single-sided, single-layer DVD can hold 133 minutes of video — a double-sided, double-layer disc can hold almost nine hours.

MPEG-2 compression, the current video compression standard, is used to squeeze the video data on the disc. If the video were not compressed, a single-sided, single-layer disc could hold only 16 minutes of video.

You cannot record to DVDs yet. Recording should be introduced in a few years.

### Picture quality

The picture quality of a DVD is much sharper than VHS video — there are more than twice the number of lines of resolution for each frame.

Because the data are digitally stored on disc as a series of 0s and 1s, the quality won't degrade as a disc is played again and again, unlike videotape.

Also, some colo...

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Wednesday, May 7, 1997

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Of The Post-Dispatch Staff

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The company settled allegations by the federal government that it had illegally exported toxic substances that could have been used in chemical warfare.

The government said there was no evidence that the substances were misused. Sigma-Aldrich said it had "inadvertently violated" U.S. export laws.

In its proxy statement, the company opposed Bader's proposal. It said Bader's plan would "severely impair" Sigma-Aldrich's ability to hire and retain executives.

Bader's proposal, the company added, could penalize executives without regard to their individual responsibilities.

"If adequate measures have been taken, then of course management has nothing to fear from my motion," Bader said at the annual meeting. "If not, then management - not shareholders - should bear the burden."

Company executives have "failed to pay sufficient attention to the nitty-gritty of . . . many regulations," Bader alleged. "My position is that qualified management should prevent such violations, and we should not try to attract management that will fail to do so."

In related matters, the company said it expects to open in the third quarter a 70,000 square-foot expansion of its 30,000 square-foot plant at 3506 South Broadway. Sigma-Aldrich expects to hire 10 to 60 more people over the next four years at the plant.

A company spokesman added that Sigma-Aldrich expects by late June to complete its purchase of 14 acres in St. Louis for a new corporate headquarters.

The company is buying land on the old LaClede Town housing project bounded
by Ewing Avenue, Olive Street and Laclede Avenue. Sigma will continue to use
its current headquarters at 3050 Spruce Street.

MEMORANDUM

DATE: January 22, 1991

RE: Regulations Implementing Economic Sanctions Against Iraq and Kuwait

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Enclosed for your information is a copy of both the Iraqi Sanctions Regulations, issued on January 18, 1991, and the Kuwaiti Asset Control Regulations, issued on November 30, 1990. The regulations, which are administered by the Department of the Treasury, implement Executive Orders 12722, 12723, 12724 and 12725. These Executive Orders were issued under the International Emergency Economic Powers Act and the National Emergencies Act pursuant to the President's declaration of a national emergency with respect to the Iraqi invasion of Kuwait.

In light of current events involving Iraq and Kuwait and the broad nature of the prohibitions contained in the regulations, the Executive Orders and subsequent U.S. government pronouncements, U.S. persons and U.S. firms (including their foreign branches) should exercise a great deal of caution with respect to any business transaction potentially involving Iraq or Kuwait.

To help familiarize our clients with these prohibitions, we have also enclosed a brief summary of some of the more pertinent provisions of the regulations. The summary is intended to provide a general overview, only, of the nature and scope of the regulations and should not be used for specific guidance in any particular transaction.

**VIOLATIONS OF THE EXECUTIVE ORDERS AND REGULATIONS IMPLEMENTING THEM GOVERNING TRANSACTIONS INVOLVING KUWAIT OR IRAQ CAN INVOLVE IMPOSITION OF CIVIL, CRIMINAL AND/OR ADMINISTRATIVE PENALTIES, INCLUDING FINES, IMPRISONMENT, FORFEITURE OF GOODS AND LOSS OF EXPORTING PRIVILEGES.** It is advisable to seek the assistance of legal counsel prior to commencing any transaction involving these countries.

# SUMMARY OF KUWAITI AND IRAQI ECONOMIC SANCTIONS REGULATIONS

## I. Introduction

Under the International Emergency Economic Powers Act and the National Emergencies Act, on August 2, 1990, the President declared a national emergency with respect to the Iraqi invasion of Kuwait and issued Executive Orders 12722 and 12723 blocking Iraqi and Kuwaiti government assets and prohibiting transactions involving Iraq. On August 9, 1990, in response to United Nations Security Council Resolution No. 661 of August 6, 1990, the President issued Executive Orders 12724 and 12725 taking additional steps to block property of the governments of Iraq and Kuwait and to prohibit transactions involving Iraq and Kuwait.

To implement these Executive Orders, the Treasury Department has now issued two sets of regulations (the "Regulations"). First, on November 30, 1990, the Treasury Department's Office of Foreign Assets Control ("OFAC") issued the Kuwaiti Assets Control Regulations (the "Kuwaiti Regulations"). Likewise, on January 18, 1991, OFAC issued the Iraqi Sanctions Regulations to implement the economic sanctions against Iraq (the "Iraqi Regulations").

Generally, the Kuwaiti and Iraqi Regulations embody two types of prohibitions. The first are financial prohibitions which block the assets of the governments of Kuwait and Iraq. The actual prohibitions are broadly worded to bar any dealing whatsoever in any property or interest of the governments of Kuwait and Iraq which are in the U.S. or are held by U.S. persons.

The second type of prohibition implemented by these two sets of regulations bar trade and transactions involving Kuwait and Iraq, including travel and transportation activities.

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1/ The restrictions imposed by Kuwaiti Regulations are unique in comparison to the Iraqi Regulations and past economic sanctions programs in that their purpose is not to sanction Kuwait but to protect the assets of the recognized government of Kuwait. General and specific licenses with respect to Kuwait which have been issued to date by the Treasury Department exhibit a willingness to create certain exceptions to the prohibitions which will be beneficial to the recognized government of Kuwait.

While on their face these prohibitions generally do not expressly apply to foreign-incorporated subsidiaries of U.S. firms located outside the United States, they do apply to individual U.S. citizens and permanent resident aliens, regardless of who employs them. Such individuals who hold positions in foreign companies (including foreign subsidiaries of U.S. firms) could be exposed to liability for actions prohibited by the Regulations and the Executive Orders. Any dealing by U.S. persons relating to property of Iraqi or Kuwaiti origin exported from those countries after August 6, 1990, or property of any origin intended for export to or from Iraq or Kuwait -- even if such property is exported from or to a country other than the United States and does not involve U.S. goods -- is prohibited. Moreover, for a U.S. firm to direct the conduct of prohibited business through a foreign-incorporated subsidiary would likely be deemed to constitute evasion and thus be prohibited.

Finally, the prohibitions could arguably be read to reach reexports by any person in a foreign country -- whether or not a U.S. person -- of U.S.-origin commodities and technical data and foreign made goods containing U.S. parts and components.

The following is a brief summary of the more relevant provisions of the Kuwaiti and Iraqi Regulations. This memorandum is intended as a summary only and should not be used for specific guidance in any particular transaction.

## II. Prohibited Transactions

The following are prohibited (except as otherwise authorized):

-- The transferring, paying, exporting, withdrawing or otherwise dealing in any interests in property of the governments of Kuwait or Iraq that are in the U.S., that hereafter come within the U.S. or that are or hereafter come within the possession or control of U.S. persons. The property subject to this provision, other than tangible property, **must be transferred to or caused to be held in an interest bearing account or interest-bearing status in a U.S. financial institution unless otherwise invested in a manner directed or authorized by OFAC.** This provision does not affirmatively require the holder of tangible blocked property to sell or liquidate the property and put the proceeds in a blocked account.

-- The transferring, endorsing or guaranteeing of signatures on, or any other dealing in any security

registered or inscribed in the name of the government of Kuwait or Iraq and held within the possession or control of a U.S. person.

-- The import into the U.S. of any goods or services of Kuwaiti or Iraq origin, or any activity by a U.S. person that promotes or is intended to promote such importation.

-- The export or reexport to Kuwait or Iraq, or to any entity operated from Kuwait or Iraq or owned or controlled by the governments of Kuwait or Iraq, directly or indirectly, of any goods, technology (including technical data or other information), or services either (i) from the U.S., or (ii) if subject to U.S. jurisdiction from a third country, or any activity that promotes or is intended to promote such exportation, except donations of articles intended to relieve human suffering, such as food and supplies intended strictly for medical purposes for which a specific license has been obtained.

-- Any dealing by a U.S. person relating to property of Kuwaiti or Iraqi origin exported from Kuwait or Iraq after August 6, 1990, or property intended for exportation from Kuwait or Iraq to any country or exportation to Kuwait or Iraq from any country, or any activity of any kind that promotes or is intended to promote such dealing.

-- Any transaction by a U.S. person relating to travel by any U.S. citizen or permanent resident alien to Kuwait or Iraq, or relating to activities by any such person within Kuwait or Iraq (after August 9, 1990), other than transactions (i) necessary to effect the departure of a U.S. citizen or permanent resident alien from Kuwait or Iraq; (ii) relating to travel and activities for the conduct of the official business of the Federal government or the United Nations, or (iii) relating to journalistic activity by persons regularly employed in such capacity by a news-gathering organization.

-- Any transaction by a U.S. person relating to transportation to or from Iraq or Kuwait; the provision of transportation to or from the U.S. by any Kuwaiti or Iraqi person or any vessel or aircraft of Kuwaiti or Iraqi registration; or the sale in the U.S. by any person holding FAA authority of any transportation by air that includes any stop in Kuwait or Iraq.

-- The performance by any U.S. person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Kuwait or Iraq.

-- Any commitment or transfer, direct or indirect, of funds, or other financial or economic resources by any U.S. person to the governments of Kuwait or Iraq or any person in Kuwait or Iraq.

-- Any transaction for the purpose of, or which has the effect of, evading or avoiding or which facilitates the evasion of avoidance of any of the prohibitions and any attempts to violate or conspiracies formed to engage in a prohibited transaction.

## III. Penalties

A civil penalty of up to $250,000 may be administratively imposed for violating or evading or attempting to violate or evade the prohibitions. In addition, criminal penalties for willful violations or evasions of the economic sanctions of up to $1,000,000 in corporate fines and up to $1,000,000 in fines and/or up to 12 years imprisonment for individuals, including officers, directors or agencies of corporations, who willfully participate in the violations may be imposed. The statutory basis for these penalties is found in the Iraq Sanctions Act of 1990, 104 Stat. 1979, dated November 5, 1990.

In addition, a violation of the regulations may also constitute a violation of the United Nations Participation Act. In essence, this act provides for the imposition of fines of up to $10,000 and imprisonment for up to ten years for violations of any order, rule or regulation issued by the President. Another statute imposes similar penalties in connection with the falsification of any fact or document relating to any matter under the jurisdiction of any U.S. department or agency. Finally, violations of the regulations may also constitute violations of applicable customs laws.

## IV. Discussion of the Regulations

Importations into the U.S. and Third Countries.

The regulations prohibit the importation of goods or services of Kuwaiti or Iraqi origin into the U.S. by any person. By definition, this import prohibition applies to both goods "produced manufactured, grown, or processed within Kuwait [or Iraq]" and goods "which have entered into Kuwaiti [or Iraqi] commerce." This prohibition also applies to

transshipment or transit through the U.S. of goods of Kuwaiti or Iraqi origin destined or intended for third countries.

Goods containing raw materials or components of Kuwaiti or Iraqi origin, including refined petroleum products, may not be imported into the U.S. even from third countries. Marking a change from prior OFAC regulations implementing other economic sanctions, substantial transformation of Kuwaiti or Iraqi origin goods in a third country does not exempt the third country products. It appears that OFAC may consider licensing the importation of goods containing raw materials or components of Kuwaiti origin from third countries if such raw materials or components were exported from Iraq or Kuwait prior August 9, 1990.

The regulations also prohibit U.S. persons from importing into locations outside the U.S. or otherwise dealing within such locations in goods or services of Kuwaiti or Iraqi origin. OFAC has informally indicated that this prohibition is designed to totally cut off any third country transactions involving goods or services of Kuwaiti or Iraqi origin by U.S. persons regardless of the legality of the transaction in such third country.

Finally, goods intended or destined for Kuwait or Iraq or any entity operated from Kuwait or Iraq may not be imported to the U.S. for transshipment or transit.

Exports from the U.S

The regulations also prohibit the exporting from the U.S. of goods, technology (including technical data or other information), or services to Kuwait or Iraq, to any entity owned or controlled by the government of Kuwait or Iraq, or to any entity operated from Kuwait or Iraq.

If the goods, technology or services are subject to U.S. jurisdiction, this prohibition also applies to exports or reexports from a third country. The issue of how far U.S. jurisdiction reaches with respect to transactions conducted entirely outside the United States by non-U.S. persons (including foreign subsidiaries of U.S. companies) is problematic. Though the issue is one of sensitive international relations policy, OFAC has informally indicated that it will attempt to provide some guidance on this issue by adding an interpretive section to the Regulations at a later date.

The Regulations attempt to define the third country export prohibition by providing in relevant part:

(1) Exportation of goods or technology (including technical data and other information) from the U.S. to third countries is prohibited if the exporter knows, or has reason to know, that the goods or technology are intended for transshipment to Kuwait or Iraq (including passage through, or storage in, intermediate destinations).

(2) Exportation of goods and technology intended specifically for incorporation or substantial transformation into a third-country product is also prohibited:

(a) if the particular product is to be used in Kuwait or Iraq, is being specifically manufactured to fill a Kuwaiti or Iraqi order, or

(b) if the manufacturer's sales of the particular product are predominantly to Kuwait or Iraq.

(3) It is expressily provided under the Kuwaiti Regulations _only_, that the exportation of goods or technology from the U.S. to third countries is _not prohibited_ where the exporter has reasonable cause to believe that:

(a) the goods will come to rest in a third country for purposes other than reexportation to Kuwait or Iraq; or

(b) the technology will come to rest in a third country for purposes other than reexport to Kuwait or Iraq.

_Licenses_

The Office of Foreign Assets Control is authorized to issue both general and specific licenses allowing certain transactions which are otherwise prohibited under the Executive Orders and the Regulations. The general licenses issued to date have been incorporated into the Regulations and include authorization for activities such as:

payments into blocked accounts; completion of certain transactions entered into prior to August 2, 1990; importation of household

and personal effects; transactions involving telecommunications and mail; and renewals and registration of U.S. patents, copyrights and trademarks.

In addition, the Regulations authorize any transaction incident to a licensed transaction and necessary to give effect to such transactions except those transactions by an unlicensed blocked person involving an unlicensed debit to a blocked account.

Reporting Requirements

Every person engaging in any transaction governed by the Regulations must keep a full and accurate record of each transaction in which he engages, regardless of whether such transaction is effected pursuant to license or otherwise, and such records must be made available for examination for at least two years after the date of the transaction.

Every person is required to furnish under oath, on demand, in the form of reports or otherwise, complete information relative to any transaction governed by the Regulations, regardless of whether such transaction is effected pursuant to a license or otherwise.

## V. Additional Considerations

In addition to the prohibitions listed above, the Executive Orders and the Regulations have "blocked" or frozen all property and interests in property of the governments of Kuwait and Iraq that are or hereafter come within the United States or within the possession or control of U.S. persons (including their overseas branches). The Regulations and Executive Orders do not, however, block the assets of individual Kuwaiti or Iraqi nationals or corporations who are not representing the governments of Kuwait or Iraq.

The Kuwaiti Regulations include lists indicating the status of various entities in which the government of Kuwait or Kuwaiti nationals have an interest. One of the lists sets forth entities with which U.S. persons are prohibited from engaging in transactions. Another lists those entities that are under the effective control of the recognized government of Kuwait but with whom U.S. persons are authorized to engage in transactions with. Finally, the Regulations list various entities which OFAC does not consider to be controlled by the government of Kuwait. OFAC has warned, however, that solitary reliance on this list is not advised since the lists are subject to change as additional information becomes available.

No such lists are set forth in the Iraqi Regulations; transactions with Iraqi government controlled entities are strictly prohibited.

## VI. CONCLUSION

On balance, the trade sanctions imposed by the U.S. government prohibit virtually all direct U.S. business contacts with Kuwait or Iraq. Moreover, the important national policies behind the sanctions will undoubtedly lead to an expansive reading of the prohibitions. It therefore would be wise for U.S. firms to exercise prudence with respect to any business transaction potentially involving Kuwait or Iraq, including seeking the assistance of legal counsel before engaging in transactions involving those countries.

* * *

Please let us know if we can be of assistance in answering your questions concerning these sanctions.

March 13, 1997

Dear Alfred:

Many thanks for thr fax regarding the Ezekiel woodcut. The information was very helpful and I have been attempting to find out more about Lucas Cranach and the woodcut, on the internet. I never realized that it would fascinate me that much.

We would like to take you out for dinner when you are in St. Louis. Please let us know what evening would suit you.

Since I do not know anyone at Sigma who would read the information you sent, with an open mind and be in a position to do something about it I passed it on to my broker, Vice President at A. G. Edwards, hoping that they will dig deeper and attend the board meeting. By the way, I am told that Sigma has more legal problems with the Justice Dept. regarding export of certain products without an export license. Also a discrimination suit by a Sigma employee. DEA is unhappy with Sigma records. I feel no one is watching what is going on and reigning them back since Aaron is gone. All that counts is the bottom line.

Best regards, Walter

P.S. We just returned from the St. Louis Art Museum. Had no luck finding more information on Cranach's Ezekiel. I hoped to learn where the orginal illustration was first exhibited and what happened and who was the copier. The photocopy we have seems much more crude than the style I saw today at the library. Will investigate some of the libraries of the religious seminaries here.

From Walter Alea
Retired V.P. Sigma

Pat Carr
314 776 3723 * Work considering for my presentation in St Louis
3650 Utah Pl
St. L. 63116

Gina

# ALFRED BADER FINE ARTS

DR. ALFRED BADER

ESTABLISHED 1961

December 23, 1992

CERTIFIED MAIL

Dr. James D. Burke
Director
The Saint Louis Art Museum
1 Fine Arts Drive
Forest Park
St. Louis, Missouri 63110 1380

Dear Jim:

I am deeply disturbed by your letter of December 2nd, telling me that the Saint Louis Art Museum has agreed to provide images of its paintings for Aldrich publications. My trip to London for the December auctions has delayed my reply.

I believe you are making a mistake for two reasons.

First, you cannot do as good a job as I can. Not that you cannot propose equally good or, in fact, better paintings. But you can only provide transparencies while I have always made the originals available to the printer. You know how bad color reproductions taken from transparencies can be.

Also, I have often made paintings of special subjects available, as needed. For instance, Aldrich was (and I hope still is) planning next summer to dedicate an issue of the Aldrichimica Acta to one of America's great chemists, Harvard's Nobel laureate Elias J. Corey, for his 65th birthday. I would be happy to give Aldrich the choice from several Elijahs.

The second reason is much more important. Should an art museum provide its images under such circumstances? The first museum to be asked was the Milwaukee Art Museum, and Russell Bowman, knowing the circumstances, declined.

*By Appointment Only*
ASTOR HOTEL SUITE 622
924 EAST JUNEAU AVENUE
MILWAUKEE WISCONSIN USA 53202
*TEL 414 277-0730 FAX 414 277-0709*

Dr. James D. Burke
St. Louis Art Museum
December 23, 1992
Page Two

The Aldrich catalog goes to over a million scientists, and the Aldrichimica Acta to some 250,000. Most of the chemists know that the paintings have always come from me, and that I was dismissed under the most horrible of circumstances. Many articles and letters have been published, and I have received hundreds of letters, faxes and phone calls from around the world. A few are enclosed. More detailed articles and some dealing specifically with the Aldrichimica Acta are in preparation. I believe that your involvement will be subject to a great deal of criticism from around the world.

Let me urge you to discuss this with some of our mutual art historian friends who know the background--say Egbert Haverkamp-Begemann, Seymour Slive, Bill Robinson, Christopher Brown, and I believe that all will confirm my recommendation not to get involved.

Of course, matters would be different if I refused to supply further images. But I was asked to supply material for the covers for the next five years, and all the reproductions and essays are ready.

The people at Aldrich would much prefer to work with me. The impetus for change comes only from Tom Cori--please reread my letter of October 28th and its enclosures. I note that your secretary, perhaps inadvertently, returned all the documentation of my horrible fight with Tom Cori, which you really should read, and so I am sending it to you again.

Do not consider our correspondence in any way confidential. Share it with you staff, your Board of Trustees and anyone else you wish.

My wife and I will probably be in St. Louis early next May, and we look forward to visiting you then.

All good wishes for 1993.

Sincerely,

Enclosures

# THE SAINT LOUIS ART MUSEUM

December 2, 1992

Dr. Alfred Bader
Alfred Bader Fine Arts
924 East Juneau Avenue
Milwaukee WI 53202

Dear Alfred:

I am sorry to be so late in replying to your kind letter of October 28th. I didn't know that you had started an art gallery, and offer congratulations.

I read with great interest about the acquisition you made of the Rembrandt painting a few months ago, which, I can only assume, will soon be in Milwaukee.

For our part, we have entered into an agreement with Aldrich Chemical Company to provide images for some of their publications, and I hope you will agree that the choices will be appropriate to the tradition which you have so handsomely established for them.

Please do give us a call if your travels bring you to St. Louis, for it would be a pleasure to receive you as a visitor to our collections once again.

Yours very sincerely,

Jim

James D. Burke
Director

JDB/cjb

*1 Fine Arts Drive*
*Forest Park*
*Saint Louis*
*Missouri 63110-1380*
*314 721 0072*
*FAX 314 721 6172*

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ALFRED BADER FINE ARTS

DR. ALFRED BADER

ESTABLISHED 1961

October 28, 1992

Dr. James Burke, Director
St. Louis Art Museum
Art Hill Place
St. Louis, Missouri 63139

Dear Jim:

As you know, I have worn three hats all my life, working with my ABC's--art, the Bible and chemistry.

In art, you know something about my collection; the Bible, you may know about The Bible through Dutch Eyes Exhibition at the Milwaukee Art Museum in 1976, and I am now working on a much more extensive book of the same subject.

In chemistry, I started a company in a garage in Milwaukee in 1951, Aldrich Chemical Company, and it has grown very steadily. In 1975, Aldrich merged with the world's best biochemical company, Sigma Chemical Company in St. Louis, and Sigma-Aldrich today has over 4,000 employees worldwide with annual sales in excess of $600 million.

In 1965, some members of the Aldrich board suggested that we put old master paintings on the covers of our catalogs. I thought this a poor idea, because what did old master paintings have in common with research chemicals? The vote was 3:2 for the paintings, and I quickly discovered that I had been mistaken and that the old master paintings gave us a wonderful image for quality. Since then, we have used old master paintings on well over 100 publications, and I enclose a few reproductions of our catalog covers and a few of our publication, the Aldrichimica Acta, which is distributed to over 250,000 scientists worldwide.

Last April, Purdue University had a small exhibition entitled "From Private Collection to Corporate Image," honoring the Nobel Laureate Professor Herbert C. Brown. The catalog of that exhibition is enclosed.

For reasons that I do not fully understand, my successor at Sigma-Aldrich, Dr. Tom Cori, dismissed me as unpaid Chairman Emeritus last December, claiming--quite falsely--that I had "bet against the company." The details of that accusation are given in the letter to chemists,

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copy enclosed, and in the long articles from the official magazine of the American Chemical Society, C & E News, and from the official magazine of the Royal Society of Chemistry, Chemistry in Britain. There have been a great many letters published decrying my dismissal, and copies of a few are enclosed.

To me, the image of quality evoked through old master paintings has been very important. Of course, I offered the company to continue supplying paintings and descriptions for covers at no charge, and I have supplied photographs and descriptions sufficeint for the next five years' covers. You will note that the first two issues of the Aldrichimica Acta, published since my dismissal, carry reproductions of paintings by Lievens and Drost from my collection. Just last week the company borrowed a painting by Moeyaert, and I enclose a snapshot and description from what was to be the third issue of this year's Aldrichimica Acta.

The Director of the Milwaukee Art Museum, Mr. Russell Bowman, was asked whether the Milwaukee Art Museum would supply paintings to take the place of mine, and he declined.

I understand that you were asked whether the St. Louis Art Museum could help and that you agreed, I assume without knowing the background.

Please don't think for a moment that this could possibly be construed as a feud between two cities. Read, for instance, the very fair article enclosed, which appeared in the St. Louis Post Dispatch, or talk to officers of Sigma who were recently fired by Tom Cori in St. Louis. One of these is Dr. Donald Fagan, until last year the president of Sigma Chemical Company, whose office telephone number is 314 741 1704; another is Dr. Carl Tenpas, until last year Sigma's sales manager, whose home telephone number is 314 394 2546. You will then understand, I believe, that you have here a personal vendetta of Cori against me.

It may well be that sometime from now I will look back on my dismissal as a change for the better in my life, but right now I am bitter. I divide my time three ways: continuing to try to help chemists, working on two books, and dealing with paintings.

When next you come to Milwaukee, do visit both my gallery and my home, with many acquistions which you have not seen before.

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Enclosures

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