

TECHNOLOGY PROTECTION NEWS

SPRING 2008

Monsanto Commitment

Welcome to the first edition of our new “Technology Protection News.” Monsanto is committed to being transparent about the business practices and the activities we are involved in across Western Canada. We are also dedicated to dialogue and communication with our customers and notifying our industry stakeholders about any changes in our technology offerings. The introduction of the first issue of the “Technology Protection News” is one mechanism we can use to share information with our customers.

Our intent is to publish this newsletter on a regular basis as a means to communicate the exciting new advancements we are making in technology offerings and to update you on the efforts we are taking to ensure our technology is protected. Protecting our technology allows us to continue to invest in agriculture and bring future beneficial technology products to growers and the industry.

What Is Technology Protection?

When Monsanto launched Roundup Ready® canola and the Technology Use Agreement (TUA) sales process back in 1996, we also implemented our Technology Protection Program. The Technology Protection Program has two primary objectives:

1. Protection of our patent by ensuring compliance with the terms and conditions outlined in the Technology Use Agreement.
2. Maintain a level playing field for Roundup Ready canola growers who have purchased the technology through the proper sales process.

The Process

Since its inception, Monsanto has worked with a third-party company to ensure compliance with our sales process. This third-party hires professional and trained field auditors to manage the Technology Protection Program. Auditors make appointments with randomly selected growers to access the growers land and complete a field check. The growers are always invited to participate in the process. During a field check, the grower’s canola fields and acreages are checked against the information reported on the TUA to confirm accuracy. It is the responsibility of both the retailer and the grower to ensure all acres reported on the TUA accurately match the acres that were planted. Any discrepancy in the acre reporting results in a violation.

Since 1996, Monsanto has conducted over 7,800 field checks.

Settlement and Court Activity

At all times, Monsanto’s goal is to settle violations in a confidential and cost-effective manner. We believe this is in the best interest of both Monsanto and the grower. In 2007, we had two significant out-of-court settlements with violators in Western Canada:

- In August 2007, Monsanto completed a signed settlement agreement with a bin-run violator out of Angusville, MB at a cost to the grower of \$100,000.
- Monsanto also settled another dispute with a bin-run violator out of Prince Albert, SK for \$56,000.

Unfortunately there are some situations where settlement outside of court does not happen and we

are forced to proceed to court to protect our intellectual property. Two recent examples where the Federal Court of Canada awarded damages to Monsanto include:

- June 2007 - Monsanto was awarded \$107,418.65 or \$274.03 per acre for a patent infringement by Edward Wouters for growing, planting and harvesting bin-run Roundup Ready® soybeans.
- November 2007 - Monsanto was awarded damages of \$8,800 or \$160 per acre for patent infringement by Paul Beneteau.

Technology Protection Funds Reinvested in Agriculture

Monsanto has made a commitment that it will not profit from growers making the wrong choice when it comes to infringing our patent on Roundup Ready® technology. Funds received from settlements and court awards are used to supplement funds already set aside by Monsanto Canada to support its existing corporate giving program. On an annual basis, Monsanto reinvests between \$300,000 and \$400,000 in rural communities and charitable programs across the country.

Reporting Violations

In order to keep the playing field level and address violations, Monsanto needs to know of the violations when they occur. We rely on the retail network - and in some cases growers - to advise us when violations occur. There are two main ways violations can be reported. They include:

- Call Monsanto's CustomCare® line at 1-800-667-4944. CustomCare representatives will not require you to state your identity.
- Write Monsanto an anonymous letter explaining the situation and we will follow up with the grower in question.

“All violation reports remain confidential and anonymous.”

“Unauthorized Grower” List

When all reasonable options to resolve violations have been exhausted, Monsanto will revoke a grower's license to use our technology. We have established an “Unauthorized Grower” list to identify those growers who are no longer permitted to purchase our technology. Retailers can access the list posted on www.monsanto.ca behind the dealer log in. The list can change during the course of the year so it should be referenced frequently to ensure you are using the most current list.

Retailers are strongly encouraged to be familiar with the grower names on the list to ensure that Monsanto technology or Roundup Ready canola is not sold to a grower who has been flagged as an “Unauthorized Grower.”

If you have any trouble locating the “Unauthorized Grower” list on monsanto.ca, please contact the CustomCare line at 1-800-667-4944.

Monsanto's R&D Pipeline

Discovering. Delivering. Yielding.

As a company 100 percent focused on agriculture, delivering innovation to the farm is the focus of Monsanto's Research and Development (R&D). Through investments in breeding and biotechnology, we're working hard to deliver products that make farmers more productive and profitable. We invest more than \$2 million a day to discover and deliver innovative technologies that make a difference to farmers and the land they farm. Our research supports both the agronomic and the value-added needs of our customers. By investing in products that make a difference for the farm, we're supporting the future of agriculture and the future of farming.

