

MONSANTO



MONSANTO – DOW AGROSCIENCES COLLABORATIVE AGREEMENT:

SmartStax: NEW INDUSTRY-STANDARD
STACKED-TRAIT PLATFORM

Sept. 14, 2007

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Agreement Redefines Competitive Landscape; Opportunity to Pursue Step-Change in Performance for Farmers

This collaborative agreement redefines the seeds-and-traits opportunity in corn by:

- ▶ **Bringing together the technologies of the two companies that have developed and commercialized the biotech traits widely in use today**
- ▶ **Working together to create new value for farmers otherwise impossible for either company to achieve independently**
- ▶ **Leapfrogging potential generic trait offerings to create the first eight-gene stack that defines the standard of performance, branded as *SmartStax***

Value created by the *SmartStax* should:

- 1 Provide farmers in the U.S. and globally with access to the industry's best-performing package of traits offered on the backbone of the highest-yielding germplasm so farmers don't have to make trade-offs on performance and protection**
- 2 Accelerate each company's ability to penetrate its available trait acreage targets**
- 3 Allow each company the opportunity to increase sales of its owned brands**

First-Ever Eight-Gene Stack Leapfrogs Competitive Products, Boosting Performance, Creating New Value for Farmers

SmartStax

Anatomy of first-ever eight-way gene platform

TRAIT	GENES	FUNCTION	STATUS
1 YieldGard VT Triple PRO			Pending Regulatory Review
COMPONENTS ▼			
YieldGard VT Rootworm/RR2 <small>2ND-GENERATION ROOTWORM CONTROL</small>	1	Below-Ground Insect Control <small>PRIMARY: ROOTWORM</small>	Commercial
Roundup Ready 2 Technology <small>VIA YIELDGARD VT ROOTWORM/RR2</small>	1	Weed Control <small>MODE: GLYPHOSATE</small>	Commercial
YieldGard VT PRO <small>2ND-GENERATION YIELDGARD CORN BORER</small>	2	Above-Ground Insect Control <small>PRIMARY: CORN BORER</small>	PHASE IV Pending Regulatory Review
2 Herculex XTRA			
COMPONENTS ▼			
Herculex I	1	Above-Ground Insect Control <small>PRIMARY: CORN BORER</small>	Commercial
Herculex RW	2	Below-Ground Insect Control <small>PRIMARY: ROOTWORM</small>	Commercial
Liberty Link	1	Weed Control <small>MODE: GLUFOSINATE</small>	Commercial
SmartStax Industry-Standard Trait Platform¹		8 Multiple modes of action for above- and below-ground insect and weed control	<ul style="list-style-type: none"> • Application for EPA registration to be submitted • On track for end-of-decade commercialization in U.S., with global roll-out following

SmartStax is in proof-of-concept testing, establishing:

- ▶ Feasibility of full trait integration
- ▶ Viability of enhanced performance for insect and weed control



▲ SMARTSTAX CORN PLANTED IN WESTERN IOWA, SHOWING FULL, HEALTHY EARS AND STRONG, HEALTHY ROOTS
▼



1. This product has not been registered by the U.S. Environmental Protection Agency. It is a violation of federal law to promote or sell an unregistered pesticide.

SmartStax Creates Platform that Revolutionizes Traits Game With Superior Performance in One Package

SmartStax

Anatomy of first-ever eight-way gene stack

ABOVE-GROUND INSECT PROTECTION ▼



BELOW-GROUND INSECT PROTECTION ▼



WEED CONTROL SYSTEM ▼



New value and opportunity for farmers:

Durability. Combining multiple genes in a single package helps ensure sustainable insect protection and weed control year after year:

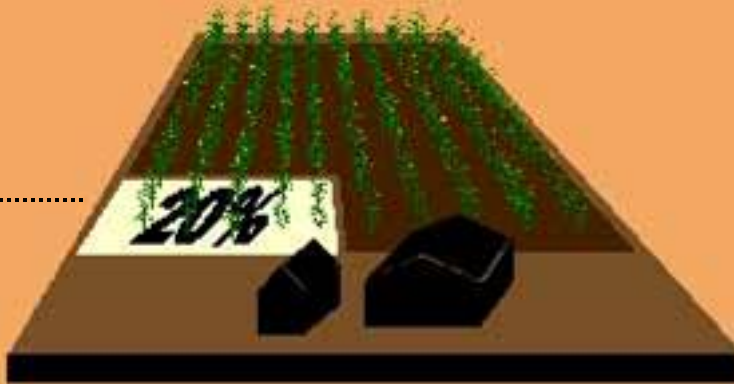
- Combined modes of action for insect protection guard against the development of insect resistance
- Combined herbicide tolerant traits that offer multiple modes of action for weed control

Performance. The complementary nature of the trait platforms converge to offer superior, season-long performance to farmers, notably:

- Enhanced control of a broader spectrum of above- and below-ground insects
- Most comprehensive protection against established and emerging secondary pests
- The industry's best weed control system

SmartStax Can Raise the Yield Potential and Grain Quality of the Whole Farm

New value and opportunity for farmers: REFUGE ACRES



For insect resistance management (IRM), the U.S. EPA requires a set-aside refuge for all current single-mode-of-action insect-protected traits in corn.

Configurations can vary, but when planting an insect-protected trait, farmers in the Corn Belt are required to plant a dedicated 20% of acres to corn without that particular insect-protected trait.

Set aside refuge helps create a population of “susceptible” insects that can breed with any insects that may develop resistance to the traits, thus helping maintain the durability and usefulness of the traits.

SmartStax

Dual Effective Dose Provides Enhanced Durability

Combination of multiple modes of action for insect control in the *SmartStax* creates the potential to reduce refuge acres

- Multiple modes of action for insect control reduce likelihood of resistance developing in insects
- U.S. EPA granted refuge reduction based on dual effective dose in *Bollgard II* cotton

Farmers report significant grain quality and improved yield opportunity in acres protected by traits versus those in a set-aside refuge

- Side-by-side comparisons in Illinois indicate farmers experience an average 20 bu/acre yield difference between the performance of *YieldGard VT Triple* and on-farm refuge acres

PRODUCT CONCEPT

SmartStax Represents Broadest Control of Primary and Secondary Pests Available to Farmers

RELATIVE INSECT ACTIVITY OF BT PRODUCTS



SmartStax

PRIMARY PESTS

Pest	YieldGard VT PRO	YieldGard VT Rootworm/RR2	HERCULEX I HX	HERCULEX RW HX	SmartStax
European Corn Borer <i>(Ostrinia nubilalis)</i>	Very Good to Excellent Control		Very Good to Excellent Control		Very Good to Excellent Control
Southwestern Corn Borer <i>(Diatraea graandiosella)</i>	Very Good to Excellent Control		Very Good to Excellent Control		Very Good to Excellent Control
Northern Corn Rootworm <i>(Diabrotica barberi)</i>		Very Good to Excellent Control		Very Good to Excellent Control	Very Good to Excellent Control
Western Corn Rootworm <i>(Diabrotica virgifera virgifera)</i>		Very Good to Excellent Control		Very Good to Excellent Control	Very Good to Excellent Control

SECONDARY PESTS

Western bean cutworm <i>(Richia albicosta)</i>			Very Good to Excellent Control		Very Good to Excellent Control
Black Cutworm <i>(Agrotis ipsilon)</i>			Very Good to Excellent Control		Very Good to Excellent Control
Fall Armyworm <i>(Spodoptera frugiperda)</i>	Very Good to Excellent Control		Very Good to Excellent Control		Very Good to Excellent Control
Corn Earworm <i>(Helicoverpa zea)</i>	Very Good to Excellent Control				Very Good to Excellent Control

Very Good to Excellent Control

Market Research Confirms in Performance-Driven Market, *SmartStax* Creates Value Recognized by Farmers

MARKET RESEARCH¹

KEY CONCLUSIONS ▼

- Farmers recognize premium value for performance of *SmartStax*
- Farmers are likely to switch brands to get the premium value of *SmartStax*
- Farmers are likely to increase base treated acres because of *SmartStax*

BUSINESS OPPORTUNITIES ▼

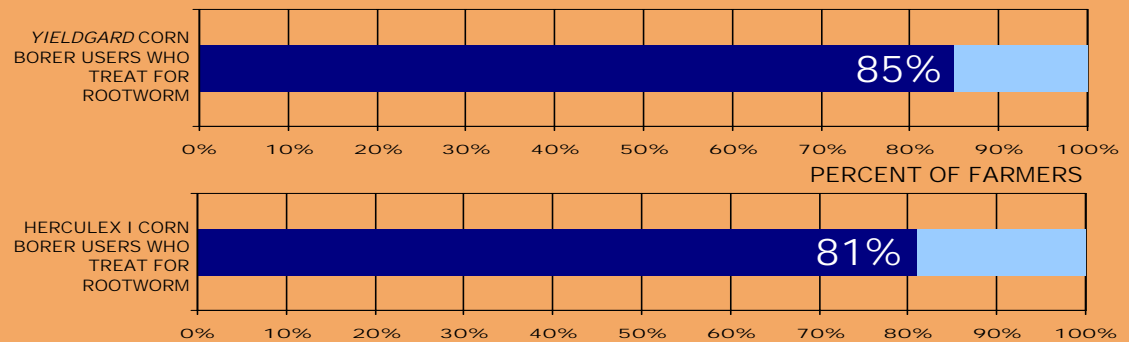
- 1 Monsanto and Dow seed brands have the opportunity to use *SmartStax* to compete for share gains
- 2 *SmartStax* should help drive penetration faster and gain a larger share of acres where the technology is a fit

1. Based on a sample of 245 corn growers

LIKELIHOOD OF PLANTING *SmartStax* TECHNOLOGY

Assuming it was available at a reasonable or acceptable price and in the right hybrids for your farm, how likely are you to plant this next generation of insect protection technology?

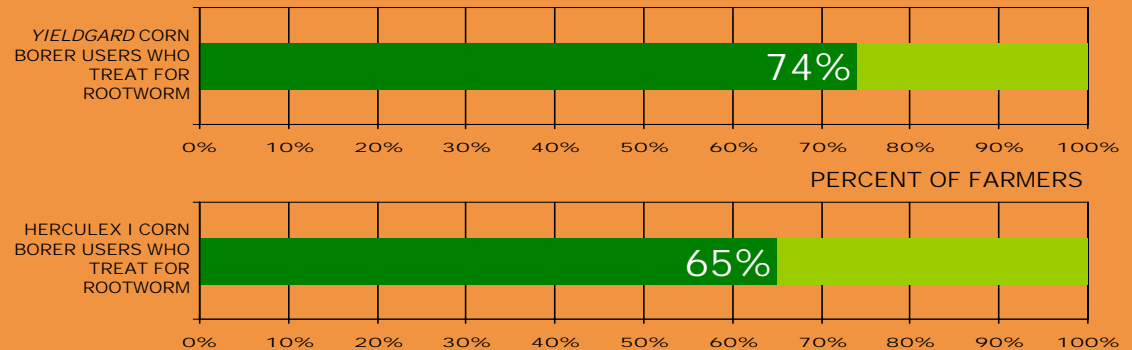
■ “Definitely will” or “Probably will”



LIKELIHOOD OF SWITCHING BRANDS FOR *SmartStax*

If your current seed brand did not offer this new Monsanto Insect Protection Technology, how likely would you be to switch seed brands to obtain this new technology? Would you say:

■ “Very likely” or “Somewhat likely”



Ground-Breaking Deal Creates New Opportunities for Both Monsanto and Dow AgroSciences Globally

AGREEMENT OVERVIEW

Cross licensing agreement enables development of first-ever eight-way gene stack – the *SmartStax* – that provides multiple sources of insect control and herbicide tolerance to improve performance for farmers

DOW AGROSCIENCES

MONSANTO

TECHNOLOGY CONTRIBUTIONS

- **Herculex I**
- **Herculex RW**
- **Liberty Link**

- **YieldGard VT Triple PRO**
2ND GEN ROOTWORM CONTROL
 2ND GEN YIELDGARD CORN BORER
 ROUNDUP READY 2 TECHNOLOGY

MARKET APPROACH

- Dow has ability to sell *SmartStax* in any Dow-owned brand

- **Monsanto has ability to sell *SmartStax* in any Monsanto-owned brands, including *DEKALB* and *ASI* brands**
- **Monsanto is the representative for joint third-party licensing through Holden's/Corn States**

- **Global deal, spanning all geographies where respective traits are registered**
- **Dow and Monsanto agree to a 10-year germplasm cross license, offering inbreds for use by the other party to create new hybrid combinations to be sold in the respective brands**
- **Dow and Monsanto will compete in the marketplace to sell respective hybrids containing *SmartStax* traits**
- **Dow and Monsanto may independently stack additional traits with *SmartStax* in their own brands**

* Dow AgroSciences includes Dow AgroSciences and relevant affiliates, including Mycogen Plant Sciences, Inc., as appropriate