




This 3DAdvisors Report Covers:

- ✓ **Insider Trading:** Insider Trading Behavior
- Accounting:** Quality of Earnings Issues
- Governance:** Corporate Governance Issues

Insider Research Bulletin

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Contact: Bob Gabele (954) 779-3974 or bgabele@3DAdvisors.com
Sean Loren (954) 457-4991 or sloren@3DAdvisors.com

Insider Research Bulletin describes significant insider trading behavior that we have identified at the following companies and is a summary of the first step in our research process. The next step is that these same companies will undergo a review of accounting and governance behavior, and if we identify indicative behavior in one or both areas, then a "full 3DA research report" will be published on that company. Note: Inclusion of a company in this report by itself does not necessarily mean a full research report will be published. The  symbol indicates that we have observed trading behavior that suggests a bullish sentiment.

Insider Research Bulletin is published periodically and exclusively for 3DA Research subscribers.

Companies in this Bulletin

- ▶ bebe stores, inc. (NASDAQ:BEBE)
- ▶ Deere & Co. (NYSE:DE)
- ▶ Monsanto Co. (NYSE:MON)

Discussion of 3DAdvisors Findings

bebe stores, inc. (NASDAQ:BEBE)

While certain media attention has focused on recent insider profit taking within the retail apparel sector, we have yet to identify a great deal of anomalous behavior within the group; that is, except for what has occurred at bebe stores. The principle grounds for our conclusion stems from November sales by some of the Company's highest ranking executives, activity which took place after the Company lowered guidance for the fiscal second quarter but more importantly, just *ahead* of a disappointing November comp sales report which dropped the already-lower shares another 10%. In all, ten insiders have sold a total of 278,414 shares in the fourth quarter, including the five execs who sold 113,114 shares between November 6th and November 17th at roughly \$23.

To say the latter sales are curious is an understatement. There are only a handful of situations each year when we can point to insider activity and say with a high

degree of confidence that trading rules have likely been violated. This would seem to be the case with the round of sales that occurred in November, just before the Company reported November same-store sales increase of 5.8%, which missed the consensus of 7.9%. It would be very difficult for management to claim they were not in possession of material information at the time of their trading decisions, especially when one of the sellers, CEO **Gregory Scott**, acknowledged in a corporate press release that “the first three weeks of November were below our expectations.”

Likewise, bebe’s chief financial officer, **Walter Parks**, executed his second largest sale in two years during the same time frame. Parks’ activity stands out from the group for a number of additional reasons. Having served as the Company’s top finance officer since joining the Company in 2003, Parks was also given chief operating officer duties on September 13th. In addition to overseeing finance, accounting, and investor relations, he is now responsible for planning and allocations, distribution and logistics, information technology, real estate and construction, corporate procurement and legal. Sounds like a lot to us, and quite possibly to him as well, as he responded to the promotion by selling a significant portion of his ownership one day before the official announcement.

Figure 1. BEBE Daily Closing Price, 01/03/05 through 12/06/06. Red diamonds are the dates of stock sales by CFO Walter Parks. Source: Reuters and BEBE SEC Filings.



Parks is an executive whose actions warrant close attention. Over the past two years he has executed sales at some of the most opportune times, which is impressive considering the issue’s volatility. Any investor mirroring his trades, shorting the issue on the six dates Parks acted and closing the position three months later, would have earned an average return of 20%. On four of these separate trading dates, at least five other BEBE insiders sold simultaneously. This has served to heighten our focus on this most recent activity. The November sales are distinctive because they are the only cluster of sales during the Company’s eight year trading history to surface when the issue was trending down. The shares were trading at a 52-week high of nearly \$27 when the

Company issued its fiscal first quarter earnings report after the close on October 25th. While earnings were strong, the second quarter forecast disappointed, sending the shares into a 15% tailspin, which is when insiders acted. We should also add that BEBE shares have underperformed the DJ US Apparel Retailers Index by nearly 20% over the past three months.

On a final note, shareholders should take note of the apparent aversion this management team has to holding shares in the Company. As the table below shows, only one of the ten reporting executives currently owns *any* common stock, and the lone holder, V.P. **Paul Mashouf**, is a member of the controlling family. We would have a difficult time identifying another company where the chief executive holds no shares. What's more, the holdings of two of the four independent board members, each having been with BEBE for more than nine years, is comprised solely of shares whose restrictions have only recently lapsed. Admittedly, investors have profited handsomely over the years despite management's reluctance to hold shares, however, there have also been a number of disparaging setbacks that have had little effect on insiders' ability to take profits due to their low-cost options. After many years of being one of the few companies we have seen where the written compensation philosophy did not indicate any efforts to align management's interests with those of the shareholders, the Company reportedly established ownership guidelines in 2005. Due to the lack of disclosure, we know little more at this point other than the fact that guidelines exist, but obviously, we have yet to see any executive make a meaningful effort to hold shares.

Executives	Year Joined Company	Common Stock Holdings
Thomas Curtis	1998	0
Hamid Mashouf	2003	0
Paul Mashouf	1990	10,470
Walter Parks	2003	0
Susan Peterson	2004	0
Linda Vilaikeo	2004	0
Mark Rachman	2003	0
Gregory Scott	2004	0
Lawrence Smith	2004	0
Barbara Wambach	2004	0
Independent Directors		
Barbara Bass	1997	1,726*
Cynthia Cohen	2003	1,726*
Corrado Federico	1996	1,726*
Caden Wang	2003	1,726*

* These were restricted shares that vested on November 1, 2006

- **Walter Parks (47)** – CFO, COO. Parks has been one of the most opportune sellers over the past two years, as his six separate distributions since March 2005 (each of his past sales took place over two or three consecutive trading dates) preceded on average a 20% slide over the ensuing three months. In the past, this impressive track record had not been aided by selling in the weeks preceding unfavorable earnings or sales announcements. This quarter, however, that has changed. Parks sold 68,646 shares between November 14th and November 16th at \$23, just two weeks before the issue lost 10% on the news that November comp sales fell short of analysts' expectations. Keep in mind, at the time of these sales BEBE shares had already trended down from highs of nearly \$27 following a disappointing 2Q earnings forecast issued in October. In another curiously timed trade, Parks had previously sold 75,000 shares one day before receiving his promotion to chief operating officer on September 13th, and has cumulatively sold 202,646 shares this year, **equal to 90% of his ownership**. Since joining the Company in 2003, Parks has never put forth the effort to retain even one share of common stock, instead, opting to monetize his options nearly as soon as they become actionable.

- **Barbara Bass (55)** – Director. Bass, a board member since 1997 and member of the Audit and Compensation Committees, has become more aggressive with her selling this year in a variety of ways. After having never sold more than twice in any given year, Bass has executed 13 separate sale transactions this year, covering a total of 150,715 shares. This year's share count is comparable to her 2004 selling volume, with the exception that the 2006 activity has **erased nearly 50% of her ownership**, compared to the 28% reduction two years ago. Bass began trading under a 10b5-1 plan in August and most recently sold a total of 15,000 shares on October 16th and October 25th at \$26. With just 17,000 options and restricted shares becoming actionable next year, we do not foresee her ownership returning to prior levels during the next few years. Bass also serves on the board at Starbucks and seems more optimistic about her SBUX ownership. Her one sale in the past two years (March 2006) shed just 11% of her holdings.

- **Susan Peterson (48)** – Vice President of Design. Peterson joined the Company in February 2004 after spending four years working for Wet Seal. Even though her holdings have grown each year from the vesting of stock options, she has **liquidated 50% of the options at her disposal this year**. Most notable about her activity is the fact that she went outside of her 10b5-1 trading plan to sell 5,000 shares on November 14th just ahead of the disappointing November comp sales release. After accepting \$26 for her shares in October, her November sale was executed at 12% lower prices (\$23). Peterson does not own any common stock.

- **Thomas Curtis (43)** – Senior V.P., General Merchandising Manager, BEBE SPORT. Despite an eight year employment with the Company, Curtis continues to choose to hold no stock in the Company. Curtis was one of the sellers in the November round, having monetized 10,000 options with six years remaining before expiration, as well as cashing out his only 4,468 shares of common stock. After accepting upwards of \$27 last year for his shares, he has **cleared out 30% of his ownership this year** at steeply discounted prices between \$19 and \$23.

- **Gregory Scott (43)** – CEO, Director. Scott's sales this year covered just a small fraction of his total ownership, less than 5%. In fact, his volume this year is pacing

below what he sold in 2005. We are including him in the listing of significant traders because he too sold 20,000 shares in between the lowered guidance announcement in October and the November 30th comp sales miss. It was Scott himself who announced later that, early in the month, he was aware sales were behind their expected pace.

Deere & Co. (NYSE: DE)

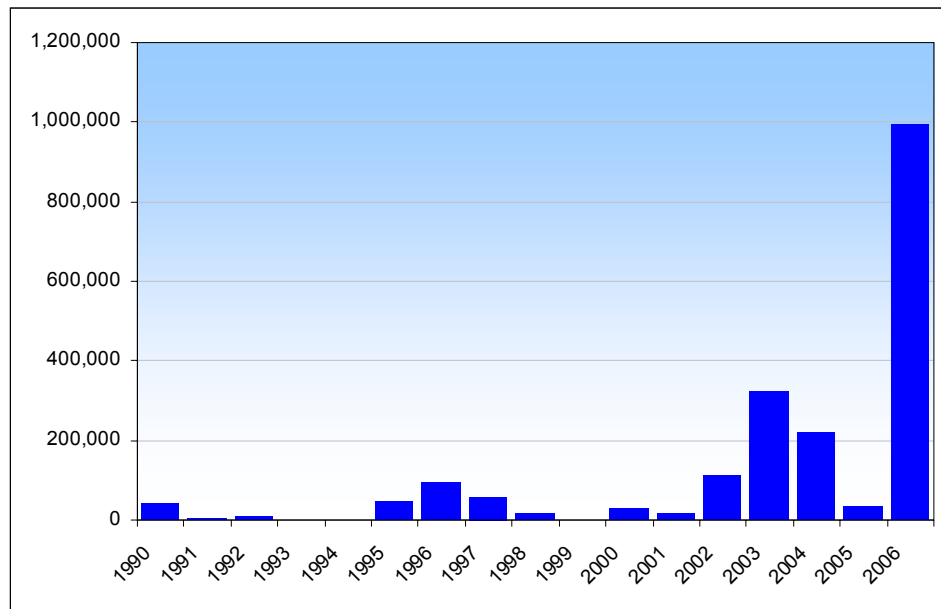
Shares of farming equipment manufacturer Deere have gained nearly 50% since August despite the Company's lowered guidance for the fiscal fourth quarter and then subsequently issuing a warning that sales would slow in fiscal 2007. Its shares have undoubtedly benefited from the ethanol hype and also the rising tide of speculation surrounding the proliferation of private equity-backed deals in the marketplace. Traders focusing on the latter received further fuel this week on news that the Company was approached by a private equity group (the Company denies there is any interest to sell out). But while investors continue to endorse the stock, Company insiders have done just the opposite, as five high-level executives sold significant percentages of their ownership immediately after the Company issued fiscal fourth quarter earnings on November 21st. These sales got our attention not solely because of similar selling activity at construction equipment manufacturer Terex Corp. (NYSE: TEX), which we have covered extensively in four 3D reports since June, but also because of Deere's exposure to the troubled farming industry in South America, and more specifically, Brazil. It is not lost on us that four of the recent sellers are currently heading up international operations and are either overseeing operations in South America or had done so in recent years.

With Deere shares trading to a thirty-year high, a certain measure of insider profit taking can be expected. However, insiders distributed the same amount of shares this year as they had cumulatively between 1990 and 2005, and even more significant is the heightened degree of fourth quarter activity following the sales warning. The first signs of oddly timed activity actually occurred earlier in the year, when eighteen-year Company veteran **Nathan Jones**, president of the Worldwide Commercial & Consumer Equipment division, liquidated his entire ownership position under a 10b5-1 sales plan. The sales occurred just months after he shifted roles, leaving the CFO position he had held for five years and during a period when his division, the third largest in the Company, which makes small machines such as lawnmowers, had a hand in Deere's lowering guidance for the last quarter due to the unit's declining sales and shrinking profit margins. Adding to the story, Jones reaped pre-tax profits of \$6 million from his option-related sales just before the Company asked 200 employees at one of his plants to take voluntary month-long layoffs through October to slow production and cut inventory. Deere shares, which were trading at \$90 at the time of his final plan sale in May, fell nearly 25% to \$69 by August.

We also find it very interesting that the five executives who have either received a promotion or had their roles shuffled around in January, after the retirement of two high level execs, have now sold substantial percentages of their ownership. In addition to Jones, CFO **Michael Mack**, formerly the Company's treasurer, sold 50% of his holdings. More important to us, however, are the sales by the Company's two worldwide agricultural equipment presidents. **H.J. Markley**, who now has responsibility for South America operations, sold 70% of his ownership this year. The Company has forecasted

a 10% decline in South American sales for fiscal 2007 due to “uncertainty over government-sponsored financing programs in Brazil.” Markley replaced President, Agricultural Division **David Everitt**, who sold 50% of his ownership immediately after Deere announced it expects flat sales for North America and a 25% revenue drop in Australia for fiscal 2007, both of which are his management responsibility.

Figure 2. Annual Selling Volume by DE Insiders, 1990-2006 (2006 is through 12/06/06 only). Source: DE SEC Filings.



To us, it would seem that Deere’s followers are discounting the warning signs that sales across multiple business units are slowing. Many have downplayed Deere’s exposure to the weakened housing market, which has taken a toll on the Construction & Forestry division. The division, headed by recent seller **Samuel Allen** (55% holdings reduction), accounted for 25% of Deere’s total sales in 2005 and has already forecasted a 16% slide in the next quarter and 5% decline for fiscal 2007. Similarly, Terex Corp. executives have also proven quite adept at redirecting the Street’s focus away from their struggling construction equipment sales, which account for one-third of their consolidated revenues, and point to expected growth in Aerial Work Platforms, especially overseas. In the case of Deere, most supporters are banking on the continuation of rising prices for key farm commodities, primarily wheat and corn, the latter of which differentiates the Company from other heavy equipment makers. Those who are banking on a private equity deal might be in for a letdown, as insiders rarely sell ahead of imminent takeover activity.

Evidently, investors disconnect Deere from others in the sector, as its shares have not been affected by Caterpillar’s (NYSE: CAT) warning that market conditions have deteriorated. Analysts are so bullish on the Company that one questioned Deere’s earnings forecast, labeling it as “conservative”, while another seemingly refused to accept the Company’s agricultural equipment sales projections. With farmers expressing their concern about the sustainability of corn prices and Deere managers

trading large percentages of their ownership for cash, we can not as easily ignore the signals from those stakeholders closely tied to these commodities.

These insiders have enough tenure with the Company that their recent actions deserve proper recognition. The five recent sellers have been with Deere between 27 and 32 years, each having performed a number of different management duties across multiple divisions. To say they have a familiarity with Deere's wide ranging operations is an understatement. We were actually surprised to find that despite their many years of service, and the presence of stock ownership guidelines, only one of the five currently holds more than 2,000 shares of unrestricted common stock. Even though guidelines have been in place for more than ten years, it was not until the last proxy statement that the Company modified the plan definitions, allowing restricted shares to count towards their ownership targets. This in itself seems disingenuous, since the restricted stock they are credited for "owning" is either deferred until retirement or will not become actionable until 2009 at the earliest. We should also point out that when computing holdings reductions, we included options scheduled to vest later this month. This is reflected in the accompanying vesting schedule (Appendix A), which also shows the next round of option vesting will not occur until December 2007. Below are the individual accounts of the Deere executives who sold following the fiscal 4Q earnings release.

- **H.J. Markley (55)** – President, Agricultural Division - Europe, Africa, South America. Markley adopted a 10b5-1 trading plan in mid-2005 but did not commence his trading until the volatility in Deere shares increased between 3Q05 and 4Q05. He would go on to sell 181,839 shares by May 1st of this year, and combined with the plan selling of three other execs, the collective selling constituted the largest management sell-off in the past fifteen years. Markley resurfaced on November 22nd to sell 36,609 shares at \$100 under a new and undisclosed sales plan. This year alone he **sold 70% of his actionable holdings** after having previously sold just 11,644 shares since registering as an insider back in 2000. This is by far the most aggressive move of any of the recent sellers as the options Markley will have vest next year will only replace less than 15% of the ownership he shed this year (see Appendix A).
- **Samuel Allen (52)** – President, Worldwide Construction & Forestry Division. Allen is one of three execs managing international operations to sell in the recent round. A Section 16 filer since August 2001, Allen has been with the Company for more than 30 years and has served in a diverse range of executive roles. He is definitely an insider to watch despite not having an extensive trading history. His only prior sale of 46,000 shares (45% of his ownership) in June 2004 preceded a sharp downturn from \$70 to \$58 in a matter of just six weeks. In that instance, he monetized options that were primarily set to expire in the upcoming three years, whereas on November 27th he cleared out three series not set to expire until 2010 at the earliest. In all, he has sold 86,002 shares under an undisclosed trading plan at \$96, which **accounted for 55% of his actionable holdings** (unrestricted common stock plus vested options). Allen will have just 22,000 options vest next year (see Appendix A).
- **Michael Mack (49)** – Senior V.P., CFO, Treasurer. Mack is another veteran employee who has worked in a variety of different business groups across the Company. He became a filing insider in January after assuming his current position so we have no trading history for him. His sales between October 9th and November 21st covering 51,233 shares were his first, which makes the **monetization of 50% of his ownership** ever more significant. It should also be noted that Mack currently

does not own any common stock with the exception of those deferred until retirement, which is unusual for the highest ranking finance officer of a large cap firm. Mack will have just 13,000 options become exercisable next year (see Appendix A).

- **David Everitt (53)** – President, Agricultural Division - North America, Australia, Asia. After selling a total of 50,000 shares over the past five years, all in March 2004, Everitt has already sold 102,201 shares this year, including the 57,013 sold through a 10b5-1 plan on November 21st and November 22nd at an average price of \$97.50. This year he cleared out three non-expiring options series (expiration dates: December 2010, December 2011, and December 2012) to **diversify away more than 50% of his ownership**, compared to selling 35% back in 2004. The difference might seem marginal, but we gave him credit for owning options vesting later this month, which was not the case when computing his 2004 reduction. Plus, he will not have any new options vesting until next December, when just 22,000 become actionable (see Appendix A).
- **James Israel (age not disclosed)** – President, John Deere Credit. Israel has been with the Company since 1979 and has made a number of personal sacrifices to serve the Company, not the least of which being his 2003 transfer to the Mannheim, Germany office. He registered as a Section 16 insider upon moving back to the States and assuming his current position and quickly executed his first sale of 18,726 shares in February at \$78. He would then adopt a sales plan under which he would clear out his December 2008 and December 2012 options on November 21st to sell another 20,157 shares, which **contributed to a 50% reduction in holdings on the year**. Without any common stock at his disposal, Israel rid himself of all four of his fully vested series and currently holds just the partially vested series granted since 2003. The 12,000 options scheduled to vest in December 2007 will replace only one third of the total he sold this year (see Appendix A).

Monsanto Co. (NYSE: MON)

A number of agriculture related companies have entered our screens in the fourth quarter. With the surge in stock prices that has resulted from the Ethanol/Corn phenomenon, it is understandable that we would begin to see a degree of profit taking. Not only have farming equipment manufacturers such as Deere (NYSE:DE) profited from the increase in planted acreage and commodity prices, but seed producers Bunge Ltd. (NYSE: BG) and now Monsanto stand out as two of the key beneficiaries, which is reflected in the latter issue's 25% gains since January. In our opinion, there seems to be a serious disconnect between recently released earnings and the Street's interpretation of these reports, including their general disregard for managements' voiced concerns with the global farming landscape and, as a result, tempered growth forecasts. Anyone looking for clues as to which side is being more realistic should consider the 2.2 million shares sold by Monsanto executives year-to-date, including five execs who sold more than 60% of their ownership, a management sell-off that is exceedingly rare for a large cap stock.

On October 11th Monsanto reported a fiscal fourth quarter (June through August) loss of \$0.27, which fell short of the \$0.21 consensus, and also failed to at least match analysts' expectations for the full year. The Street was equally put off by the Company's guidance for fiscal 2007, which was 5% below the consensus. Chairman, CEO **Hugh**

Grant could not have sounded more enthused on the conference call, which is ironic considering he adopted his second 10b5-1 sales plan of the year just one week later. The press release announcing his plan also disclosed that “from time to time, other executive officers may choose to establish 10b5-1 plans”, and while we found evidence of just two additional executives who adopted trading plans following the earnings release, a number of others recommenced selling under plans opened earlier in the year. In all, eight insiders have sold a total of 358,880 shares since October 16th at an average price of \$46.

Insider	Position	Shares Sold YTD*	% of Ownership Sold YTD
S. Mizell	SVP	70,180	90%
C. Casale	EVP	377,762	85%
R. Fraley	CTO	442,360	80%
G. Steiner	EVP	202,474	80%
M. Leidy	EVP	90,690	60%
C. Morley	SVP	73,160	40%
B. Begemann	EVP	67,546	30%

* Adjusted for 2 for 1 split on July 28, 2006

In addition to the steep ownership reductions resulting from insider sales this year, what really jumps out at us is the variety of holdings that have been monetized. Not only have top executives cleared out the majority of their vested stock options, and in the case of two execs, every last vested option at their disposal, but they have also sold large amounts of common stock. The common stock holdings of four executives have actually declined this year despite the vesting of restricted stock awards, which had further bolstered their common ownership. In addition to monetizing all exercised for options earlier in the year, Executive V.P., Manufacturing **Mark Leidy** sold 10,000 shares of directly-held common stock and then cleared out all shares held in his 401(k) retirement account in the fourth quarter. Similarly, Executive V.P., Commercial Acceptance **Gerald Steiner** not only cleared out all of his vested options this year but also cashed out common stock that became unrestricted on August 31st. Across the board, Monsanto executives display a preference to holding cash rather than equity.

Executive	Common Stock 01/01/06	Common Stock 12/05/06
C. Casale	60,000	32,299
R. Fraley	133,078	67,660
M. Leidy	47,110	39,378
G. Steiner	70,754	47,034

The table above shows some of the more significant changes in common stock ownership. Bear in mind, the Company has stock ownership requirements that require them to hold a number of shares based on a multiple of their base salary. In most

cases, senior executives need to hold at least 30,000 to 35,000 shares at the current market price.

Unlike the selling at Deere, which only became more pronounced in the fourth quarter, Monsanto insiders are in the midst of a longer-term distribution effort. Each year they have cleared out substantial percentages of their ownership, which has resulted in money left on the table as the issue continued to establish new highs. But at this point, we can no longer ignore the signs, especially as there is now a confluence of selling at a number of farming suppliers with unique products, but each facing the same market risks. Equally as significant, this is the first time Monsanto executives have collectively sold *after* issuing adverse earnings news, which reveals their inclination to diversify their ownership regardless of the market reaction.

- **Robert Fraley (53)** – Executive V.P., Chief Technology Officer. Fraley, a highly respected agriculture scientist within the industry and an influential member of the exec team, has undertaken one of the most aggressive selling sprees of any Monsanto executive over the past three years. After unloading more than 850,000 shares under his first 10b5-1 trading plan in late 2003, he continued to sell out of plan over the next two years before adopting a second plan in January 2006. Under this plan he has sold an additional 442,360 shares, **equal to 80% of his ownership**, over the course of the year, including the 75,106 shares distributed on November 15th at \$46. Fraley has routinely monetized the bulk of his stock options, and this year, cleared out a significant amount of his common stock (93,000 shares) as well. After having actionable holdings of nearly one million shares and vested options at the start of 2003, he currently owns just 121,000 shares, but will have an additional 265,000 options and restricted shares become actionable in 2007 (see Appendix B).
- **Carl Casale (45)** – Executive V.P., North America Commercial. Casale had been an infrequent trader since the 2000 IPO, having executed only one sale in February 2004. This year has been a different story, as he has routinely sold under a trading plan adopted in February. His five separate sale transactions have covered a total of 377,762 shares, **accounting for 85% of his actionable holdings**. His most recent distribution of 45,066 shares occurred on November 15th. Not only has he tapped into four different options series this year, none of which was set to expire sooner than April 2013, but he has also sold 40,000 shares of his common, maintaining just enough shares to comply with the Company's ownership guidelines. Casale began year 2004 with actionable holdings of nearly 400,000 shares, and currently holds just over 60,000. By December 2007, he will have a total of 160,000 new options and restricted stock become actionable (see Appendix B).
- **Steven Mizell (46)** – Senior V.P., Human Resources. Mizell joined the Company in 2004 after serving in a similar capacity at AdvancePCS. This year he has not only monetized his last remaining vested options but has also cleared out his 401(k) retirement plan shares earlier in the year. After selling 34,166 shares in the first quarter, Mizell monetized options from two distinct series on November 24th that had just vested a week earlier. The 36,014 shares sold this quarter, combined with those sold earlier, **accounted for 90% of his cumulative ownership**. Equally interesting here is the fact that Mizell has yet to satisfy the applicable common stock ownership requirement. It is unclear how long he has to do so, but it is reported that any executive yet to meet the minimum threshold is required to retain part of the shares acquired in option related transactions. This has not been the case, as Mizell sold all

exercised for on November 24th. Evidence shows that the Company's ownership policies are loosely managed. It will be interesting to see if Mizell retains any of the shares from the 78,000 options and restricted shares scheduled to vest throughout next year (see Appendix B).

- **Gerald Steiner (46)** – Executive V.P., Commercial Acceptance. The 202,474 shares Steiner sold year to date nearly doubles his average annual selling volume. On October 17th and November 16th he monetized his last remaining vested options, a total of 74,634, including one series that had just partially vested one day before he took action on them. Steiner is one of two MON execs who currently do not have any vested derivative equity, which is why he also tapped into his common stock holdings to sell an additional 40,000 shares this year. After **selling 80% of his ownership this year**, the 95,000 options and restricted shares scheduled to vest next year will only replace roughly 50% of what was sold this year (see Appendix B).

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Appendix A

Option and Restricted Stock Vesting Schedules for Selected Deere & Co. Insiders

Grant Date	Equity Type	Options/Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
Samuel Allen, President-Worldwide Construction & Forestry Division . Common stock holdings: 1,887 shares								
12/10/03	Options	31,000	\$61.64	12/10/04	12/10/13	31,000	0	Fully Vested
12/08/04	Options	35,706	\$69.37	12/08/05	12/08/14	35,706	11,902	12/08/07
12/08/04	R. Stock	14,282	N/A	12/8/07 ¹	12/08/07	14,282	14,282	12/08/07
12/07/05	Options	30,182	\$68.88	12/07/06	12/07/15	30,182	20,122	12/08/07, 12/08/08
12/07/05	R. Stock	10,060	N/A	12/7/08 ²	12/07/08	10,060	10,060	12/07/08
David Everitt, President-Agricultural Division - North America, Australia, Asia. Common stock holdings: 1,312 shares								
12/10/03	Options	32,200	\$61.64	12/10/04	12/10/13	32,200	0	Fully Vested
12/08/04	Options	36,400	\$69.37	12/08/05	12/08/14	36,400	12,134	12/08/07
12/08/04	R. Stock	14,560	N/A	12/8/07 ¹	12/08/07	14,560	14,560	12/08/07
12/07/05	Options	30,770	\$68.88	12/07/06	12/07/15	30,770	20,514	12/08/07, 12/08/08
12/07/05	R. Stock	10,256	N/A	12/7/08 ²	12/07/08	10,256	10,256	12/07/08
James Israel, President-John Deere Credit. Common stock holdings: 0 shares								
12/10/03	Options	19,689	\$61.64	12/10/04	12/10/13	19,689	0	Fully Vested
12/08/04	Options	16,289	\$69.37	12/08/05	12/08/14	16,289	5,430	12/08/07
12/08/04	R. Stock	6,515	N/A	12/8/07 ¹	12/08/07	6,515	6,515	12/08/07
12/07/05	Options	19,618	\$68.88	12/07/06	12/07/15	19,618	13,079	12/08/07, 12/08/08
12/07/05	R. Stock	6,532	N/A	12/7/08 ²	12/07/08	6,532	6,532	12/07/08
Michael Mack, Senior V.P., CFO, Treasurer. Common stock holdings: 0 shares								
12/11/02	Options	13,625	\$45.80	12/11/03	12/11/12	13,625	0	Fully Vested
12/10/03	Options	19,381	\$61.64	12/10/04	12/10/13	19,381	0	Fully Vested
12/08/04	Options	17,868	\$69.37	12/08/05	12/08/14	17,868	5,956	12/08/07
12/08/04	R. Stock	7,147	N/A	12/8/07 ¹	12/08/07	7,147	7,147	12/08/07
12/07/05	Options	20,772	\$68.88	12/07/06	12/07/15	20,772	13,848	12/08/07, 12/08/08
12/07/05	R. Stock	6,854	N/A	12/7/08 ²	12/07/08	6,854	6,854	12/07/08



Appendix A

Option and Restricted Stock Vesting Schedules for Selected Deere & Co. Insiders

Grant Date	Equity Type	Options/Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
H.J. Markley, President-Agricultural Division - Europe, Africa, South America . Common stock holdings: 17,958 shares								
12/10/03	Options	33,000	\$61.64	12/10/04	12/10/13	33,000	0	Fully Vested
12/08/04	Options	39,467	\$69.37	12/08/05	12/08/14	39,467	13,156	12/08/07
12/08/04	R. Stock	15,786	N/A	12/8/07 ¹	12/08/07	15,786	15,786	12/08/07
12/07/05	Options	31,097	\$68.88	12/07/06	12/07/15	31,097	20,732	12/08/07, 12/08/08
12/07/05	R. Stock	10,365	N/A	12/7/08 ²	12/07/08	10,365	10,365	12/07/08

¹ These restricted shares vest in December 2007 but can not be sold until December 2009

² These restricted shares vest in December 2008 but can not be sold until December 2010



Appendix B

Option and Restricted Stock Vesting Schedules for Selected Monsanto Co. Insiders

Grant Date	Equity Type	Options/Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
Brett Begemann, Executive V.P.-International Commercial. Common stock holdings: 52,802 shares								
02/26/04	Options	55,620	\$16.19	03/15/05	02/26/14	45,620	18,540	03/15/07
10/28/04	Options	81,120	\$20.81	11/15/05	10/28/14	81,120	27,040	11/15/07
10/28/05	Options	64,180	\$24.22	11/15/06	10/28/15	64,180	42,787	11/15/07, 11/15/08
10/23/06	R. Stock	18,040	N/A	08/31/07	08/31/07	18,040	18,040	08/31/07
10/26/06	Options	42,560	\$44.06	11/15/07	10/26/16	42,560	42,560	11/15/07, 11/15/08, 11/15/09
Charles Burson, Special Assistant and Counsel to the CEO. Common stock holdings: 68,712 shares								
02/27/04	Options	50,980	\$16.19	03/15/05	02/26/14	20,980	16,994	03/15/07
10/29/04	Options	74,360	\$20.81	11/15/05	10/28/14	74,360	24,787	11/15/07
10/28/05	Options	52,960	\$24.22	11/15/06	10/28/15	52,960	35,307	11/15/07, 11/15/08
Carl Casale, Executive V.P.-North America Commercial. Common stock holdings: 32,299 shares								
02/27/04	Options	92,680	\$16.19	03/15/05	02/26/14	30,892	30,892	03/15/07
10/29/04	Options	135,200	\$20.81	11/15/05	10/28/14	45,066	45,066	11/15/07
10/28/05	Options	96,280	\$29.22	11/15/06	10/28/15	96,280	64,187	11/15/07, 11/15/08
10/23/06	R. Stock	30,080	N/A	08/31/07	08/31/07	30,080	30,080	08/31/07
10/26/06	Options	63,840	\$44.06	11/15/07	10/26/16	63,840	63,840	11/15/07, 11/15/08, 11/15/09
Terrell Crews, Executive V.P., CFO. Common stock holdings: 90,285 shares								
04/25/03	Options	164,000	\$8.07	04/25/04	04/24/13	124,000	0	Fully Vested
06/17/03	Options	35,580	\$10.65	06/17/04	06/16/13	35,580	0	Fully Vested
02/27/04	Options	105,040	\$16.19	03/15/05	02/26/14	105,040	35,013	03/15/07
10/29/04	Options	153,220	\$20.81	11/15/05	10/28/14	153,220	51,073	11/15/07
10/28/05	Options	109,100	\$29.22	11/15/06	10/28/15	109,100	72,734	11/15/07, 11/15/08
10/23/06	R. Stock	34,080	N/A	08/31/07	08/31/07	34,080	34,080	08/31/07
10/26/06	Options	72,350	\$44.06	11/15/07	10/26/16	72,350	72,350	11/15/07, 11/15/08, 11/15/09
Robert Fraley, Executive V.P., Chief Technology Officer. Common stock holdings: 67,660 shares								
02/27/04	Options	154,480	\$16.19	03/15/05	02/26/14	51,492	51,492	03/15/07
10/29/04	Options	225,320	\$20.81	11/15/05	10/28/14	75,108	75,108	11/15/07



Appendix B

Option and Restricted Stock Vesting Schedules for Selected Monsanto Co. Insiders

Grant Date	Equity Type	Options/Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
10/28/05	Options	160,440	\$29.22	11/15/06	10/28/15	160,440	106,960	11/15/07, 11/15/08
10/23/06	R. Stock	50,080	N/A	08/31/07	08/31/07	50,080	50,080	08/31/07
10/26/06	Options	106,390	\$44.06	11/15/07	10/26/16	106,390	106,390	11/15/07, 11/15/08, 11/15/09
Mark Leidy, Executive V.P.-Manufacturing. Common stock holdings: 39,378 shares								
06/17/03	Options	7,300	\$10.65	06/17/04	06/16/13	2,432	0	Fully Vested
02/27/04	Options	43,260	\$16.19	03/15/05	02/26/14	14,420	14,420	03/15/07
10/29/04	Options	63,100	\$20.81	11/15/05	10/28/14	21,033	21,033	11/15/07
10/28/05	Options	44,940	\$29.22	11/15/06	10/28/15	44,940	29,960	11/15/07, 11/15/08
10/23/06	R. Stock	14,040	N/A	08/31/07	08/31/07	14,040	14,040	08/31/07
10/26/06	Options	34,050	\$44.06	11/15/07	10/26/16	34,050	34,050	11/15/07, 11/15/08, 11/15/09
Steven Mizell, Senior V.P.-Human Resources. Common stock holdings: 8,863 shares								
05/15/04	Options	21,240	\$16.46	05/15/05	05/14/14	7,080	7,080	05/15/07
05/15/04	R. Stock	10,000	N/A	05/15/07	05/15/07	10,000	10,000	05/15/07
10/29/04	Options	63,100	\$20.81	11/15/05	10/28/14	21,032	21,032	11/15/07
10/28/05	Options	44,940	\$29.22	11/15/06	10/28/15	29,960	29,960	11/15/07, 11/15/08
10/23/06	R. Stock	14,040	N/A	08/31/07	08/31/07	14,040	14,040	08/31/07
10/26/06	Options	34,050	\$44.06	11/15/07	10/26/16	34,050	34,050	11/15/07, 11/15/08, 11/15/09
Cheryl Morley, Senior V.P.-Corporate Strategy. Common stock holdings: 57,515 shares								
02/27/04	Options	43,260	\$16.19	03/15/05	02/26/14	28,840	14,420	03/15/07
10/29/04	Options	63,100	\$20.81	11/15/05	10/28/14	52,760	21,033	11/15/07
10/28/05	Options	44,940	\$29.22	11/15/06	10/28/15	44,940	29,960	11/15/07, 11/15/08
10/23/06	R. Stock	14,040	N/A	08/31/07	08/31/07	14,040	14,040	08/31/07
10/26/06	Options	29,790	\$44.06	11/15/07	10/26/16	29,790	29,790	11/15/07, 11/15/08, 11/15/09
Gerald Steiner, Executive V.P.-Commercial Acceptance. Common stock holdings: 47,034 shares								
02/27/04	Options	55,620	\$16.19	03/15/05	02/26/14	18,540	18,540	03/15/07
10/29/04	Options	81,120	\$20.81	11/15/05	10/28/14	27,040	27,040	11/15/07
10/24/05	R. Stock	20,000	N/A	08/24/08	08/24/10	20,000	20,000	8,000 vest on 08/24/08, 12,000 vest on 08/24/10
10/28/05	Options	57,760	\$29.22	11/15/06	10/28/15	38,506	38,506	11/15/07, 11/15/08



Appendix B

Option and Restricted Stock Vesting Schedules for Selected Monsanto Co. Insiders

Grant Date	Equity Type	Options/ Shares	Strike Price (Options)	First Vesting Date	Expiration Date (Options)	Remaining Options/Shares in Series	Unvested Options/Shares in Series	Vesting Dates of Remaining Restricted Shares/Options
10/23/06	R. Stock	18,040	N/A	08/31/07	08/31/07	18,040	18,040	08/31/07
10/26/06	Options	38,310	\$44.06	11/15/07	10/26/16	38,310	38,310	11/15/07, 11/15/08, 11/15/09

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