

MONSANTO



MONSANTO COMPANY
800 N. LINDBERGH BLVD
ST. LOUIS, MISSOURI 63167
<http://www.monsanto.com>

December 15, 2009

Dear Stakeholder:

As a follow-up to our recent discussions, I want to update you on a communication that has been shared with licensees of the first generation Roundup Ready® soybean trait ("RR1"). As many of you know, the RR1 technology represents the first widespread plant biotechnology trait scheduled to go off patent.

Monsanto continues to make significant annual commitments to improve soybeans. This includes a very expansive and sophisticated breeding program and four new biotech traits in mid- to late-development phases. Last year, we introduced the Genuity™ Roundup Ready 2 Yield® trait ("RR2Y") for farmers to try in 2009. We expect to offer over 65 new varieties of RR2Y soybeans for planting in 2010, which beat the competitive RR1 varieties by 4.7 bushels per acre in 2009 trials. The four new traits (dicamba tolerance, intrinsic yield, improved oil quality, and Omega 3) will be stacked on the RR2Y platform. Monsanto-owned seed brands will be wholly focused on the RR2Y platform by 2012. We believe that the grower benefits will be impressive, as compared to the post patent choice of a royalty free RR1 trait.

Farmers and seed companies will have the opportunity to make their own decisions about the value of RR2Y soybeans compared with RR1 soybeans. Over the last few weeks we have confirmed with seed company licensees that they can continue to provide farmers with soybeans containing the RR1 trait through the RR1 patent expiration and beyond. That means RR1 trait licensees can make business plans that make the most sense for their operations and for their customers.

It is confirmed that

- All RR1 trait licenses will extend to the end of the term of all applicable patents for which Monsanto has granted licenses. As a result, the last crop year for which Monsanto will collect royalties on the technology is 2014.
- Licensees have no obligation to destroy or return seed due to expiration of the RR1 trait licenses.
- Monsanto will not use variety patents against U.S. farmers who save varieties containing the RR1 trait for planting on their own farms after expiration of the RR1 trait patent. Farmers should check with seed suppliers regarding the policy for seed varieties developed by other companies that contain the RR1 trait.
- Monsanto will maintain full global regulatory support for this first-generation technology for *at least* three years post patent (i.e., through 2017). This will allow grain from the 2014 crop to be sold and processed. We will continue to monitor and assess the planned use of this first-generation technology beyond 2017 and work with appropriate stakeholders on any extension of regulatory support that may be needed.
- Seed company licensees who choose to work with RR2Y will be able to continue to sell varieties with RR1 after the patent expires.

December 15, 2009

Page 2

In addition to seed company access to soybean varieties containing the RR1 trait through expiration of the RR1 trait patent and beyond, Universities may also offer soybean varieties containing the RR1 trait. A number of Universities have been breeding with RR1 for a number of years, and will be able to provide varieties containing the RR1 trait to the marketplace both now and following expiration of the RR1 trait patent.

The fact that Monsanto and other biotech companies continue to invest in the development of new soybean traits that will benefit farmers shows that the U.S. patent system provides incentive for innovation. The transition of RR1 soybean technology into the public domain represents another benefit – patent expiration provides a means for public access to this technology. This system motivates individuals as well as companies, to invest in all types of new technologies that make U.S. farmers and our economy more competitive.

Despite the advantage of the RR2Y trait, some farmers may want to use RR1 technology following the end of the RR1 trait patent. Many RR1 varieties are also covered by variety patents and plant variety protection certificates. Monsanto will continue to enforce its intellectual property, including variety patents, with respect to commercial and developmental use of patented RR1 varieties after RR1 patent expiry. However, as stated above, Monsanto will not use variety patents against U.S. farmers who save soybean varieties containing the RR1 trait for planting on their own farms after patent expiration.

As always, please let me know if you have any further questions.