

MONSANTO



MONSANTO R&D PLATFORM ACQUISITION:

WestBred, LLC Wheat Assets

July 14, 2009

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Acquisition of U.S.-Based WestBred Represents R&D Platform Investment in Wheat

OPPORTUNITY

- Monsanto makes R&D platform investment in wheat through acquisition of the assets of WestBred, LLC
- WestBred is a premier, privately owned wheat seed business in the United States, based in Bozeman, Montana
 - WestBred's annual revenues approximate \$8.5M with \$1.5M of EBIT
- Wheat is grown on more than 550M acres harvested worldwide, with some 63M planted in the U.S.

FINANCIAL TERMS

- Monsanto signed agreement to acquire WestBred for \$45 million
 - Transaction paid for with cash
- Acquisition represents long-term investment in R & D and breeding; not expected to be accretive to earnings until middle or latter part of next decade

Experience and Investment Creates Technology Platform That Can Be Leveraged in Adjacent Spaces

PLATFORM CRITERIA ▼		Core Row-Crop Platform			Adjacencies ▶		
		CORN	SOYBEAN	COTTON	VEGETABLES	SUGAR CANE	WHEAT
Opportunity	Global Acreage ¹	395M	240M	85M	96M	54M	550M
	Global Average Yield ¹	78 bu/ac	37 bu/ac	696 lbs/ac	---	29 mt/ac	43 bu/ac
	Value Capture Mechanism						
Technology	Germplasm Asset	DEKALB, American Seeds	Asgrow, American Seeds	Deltapine	Seminis, DeRuiter	CanaVialis	WestBred
	Use of Advanced Breeding Tools						
	Applicable Biotech Research						
	First Monsanto R&D Investment	1981	1981	1981	2005	2008	2009
	First Monsanto Commercial Launch	1997 (YieldGard)	1996 (Roundup Ready)	1996 (Bollgard)	2010 (Molecular Breeding)	2014 (Molecular Breeding) Phase 1 (Biotech)	2016 (Molecular Breeding) Discovery (Biotech)

Positive Current Practice

Positive Demonstration

Positive Outlook

¹ Represents acres harvested, as per FAPRI Briefing Book 2008. URL: <http://www.fapri.eastate.edu/f1b108/> Vegetables based on internal estimate for Monsanto focus crops.

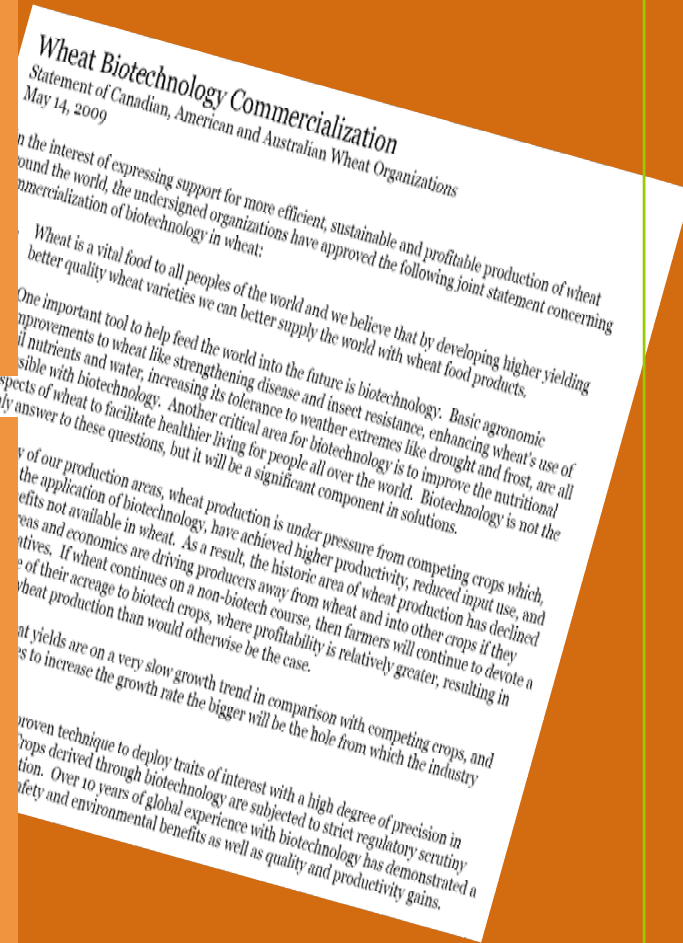
Growers Now Seeking Investment in Wheat; Industry Supportive As Low Productivity Drives Down Profitability

Productivity & Farmer Demand

- In March, U.S. farmers announced public petition for investment in new technology for wheat, with 75% of farmers who responded to the survey supportive
- Wheat acres are being lost as farmers are increasingly more productive with biotech corn and soybean acres

Downstream Industry Support

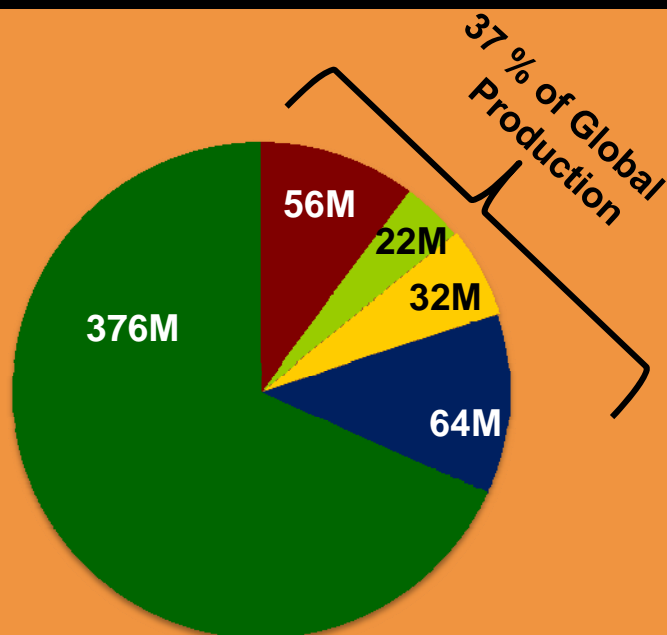
- Industry support evolved significantly in last 3 years
- Farmers leading support and organizing downstream efforts
- Millers, bakers and food companies are increasingly supportive of technology in wheat
 - Low productivity is driving supply down and increasing premiums to secure wheat as acres are lost to corn and soybeans
 - Broader acceptance of biotechnology with successful penetration in corn and soybeans



Expanding Technology Into a Global Wheat Platform Creates Significant Long-Term Value Opportunity

2008/09 HARVESTED WHEAT ACRES

TOTAL: ~550M ACRES

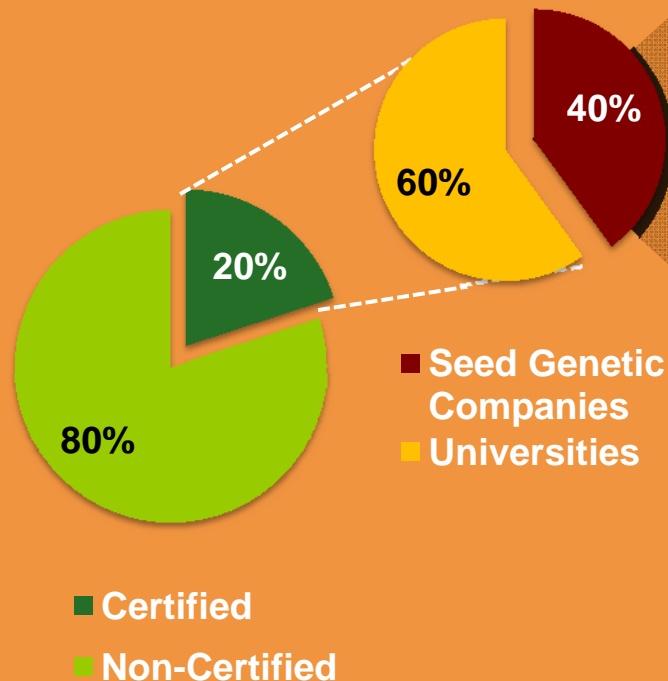


■ United States
■ Canada
■ Australia
■ EU

- ▶ Wheat is the second largest crop grown in the world, following rice
- ▶ Global annual yields average 43 bu/acre, with higher yields of 77 bu/acre in developed markets of Europe
- ▶ Recent years of drought in Australia diminished supply
- ▶ Lack of robust yields and increasing input costs, like fertilizer, have shifted farmers back to other crops, including corn and soybeans in 2009

Investment in Breeding and Biotech Will Create Greater Value for Growers Through Certified Seed

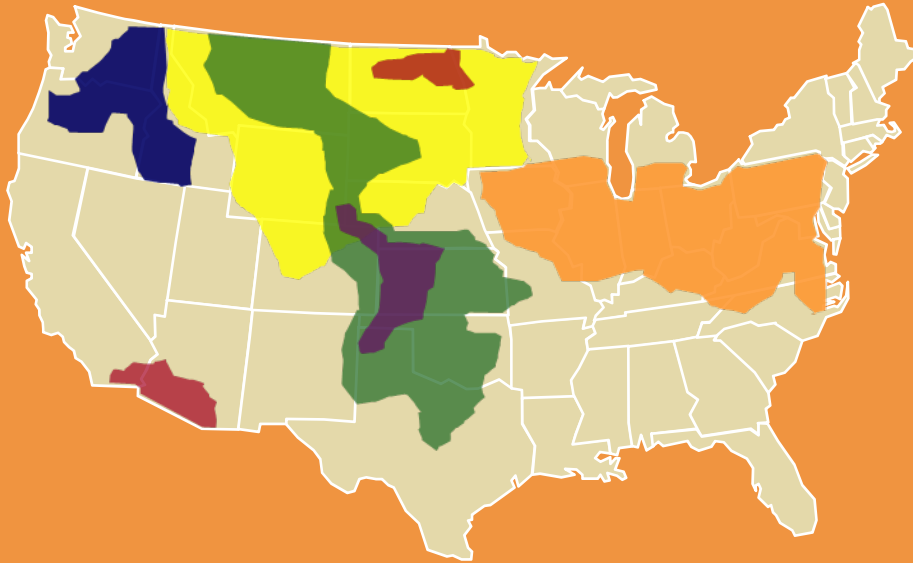
SOURCES OF WHEAT SEED FOR 2008 U.S. PLANTED WHEAT ACRES



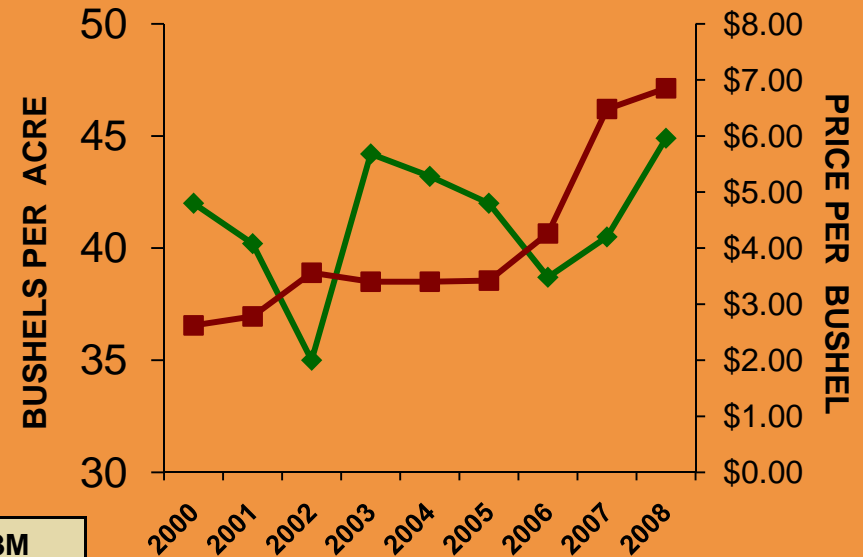
Seed Company	Owner	Focus Area
AgriPro Coker	Syngenta	High Plains
WestBred	Monsanto (pending)	Durum, Hard Red Spring and Hard Red Winter
Pioneer	Dupont	Soft Red Winter and Soft White Winter
Resource Seeds, Inc.	Syngenta	Durum for California and the Northwest
Arizona Plant Breeders	Private	Durum for Arizona
World Wide Wheat LLC	Dow	Durum for Arizona

- ▶ Today only 20% of U.S. wheat seed purchased is certified
- ▶ Technology is catalyst to transition to certified seed, similar to soybeans in 1996, when less than 80% was certified, compared with nearly 100% today

Hard Red Winter and Spring Wheat Are Leading Varieties in U.S., with Yields of 40+ Bushels Per Acre



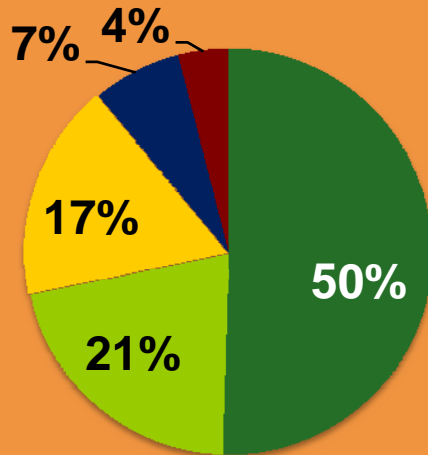
U.S. WHEAT YIELDS & PRICES
2000-2008



2008 Total U.S. Wheat Planted Acres (~56M Harvested)		63M
GROUPED IN 6 MAJOR CLASSES:		
	Hard Red Winter – <i>General purpose flour, noodles, rolls</i>	31M
	Soft Red Winter – <i>Used for cakes, pastries, crackers</i>	11M
	Hard Red Spring – <i>Flour for bread</i>	13M
	Soft White – <i>Used in bakery products and pastries</i>	4M
	Hard White – <i>Used in yeast breads, hard rolls</i>	0.7M
	Durum – <i>Used in pastas</i>	2.7M

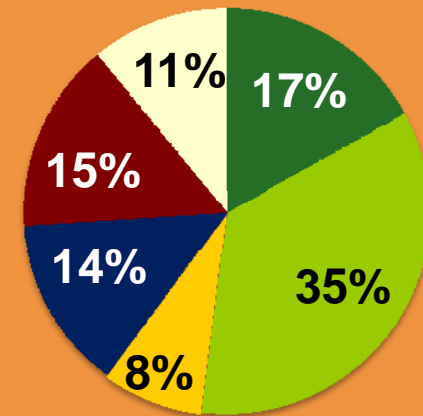
Hard Red Winter and Hard Red Spring Wheat Are Leading Varieties in WestBred's Germplasm Library

2008 U.S. PLANTED WHEAT ACRES – 63M ACRES



- Hard Red Winter
- Hard Red Spring
- Soft Red Winter
- White
- Durum

WESTBRED GERMPLASM LIBRARY

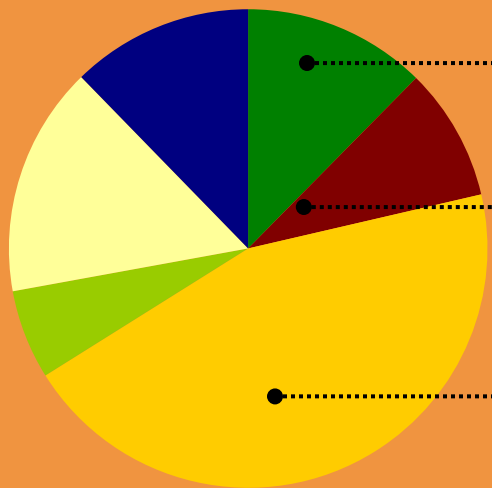


- Hard Red Winter
- Hard Red Spring
- Soft Red Winter
- White
- Durum
- Barley

Reducing Fertilizer Use and Drought Tolerance Are Core Biotech Trait Opportunities in Wheat

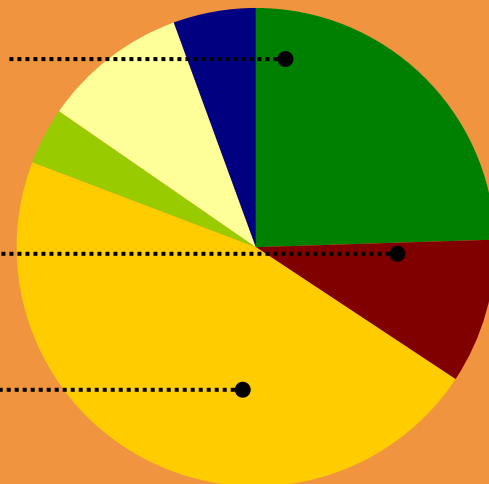
U.S. PRODUCTION COSTS PER ACRE - 2009F
OPERATING COSTS¹

WHEAT



AVERAGE YIELD	42 bu/ac
PRICE PER BUSHEL	\$4.80 - \$5.80

CORN



AVERAGE YIELD	153 bu/ac
PRICE PER BUSHEL	\$3.35 - \$4.15

- SEED
- FERTILIZER
- FUEL & POWER COSTS
- CHEMICALS
- CUSTOM OPERATIONS
- OTHER

¹ Excludes "overhead" costs, including hired labor and opportunity cost of land

As A Monocot, Wheat, Similar to Sugar Cane, Directly Benefits From Head Start Provided By Corn

