

ZONES OF MANAGEMENT

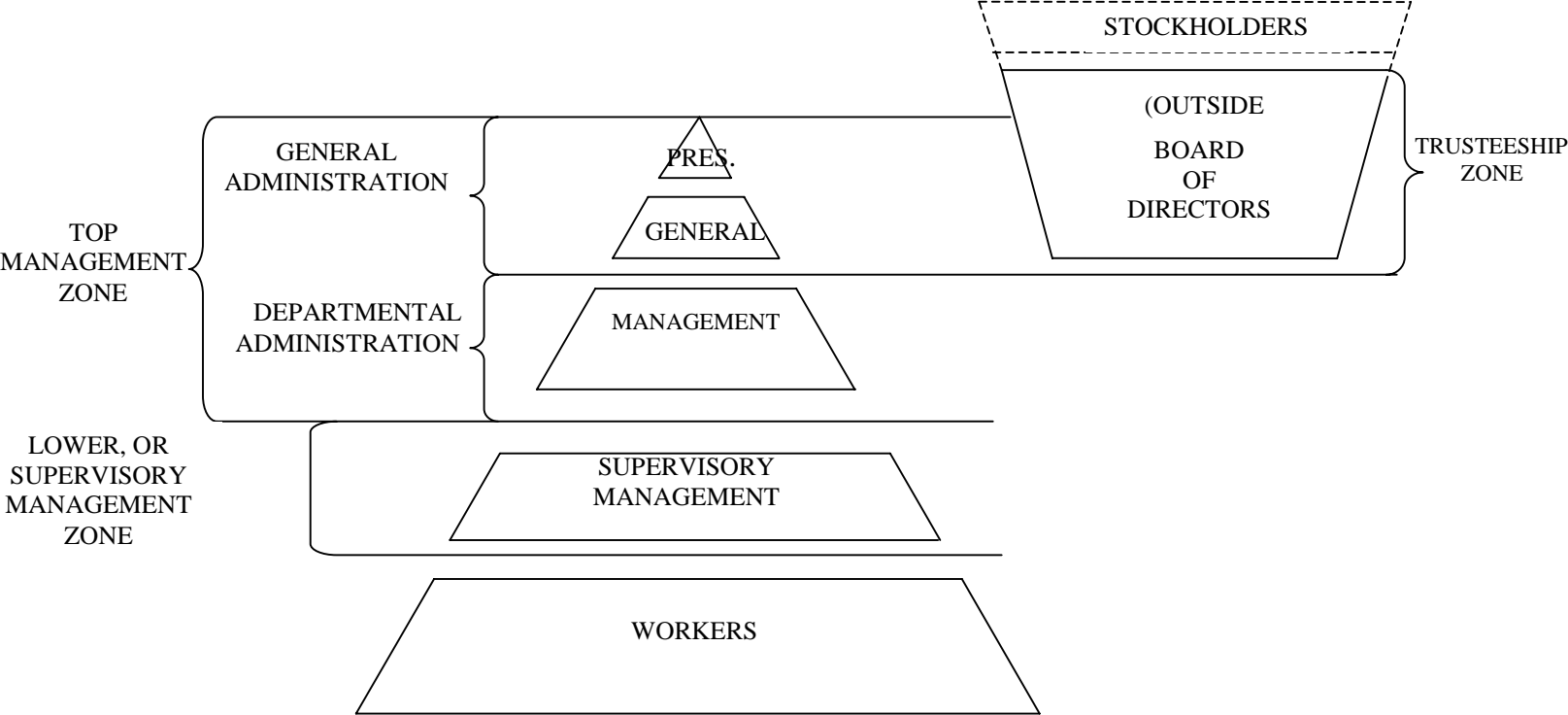


Chart #II - 1.1

ZONES OF MANAGEMENT

TRUSTEESHIP ZONE

TYPICAL COMPOSITION

President

Vice President or Managing Director

" " " " "

" " " " "

" " " " "

Other Directors (Including Outside Directors)

NORMAL TYPES OF RESPONSIBILITY AND AUTHORITY

1. Represent the stockholders)
2. Safeguard the stockholders interests)
3. Determine basic policies) Authority within the
4. Determine general course of business) limits defined in the
5. Appraise adequacy of overall results) by-laws of the company
6. Protect company assets)
7. Assure effective use of assets)
8. Approve general administrative)
policies, programs and objectives)

ACCOUNTABILITY

Fully accountable to the stockholders for the Security, Success and Progress of the business.

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EXAMPLE – U.S. COMPANY

MATTERS REQUIRING ACTION BY THE BOARD OF DIRECTORS

All matters involving major transactions or policies require action by the Board of Directors. This instruction specifies those matters, on which action of the Board of Directors is required, which occur most frequently in the regular course of business. Executive and administrative officers shall refer such additional items to the Board, as in their judgement require its action.

General

Definite commitments in respect to matters on which action of the Board is required shall not be made prior to such action except on the approval of the President or his delegate.

Items to be included in the agenda of a meeting of the Board shall be submitted to the Secretary not later than the fourth working day prior to the meeting.

The Secretary shall give appropriate notification of action taken by the Board; to those interested or involved.

The Comptroller shall show reference to action taken by the Board on all financial and accounting transactions in connection with which action of the Board is required.

Specific Items Requiring Board Action

Specific action is required in respect to the matters listed below, unless otherwise specified in footnotes as having been covered by blanket action or by delegation to officers.

a) Employees

Employment at rates in excess of \$_____ per annum.

Specific cases of recommended changes in rates of pay when present or proposed rates are in excess of \$_____ per annum.

All extra compensations.

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Retention in service of employees who are 65 years of age or over, submitted annually.

Changes in employees' pensions and other benefit plans.

b) Organization

Election of officers of the Company.

Appointment of members of the Executive Committee and other committees.

c) Operations

Qualification or withdrawal of the Company as a foreign corporation in any state, territory or country.

Plant acquisitions and disposals (routines therefore shall be specified in general accounting directions).

Annual budget of the Company's operations.

Development expenditures (routines therefore shall be specified in general accounting directions).

d) Purchase or Sales

Purchase or sale of a going business.

Purchase or sale of patents when amount involved exceeds \$_____.*

Purchase or sale of securities and subscriptions thereto.*

Purchase or sale of Company's own stock or bonds.*

e) Borrowing and Loans

Issue of bonds.

Issue, discount, and renewals of notes . . .

Loan of Company funds.*

Advances to other companies.

Mortgages of lands, buildings, or other assets of the Company.

f) Payments

All dividends.

All payments to the Trustee of Company's Pension Fund.*

All contributions.

g) Contracts and leases

Contracts, other than routine contracts entered into in the ordinary course or business.

Contracts or agreements involving the acquisition or grant by the company of a license under patents where the amount of royalties or other money payments under such license exceeds \$_____ over the term of the license.

Leases or premises where the rental for the full term of the lease exceeds \$_____ or the rental for a period of one year or less exceeds \$_____.

h) Legal

Change of location of principal place of business in any state when Board action is deemed necessary by the Legal Department.

Designation of agents to accept services of process.

Execution of surety bonds and guarantees, other than those required in the ordinary business of the Company.

i) Profits and Reserves

* The General Accounting Direction covering "Approvals Required on Payments ..." indicates the items on which the Board of Directors has taken blanket action or has delegated approval or authority to officers of the Company in respect to payments involved under these matters.

Accounting transactions involving Undivided Profits or Surplus except routine closing of Profit and Loss and Undivided Profits Accounts.

(j) Reports to stockholders

Reports to stockholders.

(k) Depositories

Designation of depositories for Company's funds and Securities.

ZONES OF MANAGEMENT – TOP MANAGEMENT SUB-ZONES

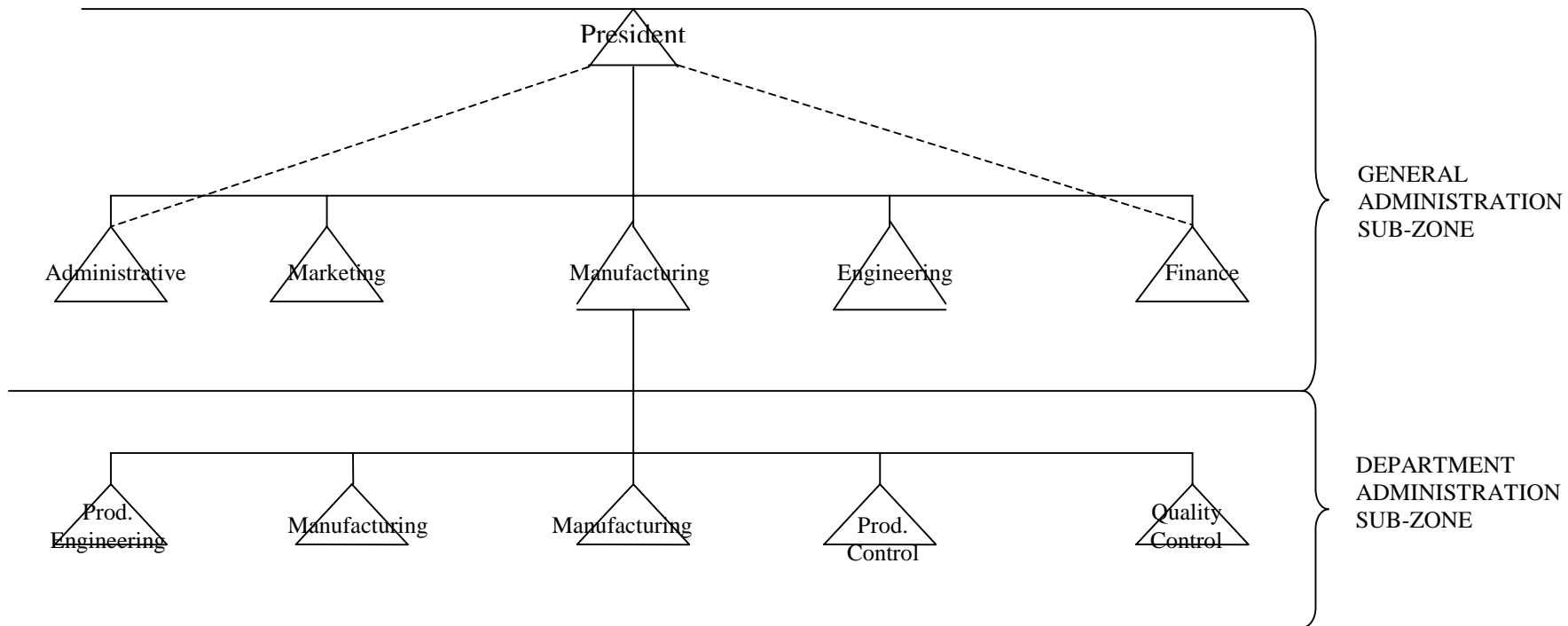


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ZONES OF MANAGEMENT

TOP MANAGEMENT ZONE

GENERAL ADMINISTRATIVE SUB-ZONE

TYPICAL COMPOSITION

President

Vice President or Managing Director (Marketing)

" " " " " (Finance)

" " " " " (Manufacturing)

" " " " " (Engineering)

NORMAL TYPES OF RESPONSIBILITY AND AUTHORITY

- 1) Establish overall operation policies) Within the scope of basic policies
- 2) Establish overall organization policies) and authority delegated by the
- 3) Establish general control policies) Board of Directors

- 4) Define Department function and authority) Subject to approval by the
- 5) Establish overall sales programs) Board of Directors
- 6) Establish overall production programs)
- 7) Establish overall engineering programs)
- 8) Establish overall financial programs)
- 9) Provide : Data, Reports, Recommendations for Board of Directors.
- 10) Verify application of basic and general policies.
- 11) Coordinate and direct activities of departments
- 12) Approve: Departmental plans, policies, programs budgets.
- 13) Assure, through supervision and control, the attainment of objectives.
- 14) Act on suggestions and recommendations from lower levels.

ACCOUNTABILITY

Fully accountable, through the President, to the Board of Directors for the successful management of the business enterprise.

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EXAMPLE – U.S. COMPANY

VICE PRESIDENT (MANUFACTURING) DUTIES AND RESPONSIBILITIES

1. To have charge of the Manufacturing Department and to supervise the plans, construction and safety of all company owned buildings.

In connection therewith to be responsible for:

- 1.1 Development of manufacturing procedures, methods, plant and equipment.
- 1.2 Determining whether materials and products shall be manufactured or purchased.
- 1.3 Engineering relations with Research and Development organization pertaining to practicability, facility, economy, and quality of manufacture.
- 1.4 Plans and construction of all company owned buildings and service systems.
- 1.5 Safety of occupancy and compliance with statutory and insurance requirements of all company owned or leased plants including:
 - 1.5.1 The approval of plans covering the installation of any equipment which may effect the structure of buildings or service equipment.
 - 1.5.2 The periodic inspection of plant and for issuing the necessary directions to insure proper maintenance.
- 1.6 Maintaining satisfactory employee relations and for carrying out fully the company's established personnel policies.
- 1.7 Exercising supervision over:
 - Works Managers)
 - Production Engineering) Examples
 - Production Control)
 - Quality Control)

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ZONES OF MANAGEMENT

TOP MANAGEMENT ZONE

DEPARTMENT ADMINISTRATIVE SUB-ZONE

TYPICAL COMPOSITION

Vice President of Manufacturing Director Manufacturing (Gen. Administrative Head)

Mfg. Dept. Head (or Works Manager)
Production Engineering Dept. Head
Production Control Dept. Head
Quality Control Dept. Head

NORMAL RESPONSIBILITIES AND AUTHORITY

Establishes departmental operation policies) Within scope of
Establishes departmental organization policies) policies and
Establishes departmental control policies) authority delegated
Gen. Administration

Defines supervisory function and authority) Subject to approval of
Establishes departmental programs and budgets) Gen. Administration

Provides: Reports, Recommendations, Data for General Administration
Verifies and insures application of: Basic, General, Department, Policies and Controls.
Coordinates and directs the activities of supervisory zone.
Reviews and acts on: Plans, Programs, Suggestions, Recommendations of Supervisory
Zone.
Assures, through supervision and control, the attainment of department objectives.

ACCOUNTABILITY

Full accountability to general administrative head for attainment of objectives and the internal management of the department.

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EXAMPLE – U.S. COMPANY

MANUFACTURING DEPARTMENT HEAD (OR WORKS MG'R) DUTIES AND RESPONSIBILITIES

1. To be responsible for the operation of the Works in accordance with prescribed methods and at authorized rates of production.
2. To be responsible for the personnel relations with all employees in the Works organization, and for the fullest application of the Company's personnel policies.
3. To be responsible for maintaining the Works in a satisfactory and safe operating condition and at the prescribed capacity, and for conformance to applicable statutes and regulations.
4. To be responsible for maintaining wage scales consistent with those prevailing in the district, and for utilizing labor in conformance with standard occupational classifications.
5. To employ wage incentive plans and establish piece rates for the remuneration of labor in conformance with approved standards.
6. To be responsible for the cost of the product, including joint responsibility with the Manufacturing Engineering Department for realization of estimated costs on new designs.
7. To be responsible for the accuracy of accounting and financial reports covering the results of the operations of the works.
8. To be responsible as a landlord for buildings, grounds and services of the works locations.
9. To maintain civic and commercial contacts to insure for the Works its proper place in the community and in industry.

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ZONES OF MANAGEMENT – SUPERVISORY MANAGEMENT ZONE

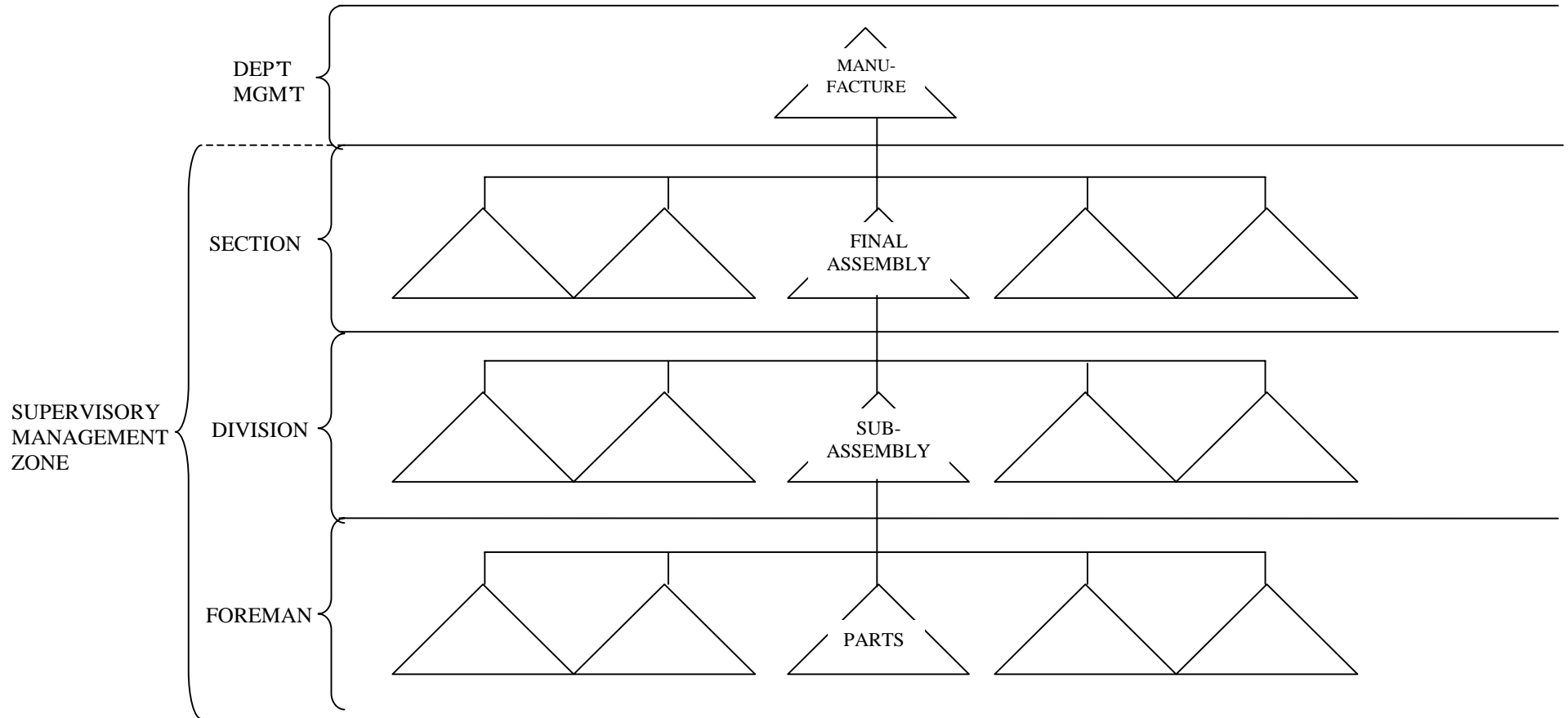


Chart #II – 1.8

ZONES OF MANAGEMENT

SUPERVISORY MANAGEMENT ZONE

Normal Responsibilities and Authority

Section

1. Planning and execution of section activity to meet productivity, cost and quality objectives.
2. Preparation of personnel and budget forecasts for the section.
3. Coordination of activities of divisions.
4. Analysis of division and section performance against objectives of productivity, quality and cost.
5. Discipline, including approval of action or recommendations of divisions (as required and within limits authorized by defined authority).
6. Observance of all policies, rules and regulations.
7. Morale (grievances, complaints, suggestions, etc.).
8. Cooperation with other organizations at section level.
9. Preparation, verification and submission of data and reports to higher levels.
10. Approve operational recommendations and decisions of divisions.

Accountability

Fully accountable to the Department head for performance and internal functioning of the section.

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ZONES OF MANAGEMENT

SUPERVISORY MANAGEMENT ZONE

Normal Responsibilities and Authority

Division

1. Planning and execution of division activity to meet productivity cost and quality objectives.
2. Preparation of personnel and budget forecasts for the division.
3. Coordination of activities of foremen.
4. Analysis of division and foremen performance against objectives of productivity, quality and cost.
5. Training and education of foremen (supervisory development).
6. Discipline, including approval of action or recommendations of foremen (as required and within limits authorized by defined authority).
7. Morale (grievance, complaints, suggestions, etc.).
8. Maintenance of facilities for productivity.
9. Safety and housekeeping.
10. Observance of all policies, rules and regulations.
11. Cooperation with other organizations at division level.
12. Preparation, verification and submission of data and reports to higher levels on productivity, personnel, cost performance, etc.

Accountability

Fully accountable to section chief for performance and internal functioning of the division.

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ZONES OF MANAGEMENT

SUPERVISORY MANAGEMENT ZONE

Normal Responsibilities and Authority

Foreman

1. Training of workers.
2. Coordination of worker activity.
3. Verification of worker performance (quality and productivity).
4. Observance of all policies, rules, regulations.
5. Discipline (within limits of defined authority).
6. Worker morale (grievance, complaints, suggestions, etc.).
7. Safety and housekeeping.
8. Availability of facilities, tools, materials, etc., for workers.
9. Minor decisions on matters affecting productivity.
10. Conditions of worker facilities (maintenance).
11. Cooperation with other organizations at foreman level.
12. Submissions of data and reports for budgetary and performance measurement as required by higher levels.

Accountability

Fully accountable to division chief for worker performance and the meeting of objectives of productivity, quality and cost.

Data Sheet #II - 1.1