



# SECOND QUARTER 2017

FINANCIAL RESULTS

*April 5, 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 Second Quarter

	2017 FISCAL 2 <sup>ND</sup> QUARTER			2016 FISCAL 2 <sup>ND</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>	\$5,074M	-	\$5,074M	\$4,532M	-	\$4,532M	12%	12%
<b>GROSS PROFIT</b>	\$2,952M	\$6M	\$2,958M	\$2,598M	-	\$2,598M	14%	14%
<b>OPERATING EXPENSES</b>	\$1,088M	\$(59)M	\$1,029M	\$935M	\$(12)M	\$923M	16%	11%
<b>NET INCOME</b> ATTRIBUTABLE TO MONSANTO COMPANY	\$1,368M	\$41M	\$1,409M	\$1,063M	\$5M	\$1,068M	29%	32%
<b>DILUTED EPS</b>	\$3.09	\$0.10	\$3.19	\$2.41	\$0.01	\$2.42	28%	32%

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

# Financial Results: Fiscal 2017 Second Quarter Year-to-Date

	2017 FISCAL FIRST HALF			2016 FISCAL FIRST HALF			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>	\$7,724M	-	\$7,724M	\$6,751M	-	\$6,751M	14%	14%
<b>GROSS PROFIT</b>	\$4,211M	\$7M	\$4,218M	\$3,499M	\$52M	\$3,551M	20%	19%
<b>OPERATING EXPENSES</b>	\$2,100M	\$(124)M	\$1,976M	\$2,108M	\$(283)M	\$1,825M	0%	8%
<b>NET INCOME</b> <small>ATTRIBUTABLE TO MONSANTO COMPANY</small>	\$1,397M	\$103M	\$1,500M	\$810M	\$206M	\$1,016M	72%	48%
<b>DILUTED EPS</b>	\$3.16	\$0.23	\$3.39	\$1.80	\$0.45	\$2.25	76%	51%
<b>FREE CASH FLOW</b>	\$994M			\$900M			10%	

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.

# 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>				
<b>Filings with regulatory agencies</b>					<b>End of 2017</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, optimizes 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

## RESULTING FROM:

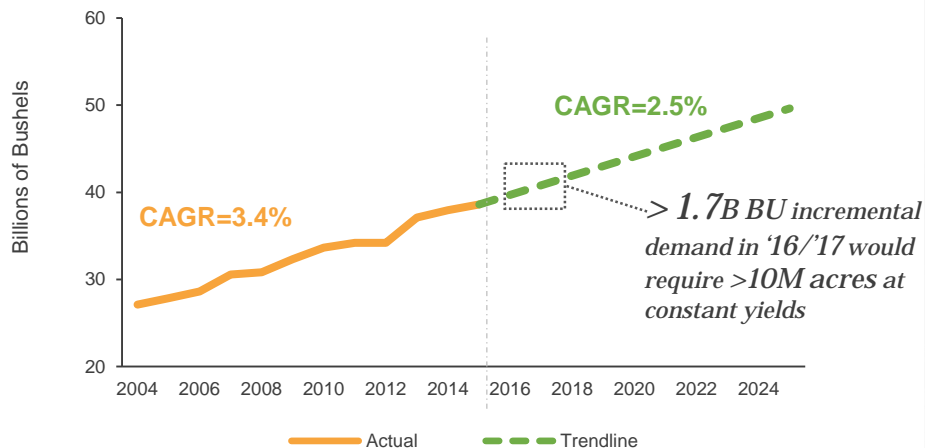
- **Accelerated Innovation**
- **Optimized Integrated Solutions**
- **Expanded Offerings**

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

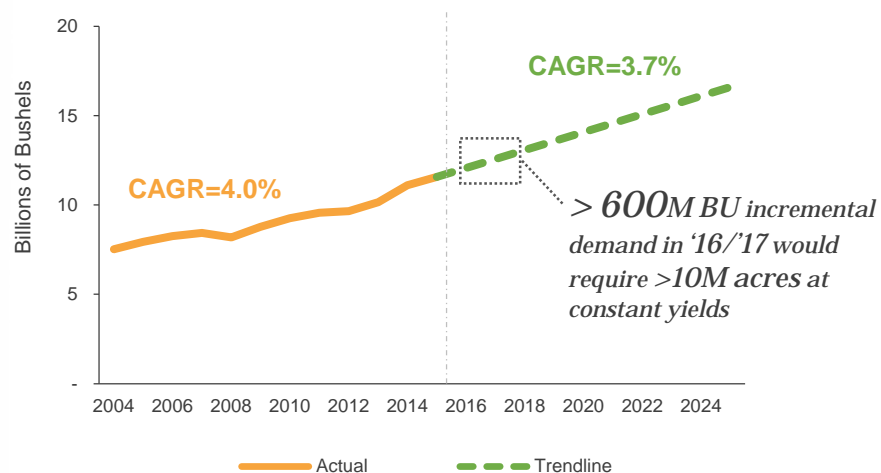
# Global Population and Income Growth Fuel Long-Term Demand Trends in Corn and Soybeans

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

*Corn Long-Term Demand Trends<sup>1</sup>*



*Soybeans Long-Term Demand Trends<sup>1</sup>*



1. USDA historical data for actual and trendline – WASDE March 2017; future forecast and projections represent Monsanto internal estimates.



# Uniquely Positioned to Address Grower Requirements with Digitally Integrated Solutions

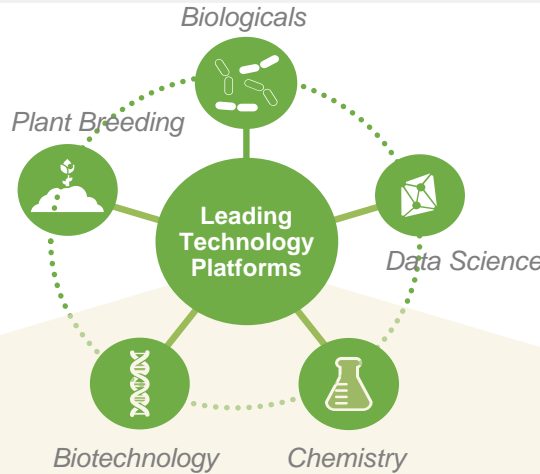
*Industry's leading technology platforms and digital integration are addressing evolving grower needs*

## 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 100M acres of penetration and leading connectivity, retail & equipment partnerships

## CHEMISTRY

Herbicide leader with glyphosate; partner of choice for new molecule development

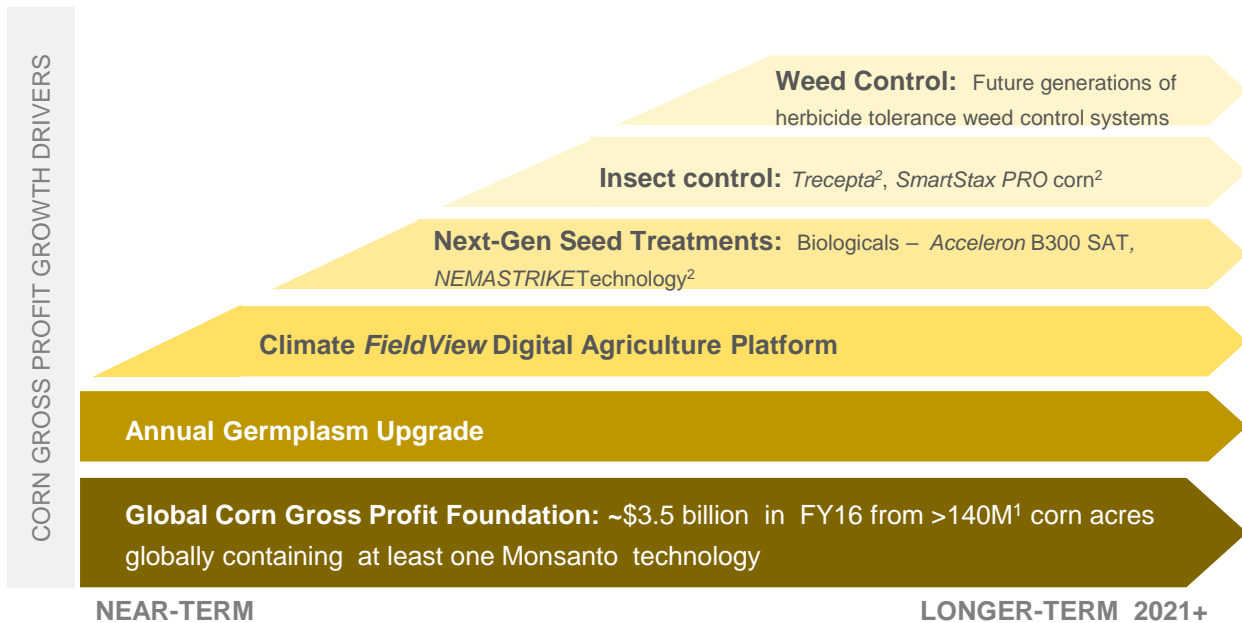


# Corn Gross Profit Growth Drivers

*Innovation across seeds, traits, crop protection, biologicals and digital ag further strengthens leading share position driving expected share gains and overall gross profit growth*

## 2017 Key Growth Drivers

- Strong momentum in South America from planted acre increases accompanied by double-digit germplasm price mix lift in local currency in the first half of FY17
- Expect to grow global germplasm footprint, despite slight decline in global acre outlook
- Global germplasm price mix, in local currency, expected to be flat to up low-single digits as a percentage for the full year



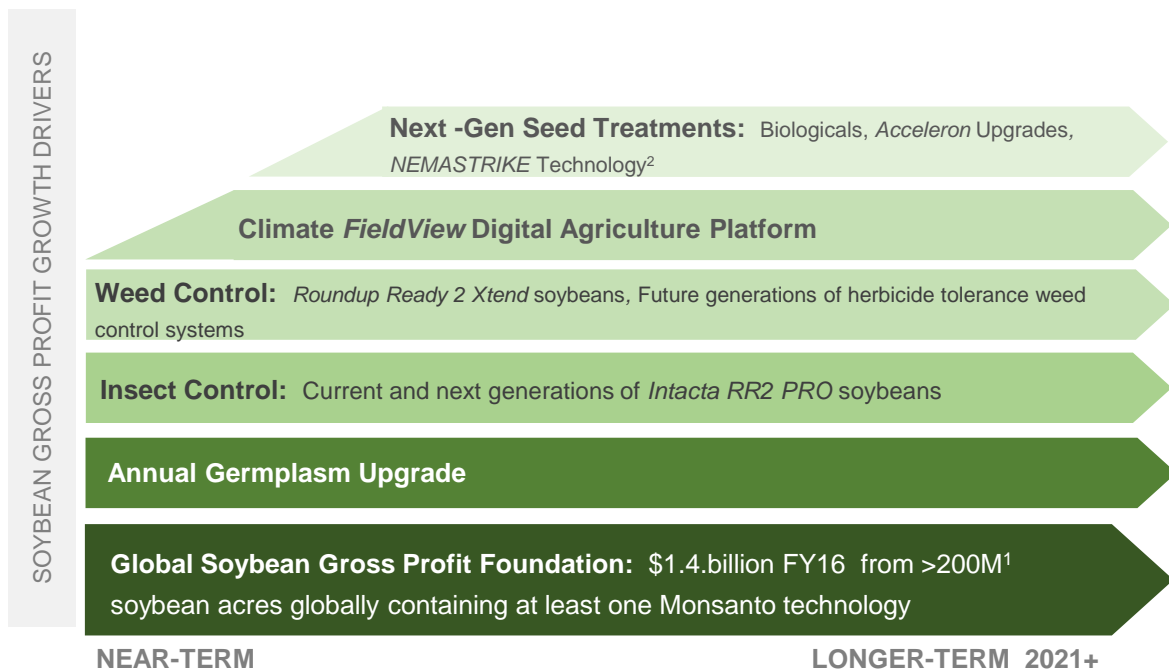
1. Monsanto internal estimate 2. Pending regulatory approvals

# Soybean Gross Profit Growth Drivers

*Innovation across seeds, traits, crop protection, biologicals and digital ag further strengthens leading share position and supports targeted >25% gross profit growth in FY17*

## 2017 Key Growth Drivers

- Targeting >25% gross profit growth with meaningful penetration of key soybean traits across the Americas
- *Intacta RR2 PRO* soybeans targeting 10-20M acreage growth in South America
- *Roundup Ready 2 Xtend* soybeans targeting 18M acres in first year of full system launch



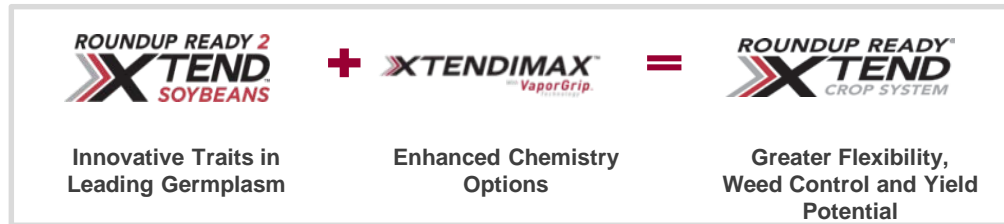
1. Monsanto internal estimate 2. Pending regulatory approvals

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

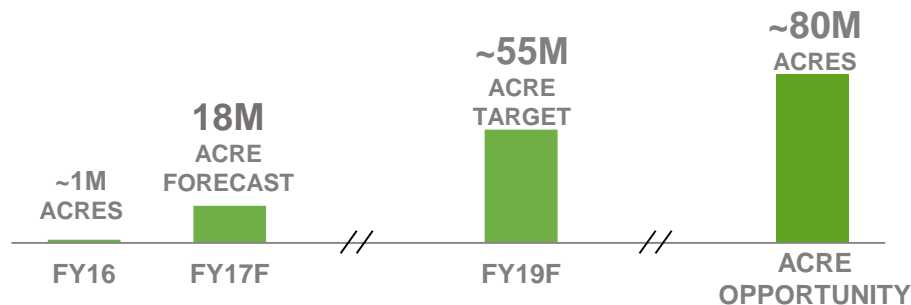
*Roundup Ready Xtend crop system poised to rapidly accelerate penetration in 200-250M acre trait opportunity*

## 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

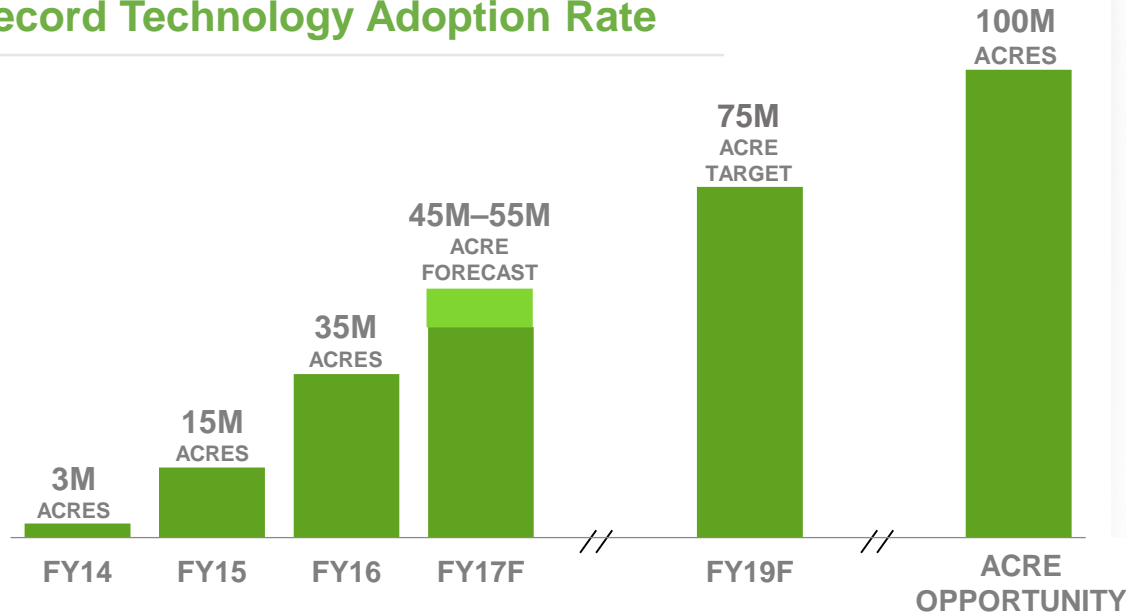
- NEW** Received EPA approval for in-crop use of *XtendiMax* herbicide with *VaporGrip* technology and for numerous tank mix partners, including glyphosate
- >120 *Roundup Ready 2 Xtend* soybean varieties across all relative maturity zones; 10x the products in *Roundup Ready 2 Yield* soybeans launch
- \$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 now able to sell authorized formulations containing *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

- Targeting 45M-55M acres in FY17
- 2016 marks third year of an average of >4 BU/AC yield advantage in Brazil; similar in Argentina
- 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 strengthen leading share position*

## BOLLGARD II XTENDFLEX COTTON TRIALS JACKSON, TN 2015



*ROUNDUP READY XTEND CROP SYSTEM AND ROUNDUP READY PLUS SYSTEM*

- Excellent performance on yield and fiber quality; varieties available across the entire U.S. cotton belt
- High grower demand; expect >4M acres in FY17 in the U.S.

ALL OTHER CROPS GROSS PROFIT GROWTH DRIVERS



**Canola, Wheat, Sorghum, Alfalfa**  
Annual Germplasm Upgrades, *TruFlex Roundup Ready Canola*

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

**Cotton:** New Trait Introductions – *Bollgard II XtendFlex, Bollgard 3, Cotton Lygus*

**Cotton:** Annual Germplasm Upgrades

**Cotton, Vegetable and Other Crops Gross Profit Foundation:**  
~\$1.2 billion FY16

NEAR-TERM

LONGER-TERM 2021+



# 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

On track for **25M** paid acres in the U.S. in FY17; expanding in Canada, Europe and Brazil

### PLATFORM ADOPTION

**100M** acres on Climate *FieldView* Platform

Veris Technology signed on as the 1<sup>st</sup> platform partner; in discussions with >25 potential technology providers

### COLLABORATIONS

**3** equipment collaborations including recent John Deere agreement enabling **1,000+** John Deere dealers

### PARTNERSHIPS

**6** strategic retail partnerships enabling **3,000+** trusted advisor sellers

# Geographic and Acre Expansion Driving Climate *FieldView* 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
- Marks Climate's first step into Europe - VitalFields 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

- First geography outside of the U.S.
- 750K acres in trials with large growers

**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

**Product features:**

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



# 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:

~\$1.0B

FY15-FY18F

\$500M

TOTAL EXPECTED ANNUAL  
SAVINGS IN FY18F

# Return to EPS Growth in 2017 Continues with Strong First Half

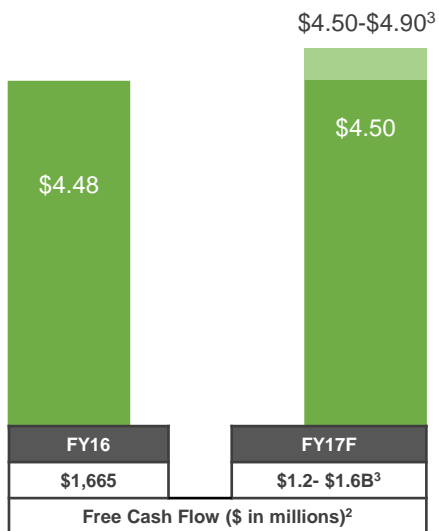
*Continued focus on innovation and cost discipline drives growth in 2017*

## FY17 Key GP Growth Drivers

### Seeds & Genomics:

- **Corn:** Germplasm price mix lift in local currency, particularly in South America, global genetic share gain, lower COGS in the U.S.
- **Cotton:** Trait revenue and share gains from >4M acres of *Bollgard II XtendFlex* cotton and return of acres in Australia
- **Soybeans:** Trait revenue and share gains from 18M acres of *Roundup Ready 2 Xtend* soybeans and 45-55M acres of *Intacta RR2 PRO* soybeans, lower U.S. soybean COGS

## Ongoing EPS FY16-FY17F<sup>1</sup>



## FY17 Financial Guidance

### Ongoing Earnings per Share<sup>1</sup>:

High End of Range of \$4.50 - \$4.90

- **Seeds & Genomics:** Gross profit increases mid-single digits
  - Soybean gross profit expected to grow >25% vs. the prior year
  - Cotton gross profit expected to grow >35% vs. the prior year
- **Ag Productivity:** Gross profit at the lower end of the range of \$850M - \$950M





# NON-GAAP

FINANCIAL INFORMATION



# Reconciliation of Non-GAAP Financial Measures

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

	\$ Millions	2017 Guidance	Fiscal Year	Fiscal First Half	
			2016	2017	2016
Net Cash Provided by Operating Activities		\$2,400-\$2,800	\$2,588	\$1,537	\$1,389
Net Cash Required by Investing Activities		(\$990)	\$(864)	\$(438)	\$(483)
Net Cash Required by Financing Activities		N/A	\$(3,742)	\$(494)	\$(3,502)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		N/A	\$(7)	--	\$(55)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>N/A</b>	<b>\$(2,025)</b>	<b>\$605</b>	<b>\$(2,651)</b>

	\$ Millions	2017 Guidance	Fiscal Year	Fiscal First Half	
			2016	2017	2016
Net Cash Provided by Operating Activities		\$2,400-\$2,800 <sup>3</sup>	\$2,588	\$1,537	\$1,389
Capital Expenditures		(\$1,200)	\$(923)	\$(543)	\$(489)
<b>Free Cash Flow<sup>2</sup></b>		<b>\$1,200-\$1,600<sup>3</sup></b>	<b>\$1,665</b>	<b>\$994</b>	<b>\$900</b>

1. Free Cash Flow now defined as net cash provided by operating activities, less cash required for capital expenditures. 2. Expected at the high end of this range.



# Reconciliation of Non-GAAP Financial Measures

## RECONCILIATION OF ONGOING EPS

\$ Per share	Fiscal Year 2017 Guidance <sup>1</sup>	Fiscal Year 2016	Fiscal 2 <sup>nd</sup> Quarter		Fiscal First Half	
			2017	2016	2017	2016
<b>Diluted Earnings per Share</b>	<b>\$3.95-\$4.44</b>	<b>\$2.99</b>	<b>\$3.09</b>	<b>\$2.41</b>	<b>\$3.16</b>	<b>\$1.80</b>
Restructuring Charges (a)	\$0.08-\$0.12	\$0.59	\$0.03	\$0.01	\$(0.02)	\$0.48
Environmental and Litigation Matters (b)	\$0.02-\$0.03	\$0.38	\$0.02	\$0.01	\$0.02	\$0.01
SEC Settlement Matters(f)	--	--	--	--	--	--
Pending Bayer Transaction Related Costs(c)	\$0.27-\$0.31	--	\$0.04	--	\$0.22	--
Argentine-Related Tax Matters (e)	\$0.11-\$0.13	\$0.56	\$0.02	--	\$0.04	--
Income from Discontinued Operations (d)	\$(0.02)-\$(0.04)	\$(0.04)	(\$0.01)	(\$0.01)	(\$0.03)	(\$0.04)
<b>Diluted EPS from Ongoing Business</b>	<b>\$4.50-\$4.90</b>	<b>\$4.48</b>	<b>\$3.19</b>	<b>(\$2.42)</b>	<b>\$3.39</b>	<b>\$2.25</b>

# Reconciliation of Non-GAAP Financial Measures

## RECONCILIATION OF ONGOING GROSS PROFIT

\$ Millions	Fiscal 2 <sup>nd</sup> Quarter		Fiscal First Half		
	2017	2016	2017	2016	
	Gross Profit (GAAP)	\$2,952	\$2,598	\$4,211	
Restructuring Charges	\$6	--	\$7	\$52	(a)
<b>Ongoing Gross Profit</b>	<b>\$2,958</b>	<b>\$2,598</b>	<b>\$4,218</b>	<b>\$3,551</b>	

## RECONCILIATION OF ONGOING OPERATING EXPENSES

\$ Millions	Fiscal 2 <sup>nd</sup> Quarter		Fiscal First Half		
	2017	2016	2017	2016	
	Operating Expenses (GAAP)	\$1,088	\$935	\$2,100	
Restructuring Charges	\$(23)	\$(9)	\$13	\$(275)	(a)
Environmental and Litigation Matters	\$(9)	\$(7)	\$(17)	\$(12)	(b)
SEC Settlement Matters	--	\$4	--	\$4	(f)
Pending Bayer Transaction Related Costs	\$(27)	--	\$(120)	--	(c)
<b>Ongoing Operating Expenses</b>	<b>\$1,029</b>	<b>\$923</b>	<b>\$1,976</b>	<b>\$1,825</b>	

## RECONCILIATION OF ONGOING NET INCOME Attributable to Monsanto Company

\$ Millions	Fiscal 2 <sup>nd</sup> Quarter		Fiscal First Half		
	2017	2016	2017	2016	
	Net Income Attributable to Monsanto Co. (GAAP)	\$1,368	\$1,063	\$1,397	
Pretax Restructuring Charges	\$29	\$9	\$(6)	\$327	(a)
Pretax Environmental and Litigation Matters	\$9	\$7	\$17	\$12	(b)
Pretax SEC Settlement Matters	--	\$(4)	--	\$(4)	(f)
Pretax Pending Bayer Transaction Related Costs	\$27	-	\$158	--	(c)
Income Tax Benefit <sup>(1)</sup>	\$(28)	\$(4)	\$(70)	\$(114)	
Argentine-Related Tax Matters <sup>(2)</sup>	\$7	--	\$17	--	(e)
Income from Discontinued Operations	\$(3)	\$(3)	\$(13)	\$(15)	(d)
<b>Ongoing Net Income Attributable to Monsanto Co.</b>	<b>\$1,409</b>	<b>\$1,068</b>	<b>\$1,500</b>	<b>\$1,016</b>	

See slide 23-24 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 loss recorded in other expense, net of \$7 million for the three months ended Feb. 28, 2017, and it includes a translation gain recorded in other expense, net of \$11 million and a net charge against tax expense of \$28 million for the six months ended Feb. 28, 2017.

# Reconciliation of Non-GAAP Financial Measures

## DEFINITION OF ONGOING ADJUSTMENTS

**(a) Restructuring Charges:** Fiscal second quarter 2017 and 2016 included a pretax restructuring charge totaling \$29 million (\$0.07 a share), or after-tax \$14 million (\$(0.03 a share), and \$9 million (\$0.02 a share), or after-tax \$6 million (\$0.01 a share), respectively. The six months ended Feb. 28, 2017 and Feb 29, 2016, included a pretax net reversal of previously recognized restructuring charge totaling \$6 million (\$0.01 a share), or after-tax \$11 (\$0.02 a share), and \$327 million (\$0.73 a share), or after-tax \$216 million (\$0.48 a share). The fiscal year 2017 guidance represents pretax restructuring charges of \$0.14 to \$0.19 and after-tax restructuring charges of \$0.08 to \$0.12 a share.

**(b) Environmental and Litigation Matters:** Fiscal second quarter 2017 and 2016 included pretax charges of \$9 million (\$0.02 a share), or after-tax \$6 million (\$0.02 a share), and \$7 million (\$0.02 a share), or after-tax \$4 million (\$0.01 a share), respectively, for legacy litigation matters. The six months ended Feb. 28, 2017 and Feb 29, 2016, included pretax charges of \$17 million (\$0.04 a share), or after-tax \$10 million (\$0.02 a share), and \$12 million (\$0.03 a share), or after-tax \$7 million (\$0.01 a share), respectively. The pretax charges in both periods were recorded in selling, general and administrative expenses. The fiscal year 2017 guidance reflects pretax environmental and litigation matters charges of \$0.04 a share and after-tax charges of \$0.02 to \$0.03 as share.

**(c) Pending Bayer Transaction Related Costs:** The three and six months ended Feb. 28, 2017 included pretax charges of \$27 million (\$0.06 a share), or after-tax \$17 million (\$0.04 a share) and \$158 million (\$0.36 a share), or after-tax \$99 million (\$0.22 a share), respectively. Item represents expenses incurred in connection with the pending merger agreement with Bayer. The pretax charges in the three and six months ended Feb. 28, 2017, were recorded in operating expenses of \$27 million and \$120 million, respectively, and other (income) expense, net of \$38 million for the six months ended Feb. 28, 2017. The fiscal year 2017 guidance above represents pretax pending Bayer transaction related costs of \$0.43 to \$0.49 a share and after-tax charges of \$0.27 to \$0.31 a share.

# Reconciliation of Non-GAAP Financial Measures

## DEFINITION OF ONGOING ADJUSTMENTS

**(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. Fiscal second quarter 2017 and 2016, included pretax income from discontinued operations of \$5 million or (\$0.01 a share), or after-tax \$3 million or (\$0.01 a share), and \$4 million or (\$0.01 a share), or after-tax \$3 million or (\$0.01 a share), respectively. The six months ended Feb. 28, 2017 and Feb 29, 2016, included pretax income from discontinued operations of \$21 million (\$0.05 a share), or after-tax \$13 million (\$0.03 a share), and \$24 million (\$0.05 a share), or after-tax \$15 million (\$0.03 a share), respectively. The fiscal year 2017 guidance represents pretax income from discontinued operations per share of \$0.03 to \$0.06 and after-tax income of \$0.02 to \$0.04.

**(e) Argentine-Related Tax Matters:** The three and six months ended Feb. 28, 2017 included a net charge of \$7 million or (\$0.02 a share), and \$17 million, or (\$0.04 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 loss recorded in other (income)expense, net of \$7 million for the three months ended Feb. 28, 2017, and it resulted in a translation gain recorded in other (income)expense, net of \$11 million and a net charge against tax expense of \$28 million for the six months ended Feb. 28, 2017. The fiscal year 2017 EPS guidance represents Argentine-related tax matters charges of \$0.11 to \$0.13 a share.

**(f) SEC Settlement Matters:** The three and six months ended Feb. 29, 2016 included pretax charges of \$4 million (0.01 a share), or after-tax \$2 million. This expense had less than a \$0.01 effect on diluted earnings per share, in selling, general and administrative expenses in connection with the previously disclosed SEC action.