

## **Exclusive: Bayer nears acquisition of Monsanto - sources**

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Chemicals and healthcare group Bayer AG (BAYGn.DE) is poised to announce the acquisition of U.S. seeds company Monsanto Co (MON.N) on Wednesday for more than \$66 billion, clinching the biggest deal of the year, people familiar with the matter said.

By accepting Bayer's offer, the largest cash acquisition proposal on record, Monsanto is set to give the German company a shot at grabbing the top spot in the fast-consolidating farm supplies industry, combining its crop science business with Monsanto's strength in seeds. It will also set the stage for the deal to be closely scrutinized by antitrust regulators.

The breakthrough in negotiations, which follows more than four months of talks, came after Bayer further improved on the sweetened offer of \$127.50 per share in cash it disclosed last week, the people said.

However, the deal will still value Monsanto at less than \$130 per share, which the company was previously hoping to fetch, the people added.

Once St. Louis, Missouri-based Monsanto's board of directors approves the deal on Tuesday, Leverkusen-based Bayer's supervisory board will meet on Wednesday to also authorize the transaction, with an announcement expected before the stock market opens in New York on Wednesday, some of the people said.

It is still possible the board of either company could decide to walk away from the deal at the last minute, the people cautioned.

The sources asked not to be identified because the deliberations are confidential. Bayer and Monsanto declined to comment.

Monsanto's shares ended 0.8 percent lower at \$106.10 in New York on Tuesday amid uncertainty over whether any agreed deal will clear antitrust hurdles. The stock later climbed to \$108.79 in after-hours trading. Bayer shares ended trading in Frankfurt down 0.3 percent at 93.3 euros.

Bayer said last week talks with Monsanto had advanced and that it was willing to offer \$127.50 per share, up from \$125 previously, valuing Monsanto at more than \$65 billion, including debt.

Sources told Reuters that topping up the price secured Bayer access to more privileged information on Monsanto's business performance and paved the way for more detailed negotiations.

"Given recent updates on the Monsanto approach suggest a final conclusion may be close, we suspect (Bayer) will work hard to try and reach a final conclusion before the Meet Management event, if possible," Jefferies Research analyst Jeffrey Wolford said in a research note before the news, referring to Bayer's presentations day for analysts and investors in Cologne next Tuesday.

Bayer's bid to combine its crop chemicals business, the world's second-largest after Syngenta AG (SYNN.S), with Monsanto's industry leading seeds business, is the latest in a series of major consolidation moves in the agrochemical sector.

U.S. chemicals giants Dow Chemical (DOW.N) and DuPont (DD.N) have agreed to merge and spin off their respective seeds and crop chemicals operations into a major agribusiness.

Syngenta last year fought off unwanted suitor Monsanto, only to later agree to a takeover by ChemChina.