



# FISCAL YEAR 2017 RESULTS AND OUTLOOK

*October 4, 2017*





# Forward Looking Statements

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## Fiscal Year

References to year, or to fiscal year, are on a fiscal year basis and refer to the 12-month period ending August 31.

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# Non-GAAP Financial Information

This presentation may use the non-GAAP financial measures of “free cash flow,” earnings per share (EPS) on an ongoing basis, gross profit on an ongoing basis, operating expenses on an ongoing basis and net income (loss) attributable to Monsanto Company on an ongoing basis.

We define free cash flow as cash flows from operating activities less capital expenditures. Prior to the second quarter of fiscal year 2017, we defined free cash flows as the total of net cash provided or required by operating activities and net cash provided or required by investing activities. As this definition varies from other more common definitions of free cash flow, we determined it was appropriate to redefine free cash flow to conform to one of the more typical definitions, beginning with the second quarter of fiscal year 2017. The prior period calculations of free cash flow have been restated to conform to the new presentation.

A non-GAAP EPS financial measure, which we refer to as ongoing EPS, excludes certain after-tax items that we do not consider part of ongoing operations, which are identified in the reconciliation. Earnings (loss) is intended to mean net income (loss) attributable to Monsanto Company as presented in the Statements of Consolidated Operations under GAAP. Ongoing gross profit and ongoing operating expenses exclude certain pretax items that we do not consider part of ongoing operations, which are identified in the reconciliations. Ongoing net income (loss) attributable to Monsanto Company is defined as net income (loss) attributable to Monsanto Company excluding the cumulative after-tax impact of certain items we do not consider part of ongoing operations.

Our presentation of non-GAAP financial measures is intended to supplement investors’ understanding of our operating performance, not replace gross profit, operating expenses, other expenses, net, net income (loss) attributable to Monsanto Company, diluted EPS, cash flows, financial position, or comprehensive income (loss), as determined in accordance with GAAP. Furthermore, these non-GAAP financial measures may not be comparable to similar measures used by other companies. The non-GAAP financial measures used in this presentation are reconciled to the most directly comparable financial measures calculated and presented in accordance with GAAP.



# Financial Results: Fiscal 2017 Fourth Quarter

	2017 FISCAL 4 <sup>TH</sup> QUARTER			2016 FISCAL 4 <sup>TH</sup> QUARTER			CHANGE	
	As Reported	Adjustments <sup>1</sup>	Ongoing <sup>1</sup>	As Reported	Adjustments <sup>1</sup>	Ongoing <sup>1</sup>	As Reported	Ongoing
<b>NET SALES</b>	\$2,686M	-	\$2,686M	\$2,562M	-	\$2,562M	5%	5%
<b>GROSS PROFIT</b>	\$1,340M	\$4M	\$1,344M	\$1,138M	\$14M	\$1,152M	18%	17%
<b>OPERATING EXPENSES</b>	\$1,403M	\$(48)M	\$1,355M	\$1,403M	\$(253)M	\$1,150M	-%	18%
<b>NET INCOME</b> <small>ATTRIBUTABLE TO MONSANTO COMPANY</small>	\$20M	\$62M	\$82M	(\$191M)	\$221M	\$30M	110%	173%
<b>DILUTED EPS</b>	\$0.05	\$0.15	\$0.20	(\$0.44)	\$0.51	\$0.07	111%	186%

1. Adjustments and ongoing metrics defined at the front of this presentation and reconciled at the end of this presentation.

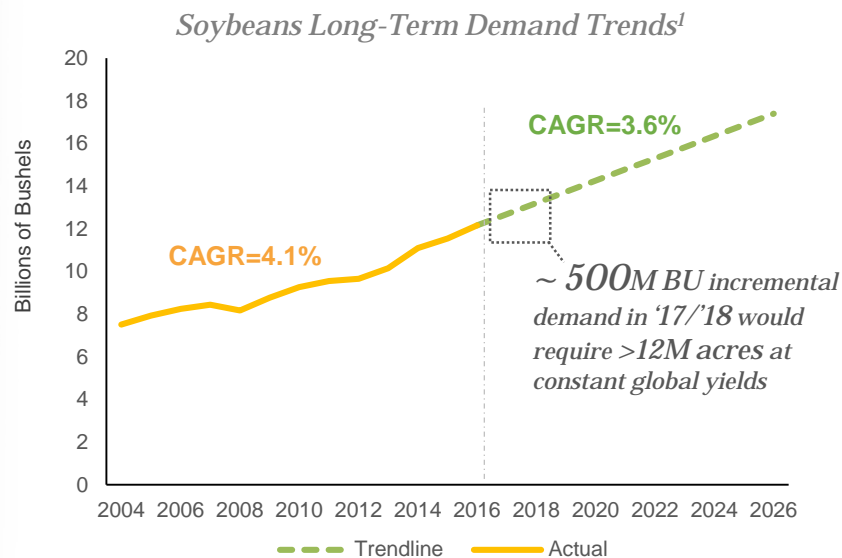
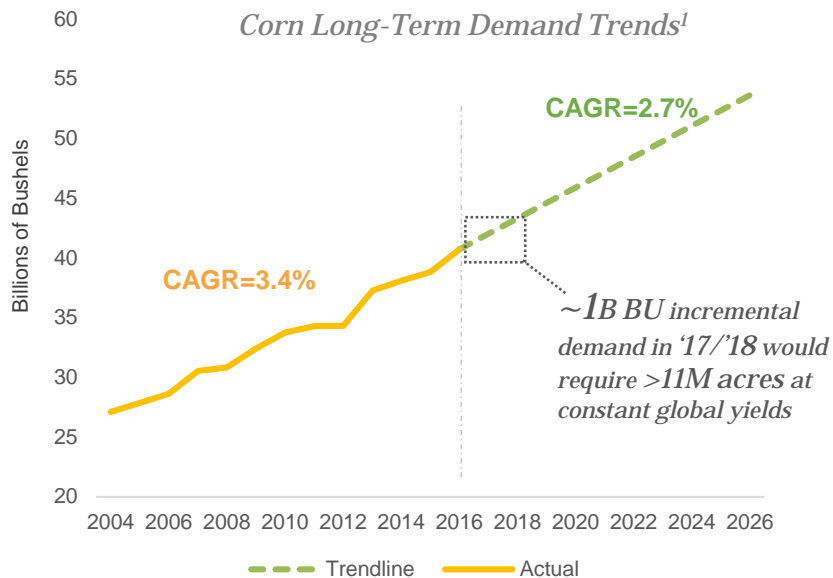
# Financial Results: Fiscal 2017 Full Year

	2017 FISCAL FULL YEAR			2016 FISCAL FULL YEAR			CHANGE	
	As Reported	Adjustments <sup>1</sup>	Ongoing <sup>1</sup>	As Reported	Adjustments <sup>1</sup>	Ongoing <sup>1</sup>	As Reported	Ongoing
NET SALES	\$14,640M	-	\$14,640M	\$13,502M	-	\$13,502M	8%	8%
GROSS PROFIT	\$7,937M	\$25M	\$7,962M	\$7,017M	\$67M	\$7,084M	13%	12%
OPERATING EXPENSES	\$4,725M	\$(182)M	\$4,543M	\$4,642M	\$(567)M	\$4,075M	2%	11%
NET INCOME ATTRIBUTABLE TO MONSANTO COMPANY	\$2,260M	\$180M	\$2,440M	\$1,336M	\$665M	\$2,001M	69%	22%
DILUTED EPS	\$5.09	\$0.41	\$5.50	\$2.99	\$1.49	\$4.48	70%	23%
FREE CASH FLOW	\$1,986M			\$1,665M			19%	

1. Adjustments and ongoing metrics defined at the front of this presentation and reconciled at the end of this presentation.
2. Free cash flow is now defined as operating cash flows less capital expenditures.

# Global Population and Income Growth Fuel Long-Term Demand Trends in Corn and Soybeans

*Meeting trendline demand requires >2-fold increase in corn yield rate of gain and >4-fold increase in soybean yield rate of gain by 2050*



1. USDA historical data for actual and trendline – WASDE September 2017. Trendline based on avg. growth from 2011-2016, per USDA.

# Uniquely Positioned to Address Grower Requirements with Digitally Integrated Solutions

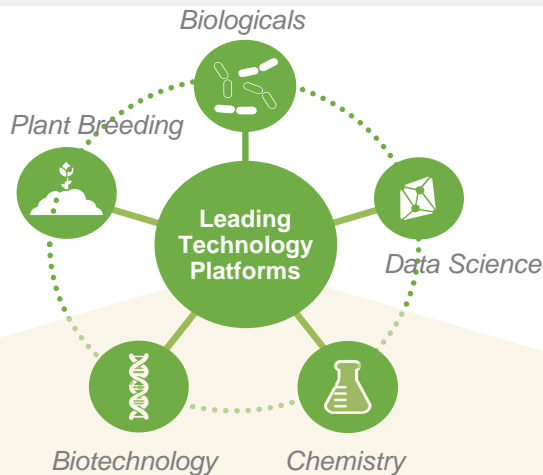
*Industry's leading technology platforms and digital integration are addressing evolving grower needs*

## BREEDING

Leading germplasm positions in corn, soybeans, cotton and vegetables enhanced by cutting edge breeding technology expected to widen gap

## BIOTECH

Industry leader with broadly licensed biotech traits reaching >350M acres globally in corn, soybeans, cotton and canola. Multi-generation of traits in pipeline to provide new modes of action.



## BIOLOGICALS

BioAg Alliance with Novozymes; industry leader in fermentation technology

## DATA SCIENCE

Climate *FieldView* platform is leading platform with 120M acres of penetration and leading connectivity, retail & equipment partnerships

## CHEMISTRY

Herbicide leader with glyphosate; partner of choice for new molecule development; *NemaStrike* technology launch for FY18 underway



# Bayer and Monsanto to Create Global Leader in Agriculture<sup>1</sup>

*Combination creates a leader in life science with a balanced portfolio*

## Transaction Summary

- All-cash consideration of \$128 per Monsanto share
- Reverse break-up fee of \$2 billion
- Transaction approved by Monsanto's shareowners

## Path to Completion

Q1 '17 Sep-Nov	Q2'17 Dec-Feb	Q3 '17 Mar-May	Q4 '17 Jun-Aug	Q1 '18 Sep-Nov	Q2 '18 Dec-Feb
<b>September 14, 2016</b> <i>Signing of merger agreement between Bayer and Monsanto</i>	<b>December 13, 2016</b> <i>Monsanto shareowners approve transaction; 99% of votes cast vote in favor of merger agreement</i>	<i>Regulatory approvals received from more than one-third of the relevant authorities</i>  <i>EU initiated Phase II of the investigation on 8/22</i>			
<b>Filings with regulatory agencies</b>					<b>Early 2018</b> <i>Expected transaction closure</i>

1. The acquisition is subject to customary closing conditions including receipt of required regulatory approvals.



# Bayer, Monsanto Combination<sup>1</sup> to Create Global Leader in Ag with Annual Combined Pro Forma R&D Budget of Approximately \$2.7B

*Combination accelerates innovation and integrated solutions and expands benefits to new crops, geographies*

## EXPECTED BENEFITS:

- **Increases Innovation**  
Accelerates pace of innovation and efficiency of R & D
- **Delivers the Future of Agriculture**  
Drives emerging technologies reshaping agriculture throughout the industry
- **Benefits Society and Consumers**  
Supports the sustainable production of improved harvests on each acre
- **Benefits Farmers**  
Enables farmers to be more productive, profitable and sustainable through broadly licensed tools expected to provide additional competitive offerings and choices

## Monsanto Chesterfield Research Facility



- Monsanto's newly expanded Chesterfield MO Research facility and largest yield testing location
- Bayer plans to locate the combined company's Global Seeds & Traits and North America commercial headquarters in St. Louis

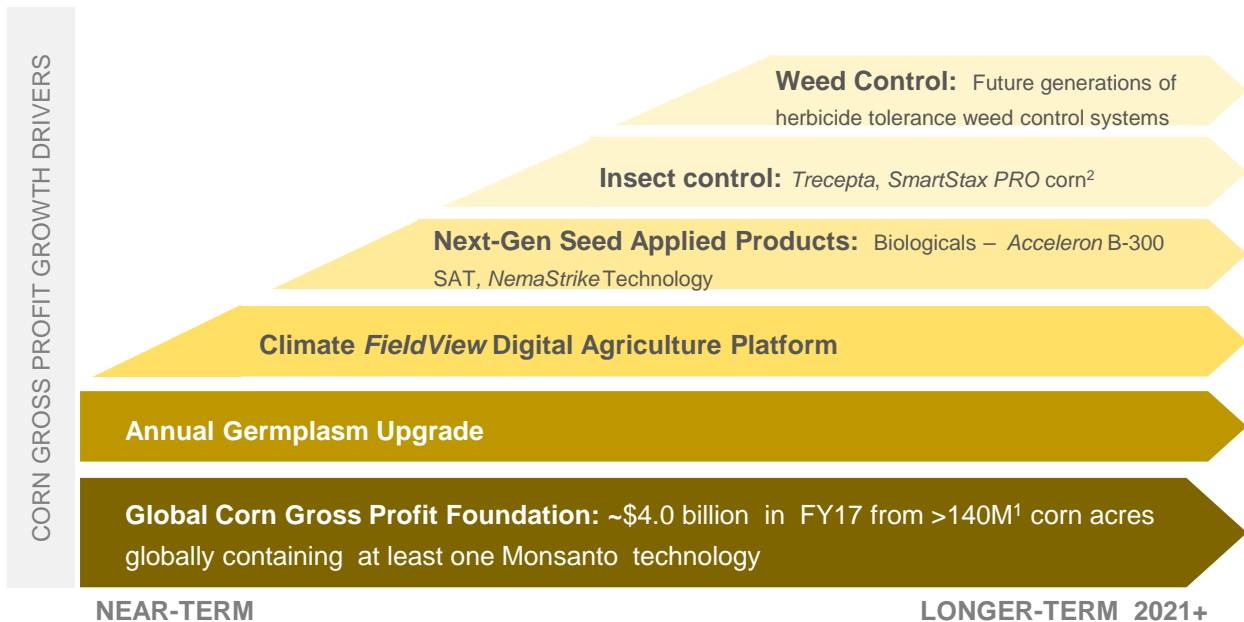
1. The acquisition is subject to customary closing conditions, including receipt of required regulatory approvals.

# Corn Gross Profit Growth Drivers

*Innovation across seeds, traits, crop protection, biologicals and digital ag expected to drive gross profit growth*

## 2018 Key Growth Drivers

- Expect global germplasm price mix lift, in local currency, from the introduction of new hybrids globally
- Anticipate global genetic share gains from new and existing hybrids
- Launch of *NemaStrike* Technology in the U.S.



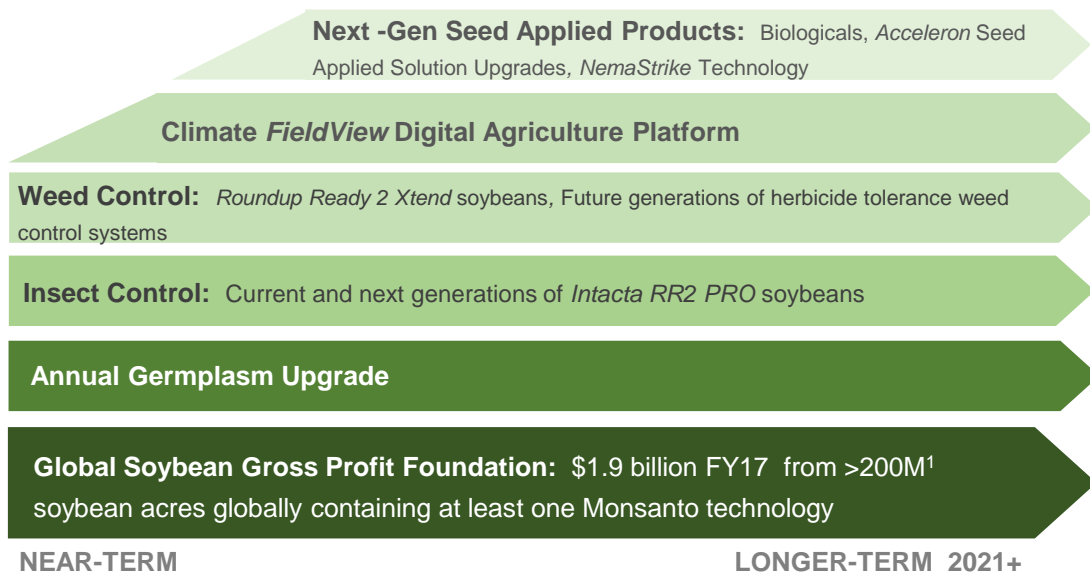
# Soybean Gross Profit Growth Drivers

*Innovation across seeds, traits, crop protection, biologicals and digital ag expected to drive gross profit growth*

## 2018 Key Growth Drivers

- *Intacta RR2 PRO* soybeans expected to penetrate >60M acres in FY18, from >50M acre base in South America in FY17
- *Roundup Ready 2 Xtend* soybeans expected to reach >40M acres in second year of full system launch, from a base of >20M acres in FY17
- Launch of *NemaStrike* Technology in the U.S.

SOYBEAN GROSS PROFIT GROWTH DRIVERS



# Roundup Ready Xtend Crop System: Upgrade of Industry's Largest Seed Technology Platform

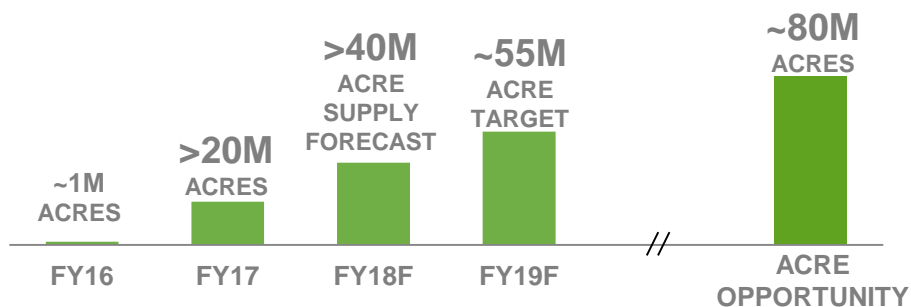
*Roundup Ready Xtend crop system poised to rapidly accelerate penetration in global 200-250M acre multi-crop opportunity*

## Roundup Ready Xtend Crop System

### Sources of Value in Roundup Ready Xtend Crop System



### Roundup Ready 2 Xtend Soybeans: U.S. Acreage Penetration Targets



## Key Metrics and Platform Drivers

- EPA approval for in-crop use of XtendiMax herbicide with VaporGrip technology and for numerous tank mix partners, including glyphosate
- FY18 plans for >300 Roundup Ready 2 Xtend soybean varieties across Monsanto brands and all relative maturity groups, as compared to >120 varieties in FY17
- \$5-10/acre premium vs. Roundup Ready 2 Yield varieties
- Licenses in place with seed companies with > 90% U.S. soybean seed share
- Both DuPont and Syngenta have agreements to sell formulations containing VaporGrip technology



# Roundup Ready 2 Xtend Soybeans: Outstanding Weed Control System Reaches >20M Acres in 2017

*Record U.S. ramp of Roundup Ready 2 Xtend soybeans on path to doubling in 2018 with expected supply*

## 2017: Record Ramp to >20M U.S. Acres



- The vast majority of U.S. growers reporting tremendous success controlling weeds and making on-target applications
- Early anecdotal yield results indicate excellent performance and weed control with *Roundup Ready 2 Xtend* varieties

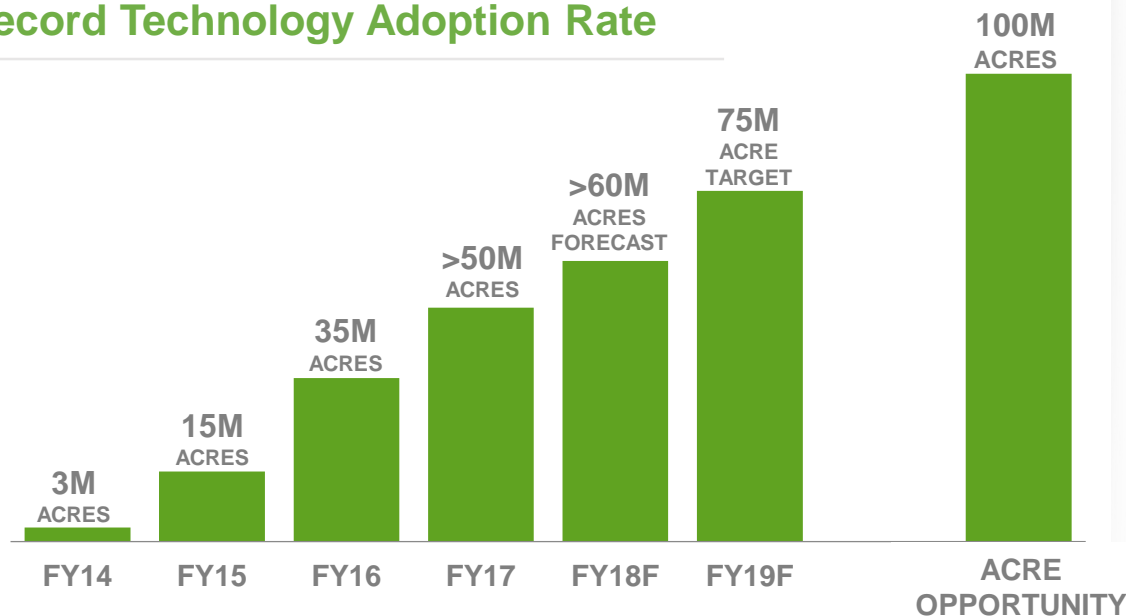
## 2018: Expanded Training to Support Expected Doubling of U.S. Acres

- With our partners, expect to have supply available to plant twice as many acres of *Roundup Ready 2 Xtend* soybeans in 2018
- Plans to improve customer success with the system in 2018 include:
  - Enhanced training
  - Distributing compliant spray nozzles at no cost
  - Establishing hotline for easy access on best practices
- Offering additional incentive of up to \$6 per acre through our *Roundup Ready PLUS* program when using *XtendiMax* Herbicide with *VaporGrip* Technology

# Intacta RR2 PRO Soybeans: Consistent Trait Performance Provides Strong Foundation for Growth

*First generation expected to rapidly penetrate 100M acre opportunity; Second generation already in Phase 4*

## INTACTA RR2 PRO: South America Record Technology Adoption Rate



## Key Metrics

- Penetrated more than 50M acres in FY17; expect adoption on more than 60M acres in FY18
- 2017 was fourth year of an average of >4 BU/AC yield advantage in South America
- Argentina interim policy supports mandatory testing and approves testing protocol; extended to cover FY17
- Licensed technology to DuPont; technology licensed to germplasm providers with >90% share in South America

# Complementary Crops Gross Profit Growth Drivers

*Innovation across seeds, traits, crop protection and digital ag further strengthens leading share position*

## COTTON TRIALS LUBBOCK, TX 2017

### *Bollgard II XtendFlex* Cotton System



### Dow's Enlist Cotton System



ALL OTHER CROPS GROSS PROFIT GROWTH DRIVERS



### **Canola, Wheat, Sorghum**

Annual Germplasm Upgrades, *TruFlex* Canola with *Roundup Ready* technology

**Vegetables:** Annual Germplasm Upgrades; Disease Resistance Packages

**Cotton:** New Trait Introductions – *Bollgard II XtendFlex*, *Bollgard III XtendFlex*, *NemaStrike* Technology, Cotton Lygus

**Cotton:** Annual Germplasm Upgrades

**Cotton, Vegetable and Other Crops Gross Profit Foundation:**  
~\$1.1 billion FY17

NEAR-TERM

LONGER-TERM 2021+

- Excellent performance on yield and fiber quality for *Bollgard II Xtend Flex*
- High grower demand; expect ~6M acres in FY18 in the U.S.; >6M acres penetrated in FY17
- Grew nearly 13 share points across our U.S. cotton brands and licensees in FY17

# Broad Spectrum Nematode Control with *NemaStrike* Technology Helps Protect Yield Potential Across Crops

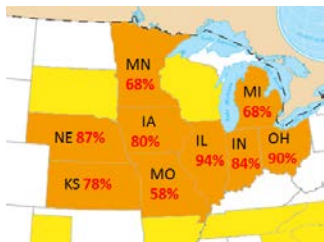
*Launching in FY18 in the U.S. across corn, soybeans and cotton; targeting 125M acres by 2025*

**NEMASTRIKE™**  
TECHNOLOGY

- Novel nematicide providing broad spectrum control of plant parasitic nematodes
- Approved by EPA in May 2017; 46 state approvals received
- **>400** *Ground Breaker* trials across corn, soybeans and cotton in the U.S. in FY17 complete
- Licensing interest from multiple seed companies initiated

## Corn

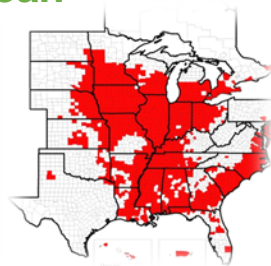
>80% of all corn acres contain plant parasitic nematodes <sup>1</sup>



3 yr. avg. yield advantage: **+7 Bu/A<sup>2</sup>**

## Soybean

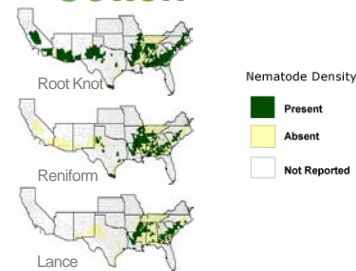
Soybean Cyst Nematode Distribution <sup>1</sup>



3 yr. avg. yield advantage: **+3 Bu/A<sup>2</sup>**

## Cotton

Cotton Nematode Distribution



3 yr. avg. yield advantage: **+80 lbs./A<sup>2</sup>**

*FY18 Planned Multi-Crop Launch Acres:* **6-8M ACRES**

1. Soybean Source: R.D. Riggs and G.L. Tylka | Clemson University — USDA Cooperative Extension Slide Series, Bugwood.org | AgriThority; Corn Map: 2016 nematode sampling study conducted in the U.S. Corn Belt  
2. Per Monsanto field trial data vs. a competitive standard in 2014, 2015 and 2016; results associated with a 73% win rate in corn, 68% win rate in soybeans and 86% win rate in cotton. Results will vary based upon nematode pressure in each field.



# First Mover Advantage: Climate *FieldView* Platform Established as the Leading Global Digital Ag Platform

*First mover advantage and open infrastructure enables platform expansion opportunities*

## CLIMATE *FIELDVIEW* PLATFORM

### CLIMATE *FIELDVIEW* SERVICES

- Penetrated **>35M** paid acres in the U.S. in FY17; expect **50M** acres globally in FY18
- Selling through **6** strategic retail partnerships enabling **3,000+** trusted advisors
- Expanding in Canada, Europe and Brazil and planning expansions in Argentina, Australia and South Africa

### PLATFORM ADOPTION

- Penetrated **120M** acres with Climate *FieldView* Platform in FY17
- **14** Platform Partners:
  - **Imagery, Soil Testing, Financial Decision-Making:** Veris Technology, Ceres Imaging, TerrAvion, Agribotix and Conservis
  - **Connectivity:** John Deere, Agrian, SSI–Agvance Mapping, Echelon, FieldAlytics, FS Advanced Information Services, MapShots-Ag Studio, SST Summit, AGCO
- Discussions continue with **>25** additional potential technology providers

# Geographic and Acre Expansion Driving Climate *FieldView* Platform Growth in the Americas and Europe

*Climate builds upon industry leading U.S. footprint by expanding into meaningful geographies*

## Europe



**195M** acres opportunity

- Acquired *VitalFields* platform and HydroBio
- *VitalFields* is Climate's first step into Europe - operates in 7 countries within Europe

### Product features:

- Simplified tracking and reporting of all crop inputs to ensure compliance with European Union environmental standards

## Brazil



**120M** acres opportunity

- Commercial launch May 2017
- Nearly 1M acres in large grower trials complete

### Product features:

- Data connectivity, data visualization and ability to analyze effectiveness of planting decisions and remote monitoring

## Canada



**55M** acres opportunity

- Platform availability in Eastern Canada beginning in winter 2016 and in FY18 for Western Canada

### Product features:

- Data connectivity, data visualization and ability to analyze effectiveness of planting decisions and remote monitoring

# FY18 Outlook for New Technologies Strong; Q1 EPS Expected to Grow vs. Prior Year

*Penetration of soybean trait technologies expected to continue to grow; NemaStrike Technology launching in FY18*

## FY18 Q1 Outlook

### Seeds & Genomics:

- **Soybeans:** gross profit expected to grow vs. the prior year from *Intacta RR2 PRO* penetration and pricing improvement in South America
- **Corn:** Expect lower planted acres in Brazil; balanced with expected gain on sale of Precision Planting assets to AGCO

### Ag Productivity:

- Improved pricing in glyphosate-based herbicides expected in Q1, along with additional volumes of *XtendiMax* Herbicide with *VaporGrip* Technology, driving anticipated growth in gross profit for the quarter

## FY18 Full Year Outlook

### Seeds & Genomics:

- **Corn:** Expect germplasm price mix lift in local currency and global genetic share gains from the introduction of new hybrids globally
- **Cotton:** Expect brand share gains in the U.S. and ~6M acres of *Bollgard II XtendFlex* cotton
- **Soybeans:** Trait revenue growth and genetic share gains expected from >40M acres of *Roundup Ready 2 Xtend* soybeans and >60M acres of *Intacta RR2 PRO* soybeans
- **NemaStrike Technology:** Expect incremental gross profit from premium pricing from the launch of *NemaStrike* nematocide across 6-to-8M acres of corn, soybeans and cotton

# Driving Value through Greater Efficiency: Expected to Yield Annual Savings of \$500 Million in 2018

*Using business analytics aligned with strategic objectives to enhance commercial success & optimize cost structure*

## Restructuring and cost savings initiatives:

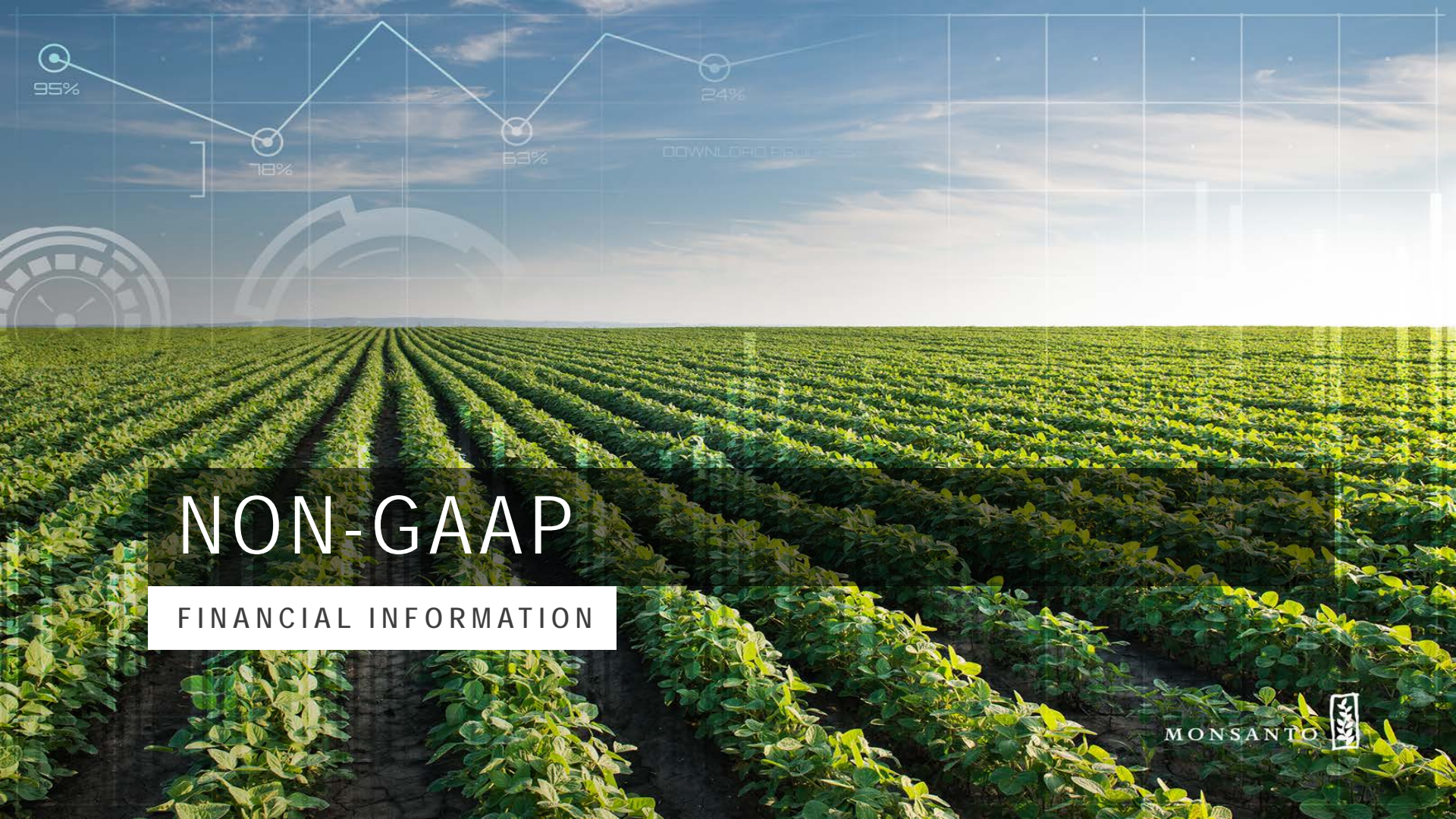
- 1 Four strategic **commercial hubs**
- 2 Modernize and optimize **IT and supply chain networks**
- 3 Accelerate use of **data and analytics** to speed up R&D cycle
- 4 **Global R&D centers** of excellence

Restructuring Expense:  
**~\$900M to \$965M**  
FY15-FY18F

**\$500M**

TOTAL EXPECTED ANNUAL  
SAVINGS IN FY18F





# NON-GAAP

FINANCIAL INFORMATION

# Reconciliation of Non-GAAP Financial Measures

## RECONCILIATION OF FREE CASH FLOW<sup>1</sup>

	Fiscal Year	Fiscal Year
\$ Millions	2017	2016
Net Cash Provided by Operating Activities	\$3,226	\$2,588
Net Cash Required by Investing Activities	\$(1,107)	\$(864)
Net Cash Required by Financing Activities	\$(1,966)	\$(3,742)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$27	\$(7)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>\$180</b>	<b>\$(2,025)</b>

	Fiscal Year	Fiscal Year
\$ Millions	2017	2016
Net Cash Provided by Operating Activities	\$3,226	\$2,588
Capital Expenditures	\$(1,240)	\$(923)
<b>Free Cash Flow</b>	<b>\$1,986</b>	<b>\$1,665</b>

1. Free Cash Flow now defined as net cash provided by operating activities, less cash required for capital expenditures.

# Reconciliation of Non-GAAP Financial Measures

## RECONCILIATION OF ONGOING EPS

	\$ Per share	Fiscal Year		Fiscal 4 <sup>th</sup> Quarter	
		2017	2016	2017	2016
<b>Diluted Earnings per Share</b>		<b>\$5.09</b>	<b>\$2.99</b>	<b>\$0.05</b>	<b>(\$0.044)</b>
Restructuring Charges (a)		(\$0.03)	\$0.59	--	\$0.09
Environmental and Litigation Matters (b)		\$0.05	\$0.38	\$0.03	\$0.34
Pending Bayer Transaction Related Costs(c)		\$0.32	--	\$0.05	--
Argentine-Related Tax Matters (e)		\$0.10	\$0.56	\$0.07	\$0.08
Income from Discontinued Operations (d)		\$(0.03)	\$(0.04)	--	--
<b>Diluted EPS from Ongoing Business</b>		<b>\$5.50</b>	<b>\$4.48</b>	<b>\$0.20</b>	<b>\$0.07</b>

# Reconciliation of Non-GAAP Financial Measures

## RECONCILIATION OF ONGOING GROSS PROFIT

	Fiscal 4 <sup>th</sup> Quarter		Fiscal Year		
	2017	2016	2017	2016	
<b>\$ Millions</b>					
Gross Profit (GAAP)	\$1,340	\$1,138	\$7,937	\$7,017	
Restructuring Charges	\$4	\$14	\$25	\$67	(a)
<b>Ongoing Gross Profit</b>	<b>\$1,344</b>	<b>\$1,152</b>	<b>\$7,962</b>	<b>\$7,084</b>	

## RECONCILIATION OF ONGOING OPERATING EXPENSES

	\$ Millions	Fiscal 4 <sup>th</sup> Quarter		Fiscal Year		
		2017	2016	2017	2016	
Operating Expenses (GAAP)		\$1,403	\$1,403	\$4,725	\$4,642	
Restructuring Charges		\$6	\$(7)	\$36	\$(297)	(a)
Environmental and Litigation Matters		\$(22)	\$(245)	\$(33)	\$(273)	(b)
SEC Settlement Matters		--	(1)	--	\$3	(f)
Pending Bayer Transaction Related Costs		\$(32)	--	\$(185)	--	(c)
<b>Ongoing Operating Expenses</b>		<b>\$1,355</b>	<b>\$1,150</b>	<b>\$4,543</b>	<b>\$4,075</b>	

## RECONCILIATION OF ONGOING NET INCOME Attributable to Monsanto Company

	\$ Millions	Fiscal 4 <sup>th</sup> Quarter		Fiscal Year		
		2017	2016	2017	2016	
Net Income Attributable to Monsanto Co. (GAAP)		\$20	\$(191)	\$2,260	\$1,336	
Pretax Restructuring Charges		\$(2)	\$21	\$(11)	\$364	(a)
Pretax Environmental and Litigation Matters		\$22	\$245	\$33	\$273	(b)
Pretax SEC Settlement Matters		--	\$1	--	\$(3)	(f)
Pretax Pending Bayer Transaction Related Costs		\$32	--	\$223	--	(c)
Income Tax Benefit <sup>(1)</sup>		\$(20)	\$(77)	\$(97)	\$(204)	
Argentine-Related Tax Matters <sup>(2)</sup>		\$30	\$33	\$45	\$252	(e)
Income from Discontinued Operations <sup>(3)</sup>		--	\$(2)	\$(13)	\$(17)	(d)
<b>Ongoing Net Income Attributable to Monsanto Co.</b>		<b>\$82</b>	<b>\$30</b>	<b>\$2,440</b>	<b>\$2,001</b>	

See slide 25-26 at the end of the presentation for discussion of reconciling items. 1. Income tax impact of non-GAAP adjustments is the summation of the calculation of income tax (benefit) charge related to each non-GAAP non-income tax adjustment. Income tax charge is calculated using the actual tax rate in effect during the period for the locality of the related non-GAAP adjustment. 2. Item includes a translation gain recorded in other (income) expense, net of \$21 million and a net charge against tax expense of \$51 million for the three months ended Aug. 31, 2017, and it includes a translation gain recorded in other (income) expense, net of \$43 million and a net charge against tax expense of \$88 million for the twelve months ended Aug. 31, 2017. The three and twelve months ended Aug. 31 2016, above represent a net charge against tax expense of \$33 million and \$252 million, respectively. 3. The twelve months ended Aug. 31, 2017, included pretax income from discontinued operations of \$21 million. The three and twelve months ended Aug. 31, 2016, included pretax income on discontinued operations of \$3 million and \$27 million, respectively.



# Reconciliation of Non-GAAP Financial Measures

## DEFINITION OF ONGOING ADJUSTMENTS

**(a) Restructuring Charges:** Fiscal fourth quarter 2017 and 2016 included a pretax net reversal of previously recognized restructuring charge totaling \$2 million (\$0.01 a share), or after-tax less than \$1 million (less than \$0.01 a share), and a pretax charge of \$21 million (\$0.05 a share), or after-tax \$38 million (\$0.09 a share), respectively. The twelve months ended Aug 31, 2017 and 2016, included a pretax net reversal of previously recognized restructuring charge totaling \$11 million (\$0.03 a share), or after-tax \$12 million (\$0.03 a share), and a pretax charge of \$364 million (\$0.81 a share), or after-tax \$263 million (\$0.59 a share).

**(b) Environmental and Litigation Matters:** Fiscal fourth quarter 2017 and 2016 included a pretax charges of \$22 million (\$0.05 a share), or after-tax \$13 million (\$0.03 a share), and a pretax charge of \$245 million (\$0.55 a share), or after-tax \$151 million (\$0.34 a share), respectively, for legacy litigation matters. The twelve months ended Aug. 31, 2017 and 2016, included pretax charges of \$33 million (\$0.08 a share), or after-tax \$20 million (\$0.05 a share), and \$273 million (\$0.61 a share), or after-tax \$168 million (\$0.38 a share), respectively. The pretax charges in both periods were recorded in selling, general and administrative expenses.

**(c) Pending Bayer Transaction Related Costs:** The three and twelve months ended Aug. 31, 2017 included pretax charges of \$32 million (\$0.07 a share), or after-tax \$20 million (\$0.05 a share) and \$223 million (\$0.50 a share), or after-tax \$140 million (\$0.32 a share), respectively. Item represents expenses incurred in connection with the pending merger agreement with Bayer. The pretax charges in the three and twelve months ended Aug. 31, 2017, were recorded in operating expenses of \$32 million and \$185 million, respectively, and other (income) expense, net of \$38 million for the twelve months ended Aug. 31, 2017.

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**(d) Income from Discontinued Operations:** The company reports annual earn-out payments received as a result of the 2008 divestment of the Dairy Business as discontinued operations. The twelve months ended Aug. 31, 2017, included pretax income from discontinued operations of \$21 million (\$0.05 a share), or after-tax \$13 million (\$0.03 a share). The three and twelve months ended Aug. 31, 2016, included pretax income on discontinued operations of \$3 million (less than \$0.01 a share), or after-tax \$2 million (less than \$0.01 a share), and \$27 million (\$0.06 a share), or after-tax \$17 million (\$0.04 a share), respectively.

**(e) Argentine-Related Tax Matters:** The three and twelve months ended Aug. 31, 2017, included a net reversal of charges related to Argentine-related tax matters of \$30 million (\$0.07 a share), and a net charge of \$45 million, or (\$0.10 a share), respectively. The three and twelve months ended Aug. 31, 2016, included a net tax charge of \$33 million (\$0.08 a share) and \$252 million (\$0.56 a share), respectively. Due to losses generated in Argentina in recent years as well as recent uncertainties around the Argentina business, the company evaluated the recoverability of various items on the Statements of Consolidated Financial Position related to the Argentina business and determined an allowance against certain assets was necessary, which resulted in a translation gain recorded in other (income) expense, net of \$21 million and a net charge against tax expense of \$51 million for the three months ended Aug. 31, 2017, and it resulted in a translation gain recorded in other (income) expense, net of \$43 million and a net charge against tax expense of \$88 million for the twelve months ended Aug. 31, 2017.

**(f) SEC Settlement Matters:** The three and twelve months ended Aug. 31, 2016 included pretax net reversal of charges of \$1 million and pretax charges of \$3 million. This expense had less than a \$0.01 effect on diluted earnings per share for the three and twelve months ended Aug. 31, 2016, in selling, general and administrative expenses in connection with the previously disclosed SEC action.