

MONSANTO



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RELEASE | Immediately

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**MONSANTO TO REALIGN RESEARCH PORTFOLIO,
DEVELOPMENT OF ROUNDUP READY WHEAT DEFERRED
Decision Follows Portfolio Review, Consultation with Growers**

ST. LOUIS (May 10, 2004) – Monsanto announced today it is realigning research and development investments to accelerate the development of new and improved traits in corn, cotton, and oilseeds. As part of this realignment, the company is deferring all further efforts to introduce Roundup Ready wheat, until such time that other wheat biotechnology traits are introduced. This decision was reached after a comprehensive review of Monsanto’s research investment portfolio and extensive consultation with customers in the wheat industry.

“As a result of our portfolio review and dialogue with wheat industry leaders, we recognize the business opportunities with Roundup Ready spring wheat are less attractive relative to Monsanto’s other commercial priorities,” said Carl Casale, executive vice president of Monsanto. “Acreage planted in the spring wheat market in the United States and Canada has declined nearly 25 percent since 1997, and even more in the higher cost weed control target market for this product. This technology adds value for only a segment of spring wheat growers, resulting in a lack of widespread wheat industry alignment, unlike the alignment we see in other crops where biotechnology is broadly applied. These factors underscore the difficulty of bringing new technologies to the wheat market at this time.

“We will continue to monitor the wheat industry’s desire for crop improvements, via breeding and biotechnology, to determine if and when it might be practical to move forward with a biotech wheat product,” Casale said. “This decision allows us to defer commercial development of Roundup Ready wheat, in order to align with the potential commercialization of other biotechnology traits in wheat, estimated to be four to eight years in the future.”

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Shifting resources away from Roundup Ready wheat enables Monsanto to increase its research emphasis on stress tolerance and several improved health profile vegetable oil traits. Overall, Monsanto's biotechnology research and development focuses on providing new solutions in the areas of yield improvement and stress tolerance, agronomic pest resistance traits, and food and feed improvement traits.

"We have pipeline products like Roundup Ready Flex for cotton and an improved soybean oil for food manufacturers from our conventional breeding program that are moving close to commercialization," said Casale. "We also saw good results in our field trials for drought tolerant corn in 2003, and we will be expanding our field trials in 2004.

"Wheat growers are already experiencing the benefits of biotech, but in other crops such as corn, soy, and canola, which are increasingly being grown on acreage formerly devoted to wheat," according to Casale. "Growers will continue to benefit as we bring traits such as cold stress and drought tolerance to the marketplace."

Monsanto began the technical development stage of Roundup Ready wheat in 1997. Six years of field testing by Monsanto scientists and academic researchers demonstrate that Roundup Ready wheat performs exceptionally well under the most difficult production environments for spring-planted wheat and offers the potential to increase yields by 5 percent to 15 percent.

Monsanto will discontinue breeding and field level research of Roundup Ready wheat. The company will be working with regulators around the world to take appropriate next steps with regard to regulatory submissions.

Monsanto's investment in wheat in fiscal year 2004 has been less than \$5 million, or less than one percent of the company's \$500 million research and development budget. Funds budgeted for wheat will be redeployed to other research and development efforts. The company announced on May 4, 2004, that it is increasing its fiscal year 2004 earnings per share (EPS) guidance, now expected to be in the range of \$1.55 on an ongoing basis for the 2004 fiscal year. Even with this decision, the company is maintaining its reported and ongoing earnings per share guidance for fiscal year 2004, and its projected 10 percent compounded annual growth rate for earnings per share on an ongoing basis for 2005 and 2006.

Monsanto Company is a leading global provider of technology-based solutions and agricultural products that improve farm productivity and food quality. For more information on Monsanto, see: www.monsanto.com.

Cautionary Statements Regarding Forward-Looking Information:

Certain statements contained in this release, such as statements concerning the company's anticipated financial results, current and future product performance, regulatory approvals, currency impact, business and financial plans and other non-historical facts are "forward-looking statements." These statements are based on current expectations and currently available information. However, since these statements are based on factors that involve risks and uncertainties, the company's actual performance and results may differ materially from those described or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, among others: the company's exposure to various contingencies, including those related to Solutia Inc., litigation, intellectual property, regulatory compliance (including seed quality), environmental contamination and antitrust; fluctuations in exchange rates and other developments related to foreign currencies and economies; increased generic and branded competition for the company's Roundup herbicide; the accuracy of the company's estimates and projections, for example, those with respect to product returns and grower use of the company's products and related distribution inventory levels; the effect of weather conditions and commodity markets on the agriculture business; the success of the company's research and development activities and the speed with which regulatory authorizations and product launches may be achieved; domestic and foreign social, legal and political developments, especially those relating to agricultural products developed through biotechnology; the company's ability to continue to manage its costs; the company's ability to successfully market new and existing products in new and existing domestic and international markets; the company's ability to obtain payment for the products that it sells; the company's ability to achieve and maintain protection for its intellectual property; the effects of the company's accounting policies and changes in generally accepted accounting principles; the company's ability to fund its short-term financing needs; general economic and business conditions; political and economic conditions due to threat of future terrorist activity and related military action; and other risks and factors detailed in the company's filings with the U.S. Securities and Exchange Commission. Undue reliance should not be placed on these forward-looking statements, which are current only as of the date of this release. The company disclaims any current intention to revise or update any forward-looking statements or any of the factors that may affect actual results, whether as a result of new information, future events or otherwise.

Notes to editors: Roundup Ready is a trademark owned by Monsanto Company and its wholly owned subsidiaries.

Reconciliation of Non-GAAP Financial Measure

This release uses the non-GAAP financial measure of earnings per share (EPS) excluding the effect of certain items. A non-GAAP EPS financial measure (which the company sometimes refers to as EPS from ongoing business) may exclude the impact of restructuring charges, charges associated with the settlement of litigation, gains and losses on the sale of assets, and certain other items. The specific items that are excluded from, and result in, the company's non-GAAP EPS financial measure are clearly identified as such in this release. The disclosure of EPS excluding the effect of certain items is intended to supplement investors' understanding of the company's operating performance. This non-GAAP financial measure may not be comparable to similar measures used by other companies. Furthermore, this non-GAAP financial measure is not intended to replace net income (loss), cash flows, financial position, or comprehensive income (loss), as determined in accordance with accounting principles generally accepted in the United States. The non-GAAP financial measure used in this release is reconciled to the most directly comparable financial measure calculated and presented in accordance with GAAP below.

Reconciliation of Non-GAAP EPS

| | Fiscal Year 2004 Target |
|---|------------------------------------|
| Net Income | \$0.70 |
| 2004 Restructuring Charges – Net | \$0.46 |
| Estimated 2004 Discontinued Operations and Related Restructuring Charges – Net | \$0.13 |
| Goodwill Impairment Charge for Global Wheat Business | \$0.26 |
| Net Income from Ongoing Business | \$1.55 |