

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO, ALBERTA, SASKATCHEWAN,  
MANITOBA AND NEW BRUNSWICK**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
MONSANTO COMPANY**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, Saskatchewan, Manitoba and New Brunswick (the "Jurisdictions") has received an application from Monsanto Company ("Monsanto" or the "Company") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that (i) the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") (collectively, the "Registration and Prospectus Requirements") shall not apply to certain trades in securities of Monsanto made in connection with the Monsanto 2000 Management Incentive Plan (the "Incentive Plan"); and the Monsanto Broad-Based Stock Option Plan (the "Option Plan"); (ii) the Registration Requirements shall not apply to certain trades in Shares (as defined below) made in connection with the Monsanto Employee Stock Purchase Plan (the "ESPP"); (iii) the Registration Requirements shall not apply to first trades of Shares acquired under the Incentive Plan, the Option Plan, or the ESPP (collectively, the "Plans") executed on an exchange or market outside of Canada; and (iv) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, financing, identical consideration, collateral benefits, and form filing (the "Issuer Bid Requirements") shall not apply to certain acquisitions by the Company of Shares pursuant to the Plans in each of the Jurisdictions;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

**AND WHEREAS** Monsanto has represented to the Decision Makers as follows:

1. Monsanto is a corporation incorporated under the laws of the state of Delaware, is not a reporting issuer or the equivalent under the Legislation and has no present intention of becoming a reporting issuer or the equivalent under the Legislation;
2. The authorized share capital of Monsanto consists of 1,500,000,000 shares of common stock ("Shares"), and 20,000,000 shares of preferred stock ("Preferred Shares"). As of August 20, 2001 there were 258,083,050 Shares and no Preferred Shares issued and outstanding;
3. Monsanto is subject to the requirements of the *Securities Exchange Act* of 1934, as amended, of the United States, including the reporting requirements thereof;
4. Subject to adjustment as described in the Incentive Plan, the total number of Shares that may be delivered pursuant to awards under the Incentive Plan shall not exceed 22,567,500 (the number of Shares that equals 8.85% of the outstanding Shares immediately after the initial public offering of the Shares assuming no exercise of the underwriters' over-allotment option);
5. Subject to adjustment as described in the Option Plan, the total number of Shares that may be delivered pursuant to the grant of Options under the Option Plan shall not exceed 2,677,500 (the number of Shares that equals 1.05% of the outstanding Shares immediately after the initial public offering of the Shares assuming no exercise of the underwriters' over-allotment option);
6. The purpose of the Incentive Plan is to (a) focus management on business performance that creates stockholder value, (b) encourage innovative approaches to the business of the Company, (c) reward for results, (d) encourage ownership of Monsanto common stock by management, and (e) encourage taking higher risks with an opportunity for higher reward;
7. The purpose of the Option Plan is to (a) focus employees of Monsanto or of its affiliates (collectively "Monsanto Companies") on business performance that creates stockholder value, (b) provide employees with an incentive to enhance stockholder return, and (c) encourage employees to view the Company from the perspective of its stockholders;
8. The purpose of the ESPP is to provide a convenient way for employees of the Monsanto Companies to purchase Shares by enabling them to borrow the purchase price of such Shares from the Company and to repay the borrowed amounts through regular payroll deductions;
9. Shares offered under the Plans are registered with the Securities and Exchange Commission (the "SEC") under the *Securities Act* of 1933, as amended, of the United States;
10. The Shares are listed for trading on the New York Stock Exchange ("NYSE");
11. Under the Incentive Plan and the Option Plan, Monsanto may grant options on Shares ("Options"), stock appreciation rights ("SARs"), bonus Shares ("Bonus Shares"), restricted Shares ("Restricted Shares"), unrestricted Shares, dividend equivalents ("Dividend Equivalents") and other stock based awards (collectively referred to as "Awards") to any employee or member (each a "Director") of the board of directors of Monsanto (the "Board") or of any Monsanto Company;

12. Under the ESPP, employees may purchase Shares by borrowing the purchase price of such Shares from Monsanto and repaying such borrowed amounts through uniform payroll deductions, at least as often as monthly, over a forty (40) month period;

13. Monsanto or the Monsanto Companies will identify employees or Directors to be granted Awards under the Plans or who are eligible to participate in the ESPP, including such persons resident in the Jurisdictions (the "Canadian Service Providers"). As of October 3, 2001, there are approximately 29, 111, 38, 82 and 1 Canadian Service Providers resident in Alberta, Manitoba, Saskatchewan, Ontario and New Brunswick respectively, eligible to participate in the Plans;

14. Monsanto intends to engage the services of agent(s) (each an "Agent", collectively, the "Agents") in connection with the administration and operation of the Plans. The current Agent under the Incentive Plan and Option Plan is Merrill Lynch, Pierce Fenner and Smith Inc. ("Merrill Lynch"). The current Agents for the ESPP are Mellon Investor Services LLC and Mellon Securities Inc;

15. The current Agents are, and any additional or replacement Agent will be, either a corporation registered under applicable United States securities or banking legislation or a registrant in the Jurisdictions;

16. The current Agents are registered only as International Dealers in Ontario and are not otherwise registrants in any of the Jurisdictions. If replaced, the Agents are not expected to be registrants in any of the Jurisdictions;

17. The Agent's role in the Plans will involve various administrative functions and may include: (i) holding Shares on behalf of participants; (ii) acquiring Shares on the open market or otherwise, for purposes of satisfying Share purchases under the ESPP; (iii) facilitating Award exercises (including cashless exercises and stock swap exercises) under the Incentive Plan and the Option Plan; (iv) maintaining accounts on behalf of participants under the Plans; and (v) facilitating the resale of Shares acquired under the Plans through the NYSE;

18. Participation in the Plans by Canadian Service Providers is voluntary and such persons are not induced to participate in the Plans or to exercise their Awards by expectation of employment or continued employment with the Monsanto Companies;

19. Awards are not transferable otherwise than by will or the laws of intestacy;

20. The committee appointed by the Board of Monsanto (the "Committee") shall establish procedures governing the exercise of Options and other Awards that are capable of being exercised. Generally, in order to exercise an Option (or other Award), the option holder must submit to the Agent a written notice of exercise identifying the Option (or other Award) and the number of Shares being exercised, and deliver full payment for the Shares underlying the Options (or other Award) to Monsanto. The Award exercise price may be paid in cash or where permitted by the Committee by way of a stock swap exercise or cashless exercise or by such other method permitted by the Committee from time to time;

21. Following the termination of a Canadian Service Provider's relationship with the Monsanto Companies, a former Canadian Service Provider or the beneficiary of an Award or Shares by will or the laws of intestacy and their legal representatives (collectively, "Non-Employee Participants") may continue to have rights in respect of such Shares and Awards ("Post-Termination Rights"). Post-Termination Rights may include, among other things, the right of a Non-Employee Participant to exercise an Award for a specified period and the right to sell Shares acquired under the Plans through the Agent;

22. A copy of the U.S. Prospectus relating to the relevant Plans will be delivered to each Canadian Service Provider who is granted an Award under the Incentive Plan or the Option Plan and to each employee who is eligible to participate in the ESPP. The annual reports, proxy materials and other materials Monsanto is required to file with the SEC, will be provided to persons who acquire Shares under the Plans and become shareholders at the same time and in the same manner as the documents are provided to U.S. shareholders;

23. Canadian Service Providers, including Non-Employee Participants who wish to sell Shares acquired under the Plans, may do so through the Agent;

24. At the time of any grant of Awards under the Plan, holders of Shares whose last address as shown on the books of Monsanto was in Canada will not hold more than 10% of the outstanding Shares and will not represent in number more than 10% of the total number of holders of Shares;

25. Because there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plans will be effected through the facilities of, and in accordance with the rules and laws applicable to, a stock exchange or organized market outside of Canada on which the Shares may be listed or quoted for trading;

26. The Legislation of certain of the Jurisdictions does not contain exemptions from the Registration and Prospectus Requirements for Award exercises by Canadian Service Providers and Non-Employee Participants through the Agent where the Agent is not a registrant;

27. The Legislation of certain Jurisdictions does not contain exemptions from the Registration Requirements for Share purchases by the Agent on the open market on behalf of employees under the ESPP because the Agent is not a registrant;

28. Where the Agent sells Shares on behalf of Canadian Service Providers, or Non-Employee Participants, none of the Canadian Service Providers, Non-Employee Participants or the Agent is able to rely on the exemption from the Registration Requirements contained in the Legislation of certain Jurisdictions to effect such sales;

29. The Legislation of certain Jurisdictions deems any trade in Shares acquired under the Incentive Plan or the Option Plan to be a distribution or primary distribution to the public unless, among other things, Monsanto is a reporting issuer and has been a reporting issuer for a prescribed period of time preceding the trade;

30. The exemptions in the Legislation from the Issuer Bid Requirements are not be available for certain acquisitions by the Company of its Shares from Canadian Service Providers or Non-Employee Participants in accordance with the terms of the Incentive Plan and the Option Plan, since acquisitions relating to stock-swap exercises may occur at a price that is not calculated in accordance with the "market price," as that term is defined in the Legislation; under the Incentive Plan and the Option Plan, the Company will acquire such tendered Shares at their fair market value, as determined in accordance with such Plans;

**AND WHEREAS** pursuant to the System, this Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision-Makers is satisfied that the test contained in the Legislation that provides the Decision-Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers pursuant to the Legislation is that:

a) the Registration and Prospectus Requirements shall not apply to any trade or distribution of Awards or Shares made in connection with the Incentive Plan or the Option Plan, including trades or distributions involving Monsanto, the Monsanto Companies, the Agent, Canadian Service Providers, or Non-Employee Participants, provided that the first trade in Shares acquired under the Incentive Plan or the Option Plan pursuant to this Decision shall be deemed a distribution unless such first trade is executed through the facilities of a stock exchange or market outside of Canada on which the Shares may be listed or quoted for trading;

b) the Registration Requirements shall not apply to any trade in Shares, made in connection with the ESPP, including trades and distributions involving Monsanto, Monsanto Companies, the Agent or employees;

c) the first trade by Canadian Service Providers or Non-Employee Participants in Shares acquired pursuant to this Decision, including first trades effected through the Agent, shall not be subject to the Registration Requirements, provided such first trade is executed through a stock exchange or market outside of Canada; and

d) the Issuer Bid Requirements of the Legislation shall not apply to the acquisition by Monsanto of Shares or Awards from Canadian Service Providers or Non-Employee Participants in connection with stock-swap exercises, made in connection with the provisions of the Incentive Plan or the Option Plan.

November 1, 2001.

"Derek Brown"

"R.S. Paddon"