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Monsanto to Pay \$2.5 Million Fine on Incorrect Labels

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(Updates with closing share price in last paragraph.)

By Jack Kaskey

July 8 (Bloomberg) -- Monsanto Co., the world's largest seed maker, agreed to pay a \$2.5 million fine for failing to disclose to buyers of its insect-killing cotton seed that the product wasn't approved for planting in certain parts of Texas.

Monsanto's Bollgard and Bollgard II cotton seed was banned in 10 Texas counties to prevent insects from becoming resistant to insecticide contained in the genetically modified plants, the U.S. Environmental Protection Agency said today in a statement. Monsanto failed to include the restriction on the products' grower guides sold nationwide from 2002 to 2007.

The fine is the largest civil administrative penalty collected under the Federal Insecticide, Fungicide and Rodenticide Act, the EPA said. Monsanto discovered the error in 2006, reported the omission to the EPA and initiated an outreach program in Texas, the St. Louis-based company said.

"We take full responsibility for this oversight," John Chambers, Monsanto's head of cotton product management, said in a statement posted on the company website. "We are committed to compliance with the terms of our EPA registrations."

Monsanto said no insect resistance developed in the affected area and EPA approved Bollgard II for planting in the 10 counties in 2008. The cotton is engineered to produce the insecticide *Bacillus thuringiensis*, or Bt.

The cotton-planting restrictions were part of an agreement that allowed farmers in the Texas Panhandle to reduce the amount of conventional corn that must be planted alongside corn that contains the Bt insecticide, Monsanto said. Corn was the predominant crop in the 10 Texas counties where the restrictions were placed, the company said.

Monsanto rose 40 cents to \$47.72 at 4:15 p.m. in New York Stock Exchange composite trading. The shares have declined 42 percent this year.

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