



Monsanto and BASF Yield and Stress Collaboration Update

Conference Call Thursday, January 15, 2009

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Challenges in global agriculture

Agricultural production has to be doubled in twenty years

- **Food**

UN estimate: 9.2 billion people in 2050

- **Feed**

Rising social standards drive global demand for more food, especially for meat consumption in Asia

- **Fiber**

Cotton is the single most important textile fiber

- **Fuel**

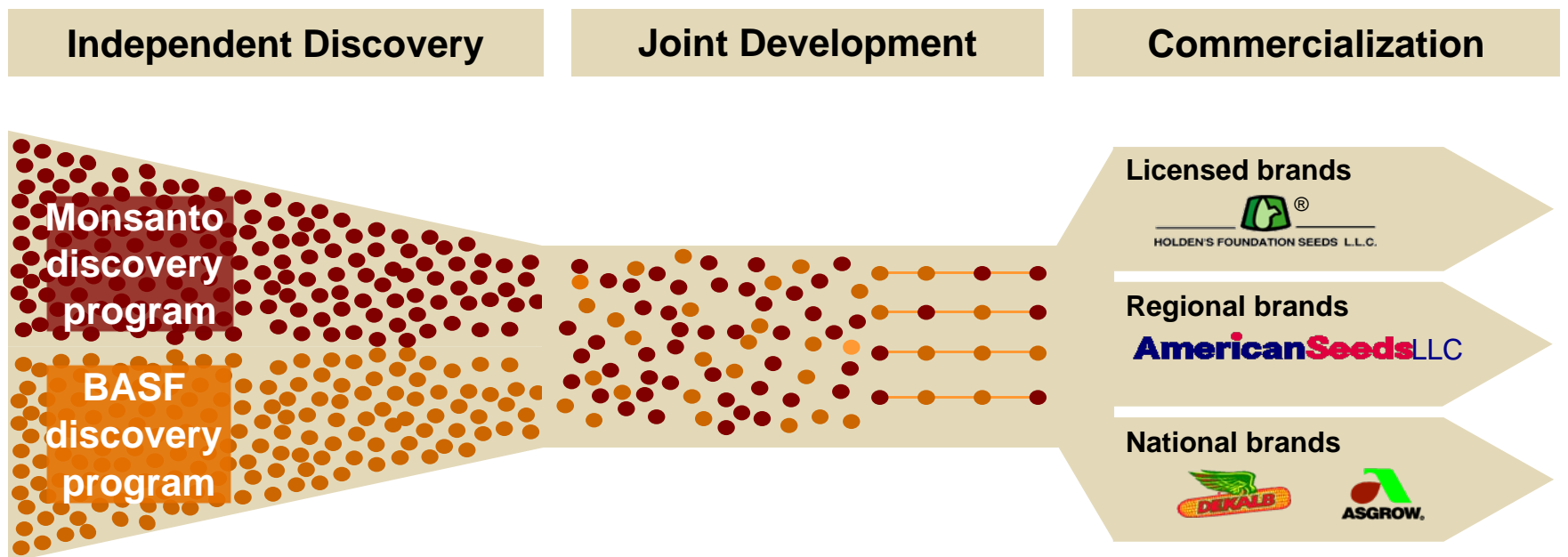
Use of grain for fuel is growing by ~ 20% per year

We believe that plant biotechnology is a must to significantly increase agricultural output to meet future demand



Collaboration creates joint pipeline

Focus on yield and stress



- Increased rate of discovery
- Shorter early development timelines

- Potential R&D budget \$1.5 / €1.0 billion
- Increasing probability of success (volume of lead genes)

- Broad-licensing approach to seed companies
- Value shared 60% Monsanto, 40% BASF

Monsanto and BASF yield and stress collaboration pipeline is accelerating, with progress in key projects

Milestones:

Collaboration pipeline robust with unique nominations and broad-scale testing

- >90% of gene nominations were unique
- >17 million metabolic data points
- Planted yield & stress trials in nearly 175 locations
- Planted ~89,000 plots for drought-tolerant corn



Pipeline progress is accelerating in meaningful products

- 33% increase in pipeline
- Two phase advancements in 2008:
Drought-tolerant corn and higher-yielding soybeans
- First regulatory submission in yield and stress



First products planned from 2012 onwards

Phase advancements for key projects reflect progress and strength throughout collaboration pipeline

Yield & stress collaboration biotech trait pipeline: January 2009 update

Yield and stress pipeline	Discovery Phase	Phase 1	Phase 2	Phase 3	Phase 4
Drought-tolerant corn family					
Drought-tolerant corn	[Green bar]				[Yellow bar]
2 nd -gen drought-tolerant corn	[Green bar]				
Nitrogen-utilization corn family					
Nitrogen-utilization corn	[Green bar]				
Broad-acre higher-yielding corn family					
Higher-yielding corn	[Green bar]				
Broad-acre higher-yielding soybean family					
Higher-yielding soybeans	[Green bar]			[Yellow bar]	
2 nd -gen higher-yielding soybeans	[Green bar]				
Drought-tolerant cotton family					
Drought-tolerant cotton	[Green bar]				
Broad-acre higher-yielding canola family					
Higher-yielding + Roundup Ready 2 yield [®] canola*	[Green bar]				

- High Impact Technologies (HIT) project
- Jan. 7, 2009 Advancements/Additions

The colored bar associated with each project indicates which phase that project is in. It is not intended to represent the relative status of the project within a particular stage.

* For higher-yielding + Roundup Ready 2 Yield[®] canola, only the value of the higher-yielding trait is incorporated into the yield and stress collaboration with BASF.

Lead drought-tolerant corn project advances to phase 4

2008 dry land field tests mark fifth season of increased yield

R&D pipeline

Drought-tolerant corn family: **Lead project**

HIT project: advanced, Phase 4

Value:

- Launch-country acres-family*: 55M
- 2020 value-family**: \$300–\$500M

Sources of value:

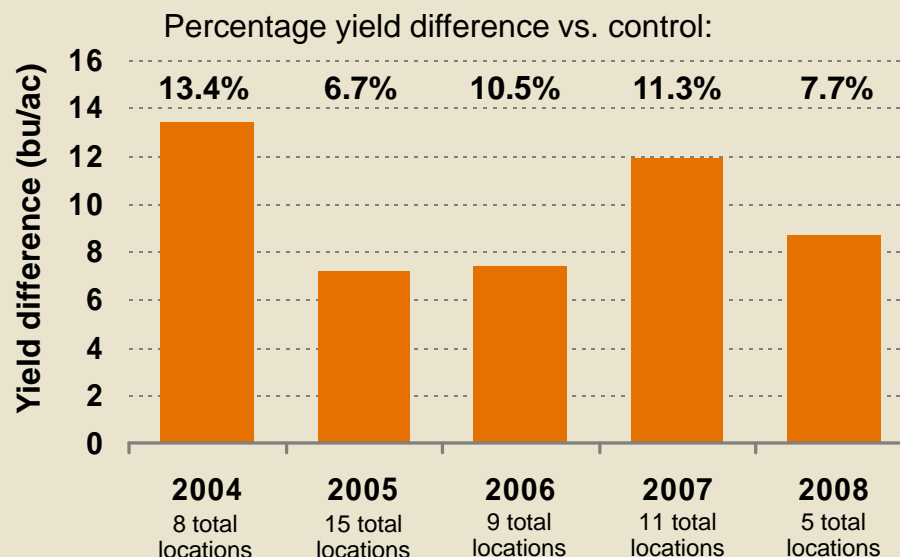
Improved yield: Targeting 6-10% yield improvement in water-stress environments; historically the dry land farms of the Western Great Plains.

* Acre opportunity reflects acres where technology fits at Monsanto's current 2008 market share in respective crops.

** 2020 value reflects gross sales opportunity in launch country in year 2020.

New: Fifth year of consistent yield improvement under drought stress

Average yield improvement of lead event



- ▲ 2008 Western Great Plains Testing: Lead event continued to demonstrate a yield advantage in a drought stress environment
- Evaluation of best germplasm and trait combinations under way
- Regulatory submissions in progress, with initial submission to FDA made December 19, 2008

Higher-yielding soybeans advance to phase 3

Progress in next game-changer to build on Roundup Ready 2 Yield®

R&D pipeline

Higher-yielding soybean family:

Lead project

Status: Advanced, Phase 3

Value:

- Launch-country acres-family*: 45M
 - 2020 value-family**: \$300–\$500M
-

Sources of value:

Improved yield: Targeting 6-10% yield improvement through insertion of key genes.

New: 2008 higher-yielding soybean agronomic testing versus controls

Dayton, Iowa – 2008



- Lead events 1 and 2 showing average yield advantage of 7.4% and 6.7%, respectively, over controls in meta analysis across three seasons of testing in 56 environments
- Higher-yielding trait to be built upon yield platform of Roundup Ready 2 Yield®

* Acre opportunity reflects acres where technology fits at Monsanto's current 2008 market share in respective crops.

** 2020 value reflects gross sales opportunity in launch country in year 2020.

With consistent yield gains in both low and high drought conditions, 2nd-generation product provides broad acre fit

R&D pipeline

Drought-tolerant corn family:
Second-generation project

Status: Phase 2

Value:

- Launch-country acres-family*: 55M
- 2020 value**: \$300–\$500M

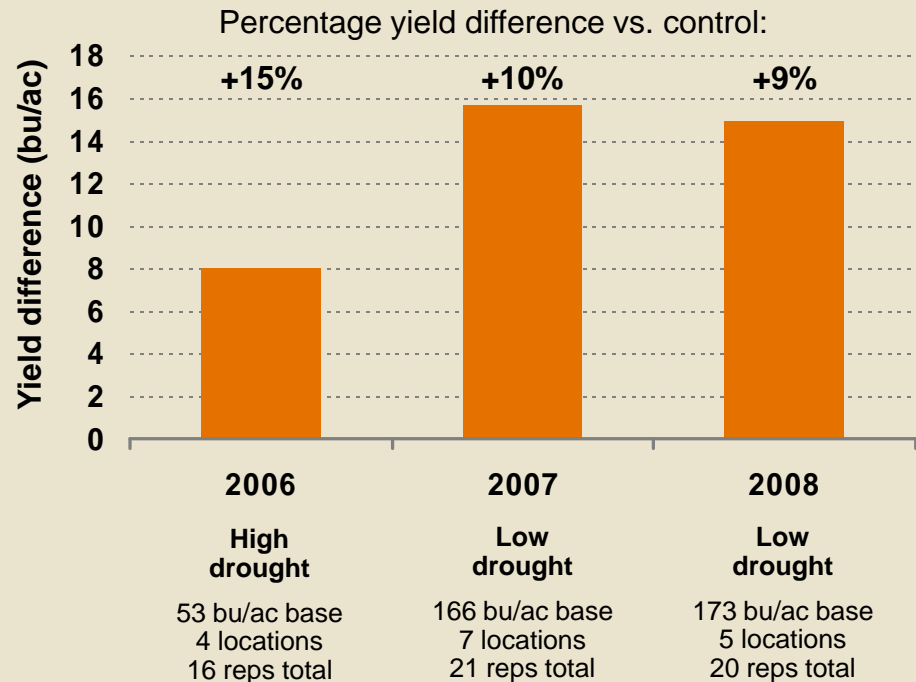
Sources of value:

1. *Improved yield*: Targeting 6-10% yield improvement in water-stress environments in a broad-acre application.
2. *Water substitution*: Pumped irrigation has a variable cost of >\$100/ acre.

* Acre opportunity reflects acres where technology fits at Monsanto's current 2008 market share in respective crops.

** 2020 value reflects gross sales opportunity in launch country in year 2020.

New: Second-generation drought-tolerant corn: third year of testing



▲ Currently selecting commercial event for second-generation drought-tolerant corn

Higher-yielding corn family showed improved yield in 2008 trials and holds promise of first “pure” yield product in corn

R&D pipeline

Higher-yielding corn family: **Lead project**

Status: Phase 2

Value:

- Launch-country acres-family*: 55M
- 2020 value-family**: >\$1B

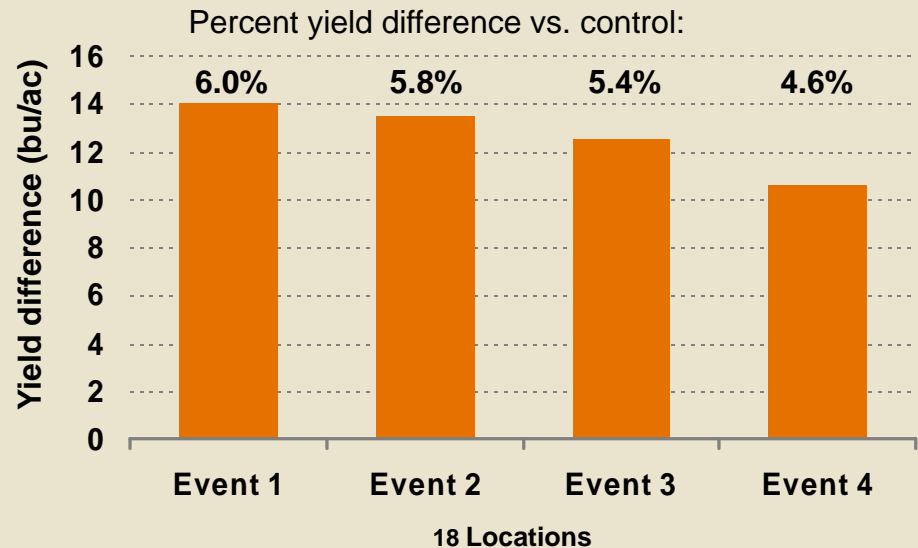
Sources of value:

Improved yield: Targeting 6-10% yield improvement through insertion of key genes.

* Acre opportunity reflects acres where technology fits at Monsanto's current 2008 market share in respective crops.

** 2020 value reflects gross sales opportunity in launch country in year 2020.

New: Higher-yielding corn generates yield advantage versus controls



▲ Potential commercial events were yield tested at 18 locations in the U.S. in 2008

- 8 potential commercial events enhanced yield over controls in the target range for the product concept
- Potential commercial events will be advanced to a more powerful trial in U.S. in 2009

Nitrogen utilization lead shows yield advantage under limited nitrogen applications; Potential for significant cost savings

R&D pipeline

Nitrogen-utilization corn family:

Lead project

Lead status: Phase 1

Value:

- Launch-country acres-family*: 55M
- 2020 value-family**: \$300–\$500M

Sources of value:

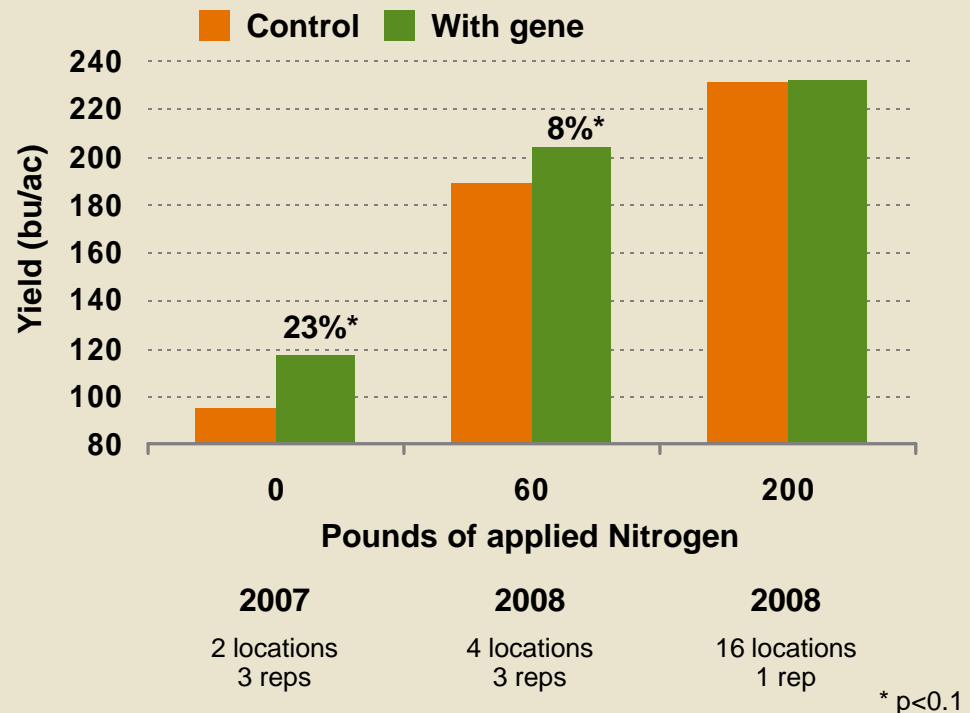
1. *Improved yield*: Yield improvement in normal nitrogen environments.

2. *Nitrogen reduction*: Improving yield in low nitrogen environments.

* Acre opportunity reflects acres where technology fits at Monsanto's current 2008 market share in respective crops.

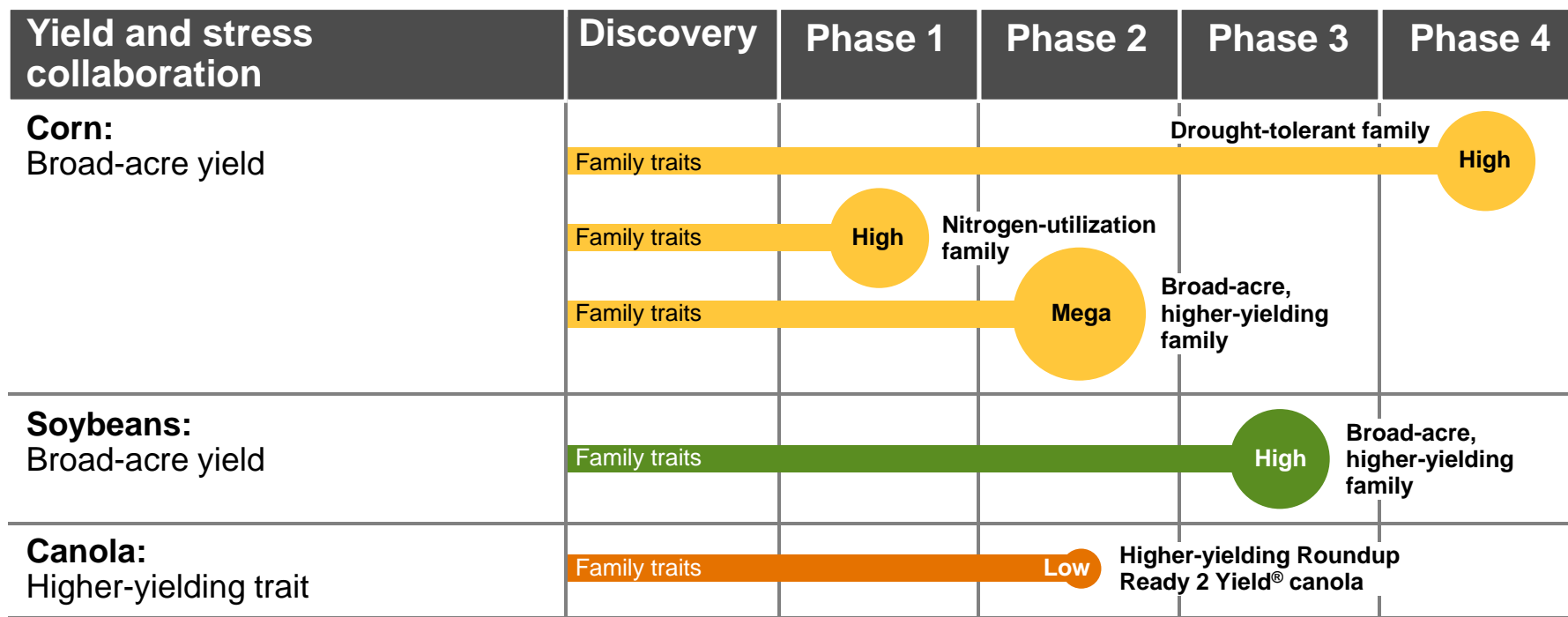
** 2020 value reflects gross sales opportunity in launch country in year 2020.

New: Nitrogen-utilization corn leads repeat yield advantage

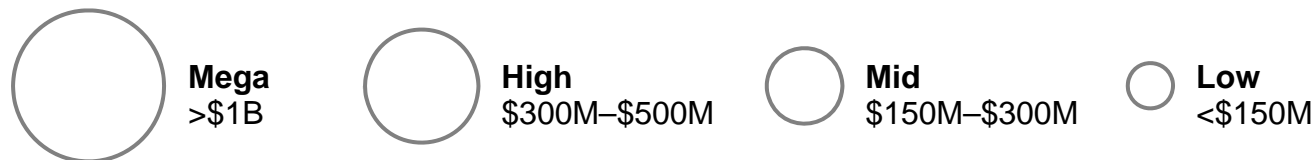


▲ Gene provides potential for reducing input costs as demonstrated by two years of field performance

Collaboration pipeline reflects growing innovation and value of emerging yield and stress traits



2020 value ranges:



Corn
 Soybeans
 Canola

Note: 2020 value ranges reflect expected annual gross sales in launch country in 2020.



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