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DELTA & PINE LAND CO
Form 10-K
November 14, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

X Annual Report Pursuant to Section 13 or 15(d) of the Securities
----- Exchange Act of 1934 for the fiscal year ended August 31, 2005

or

----- Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 000-21788

DELTA AND PINE LAND COMPANY
(Exact name of registrant as specified in its charter)

Delaware 62-1040440
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

One Cotton Row, Scott, Mississippi 38772
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (662) 742-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$0.10 par value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes X No ____

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The aggregate market value of Common Stock held by non-affiliates of the Registrant, based upon the closing sale price of the Common Stock on February 28, 2005, as reported on the New York Stock Exchange, was approximately \$930,500,000. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of October 31, 2005, Registrant had 36,083,334 outstanding shares of Common Stock.

DOCUMENTS TO BE INCORPORATED BY REFERENCE

Registrant incorporates by reference portions of the Delta and Pine Land Company Proxy Statement for the Annual Meeting of Stockholders to be held on January 16, 2006. (Items 10, 11, 12, 13 and 14 of Part III).

PART I

ITEM 1. BUSINESS

Domestic

Delta and Pine Land Company, a Delaware corporation, and subsidiaries ("D&PL") is primarily engaged in the breeding, production, conditioning and marketing of proprietary varieties of cotton planting seed in the United States and other cotton producing nations. We also breed, produce, condition and market soybean planting seed in the United States.

Since 1915, we have bred, produced and/or marketed upland picker varieties of cotton planting seed for cotton varieties that are grown primarily east of Texas and in Arizona. D&PL also breeds and markets varieties of stripper cottonseed, which are grown primarily in the Texas high plains, and Acala and Pima cottonseed, which are grown primarily in California. We have used our extensive classical plant breeding programs to develop a gene pool necessary for producing cotton varieties with improved agronomic traits important to farmers (such as crop yield) and to textile manufacturers (such as enhanced fiber characteristics).

In 1980, we added soybean seed to our product line. In 1996, we commenced commercial sales in the United States of cotton planting seed containing

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Bollgard(R) ("Bollgard") gene technology licensed from Monsanto which expresses a protein toxic to certain lepidopteran pests. Since 1997, we have marketed in the U.S. cotton planting seed that contains a gene licensed from Monsanto that provides tolerance to glyphosate-based herbicides, commonly referred to as Roundup Ready(R) ("Roundup Ready") Cotton. In 1997, we commenced commercial sales in the U.S. of soybean planting seed that contains a gene that provides tolerance to glyphosate-based herbicides ("Roundup Ready Soybeans"). In 1998, we commenced sales of cotton planting seed of varieties containing both the Bollgard and Roundup Ready genes. In 2003, we began selling cotton varieties containing Bollgard II(R), Monsanto's insect resistance technology which contains two genes conferring resistance to lepidopteran insects.

International

During the 1980's, as a component of our long-term growth strategy, we began to market our products, primarily cottonseed, internationally. Over a period of years, we have strengthened and expanded our international staff in order to

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support our expanding international business. In foreign countries, cotton acreage is often planted with farmer-saved seed which has not been delinted or treated and is of low overall quality. We believe that we have an attractive opportunity to penetrate foreign markets because of our widely adaptable, superior cotton varieties and hybrids, technological know-how in producing and conditioning high-quality seed and our brand name recognition. Furthermore, Monsanto's Bollgard, Bollgard II and Roundup Ready gene technologies (that we either have licensed or have options to license) are effective in many countries and could bring value to farmers.

We sell our products in foreign countries through (i) export sales to distributors and (ii) direct in-country operations through either joint ventures or wholly-owned subsidiaries. The method varies and evolves, depending on our assessment of the potential size and profitability of the market, governmental policies, currency and credit risks, sophistication of the target country's agricultural economy, and costs (as compared to risks) of commencing physical operations in a particular country. In 2005, the majority of international sales

1. On March 31, 2000, Monsanto Company consummated a merger with Pharmacia & Upjohn Inc. and changed its name to Pharmacia Corporation. On February 9, 2000, Monsanto Company formed a new subsidiary corporation, Monsanto Ag Company, which, on March 31, 2000, changed its name to Monsanto Company. On August 31, 2002, Pharmacia distributed to its shareholders its remaining interest in the new Monsanto Company. Pursuant to the closing of a merger on April 16, 2003, Pharmacia Corporation merged with and into a wholly-owned subsidiary of Pfizer Inc. Pharmacia survived the merger as a wholly-owned subsidiary of Pfizer Inc.

In this document, with respect to events occurring on or before March 31, 2000, the term "Monsanto" refers to the entity then designated Monsanto Company and renamed Pharmacia Corporation on that date. With respect to events occurring between March 31, 2000 and April 16, 2003, this entity is referred to as "Pharmacia". With respect to events occurring after April 16, 2003, the entity referred to as "Pharmacia" is that entity which on that date became a wholly-owned subsidiary of Pfizer Inc. With respect to events occurring after March 31, 2000, the entity formed as Monsanto Ag Company and renamed Monsanto Company (NYSE: MON) on March 31, 2000, is referred to as "Monsanto".

came from direct in-country operations (primarily Argentina, Australia, Brazil, China, South Africa and Turkey).

See Note 13 of the Notes to Consolidated Financial Statements in Part II, Item 8 for further details about business segments.

Joint Ventures

In March 1995, D&PL and Monsanto formed D&M International, LLC to introduce cotton planting seed in international markets combining our acid delinting technology and elite germplasm (cottonseed varieties) with Monsanto's Bollgard and Roundup Ready gene technologies. In May 2002, Pharmacia activated a cross purchase provision in the operating agreement for D&M International, LLC, and we elected to have D&M International, LLC redeem Pharmacia's 50% interest in D&M International, LLC. As a result of the redemption of Pharmacia's interest, we now own all of D&M International, LLC.

In November 1995, D&M International, LLC formed a subsidiary, D&PL China Pte Ltd. ("D&PL China"). D&PL China is 80% owned by D&M International, LLC, and 20% owned by a Singaporean entity. In November 1996, D&PL China formed Hebei Ji Dai Cotton Seed Technology Company Ltd. ("Ji Dai") with parties in Hebei Province, one of the major cotton producing regions in the People's Republic of China. Ji Dai is 67% owned by D&PL China and 33% owned by Chinese parties. In June 1997,

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Ji Dai commenced construction of a cottonseed conditioning and storage facility in Shijiazhuang, Hebei, China, pursuant to the terms of the joint venture agreement. The new facility was completed in December 1997 and seed processing and sales of seed of D&PL cotton varieties containing Monsanto's Bollgard technology commenced in 1998.

In October 1997, D&M International, LLC formed a joint venture with Ciagro S.R.L. ("Ciagro"), a distributor of agricultural inputs in the Argentine cotton region, for the production and sale of genetically improved cottonseed. CDM Mandiyu S.R.L. ("CDM") is owned 60% by D&M International, LLC, and 40% by Ciagro. In September 1998, CDM began construction of a cottonseed conditioning and storage facility in Avia Terai, Chaco, Argentina. Construction was completed in June 1999. CDM has been licensed to sell our cotton varieties containing Monsanto's Bollgard and Roundup Ready gene technologies. Sales of Bollgard varieties commenced in 1999 and sales of Roundup Ready varieties began in 2003.

In July 1998, D&PL China and the Anhui Provincial Seed Corporation formed a joint venture company, Anhui An Dai Cotton Seed Technology Company, Ltd. ("An Dai") which is located in Hefei City, Anhui, China. An Dai is 49% owned by D&PL China and 51% owned by Chinese parties. Under the terms of the joint venture agreement, An Dai produces, conditions and sells our varieties of acid-delinted cottonseed, which contain Monsanto's Bollgard gene. Commercial sales of our cotton varieties containing the Bollgard gene technology began in 2000. In January 2002, An Dai began construction of a cottonseed conditioning and storage facility in Hefei City, Anhui, China. Construction was completed in October 2003 and the facility is now operational.

In November 1998, D&M International, LLC and Maeda Administracao e Participacoes Ltda, an affiliate of Agropem - Agro Pecuria Maeda S.A., formed a joint venture in Minas Gerais, Brazil. The joint venture, MDM Sementes De Algodao, Ltda. ("MDM"), produces, conditions and sells our varieties of acid-delinted cotton planting seed. In 2000, we began selling our conventional cotton varieties. On March 17, 2005, the Brazilian government announced approval of the Bollgard trait for sale in cotton. We have received approval to commercialize one Bollgard cottonseed variety and expect to sell limited quantities for seed production purposes in 2006. MDM will introduce transgenic cottonseed varieties containing the Roundup Ready gene technology in the Brazilian market as soon as all required government approvals are obtained. Monsanto is responsible for obtaining and maintaining government approvals for Bollgard and Roundup Ready traits. MDM is 51% owned by D&M International, LLC and 49% owned by Maeda Agroindustrial S/A (formerly Maeda Administracao e Participacoes Ltda).

In October 2001, we announced that we had signed Letters of Intent with two parties in China to form two new joint ventures there, one each in Hubei and Henan provinces. A joint venture agreement was negotiated and agreed to with the parties in Henan province and the agreement was submitted to the Chinese government authorities for approval. However, in April 2002, China announced rules prohibiting new foreign investment in seed companies that intend to sell genetically modified seed, which will restrict the ability of non-Chinese companies, including us, from investing in such joint ventures. We plan to continue to expand our business in China through our existing joint ventures, Ji Dai and An Dai.

In May 2002, we established DeltaMax Cotton, LLC ("DeltaMax"), a limited liability company jointly owned with Verdia, Inc. ("Verdia"), which was purchased by DuPont on July 2, 2004. DeltaMax was formed to create, develop and commercialize value-enhancing traits for the cottonseed market that will complement and/or compete with traits available today. It is currently focusing on glyphosate-tolerant, insect-resistance and nematode-resistance strategies for use in cotton. Commercialization of new traits developed by this venture is not expected until after 2010. DeltaMax will contract research and development activities to Verdia, third parties and D&PL when appropriate, and license its

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products to D&PL and potentially to others. D&PL and Verdia each own 50% of DeltaMax.

Subsidiaries

D&PL South Africa, Inc. ("D&PL South Africa"), our wholly-owned subsidiary, through a South African branch, commercializes cottonseed varieties containing Monsanto's Bollgard and Roundup Ready technologies in South Africa. In addition, D&PL South Africa maintains winter nursery facilities, produces cottonseed varieties for export to other countries and processes foundation seed grown in that country.

D&PL Semillas Ltda., our wholly-owned subsidiary, maintains a winter nursery and foundation seed operation in Canas, Costa Rica and has a delinting plant there to process foundation seed for export to the United States. Multiple winter nursery locations are used to manage seed production risks. The use of Southern Hemisphere winter nurseries and seed production programs such as these may accelerate the introduction of new varieties because we can raise at least two crops per year by taking advantage of the Southern Hemisphere growing season.

Deltapine Australia Pty. Ltd., our wholly-owned Australian subsidiary, breeds, produces, conditions and markets cotton planting seed in Australia. Certain varieties developed in Australia are well adapted to other major cotton producing countries and Australian-developed varieties are exported to those areas. We sell seed of both conventional and transgenic varieties, containing Monsanto's Bollgard II and Roundup Ready technologies, in Australia.

Turk Deltapine, Inc. ("Turk Deltapine"), our wholly-owned subsidiary, through a Turkish branch, produces, conditions and markets cotton planting seed in Turkey. In addition, Turk Deltapine produces conventional cottonseed varieties for sale in Turkey and Europe.

In September 2004, D&PL established, through Indian nominee shareholders, Deltapine India Seed Private Ltd. ("Deltapine India"). This company will be wholly-owned by D&PL (by itself or through wholly-owned affiliates), pending formal transfer of ownership from the nominee shareholders. Deltapine India was formed to breed, test, produce, market and sell agricultural seeds and services in India.

Employees

As of October 31, 2005, we employed a total of 522 full-time employees worldwide, excluding approximately 107 employees of joint ventures. Due to the nature of our business, we utilize seasonal employees in our delinting plants and our research and foundation seed programs. The maximum number of seasonal employees approximates 175 and typically occurs in October and November of each year. We consider our employee relations to be good.

Biotechnology

Insect Resistance for Cotton

Monsanto Company

Collaborative biotechnology licensing agreements, which were executed with Monsanto in March 1992 and subsequently revised in April 1993, October 1993, February 1996, December 1999, January 2000 and March 2003, provide for the commercialization of Monsanto's Bollgard ("Bacillus thuringiensis" or "Bt") gene technology in our varieties in the United States. The selected Bt gene is from a bacterium found naturally in soil and produces proteins toxic to certain lepidopteran larvae, the principal cotton pests in many cotton growing areas.

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Monsanto created a transgenic cotton plant by inserting Bt genes into cotton plant tissue. The resulting transgenic plant tissue is lethal to certain lepidopteran larvae that consume it. The gene and related technology were patented or licensed from others by Monsanto and were licensed to us for use under the trade name Bollgard. In our primary markets, the cost of insecticides is a major expenditure for many cotton growers. The insect resistant capabilities of transgenic cotton containing the Bollgard gene may reduce the amount of insecticide required to be applied by cotton growers using planting seed containing the Bollgard gene. In October 1995, the United States Environmental Protection Agency ("EPA") completed its initial registration of the Bollgard gene technology. In 1996, we sold commercially for the first time two Deltapine varieties, which contained the Bollgard gene, in accordance with the terms of the Bollgard Gene License and Seed Services Agreement (the "Bollgard Agreement") among D&PL, Monsanto and D&M Partners. This initial EPA registration had been set to expire on January 1, 2001 but was updated to expire January 1, 2002. In September 2001, the EPA renewed the registration for an additional five years. At the end of the five year period the EPA will, among other things, reevaluate the effectiveness of the insect resistance management plan and decide whether to convert the registration to a non-expiring (and/or unconditional) registration. Monsanto is responsible for obtaining and maintaining regulatory approvals, and is planning to seek re-registration of Bollgard.

Pursuant to the terms of the Bollgard Agreement, farmers must buy a limited use sublicense for the technology from D&M Partners, a partnership of D&PL (90%) and Monsanto (10%), in order to purchase seed containing the Bollgard gene technology. Monsanto determines the licensing fee growers pay for use of Bollgard technology. Growers may receive discounts and/or rebates of licensing fees under certain crop destruct, crop replant and other programs. D&M Partners contracts the billing and collection activities for Bollgard and Roundup Ready licensing fees to Monsanto. The distributor/dealers who coordinate the farmer licensing process receive a portion of the technology sublicensing fee, presently approximately 13%. After the dealers and distributors are compensated, D&M Partners pays Monsanto a royalty equal to 71% of the net sublicense fee (technology sublicensing fees less certain distributor/dealer payments), and we receive the remainder of net sublicense revenue for our services. The expiration date of the Bollgard Agreement is determined by the last to expire of the patent rights licensed under that agreement. On that basis (unless we terminate sooner, as is permitted after October 11, 2008), the expiration date of the Bollgard Agreement will be June 13, 2012, the date the last of the presently issued patents will expire. This date may be extended in the event additional relevant patents issue that have expiration dates later than June 13, 2012.

Pursuant to the Bollgard Agreement, Monsanto must defend and indemnify us against claims of patent infringement, including all damages awarded or amounts paid in settlements. Monsanto must also indemnify us against (a) costs of inventory and (b) lost profits on inventory which becomes unsaleable because of patent infringement claims. Monsanto must defend any claims of failure of performance of a Bollgard gene. Monsanto and D&PL share the cost of any product performance claims in proportion to each party's share of the net sublicense fees. The indemnity from Monsanto only covers performance claims involving failure of performance of the Bollgard gene and not claims arising from other causes. Pharmacia remains liable for Monsanto's performance under these defense and indemnity agreements.

In December 2000, D&PL and Monsanto executed the Bollgard II Gene License and Seed Services Agreement (the "Bollgard II Agreement") for Monsanto's subsequent insect resistance product. The Bollgard II Agreement contains essentially the same terms as the Bollgard Agreement. On December 23, 2002, Monsanto announced that it had received U.S. regulatory clearance for Bollgard II, which expires after the 2006 crop year. Monsanto is responsible for obtaining and maintaining regulatory approvals and is planning to seek re-registration of Bollgard II. We

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have commercialized limited quantities of our Bollgard II cotton varieties in the U.S. beginning in fiscal 2003. The expiration date of the Bollgard II Agreement is determined by the last to expire of the patent rights licensed under that Agreement. On that basis (unless we terminate sooner, as is permitted after October 11, 2008), the expiration date of the Bollgard II Agreement will be November 4, 2018, the date the last of the presently issued patents will expire. This date may be extended in the event additional relevant patents issue that have expiration dates later than November 4, 2018.

Syngenta Crop Protection AG

In August 2004, we executed a License Acquisition Agreement with Syngenta Crop Protection AG ("Syngenta") under which D&PL acquired worldwide licenses for the commercialization of Syngenta's VIP3A and CryIAb insect resistance genes in cotton (the "VipCot Gene Licenses"). D&PL agreed to pay \$46.8 million for these licenses, payable in installments, of which \$9.2 million represents contingent payments. These licenses provide for commercialization of insect resistant cotton varieties containing Syngenta insect resistance genes in the United States and in other countries, subject to government approval of the technologies. Syngenta is responsible for obtaining such government approval in the United States and, if instructed by D&PL, in other countries. Syngenta is required to consult with D&PL and to assist and support commercialization of D&PL's products containing Syngenta's insect resistance genes.

Pursuant to the VipCot Gene Licenses, farmers will be sublicensed by D&PL to use seed containing Syngenta's insect resistance technologies. The VipCot technologies will be marketed on a competitive basis with alternative insect control costs and other available technologies. After dealers and distributors are compensated for their services, and after deduction of certain marketing expenses and other costs, D&PL will pay Syngenta a royalty equal to 30% of the net revenue obtained from sublicensing of the VipCot gene technologies. D&PL retains the balance of such net sublicense revenue. Provisions for payment of royalties under the VipCot Gene Licenses generally continue until the expiration of the last to expire of Syngenta's applicable patent rights on a country-by-country basis or for a minimum of ten years after the first commercial sale of a licensed product in the subject country, after which D&PL will hold a permanent paid-up license to Syngenta's licensed patent rights for use in cotton. D&PL has the rights to sublicense its affiliates (and, in countries outside the United States, third parties) to commercialize Syngenta's insect resistance technologies. In the event D&PL elects not to make the contingent payments, and upon other termination events, D&PL will retain rights to commercialize products containing VipCot events which have then received government approval for sale in the United States.

The VipCot Gene Licenses make D&PL the primary licensee of Syngenta's insect resistance technology. To retain this status, D&PL must meet milestones for development of VipCot cotton varieties, produce seed for commercial sale in the United States and meet and maintain certain sales objectives.

Pursuant to the VipCot Gene Licenses, Syngenta is responsible for obtaining required intellectual property rights and for defense of claims of patent infringement. The costs of defense and indemnification are borne either by Syngenta alone or by Syngenta and D&PL proportionately based on the nature of the claim. D&PL is responsible for managing the defense of grower claims alleging failure of performance of a licensed gene. Syngenta and D&PL will bear the cost of product performance claims in proportion to each party's share of net sublicense fees. The product performance indemnity from Syngenta only covers claims involving failure of performance of the Syngenta insect resistance genes and not claims arising from other causes.

Dow AgroSciences

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In January 2003, we announced a collaboration agreement with Dow AgroSciences LLC ("DAS") under which we would develop, test and evaluate elite cotton varieties containing DAS insect resistance traits. We continue to work with DAS insect resistant traits. On October 4, 2004, DAS announced it had received full EPA registration for its WideStrike™ Insect Protection technology and would introduce products from its subsidiary in 2005. We may commercialize varieties containing DAS insect resistance technology if we reach a commercialization agreement. To date, no such agreement has been reached.

Herbicide Tolerance for Cotton

Monsanto Company

In February 1996, D&PL, Monsanto and D&M Partners executed the Roundup Ready Gene License and Seed Services Agreement (the "Roundup Ready Agreement"), which provides for the commercialization of Roundup Ready cottonseed. Pursuant to the collaborative biotechnology licensing agreements executed in 1996 and amended in July 1996, December 1999, January 2000 and March 2003, we have also developed transgenic cotton varieties that are tolerant to Roundup(R), a glyphosate-based herbicide sold by Monsanto. In 1996, such Roundup Ready plants were approved by the Food and Drug Administration, the USDA, and the EPA. The Roundup Ready Agreement grants a license to D&PL and certain of our affiliates the right in the United States to sell cottonseed of our varieties that contain Monsanto's Roundup Ready gene. The Roundup Ready gene makes cotton plants tolerant to contact with Roundup herbicide applications made during a finite early season growth period. Similar to the Bollgard Agreement, farmers must execute limited use sublicenses in order to purchase seed containing the Roundup Ready gene. Monsanto determines the licensing fee growers pay for use of Roundup Ready technology. Growers may receive discounts and/or rebates of licensing fees under certain crop destruct, crop replant and other programs. The distributors/dealers who coordinate the farmer licensing process receive a portion of the technology sublicensing fee, presently approximately 13%. After the dealers and distributors are compensated, D&M Partners pays Monsanto a royalty equal to 70% of the net sublicense fee (technology sublicensing fees less certain distributor/dealer payments), and we receive the remainder of net sublicense revenue for our services. The expiration date of the Roundup Ready Agreement is determined by the last to expire of the patent rights licensed under that agreement. On that basis (unless we terminate sooner, as is permitted after October 11, 2008), the expiration date of the Roundup Ready Agreement will be April 18, 2017, the date the last of the presently issued patents will expire. This date may be extended in the event additional relevant patents issue that have expiration dates later than April 18, 2017.

Pursuant to the Roundup Ready Agreement, Monsanto must defend and indemnify us against claims of patent infringement, including all damages awarded or amounts paid in settlements. Monsanto will also indemnify us against the cost of inventory that becomes unsaleable because of patent infringement claims, but Monsanto is not required to indemnify us against lost profits on such unsaleable seed. In contrast with the Bollgard Agreement, where the cost of gene performance claims will be shared in proportion to the division of net sublicense revenue, Monsanto must defend and must bear the full cost of any claims of failure of performance of the Roundup Ready Gene. Pharmacia remains liable for Monsanto's performance under these defense and indemnity agreements. In both agreements, generally, we are responsible for varietal/seed performance issues, and Monsanto is responsible for failure of the genes.

On January 7, 2005, D&PL executed the Roundup Ready Flex Gene License and Seed Services Agreement (the "Roundup Ready Flex Agreement") for Monsanto's advanced herbicide tolerance product. The Roundup Ready Flex Agreement contains essentially the same terms, including compensatory terms, as the existing Roundup Ready Agreement between D&PL and Monsanto. The expiration date of the

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Roundup Ready Flex Agreement is determined by the last to expire of the patent rights under this Agreement which cover the licensed gene. On that basis (unless we terminate sooner, as is permitted after October 11, 2008), assuming that all of the patents identified by Monsanto in the addendum to the Roundup Ready Flex Agreement cover the licensed gene, the expiration date of the Roundup Ready Flex Agreement will be December 15, 2020, the date the last of the presently issued patents will expire. This date may be extended in the event additional relevant patents issue that have expiration dates later than December 15, 2020.

On March 15, 2005, Monsanto announced it had obtained U.S. regulatory clearance for Roundup Ready Flex technology. We have developed and produced commercial seed quantities of several Roundup Ready Flex varieties in 2005 and are preparing to commercialize these cotton varieties in the U.S. beginning in 2006.

Cotton Technology Licenses for Countries Outside the United States

In February 1996, D&PL and Monsanto executed an Option Agreement (subsequently amended in December 1999) which provides us with option rights for an exclusive license for Monsanto's Bollgard and other genes active against lepidopteran insects in each country outside the United States where Monsanto commercializes such genes in cotton (except for Australia where we have an option for a non-exclusive license to such genes and India where we have no option rights to such genes), option rights to non-exclusive licenses to Roundup Ready genes in cotton in all countries outside the United States, and option rights to non-exclusive licenses for all countries (except India) for any gene that may be commercialized by Monsanto that enhances the fiber characteristics of cotton. The terms of such licenses must be offered and negotiated in good faith. All such licenses that are non-exclusive must provide us most favored licensee status. The Option Agreement remains in effect so long as the Bollgard Agreement and Roundup Ready Agreement for the United States remain in effect. Pursuant to the Option Agreement, Monsanto and D&PL (or D&PL's affiliates or joint venture companies) have entered into exclusive Bollgard licenses for seven countries (Argentina, Brazil, China, Colombia, Mexico, South Africa, and Thailand) outside the United States and a non-exclusive license for lepidopteran active genes for Australia, as well as non-exclusive Roundup Ready licenses for five countries (Argentina, Australia, Brazil, Colombia and South Africa) outside the United States.

Herbicide Tolerance for Soybeans

In February 1997, D&PL and Monsanto executed a Roundup Ready Soybean License Agreement which provided for commercialization of Roundup Ready soybean seed. Effective September 1, 2001, D&PL and Monsanto executed a new Roundup Ready Soybean License and Seed Services Agreement (the "Roundup Ready Soybean Agreement") for 2001 and future years. The Roundup Ready Soybean Agreement grants a non-exclusive license to D&PL to produce and to sell in the United States soybean seed containing Monsanto's Roundup Ready gene. The Roundup Ready gene makes soybean plants tolerant to contact with Roundup herbicide applications when used in accordance with product instructions. Similar to the Bollgard Agreement and the Roundup Ready Agreement for cotton, farmers must execute limited use sublicenses in order to purchase soybean seed containing the Roundup Ready gene. The royalty charged to the seed partners, including D&PL, is set annually by Monsanto. We receive a portion of the royalty for our services under the Roundup Ready Soybean Agreement and may receive additional incentives based on a separate licensee incentive agreement. We have the right to terminate the Roundup Ready Soybean Agreement at our option upon 90 days notice to Monsanto; Monsanto may terminate the agreement only for cause. Unless terminated sooner, the Roundup Ready Soybean Agreement will expire December 31, 2012.

Since 1987, we have conducted research to develop soybean plants that are tolerant to certain DuPont Sulfonylurea herbicides. Such plants enable farmers

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to apply these herbicides for weed control without significantly affecting the agronomics of the soybean plants. Since soybean seed containing the STS(R) herbicide-tolerant trait is not genetically engineered, sale of this seed does not require government approval, although the herbicide to which they express tolerance must be EPA approved.

Transformation, Enabling and Other Technologies

In March 1998, D&PL and the United States of America, as represented by the Secretary of Agriculture (USDA) were granted United States Patent No. 5,723,765, entitled "Control Of Plant Gene Expression". Subsequently, two other patents (United States Patent Nos. 5,925,808 and 5,977,441) were granted under the same title. These patents for the Technology Protection System resulted from a concept developed by research scientists employed by both D&PL and the U.S. Department of Agriculture's Agricultural Research Service ("USDA-ARS"). The patents broadly cover all species of plants and seed, both transgenic and conventional, for a system designed to allow control of progeny seed viability without harming the crop. One application of the technology could be to control unauthorized planting of seed of proprietary varieties (sometimes called "brown bagging") by making such a practice non-economic since unauthorized saved seed will not germinate, and, therefore, would be useless for planting. Another application of the technology would be to prevent the unlikely possibility of transfer of transgenes, through pollen, to closely related species of plants. These patents have the prospect of opening significant worldwide seed markets to the sale of transgenic technology in varietal crops in which crop seed currently is saved and used in subsequent seasons as planting seed. D&PL and the USDA executed a commercialization agreement on July 6, 2001, for this technology giving us the exclusive right to market this technology. Once developed, we intend licensing of this technology to be widely available to other seed companies.

In July 1999, United States Patent No. 5,929,300, entitled "Pollen Based Transformation System Using Solid Media," was issued to the United States of America as represented by the Secretary of Agriculture (USDA). This patent covers transformation of plants. The patent for the Pollen Transformation System resulted from a research program conducted pursuant to a Cooperative Research and Development Agreement between D&PL and the USDA-ARS in Lubbock, Texas. D&PL and the USDA executed on December 18, 2000, a commercialization agreement, providing us exclusive rights to market this technology to third parties, subject to certain rights reserved to the USDA. We believe this transformation method uses techniques and plant parts that are not covered by currently issued plant transformation U.S. patents held by others. It is a method which should be more efficient and effective than many other plant transformation techniques currently available. This patent and the marketing rights apply to all plant species on which this method of transformation is effective.

The technologies described above resulted from basic research and will require further development in order to be used in commercial seed. We estimate that it will be several years before either of these technologies could be available commercially. In addition, we have rights to other transformation, enabling and other technologies that are useful to our research and commercial efforts and, in some cases, may be sublicensed to others.

Other

We have licensing, research and development, confidentiality and material transfer agreements with providers of technology that we are evaluating for potential commercial applications and/or introduction. We also contract with third parties to perform research on our behalf for enabling and other technologies that we believe have potential commercial applications in varietal crops around the world.

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Commercial Seed

The following table presents the number of commercial cottonseed and soybean seed varieties we sold in the years ended August 31, 2005 and 2004:

	2005	2004
	-----	-----
Cotton		
Conventional	11	11
Bollgard	2	3
Roundup Ready	14	16
Bollgard/Roundup Ready	15	14
Bollgard II/Roundup Ready	2	1
Bollgard II/Roundup Ready Flex	2	-
Roundup Ready Flex	1	-
	-----	-----
	47	45
	=====	=====
Soybeans		
Conventional	1	1
Roundup Ready	18	19
STS	2	2
Roundup Ready/STS	2	-
	-----	-----
	23	22
	=====	=====

In addition to the varieties indicated above, we have many experimental cotton and soybean varieties in late stage development prior to commercialization. We also have experimental cotton hybrids that are being developed for certain cotton markets in the world.

Seed of all commercial plant species is either varietal or hybrid. Most of our cotton and all of our soybean seed are varietals. Varietal plants can be reproduced from seed produced by a parent plant, with the offspring exhibiting only minor genetic variations. The Plant Variety Protection Act of 1970, as amended in 1994, in essence prohibits, with limited exceptions, purchasers of varieties protected under the amended Act from selling seed harvested from these varieties without permission of the plant variety protection certificate owner. Some foreign countries provide similar legal protection for breeders of crop varieties.

Although cotton is generally varietal and, therefore, can be grown from seed of parent plants saved by the growers, most farmers in our primary domestic market purchase seed from commercial sources each season because cottonseed requires delinting prior to seed treatment with crop protection products in order to be sown by modern planting equipment. Delinting and conditioning may be done either by a seed company on its proprietary seed or by independent delinters for farmers. Modern cotton farmers in upland picker areas generally recognize the greater assurance of genetic purity, quality and convenience that professionally grown and conditioned seed offers compared to seed they might save. Additionally, U.S. patent laws make unlawful any unauthorized planting of seed containing patented technology, such as Bollgard, Bollgard II and Roundup Ready, saved from prior crops. In addition, we have patented many of our cotton varieties which makes unauthorized planting or use of such varieties unlawful.

We farm approximately 5,500 acres globally, primarily for research purposes and for production of cotton and soybean foundation seed. Additionally, we have annual agreements with various growers to produce seed for cotton and soybeans. The growers plant parent seed purchased from us and follow quality assurance procedures required for seed production. If the grower adheres to our established quality assurance standards throughout the growing season and if the

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seed meets our standards upon harvest, we may be obligated to purchase specified minimum quantities of seed, usually in our first and second fiscal quarters, at prices equal to the commodity market price of the seed plus a grower premium. We then condition the seed for sale.

The majority of our sales are made from late in the second fiscal quarter through the end of the third fiscal quarter. Varying climatic conditions can change the quarter in which seed is delivered, thereby shifting sales and our earnings between quarters. Thus, seed production, distribution and sales are seasonal and interim results will not necessarily be indicative of our results for a fiscal year.

Revenues from domestic seed sales are recognized when the seed is shipped. Revenues from Bollgard, Bollgard II and Roundup Ready licensing fees are recognized when the seed is shipped. Domestically, the licensing fees charged to farmers for Bollgard, Bollgard II and Roundup Ready cottonseed are based on pre-established planting rates for nine geographic regions and, for years prior to 2004, considered the estimated number of seed contained in each bag which varied by variety, location grown, and other factors. Effective in 2004, picker and stripper cottonseed products were sold in bags containing approximately 250,000 seed as well as bulk boxes containing approximately 8,000,000 seeds. Acala and Pima cottonseed products continue to be sold in 50-pound bags.

International export revenues are recognized upon the later of when the seed is shipped or the date letters of credit (or instruments with similar security provisions) are confirmed. International export sales are not subject to return except in limited cases in Mexico and Colombia. All other international revenues from the sale of planting seed, less estimated reserves for returns, are recognized when the seed is shipped, except in Australia where certain immaterial revenues are recognized when collected.

Domestically, we promote our cotton and soybean seed directly to farmers and sell our seed through distributors and dealers. All of our domestic seed products (including those containing Bollgard, Bollgard II and Roundup Ready technologies) are subject to return and credit risk, the effects of which vary from year to year. The annual level of returns and, ultimately, net sales are influenced by various factors, principally commodity prices and weather conditions occurring in the spring planting season during our third and fourth quarters. We provide for estimated returns as sales occur. To the extent actual returns differ from estimates, adjustments to our operating results are recorded when such differences become known, typically in our fourth quarter. All significant returns occur and are accounted for by fiscal year end. We also offer various sales incentive programs for seed and participate in such programs related to the Bollgard, Bollgard II and Roundup Ready technology fees offered by Monsanto. Under these programs, if a farmer plants his seed and the crop is lost (usually due to inclement weather) by a certain date, a portion of the price of the seed and technology fees are forgiven or rebated to the farmer if certain conditions are met. The amount of the refund and the impact to D&PL depends on a number of factors including whether the farmer can replant the crop that was destroyed. We record monthly estimates to account for these programs. The majority of program rebates occur during the second, third, and fourth quarters. Essentially all material claims under these programs have occurred or are accounted for by fiscal year end.

Availability of Information on Our Website

Additional information (including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) and 15(d) of the Exchange Act) is available free of charge at our website at www.deltaandpine.com under Media & News, as soon as reasonably practicable after we electronically file such material with or furnish such material to the Securities and Exchange

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Commission.

Outlook

From time to time, we may make forward-looking statements relating to such matters as anticipated financial performance, existing products, technical developments, new products, research and development activities and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, we note that a variety of factors could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed in our forward-looking statements. The risks and uncertainties that may affect the operations, performance, development and results of our business include those noted elsewhere in this Item and in "Risks and Uncertainties" in Item 7.

ITEM 2. PROPERTIES

We maintain facilities primarily used for research, delinting, conditioning, storage and distribution. Our world headquarters is located in Scott, Mississippi. This location is used for corporate offices, quality assurance, research and development, sales and marketing, seed production, and cottonseed delinting, conditioning and storage.

Our other owned cottonseed delinting, conditioning and storage facilities in the United States are in: Eloy, Arizona; Hollandale, Mississippi; and Aiken, Texas. We have additional leased storage facilities in Lubbock, Texas and Greenville, Mississippi and own an additional storage facility in Lubbock, Texas. We own a soybean processing plant in Harrisburg, Arkansas. We also own cottonseed delinting facilities in Narromine, New South Wales, Australia; Groblersdal, South Africa; Canas, Costa Rica; Shijiazhuang, Hebei, China (through a Chinese joint venture); Hefei City, Anhui, China (through a Chinese joint venture); and Avia Terai, Chaco, Argentina (through an Argentine joint venture). We have an additional leased storage facility in Adana, Turkey. We also own a facility in Tunica, Mississippi that is not currently in use.

Our plant breeders conduct research at eight company-owned facilities in the United States. We also own research facilities in Australia and Brazil and lease additional research facilities in Brazil and Greece. In connection with our foundation seed program, we lease land in the United States, Argentina, Australia, Brazil, China, Costa Rica, South Africa, and Turkey.

All owned properties are free of encumbrances. We also may lease warehouse space in other locations. We believe that all of our facilities, including our conditioning, storage and research facilities, are well maintained and generally adequate to meet our needs for the foreseeable future. (See "Liquidity and Capital Resources" in Item 7).

PRINCIPAL COMPANY LOCATIONS, AFFILIATES AND SUBSIDIARIES:

World Headquarters

Scott, Mississippi, USA

Research Centers

Scott, Mississippi, USA

Winterville, Mississippi, USA

Maricopa, Arizona, USA

Tifton, Georgia, USA

Hartsville, South Carolina, USA

Operations Facilities

Scott, Mississippi, USA

Hollandale, Mississippi, USA

Eloy, Arizona, USA

Harrisburg, Arkansas, USA

Aiken, Texas, USA

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Hale Center, Texas, USA
Haskell, Texas, USA
Lubbock, Texas, USA
Narrabri, New South Wales, Australia
Capiopolis, Minas Gerais, Brazil
Uberlandia, Minas Gerais, Brazil
Canas, Costa Rica
Larissa, Greece

Lubbock, Texas, USA
Avia Terai, Chaco, Argentina
Narromine, New South Wales, Australia
Canas, Costa Rica
Hefei City, Anhui, People's Republic
of China
Shijiazhuang, Hebei, People's
Republic of China
Groblersdal, South Africa
Adana, Turkey

Foreign Offices
Narrabri, New South Wales, Australia
Uberlandia, Minas Gerais, Brazil
Canas, Costa Rica
Thessaloniki, Greece
New Delhi, India
Mexicali, Mexico
Mexico City, Mexico
Wassenaar, The Netherlands
Beijing, People's Republic of China
Groblersdal, South Africa
Seville, Spain
Izmir, Turkey

ITEM 3. LEGAL PROCEEDINGS

The following sets forth all known pending litigation in which D&PL is named as a defendant and a description of other legal matters.

Product Claims

D&PL and Monsanto were named as defendants in a lawsuit filed in the 106th Judicial District Court of Gaines County, Texas, on April 27, 2000. In this case the plaintiff alleges, among other things, that certain cottonseed acquired from D&PL that contained the Roundup Ready gene did not perform as the farmer had anticipated. D&PL and Monsanto are investigating the claims to determine the cause or causes of the alleged problem. Pursuant to the terms of the February 2, 1996 Roundup Ready Gene License and Seed Service Agreement (the "Roundup Ready Agreement"), D&PL has tendered the defense of this claim to Monsanto and requested indemnity. Pursuant to the Roundup Ready Agreement, Monsanto is contractually obligated to defend and indemnify D&PL against all claims arising out of the failure of the Roundup Ready gene and Monsanto has agreed to do so. D&PL will not have a right of indemnification from Monsanto, however, for any claim involving defective varietal characteristics separate from or in addition to the herbicide tolerance gene and such claims are contained in this litigation.

D&PL was named in two lawsuits filed in the Circuit Court of Holmes County, Mississippi. One was filed March 14, 2002, and the second was filed on August 19, 2002. Both cases include numerous plaintiffs who allege that certain cottonseed sold by D&PL was improperly mixed and blended and failed to perform as advertised. On December 14, 2004, an Order was entered in the March 14, 2002 case severing the individual claims of the 57 original plaintiffs into fifty-seven separate actions. Fourteen of the fifty-seven cases will remain in Holmes County, Mississippi. The venue to which the other cases will be transferred has not yet been determined. On January 24, 2005, the Supreme Court of the State of Mississippi granted D&PL's interlocutory appeal of the trial

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court's denial of D&PL's motion to dismiss the claims of seven plaintiffs for failure to comply with the Mississippi Seed Arbitration Act. The briefing and scheduling order has been entered on the consolidated appeals and it is anticipated that the resolution of this matter will take approximately six to nine months. The issue involved on these consolidated interlocutory appeals, if decided in D&PL's favor, should dispose of 43 of the 57 original plaintiffs in the March 14, 2002 action and 15 of the original 17 plaintiffs in the August 19, 2002 action. Motions are now pending in the August 19, 2002 case identical to those filed in the March 14, 2002 case. It is anticipated that the trial court will withhold ruling on those motions until such time as the Mississippi Supreme Court decides the interlocutory appeal of the March 14, 2002 case. Neither of these lawsuits alleges that the Monsanto gene technology failed, and accordingly, it does not appear that D&PL has a claim for indemnity or defense under the terms of any of the gene licenses with Monsanto.

In December 2002, D&PL filed a suit in the Circuit Court of Holmes County, Mississippi, against Nationwide Agribusiness and other insurance companies seeking a declaration that the allegations of the Holmes County, Mississippi lawsuit filed March 14, 2002, are covered by D&PL's comprehensive general liability and umbrella liability policies. This case was removed by the defendants to the United States District Court for the Southern District of Mississippi. In this litigation, D&PL seeks a declaration that its insurers are responsible for the cost of defending such actions, and full indemnification of D&PL in the event a judgment is rendered against it based upon the seed mix claim alleged by plaintiffs. D&PL alleges in this litigation that the allegations of plaintiffs' complaint are covered by one or more of D&PL's insurance policies issued by the defendant insurance companies. Both Nationwide and D&PL have filed Motions for Summary Judgment which are now pending before the court. Barring a ruling on those motions in advance of trial, the case is scheduled to commence on November 14, 2005.

In the August 19, 2002 Holmes County lawsuit, D&PL has filed a third party Complaint against Nationwide Agribusiness and other insurers alleging they are responsible for the cost of defending the action and for full indemnification of D&PL in the event a Judgment is entered against it. The third party defendants removed this case to the United States District Court for the Southern District of Mississippi, but on September 28, 2004, the case was remanded to Holmes County, Mississippi where it remains pending. The decision in the December 2002 case filed by D&PL against Nationwide referenced in the immediately preceding paragraph may be dispositive of D&PL's third party complaint in this action.

D&PL, Monsanto, and another seed producer were named in a lawsuit filed in the United States District Court for the Eastern District of Texas, Marshall Division, on October 6, 2005. In this case, multiple plaintiffs allege that their growing crops were damaged by the application of Roundup(R) Glyphosate within labeled tolerances and that Monsanto and the other named defendants have been guilty of false advertising in the promotion of Roundup Ready cottonseed. D&PL is in the process of investigating the claims to determine the cause or causes of the alleged problem. Pursuant to the terms of the February 2, 1996 Roundup Ready Gene License and Seed Service Agreement (the "Roundup Ready Agreement"), D&PL has tendered the defense of this claim to Monsanto and requested indemnity. Pursuant to the Roundup Ready Agreement, Monsanto is contractually obligated to defend and indemnify D&PL against all claims arising out of the failure of the Roundup Ready gene.

All lawsuits related to product claims seek monetary damages. See Note 17 of the Notes to Consolidated Financial Statements in Part II, Item 8 for further details about product claims.

Other Legal Matters

On December 9, 2003, Bayer BioScience N.V. and Bayer CropScience GmbH

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(collectively "Bayer") filed a suit in the Federal Court of Australia alleging that the importing, exporting, selling and other alleged uses by Deltapine Australia Pty Ltd., D&PL's wholly-owned Australian subsidiary ("Deltapine Australia"), of Bollgard II cottonseed infringes Bayer's Australian patent that claims an alleged invention entitled "Prevention of Bt Resistance Development." The suit seeks an injunction, damages and other relief against Deltapine Australia. Deltapine Australia disputes the validity, infringement and enforceability of Bayer's patent. On April 16, 2004, Deltapine Australia responded to the suit, denying infringement and asserting affirmative defenses and cross claims. The suit is in pretrial proceedings.

In July 2003, D&PL received a notice from Monsanto asserting that disputes exist among Monsanto, D&PL and D&M Partners, a partnership of D&PL (90%) and Monsanto (10%), pertaining to matters under the Bollgard and Roundup Ready Licenses for the United States and matters under license agreements for Argentina and the Republic of South Africa. In August 2003, D&PL and D&M Partners responded to Monsanto's positions on each issue and notified Monsanto of additional disputes, each concerning Monsanto's compliance with its obligations under the Bollgard and Roundup Ready Licenses for the United States. In accordance with the dispute resolution provisions of the subject agreements, the issues raised in Monsanto, D&PL and D&M Partners' notices were submitted to a panel of senior executives (the "Executive Panel"). Monsanto subsequently withdrew from the Executive Panel the issue involving the license agreements for the Republic of South Africa and submitted to the Executive Panel one additional issue of interpretation of the Bollgard and Roundup Ready Licenses for the United States. Issues arising from operations in Argentina and issues involving technology fees and interest have been settled without material financial impact on the Company and are no longer in dispute. On May 20, 2004, Monsanto submitted to arbitration before the American Arbitration Association two unresolved issues: whether D&M Partners has paid Monsanto all royalties due and whether D&PL has made unauthorized transfers of materials containing Monsanto technology. In this arbitration proceeding, Monsanto seeks an adjudication of its alleged right to terminate the Bollgard and Roundup Ready Licenses, to dissolve D&M Partners, to obtain an accounting and to receive monetary damages and a return or destruction of materials containing Monsanto technologies. D&PL denies the claims asserted by Monsanto in the arbitration filing and has filed appropriate responses to Monsanto's claims and filed three counterclaims based on the issues submitted by D&PL to the Executive Panel. The parties are currently conducting discovery. The Arbitration Panel has set an August 2006 final hearing date. On November 8, 2004, Monsanto submitted one new claim allegedly involving a dispute under the license agreements to the Executive Panel. This issue has been resolved by the Executive Panel. On March 31, 2005, D&PL submitted an issue involving an international license under the 1996 Option Agreement between Monsanto and D&PL for resolution by the Executive Panel. The Executive Panel has that claim under consideration. D&PL is committed to participating in good faith resolution of issues in dispute through arbitration or through the Executive Panel, as applicable.

In October 2002, Transportes Darkepe Ltda, a Brazilian trucking company, filed suit in a local court in the State of Parana, Brazil, against an employee of D&PL Brasil Ltda. ("D&PL Brasil"), a Brazilian subsidiary of D&PL, and Localiza Rent a Car ("LRC"), alleging that the employee had caused a motor vehicle accident resulting in property damage to a truck owned by the plaintiff. In December 2002, D&PL Brasil was joined as a defendant on the basis that the rental car driven by the employee had been rented in its name. The case remains pending in pretrial proceedings. The damages sought, including interest, is approximately \$49,000. The employee and D&PL Brasil are being defended and are indemnified in this litigation by the respective insurance carriers for LRC and D&PL.

In January 2001, Sure Grow Seed Inc. ("Sure Grow"), an indirect subsidiary of D&PL, gave notice to Ozbugday Tarim Isletmeleri ve Tohumculuk A.S. ("OTIT"), a Turkish seed company, of termination (effective at the end of the 2001 crop

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year) of OTIT's exclusive distributorship for cottonseed of Sure Grow varieties in the Republic of Turkey. OTIT refused to acknowledge the validity of this termination. In October 2002, Sure Grow and the Turkish Branch of Turk Deltapine, Inc. ("Turk Deltapine"), D&PL's local affiliate in Turkey, commenced a civil action in a Turkish commercial court seeking an injunction against continued sales of Sure Grow varieties by OTIT. OTIT filed a counterclaim seeking an injunction against Turk Deltapine's marketing of seed of Sure Grow varieties in alleged violation of OTIT's exclusive distribution rights and monetary damages for lost profits in an amount to be determined. In May 2005, the court in which the case is pending, reversing a prior advisory opinion, held that the law of the State of Alabama, governs the termination of OTIT's distributorship and the January 2001 notice of termination was timely and effective. Consistent with this decision, the court rejected OTIT claims that Turk Deltapine has been involved in unfair competition against OTIT. The decision of the court has been appealed by OTIT. Both OTIT and Turk Deltapine have continued to distribute cotton planting seed of Sure Grow varieties in Turkey.

In June 2004, D&PL filed an application with the Turkish Ministry of Agriculture to gain intellectual property protection of certain of D&PL's proprietary cotton varieties under Turkey's new law protecting breeders' rights for new plant varieties, which was enacted in January 2004. On November 3, 2004, the Ministry of Agriculture denied protection under Turkish law for all but one of these varieties. In December 2004, D&PL filed a petition with the Ministry of Agriculture requesting reconsideration of its decision denying protection. The Ministry of Agriculture is still considering D&PL's petition. D&PL also filed a petition in January 2005 in the Administrative Court of Ankara requesting a decision granting intellectual property protection of D&PL's varieties. This petition is currently pending before the Administrative Court.

In December 1999, Mycogen Plant Science, Inc. ("Mycogen") filed a suit in the Federal Court of Australia alleging that Monsanto Australia Ltd., Monsanto's wholly-owned Australian subsidiary, and Deltapine Australia have been infringing two of Mycogen's Australian patents by making, selling, and licensing cotton planting seed expressing insect resistance. The suit seeks an injunction against continued sale of seed containing Monsanto's Ingard(R) gene and recovery of an unspecified amount of damages. Trial of this matter commenced on March 7, 2005, and concluded on April 6, 2005. D&PL is awaiting a decision from the Court. Consistent with its commitments, Monsanto has agreed to defend D&PL in this suit and to indemnify D&PL against damages, if any are awarded. Monsanto is providing separate defense counsel for D&PL. D&PL is assisting Monsanto to the extent reasonably necessary.

A corporation owned by the son of D&PL's former Guatemalan distributor sued in 1989 asserting that D&PL violated an agreement with it by granting to another entity an exclusive license in certain areas of Central America and southern Mexico. The suit seeks damages of 5,292,459 Guatemalan quetzales (approximately \$696,329 at October 31, 2005 exchange rates) and an injunction preventing D&PL from distributing seed through any other licensee in that region. The Guatemalan court, where this action is proceeding, has twice declined to approve the injunction sought. D&PL continues to make seed available for sale in Central America and Mexico.

D&PL vs. Monsanto Company and Pharmacia Corporation

On December 20, 1999, Monsanto withdrew its pre-merger notification filed pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR Act") effectively terminating Monsanto's efforts to gain government approval of the merger of Monsanto with D&PL under the May 8, 1998, Merger Agreement. On December 30, 1999, D&PL filed suit (the "December 30 Suit") in the First Judicial District of Bolivar County, Mississippi, seeking, among other things, the payment of the \$81 million termination fee due pursuant to the merger

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agreement, compensatory damages and punitive damages. On January 2, 2000, D&PL and Monsanto reached an agreement whereby D&PL would withdraw the December 30 Suit without prejudice for the purpose of negotiating a settlement of D&PL's claims, and Monsanto would immediately pay the \$81 million. On January 3, 2000, Monsanto paid to D&PL the termination fee of \$81 million as required by the merger agreement. On January 18, 2000, after unsuccessful negotiations, D&PL filed a suit (the "January 18 Suit") reinstating essentially all of the allegations contained in the December 30 Suit. The January 18 Suit by D&PL against Monsanto seeks, among other things, in excess of \$1 billion in compensatory and \$1 billion in punitive damages for breach of contract under the merger agreement between the parties. D&PL alleges that Monsanto failed to use its best efforts, commercially reasonable efforts, and/or reasonable best efforts to obtain antitrust approval from the U.S. Department of Justice, as required under the terms of the merger agreement. D&PL also seeks damages for breach of the January 2, 2000, agreement pursuant to which the parties were to negotiate for two weeks to resolve the dispute over failure of the merger to close.

The parties litigated for several months in 2000 over the appropriate forum to hear the case. On July 17, 2000, the Delaware Court of Chancery rejected Monsanto's attempt to maintain the action in Delaware and returned the parties to the Circuit Court for the First Judicial District of Bolivar County, Mississippi.

On December 18, 2000, D&PL amended its complaint to include a claim for tortious interference with prospective business relations on the grounds that Monsanto's unreasonable delay prevented the consummation of the merger and kept D&PL from being in a position to enter into transactions and relationships with others in the industry. In light of the merger of Monsanto into Pharmacia & Upjohn, Inc., after the filing of the original complaint, D&PL named both Pharmacia Corp. (the renamed existing defendant) and Monsanto Company as defendants in the amended complaint.

In January, 2001, Monsanto filed a motion for summary judgment on the breach of contract claims, alleging that D&PL suffered no cognizable damages as a result of the failed merger. Monsanto also filed a motion to dismiss (or in the alternative for summary judgment) with respect to the tortious interference claim, arguing that it was entitled to 1) dismissal of the action on the grounds that D&PL's amended complaint did not satisfy any of the elements of a tortious interference claim and, thus, did not state a viable claim; and 2) summary judgment because D&PL has not suffered any damages as a result of Monsanto's actions. On November 15, 2001, the Circuit Court denied the defendants' motion for summary judgment on the breach of contract claims, holding that the case presents issues for trial by jury including the existence and extent of benefit-of-the-bargain damages. The Court also denied defendants' motion to dismiss or for summary judgment on D&PL's claim for tortious interference with business relationships.

In June, 2003, the original trial judge to whom this case was assigned, retired and the case was assigned to a new trial court judge.

On September 12, 2003, Monsanto amended its answer to include four counterclaims against D&PL, alleging breach of contract, fraudulent inducement, and negligent misrepresentation. The fraudulent inducement and negligent misrepresentation claims allege that D&PL misrepresented the status of the Department of Justice's investigation into D&PL's 1996 acquisition of the Sure Grow companies prior to the signing of the merger agreement. The breach of contract claim alleges that D&PL failed to notify Monsanto that D&PL had sustained a material adverse change, where the alleged material adverse change relates to some of the matters for which D&PL seeks consequential damages in this litigation. The breach of contract claim also alleges that D&PL failed to use its contractually-required efforts to inform Monsanto that Monsanto was not using contractually-required

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efforts to complete the transaction. Monsanto is seeking unspecified damages for its counterclaims, including the \$81 million paid by Monsanto to D&PL as a termination fee and related expenses. D&PL answered the counterclaims, denying all liability, and intends to vigorously defend against these counterclaims. On December 21, 2004, Monsanto filed a motion to amend its answer to withdraw two of its four counterclaims, specifically the fraudulent inducement and negligent misrepresentations counterclaims.

On December 5, 2003, Monsanto filed a motion for partial summary judgment relating to one method that D&PL had used to calculate its damages, and on October 8, 2004, the Court granted Monsanto's motion. D&PL sought an interlocutory appeal of this ruling to the Mississippi Supreme Court. On February 14, 2005, the Mississippi Supreme Court granted D&PL's petition to hear its appeal. The Mississippi Supreme Court also agreed to hear D&PL's appeal of a discovery ruling relating to documents that Monsanto claimed to be immune from disclosure under the attorney-client privilege and work product doctrine. The original trial judge had ordered Monsanto to produce the documents and the new trial judge has ordered D&PL to return a significant portion of them.

On January 3, 2005, Monsanto filed two additional motions for partial summary judgment. Both motions seek summary judgment on certain aspects of D&PL's damages. On February 17, 2005, D&PL filed a motion with the trial court to amend its complaint to add a claim against Monsanto for fraudulently inducing D&PL to extend the deadline to complete the merger with Monsanto. The Mississippi Supreme Court has stayed the proceedings in the trial court pending the resolution of the two interlocutory appeals.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our stock trades on the New York Stock Exchange (the "NYSE") under the trading symbol DLP. The range of closing prices for these shares for the last two fiscal years, as reported by the NYSE, was as follows:

Common Stock Data	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
-----	-----	-----	-----	-----
FYE August 31, 2005				
Market Price Range - Low	\$25.22	\$26.16	\$24.76	\$24.70
- High	27.48	30.49	28.82	27.48
FYE August 31, 2004				
Market Price Range - Low	\$22.62	\$24.28	\$22.80	\$20.90
- High	25.40	26.63	25.82	25.80

Dividends totaling \$0.51 and \$0.46 per share on common and preferred shares were paid in 2005 and 2004, respectively. The Board of Directors anticipates that quarterly dividends of \$0.15 per share will continue to be paid in the future; however, the Board of Directors reviews this policy quarterly. Aggregate dividends paid on common shares in 2005 were \$19.1 million and should approximate \$21.7 million in 2006. Aggregate dividends paid on preferred shares in 2005 were \$0.5 million and should approximate \$0.6 million in 2006. In the first quarter of 2006, the Board of Directors authorized a quarterly dividend of \$0.15 per share to be paid on December 14, 2005, to shareholders of record on November 30, 2005.

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On October 31, 2005, there were approximately 20,000 shareholders of our 36,083,334 outstanding common shares.

Equity Compensation Plan Information

The following table reflects the described information as of August 31, 2005:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights
Equity compensation plans approved by security holders		
Stock Options	3,704,182	\$ 23.30
Restricted Stock & Restricted Stock Units	167,748	-
Equity compensation plans not approved by security holders	-	-

Issuer Purchases of Equity Securities

On June 30, 2005, D&PL's Board of Directors authorized a new share repurchase program to buy up to an additional \$50 million of the Company's common stock. The Company anticipates that repurchases will be implemented over time through a variety of methods, which generally will include open market purchases. The timing and amount of repurchases under the program will depend on market conditions, legal restrictions and other factors. The adoption of the June 2005 repurchase program replaced the previous stock repurchase plan, which was adopted in February 2000.

The following table presents the number of shares purchased monthly under the Company's stock repurchase program for the three-month period ended August 31, 2005:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced
June (June 1, 2005 to June 30, 2005)	-	-	-
July (July 1, 2005 to July 31, 2005)	-	-	-
August (August 1, 2005 to August 31, 2005)	110,000	\$25.52	110,000
Total	110,000	\$25.52	110,000

There were no shares purchased in the quarter other than those authorized pursuant to the June 2005 stock repurchase plan.

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ITEM 6. SELECTED FINANCIAL DATA

FINANCIAL HIGHLIGHTS	(In thousands, except per share amounts)			
	As of and for the Years Ended August 31,			
	2005	2004	2003	2002
Operating Results:				
Net sales and licensing fees	\$366,085	\$312,765	\$283,799	\$259,000
Special charges and unusual items(1)	-	-	(962)	
In-process research and development and related transaction costs(2)	-	(38,532)	-	
Net income	42,557	5,316	27,805	30,000
Balance Sheet Summary:				
Current assets	\$356,679	\$375,475	\$355,261	\$308,000
Current liabilities	263,013	226,225	204,050	174,000
Working capital	93,666	149,250	151,211	134,000
Total assets	439,184	457,023	431,552	383,000
Long-term debt	7,271	16,486	1,557	1,000
Stockholders' equity	164,023	209,726	217,107	202,000
Per Share Data:				
Net income - Diluted	\$1.08	\$0.13	\$0.70	\$0.70
Book value	4.32	5.48	5.70	5.70
Cash dividends per common share	0.51	0.46	0.27	0.27
Weighted average number of shares used in net income per share calculation - Diluted	39,370	39,670	39,594	39,594

- (1) In 2003, we reported (a) a \$0.6 million special charge for the closings of two U.S. locations and (b) a \$0.4 million special charge for reductions in the number of employees at an international wholly-owned subsidiary and an international joint venture. In 2001, we reported (a) a \$3.0 million special charge for the closing of a delinting plant and a write down of other long-lived assets to be disposed of and (b) a \$3.3 million charge for severance pay related to the plant closing and reductions in operations and corporate staffs.
- (2) In 2004, we recorded a \$38.5 million charge for a write off of in-process research and development and related transaction expenses related to our August 24, 2004 acquisition of global licenses to develop and commercialize Syngenta's insect resistance technology in cottonseed.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW/OUTLOOK

We reported record revenues for the second year in a row for the year ended August 31, 2005. In addition, the operating results of our core business were

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the highest in the Company's ninety year history. Our record results were due to higher sales in both our domestic and international segments during 2005. In our domestic segment, sales increased by 18% over 2004, despite a reduction in soybean seed sales. Domestic licensing fees from cottonseed sales increased over 2004 due to trait fee price increases enacted by Monsanto and higher unit sales of stacked gene products. Since we recognize greater revenue and profitability from stacked gene products, our business has benefited greatly from farmers increased purchases of these products over cottonseed products containing either an insect-resistant trait or a herbicide tolerant trait alone. We also saw a substantial increase in sales of our higher value products, such as DP 555 BG/RR and DP 444 BG/RR. For the second consecutive year, these products were the two most widely planted cottonseed varieties, making up almost one-third of all cotton acres planted in the U.S. according to the USDA. According to a September 2005 USDA report, U.S. cotton plantings increased to 14.2 million acres in 2005 as compared to 13.7 million acres in 2004. Normally, such as increase in cotton acres would enhance our earnings and generate additional unit sales. However, we believe farmers decreased the amount of seeds planted per acre this year and therefore our unit sales increased only slightly. Soybean seed sales and profitability for 2005 were lower than 2004 which diminished our domestic results. Soybean seed results were lower due to a shortage of inventories, primarily in our most popular Group V varieties due to lack of seed production caused by inclement weather that occurred during the 2004 harvest.

International operating income increased almost 60% and sales increased over 11% in 2005 as compared to the prior year, primarily due to strong revenue growth due to price increases and higher unit sales in Australia, Brazil and Turkey, and through increased export sales to Greece, Spain and Mexico. Many of these markets increased their area planted to cotton in 2005 and new product offerings in some markets resulted in increased demand for our products. In China, sales declined at both of our joint ventures due to a reduction in cotton acres as well as strong competition from local varieties.

Strategic Transactions and Events

In August, 2004, we announced the acquisition of global licenses to develop and commercialize innovative insect resistance technology in cotton from Syngenta Crop Protection AG ("Syngenta"). In addition, we obtained licenses to a wide range of other Syngenta enabling technologies that may be used to develop new products in both cottonseed and soybean seed. In return for these licenses, we will pay Syngenta \$46.8 million in installments due primarily over the next three years. A portion of this amount represents contingent payments. Once the licensed traits are commercialized, we will receive 70% of the net licensing revenues generated from these products. We have recently decided to focus our development efforts on a dual insect stack combination of these Syngenta traits, which we expect to be a combination of VIP3A and Cry1Ab genes. Depending on the timing of regulatory approval, we plan to have a limited quantity of seed containing these traits available for sale as early as 2008. We expect to commercialize the dual insect traits with a glyphosate tolerance trait beginning in 2009, subject to regulatory approval. We expect to incur incremental expenses of approximately \$3.0 million related to development of VipCot products in 2006. See "Acquired In-Process Research and Development" located in this Item 7 for further discussion.

In January 2003, we announced a collaboration agreement with Dow AgroSciences LLC ("DAS") under which we will develop, test, and evaluate elite cotton varieties containing DAS insect resistant traits. We are continuing to work with these traits. In October 2004, DAS announced it had received full EPA registration for its WideStrike Insect Protection technology. DAS commercialized the first cottonseed products containing Widestrike in 2005. We may commercialize varieties containing DAS insect resistance technology if we reach a commercialization agreement. To date no such commercialization agreement has been reached.

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In May 2002, we established DeltaMax Cotton LLC ("DeltaMax"), a limited liability company jointly owned with Verdia, Inc. ("Verdia"), a subsidiary of Maxygen, Inc. In July, 2004, Verdia was acquired by DuPont, which we believe brings potential for additional investment capital, strategic focus and critical mass to our collaboration, which is aimed at developing value-added traits for cotton. We are currently developing traits for insect-resistance, glyphosate tolerance and nematode resistance for cotton. We are currently transforming cotton plants for both the insect resistance and glyphosate tolerance traits. We expect to invest up to \$20 million over the next five to eight years to fund our portion of DeltaMax.

Other Matters

We are continuing to rapidly develop new product offerings containing Monsanto's second generation traits, Bollgard II and Roundup Ready Flex. On March 15, 2005, Monsanto announced it had obtained U.S. regulatory clearance for Roundup Ready Flex cotton. We had substantial seed production this year of new varieties containing these traits and are planning to commercially launch these products in 2006. We anticipate commercializing up to ten new products containing both the Bollgard II and Roundup Ready Flex genes or the Roundup Ready Flex genes alone in 2006. We expect to have sufficient seed of these varieties available for sale to plant one to two million acres next season. The actual seed quantities available of these new products will depend on a number of factors, including final raw material purchases and quality assurance data. In addition, we are continuing to develop products containing Syngenta's VipCot technology and expanded field testing of VipCot products in 2005. We are focusing our efforts on developing varieties containing dual insect genes from Syngenta and plan a limited commercial launch of these varieties in 2008, depending on when full regulatory approval is obtained. In addition, our joint venture with Verdia, Inc. (a subsidiary of DuPont), DeltaMax Cotton LLC, continues development of novel cotton traits in the areas of glyphosate tolerance and insect resistance.

We are continuing to take steps to enhance value by returning excess cash to our shareholders. On May 24, 2005, we completed the purchase of 2,374,940 shares of our common stock pursuant to a modified "Dutch auction" tender offer that was announced on April 20, 2005. The shares were purchased at \$27.00 per share for an aggregate purchase price of \$64,123,380. During 2005, we purchased an aggregate 3.2 million shares of our common stock for a total purchase price of \$85.5 million. This includes shares purchased in the open market as well as the shares repurchased through the "Dutch auction" tender offer. In addition, on June 30, 2005, our Board of Directors authorized a new share repurchase program to buy up to an additional \$50 million of our common stock. The timing and amount of these repurchases will depend on market conditions, legal restrictions and other factors. On October 20, 2005, the Board declared a first quarter, 2006 dividend of \$0.15 per share, payable on December 14, 2005 to shareholders of record on November 30, 2005. The Board will continue to consider alternatives for uses of excess cash, including additional share repurchases and increased dividends as well as other options.

We continue to seek opportunities to expand our International business into new markets, including India and parts of Africa. Our subsidiary, D&PL India Seed Private Ltd., has expanded research and testing of our hybrid products throughout India in 2005. In addition, we recently have started a new cotton research program in the Punjab region of Northern India. Results of our testing programs from 2004 and 2005 have shown many of our products are competitive in India in terms of both yield and fiber quality.

We continue to pursue our litigation against Monsanto Company and Pharmacia. On February 14, 2005, the Mississippi Supreme Court granted our petitions seeking interlocutory appeals of two rulings issued by the Circuit Court for the First

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Judicial District of Bolivar County, Mississippi ("Circuit Court"). The appeals were consolidated, and we expect that the Mississippi Supreme Court will rule on these appeals during 2006. After their rulings are issued, we anticipate the Circuit Court will set a trial date. The Mississippi Supreme Court has stayed the proceedings in the Circuit Court pending resolution of the interlocutory appeals. See Part I, Item 3 for further discussion.

Separately, we are in an arbitration with Monsanto over a series of disputes relating to the parties' Bollgard and Roundup Ready licenses and related agreements. The arbitration, which is being conducted according to the rules of the American Arbitration Association, is in the discovery phase. The Arbitration Panel has set an August 2006 final hearing date. See Part I, Item 3 for more information.

Outlook

Future growth in sales and earnings will be dependent on (a) cotton acreage in the U.S. and around the world, (b) the successful development and launch of varieties containing second generation traits from Monsanto, Bollgard II and Roundup Ready Flex, (c) our ability to continue to develop and commercialize varieties that have increased yield potential and enhanced fiber qualities, (d) our ability to continue to profitably expand our international operations, (e) the successful development and launch of the Syngenta insect resistance technology, and (f) our ability to successfully develop and launch technologies that we will own or have more control over (such as those being developed by DeltaMax Cotton, LLC). Due to our market position in the U.S., U.S. cotton acreage has a significant effect on our sales and earnings.

As we have previously announced, we expect to provide 2006 earnings guidance later this year. The commodity price of cotton has been lower in 2005 over price levels for most of 2004. We anticipate 2005 cotton yields to be near record levels again despite difficult weather conditions during the growing season (hot, dry weather) and at harvest (three hurricanes) in much of the U.S. market. We believe it is too early to estimate 2006 cotton plantings at this time. We expect to have adequate supplies of seed of most of our popular cotton varieties for 2006 plantings, despite the impact of inclement weather conditions during harvest this year. Due to inclement weather during soybean harvesting in our Mid-South and Illinois soybean seed production areas, supplies of some popular soybean varieties may be limited. However, final cottonseed and soybean seed supply amounts are not yet available as processing and quality assurance testing have not yet occurred for most of the 2006 product offerings.

Internationally, we continue to expand our global reach and we seek to improve the operating results of our existing ex-U.S. operations. In 2005, operating income improved significantly due to increased sales in most of our international locations. Due to the strong Brazilian Real and weaker cotton prices in 2005, we expect acreage in 2006 in several of our international locations to be reduced as compared to 2005 planting levels. In particular, we are already seeing a reduction in cotton plantings in Brazil due to the strong Brazilian Real and because farmers experienced lower overall cotton yields in 2005 due to poor weather conditions during the growing season. Despite early indications of lower sales in Brazil for 2006, we believe this market holds great potential for strong earnings in the future because of the recent approval of Bollgard. Although the Bollgard gene was approved for planting, we only recently received approval to commercialize one Bollgard cotton variety, DP 90B, as the Brazilian regulations require each variety to be approved prior to commercial sale. We have imported a small amount of DP 90B into Brazil, which we intend to have planted to produce commercial seed quantities for sales in 2007 and beyond. In addition, we continue to test additional Bollgard varieties in order to obtain government approval to sell. We also anticipate the Brazilian government will approve Monsanto's Roundup Ready gene in cotton. Once the Roundup Ready gene is approved, we will seek approval of Roundup Ready varieties

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for sale in Brazil. We are currently working with Monsanto to develop strategies for commercialization of the Bollgard and Roundup Ready traits in Brazil in order to minimize farmer saved seed. In Australia, we believe increased competition from local products will result in lower demand for our products in 2006 and thus lower sales and profitability. Cottonseed sales and farmer plantings have only just begun in our Southern Hemisphere markets and will not occur until the Spring and Summer of 2006 in countries in the Northern Hemisphere. Thus, it is too early to accurately forecast International results for 2006. We will continue to develop new businesses in markets such as India, Pakistan and portions of Africa.

We continue to develop and test varieties containing new technologies from multiple sources. We are developing products with Monsanto's second generation traits, Bollgard II and Roundup Ready Flex. In addition, we continue to work with Syngenta's VipCot traits so that these products may be commercialized as quickly as regulatory approval is received. Both Monsanto and Syngenta traits are being introgressed into our most elite cotton germplasm. We believe we are uniquely positioned to rapidly introduce new technologies to both U.S. and ex-U.S. cotton farmers due to the strength and breadth of our breeding programs and germplasm base, our technical services capabilities, know-how, brand recognition and market position.

Share Repurchase Program/Dividend Policy

In February 2000, the Board of Directors authorized a program for the repurchase of up to \$50 million of D&PL's common stock. The shares repurchased under this program were used to provide for option exercises, the potential conversion of D&PL's Series M Convertible Non-Voting Preferred shares and for other general corporate purposes. At August 31, 2005, D&PL had repurchased 2,229,900 shares at an aggregate purchase price of approximately \$47,505,000 under this program. In 2005, D&PL purchased 676,700 shares at an aggregate purchase price of \$17,928,000 under this plan. This repurchase plan has been terminated and replaced by the June 2005 plan discussed below.

On May 24, 2005, D&PL completed the purchase of 2,374,940 shares of its common stock pursuant to a modified "Dutch auction" tender offer that was announced on April 20, 2005, under a new plan separately approved by the Board of Directors. The shares were purchased for \$27.00 per share for an aggregate purchase price of \$64,123,380. The Company also incurred associated expenses of approximately \$675,000 in connection with the acquisition of these shares (primarily related to legal and advisory services) that have been recorded as a component of treasury stock.

On June 30, 2005, D&PL's Board of Directors authorized a new share repurchase program to buy up to an additional \$50 million of the Company's common stock. We expect to repurchase shares under this plan over time and through a variety of methods, which generally will include open market purchases. The timing and amount of repurchases under the program will depend on market conditions, legal restrictions and other factors. The adoption of the June 2005 repurchase program replaced the February 2000 plan. At August 31, 2005, D&PL had repurchased 110,000 shares at an aggregate purchase price of approximately \$2,807,000 under this plan.

Currently, the quarterly dividend is \$0.15 per share. The Board of Directors reviews the dividend policy quarterly. Assuming the dividend rate is maintained through 2006, the aggregate payments will be \$21.7 million to the holders of the 36.1 million common shares outstanding and \$0.6 million to the holder of the 1.1 million preferred shares outstanding. In addition, the Board of Directors continues to review uses of the Company's cash position and alternatives for maximizing its value to shareholders. See "Risks and Uncertainties" located in this Item 7.

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RESULTS OF OPERATIONS

Net Sales and Licensing Fees

In 2005, our consolidated net sales and licensing fees increased 17.0% to \$366.1 million from 2004 sales of \$312.8 million. This increase was primarily driven by the following: (a) an increase in the licensing fees charged per bag, an increase in sales of stacked-gene picker products and lower payments on crop loss and replant programs, (b) an increase in cottonseed prices and higher sales of our higher-priced, elite varieties, (c) a slight increase in cottonseed units sold, and (d) an increase in international revenues, primarily from in-country sales in Australia and Brazil and from export sales to Mexico, Greece and Spain. Sales in Australia increased due to the introduction of additional Bollgard II varieties and an increase in the area planted to cotton. Sales in Brazil increased due to stronger demand for our products and higher prices. Mexico's sales increase was primarily attributable to an increase in demand for stacked-gene products and higher cotton acreage, and the increase in Greece and Spain was due to stronger sales to our distributors to increase their inventory levels.

In 2004, our consolidated net sales and licensing fees increased 10.2% to \$312.8 million from 2003 sales of \$283.8 million. This increase was primarily driven by the following: (a) an increase in licensing fee revenues due to lower payments on crop loss and replant programs, an increase in the licensing fees charged per bag, and an increase in sales of stacked-gene picker products, (b) an increase in cottonseed prices and higher sales of our higher-priced, elite varieties, (c) an increase in units of soybean seed sold, and, (d) an increase in international revenues, primarily from in-country sales in Australia, Brazil and Turkey and from export sales to Mexico and Colombia. Australia, Brazil and Turkey sales increased due to stronger demand for our products and new product introductions. Colombia sales increased due to the recent approval of transgenic varieties containing Monsanto's Bollgard technology while Mexico's sales increase was primarily attributable to higher cotton acreage.

Gross Profit

Our consolidated gross profit increased to \$132.0 million in 2005 compared to \$109.0 million in 2004. Consolidated gross profit as a percentage of consolidated net sales and licensing fees increased to 36.1 % in the current year, from 34.9% in 2004. The revenue increase attributable to price increases and the adoption of higher priced products and increased licensing fees was partially offset by lower margins on soybean sales caused by higher costs of soybean raw materials, as well as an increase in cottonseed production costs.

Our consolidated gross profit increased to \$109.0 million in 2004 compared to \$100.7 million in 2003. Consolidated gross profit as a percentage of consolidated net sales and licensing fees decreased slightly to 34.9% in 2004, from 35.5% in 2003. The revenue increase attributable to the adoption of higher priced products was more than offset by lower margins on soybean sales caused by higher costs of soybean raw materials and an increase in both cottonseed production costs and in the provision for damaged, obsolete and excess cottonseed inventory.

Operating Expenses

Operating expenses decreased to \$60.3 million in 2005 from \$87.4 million in 2004. The decrease in operating expenses in 2005 versus 2004 was approximately \$27.1 million. This decrease primarily relates to a \$38.5 million charge for acquired in-process research and development costs related to the acquisition of technology licenses included in 2004, offset by higher research and development costs associated with new research programs and new technology testing and

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higher general and administrative costs, primarily related to higher professional fees for legal matters and Sarbanes-Oxley compliance, and additional compensation costs.

Operating expenses increased to \$87.4 million in 2004 from \$44.0 million in 2003. Operating expenses for 2004 include a \$38.5 million charge for acquired in-process research and development and transaction costs related to the acquisition of technology licenses. Operating expenses for 2003 included special charges of \$1.0 million. Excluding the in-process research and development and related transaction costs in 2004 and the special charges recorded in 2003, the increase in operating expenses in 2004 versus 2003 was approximately \$6.0 million. This increase primarily relates to higher research and development costs associated with new technologies and an increase in general and administrative expenses, primarily related to higher professional fees.

Research and Development Expenses

Research and development expenses increased 25% to \$23.0 million in 2005 from \$18.4 million in 2004. The increase was primarily attributable to increased costs of working with new breeding programs and new technologies (Bollgard II, Roundup Ready Flex and VipCot), including the addition of new personnel, increased testing program expenses and related compensation costs.

Research and development expenses increased 10.2% to \$18.4 million in 2004 from \$16.7 million in 2003. The increase was primarily attributable to increased costs of working with new technologies, including the addition of new personnel and increased testing program expenses.

Selling Expenses

Selling expenses increased 15.4% to \$13.5 million in 2005 from \$11.7 million in 2004. This increase was primarily attributable to higher advertising, promotional and compensation costs.

Selling expenses increased 6.4% to \$11.7 million in 2004 from \$11.0 million in 2003. This increase was primarily attributable to higher advertising costs.

General and Administrative Expenses

General and administrative expenses increased 26.6% to \$23.8 million in 2005 from \$18.8 million in 2004. The increase primarily related to an increase in professional fees incurred, mainly due to legal matters and Sarbanes-Oxley compliance and additional compensation costs.

General and administrative expenses increased 22.1% to \$18.8 million in 2004 from \$15.4 million in 2003. The increase primarily related to an increase in professional fees.

In-Process Research and Development and Related Transaction Costs

In 2004, we recorded a \$38.5 million charge associated with the write-off of acquired in-process research and development and related transaction expenses related to our August 24, 2004 acquisition of global licenses to develop and commercialize Syngenta insect resistance technology in cottonseed. See "Acquired In-Process Research and Development" located in this Item 7 for further information.

Interest Income

Net interest income increased to \$2.2 million in 2005, compared to net interest income of \$1.5 million in 2004. In 2005, interest income was \$3.3 million and

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interest expense was \$1.1 million. Higher interest rates earned on our cash balances resulted in higher interest income during 2005. Interest expense increased due to a note payable to Syngenta related to the 2004 acquired in-process research & development transaction.

Net interest income increased to \$1.5 million in 2004, compared to net interest income of \$1.1 million in 2003. In 2004, interest income was \$1.9 million and interest expense was \$0.4 million. Higher interest rates earned on our cash balances resulted in higher interest income during 2004.

Other Income/Expense

Other expense decreased to \$4.3 million in 2005, compared to \$10.5 million in 2004. This decrease is primarily attributable to decreased legal expenses related to our suit against Pharmacia and Monsanto. In 2005, we incurred \$4.3 million, or \$0.07 per diluted share, related to Monsanto/Pharmacia litigation expenses, compared to \$10.9 million, or \$0.18 per diluted share, in 2004. In 2005, these expenses decreased due to the Mississippi Supreme Court staying the proceedings pending the resolution of two matters. See Part I, Item 3 for more information.

Other expense decreased to \$10.5 million in 2004, compared to \$12.2 million in 2003. This decrease is primarily attributable to decreased legal expenses related to our suit against Pharmacia and Monsanto. In 2004, we incurred \$10.9 million, or \$0.18 per diluted share, related to Monsanto/Pharmacia litigation expenses, compared to \$13.0 million, or \$0.21 per diluted share, in 2003.

Net Income and Earnings Per Share

Net income applicable to common shares was \$42.0 million, \$4.8 million, and \$27.5 million in 2005, 2004 and 2003, respectively. Net income per share (diluted) was \$1.08, \$0.13 and \$0.70 in 2005, 2004 and 2003, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

We do not currently utilize off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS (AMOUNTS IN THOUSANDS)

We have certain obligations and commitments to make future payments under contracts. Current estimates of our future payments under these obligations are shown in the following table.

	Payments Due in Fiscal Years Ending August			
	Total	2006	2007	2008
Long-Term Obligations (1)	\$ 20,550	\$ 11,050	\$ 7,050	\$ 2,450
Operating Lease Obligations	1,657	994	467	83
Purchase Obligations (2)	4,330	4,330	-	-
Total	\$ 26,537	\$ 16,374	\$ 7,517	\$ 2,533

(1) Long-Term Obligations are comprised of payments related to the Syngenta

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transaction (see "Acquired In-Process Research and Development" located in this Item 7 for information concerning non-contingent payments related to the Syngenta transaction) and payments required under research and license contracts with other third parties.

(2) The amount reported as "Purchase Obligations" for 2006 relates to payments to be made to cotton growers and producers for a portion of seed that we will purchase in the first and second quarters of 2006. At August 31, 2005, we had open purchase contracts with many cotton and soybean growers, producers and conditioners that may require us to purchase minimum amounts of cotton and soybean seed if that seed meets our quality assurance standards. The amount that we will pay for the seed that we accept is based on market prices that fluctuate. The amount of seed that we will accept and the unit prices that we will pay cannot be known until that seed is delivered to us (which should occur in the first and second quarters of 2006) and is tested for quality.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Overview

Management's discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing in Item 8 of this Annual Report on Form 10-K for the fiscal year ended August 31, 2005. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

We have identified below the accounting policies that involve those estimates and assumptions that we believe are critical to an understanding of our financial statements. Our management has discussed the development and selection of each critical accounting estimate with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed the related disclosures below. Since application of these accounting policies involves the exercise of judgment and use of estimates, actual results could differ from those estimates.

Revenue Recognition

Revenues from domestic seed sales are recognized when the seed is shipped. Revenues from Bollgard, Bollgard II and Roundup Ready licensing fees are recognized when the seed is shipped. Domestically, the licensing fees charged to farmers for Bollgard, Bollgard II and Roundup Ready cottonseed are based on pre-established planting rates for each of nine geographic regions and, for years prior to 2004, considered the estimated number of seed contained in each bag which varied by variety, location grown, and other factors. Beginning in 2004, picker and stripper cottonseed products were sold in bags containing approximately 250,000 seed or bulk boxes containing approximately 8,000,000 seed. Acala and Pima cottonseed products continue to be sold in 50-pound bags.

International export revenues are recognized upon the later of when the seed is shipped or the date letters of credit (or instruments with similar security provisions) are confirmed. International export sales are not subject to return except in limited cases in Mexico and Colombia. All other international revenues from the sale of planting seed, less estimated reserves for returns, are recognized when the seed is shipped, except in Australia where certain immaterial revenues are recognized when collected.

All of our domestic seed products (including those containing Bollgard, Bollgard II and Roundup Ready technologies) are subject to return and credit risk, the effects of which vary from year to year. The annual level of returns and,

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ultimately, net sales are influenced by various factors, principally commodity prices and weather conditions occurring in the spring planting season during our third and fourth quarters. We provide for estimated returns as sales occur. To the extent actual returns differ from estimates, adjustments to our operating results are recorded when such differences become known, typically in our fourth quarter. All significant returns occur or are accounted for by fiscal year end. Therefore, the application of this estimate could affect our quarterly information.

Domestically, we promote our cotton and soybean seed directly to farmers and sell our seed through distributors and dealers. We also offer various sales incentive programs for seed and participate in such programs related to the Bollgard, Bollgard II and Roundup Ready technology fees offered by Monsanto. Under these programs, if a farmer plants his seed and the crop is lost (usually due to inclement weather) by a certain date, a portion of the price of the seed and technology fees are forgiven or rebated to the farmer if certain conditions are met. The amount of the refund and the impact to D&PL depends on a number of factors including whether the farmer can replant the crop that was destroyed. We record monthly estimates to account for these programs. The majority of program rebates occur during the second, third, and fourth quarters. Essentially all material claims under these programs have occurred or are accounted for by fiscal year end.

Provision for Damaged, Obsolete and Excess Inventory

Each year, we record a provision to adjust our reserves related to inventory based on our estimate of seed that will not pass our quality assurance ("QA") standards at year end, or is deemed excess based on our desired seed stock level for a particular variety ("dump seed"). Seed can fail QA standards based on physical defects (i.e., cut seed, moisture content, discoloration, etc.), germination rates, or transgenic purities. The amount recorded as inventory provision in a given year is calculated based on the total quantity of inventory that has not passed QA standards at any fiscal year end, any seed that is expected to deteriorate before it can be sold and seed deemed to be excess. In establishing the provision, we consider the scrap value of the seed to be disposed. An initial estimate of the needed provision is made at the beginning of each year and recorded over the course of the year. Adjustments for changes in our estimates are made monthly, if necessary.

See Note 2 of the Notes to Consolidated Financial Statements in Part II, Item 8 for further details about inventory reserves.

Deferred Income Taxes

Deferred income taxes are estimated based upon temporary differences between the income and loss that we report in our financial statements and our taxable income and loss as determined under applicable tax laws. We estimate the value of deferred income taxes based on existing tax rates and laws, and our expectations of future earnings. For deferred income taxes, we applied a composite statutory income tax rate of approximately 38%.

We are required to evaluate the likelihood of our ability to generate sufficient future taxable income that will enable us to realize the value of our deferred tax assets. If, in our judgment, we determine that we will not realize deferred tax assets, then valuation allowances are recorded. As of August 31, 2005, we had recorded net deferred tax assets of approximately \$17.1 million primarily related to capitalizing the licenses acquired from Syngenta in 2004 for income tax reporting purposes. We estimate that our deferred tax assets will be realized; therefore, we have not recorded any valuation allowances as of August 31, 2005.

We use management judgment and estimates when estimating deferred taxes. If our

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judgments and estimates prove to be inadequate, or if certain tax rates and laws should change, our financial results could be materially adversely impacted in future periods.

See Note 8 of the Notes to Consolidated Financial Statements in Part II, Item 8 for further details about income taxes.

Contingent Liabilities

A liability is contingent if the amount is not presently known, but may become known in the future as a result of the occurrence of some uncertain future event. D&PL estimates its contingent liabilities based on management's estimates about the probability of outcomes and its ability to estimate the range of exposure. Accounting standards require that a liability be recorded if management determines that it is probable that a loss has occurred and the loss can be reasonably estimated. In addition, it must be probable that the loss will be confirmed by some future event. As part of the estimation process, management is required to make assumptions about matters that are by their nature highly uncertain. The assessment of contingent liabilities, including legal contingencies and income tax liabilities, involves the use of critical estimates, assumptions and judgments. Management's estimates are based on their belief that future events will validate the current assumptions regarding the ultimate outcome of these exposures. However, there can be no assurance that future events, such as court decisions or I.R.S. positions, will not differ from management's assessments. Whenever practicable, management consults with third party experts (attorneys, accountants, claims administrators, etc.) to assist with the gathering and evaluation of information related to contingent liabilities.

ACQUIRED IN-PROCESS RESEARCH & DEVELOPMENT

In August 2004, we entered into an agreement with Syngenta to purchase global licenses to develop and commercialize Syngenta's insect resistance genes (known as VIP3A and Cry1Ab) in cottonseed. In addition, we purchased licenses to other Syngenta enabling technologies that may be useful in developing valuable new products for use in cottonseed and soybean seed. In return for the licenses, D&PL is to pay Syngenta \$46.8 million. The purchase price will be paid in installments over seven years. Fixed payments of \$37.6 million will be made in installments through the first quarter of 2008. In 2008, D&PL will make certain decisions which will determine whether the additional \$9.2 million in contingent payments will be made.

For the year ended August 31, 2004, we recorded a charge of approximately \$38,532,000 related to the write off of the acquired in-process research and development (IPR&D) and related transaction costs. Approximately \$36,225,000 of the purchase price represents the fair value of the non-contingent payments related to the acquired IPR&D projects that had not yet reached technological feasibility and had no alternative future use. Accordingly, this amount was immediately expensed in the 2004 Consolidated Statement of Income on the acquisition date. The remaining \$2,307,000 of the charge incurred represents the related transaction costs, primarily professional fees. The assigned value of each of the technologies acquired was as follows: VIP3A - \$19,113,000; Cry1Ab - \$16,812,000; Other - \$300,000.

The VIP3A and Cry1Ab projects ("VipCot") represent new technologies that are expected to compete with insect resistance technologies currently on the market, including technologies that are currently contained in varieties sold by us. The VIP3A and Cry1Ab genes produce proteins that are toxic to certain lepidopteran larvae, the principal cotton pests in many cotton growing areas. The acquired VIP3A gene provides for a novel mode of action (for attacking larvae that consume the protein). VipCot will require further development by us, including

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the introgression into our elite germplasm. We estimate that we will incur the following costs to complete the projects: 2006 - \$3,000,000; 2007 - \$4,000,000; 2008 - \$4,000,000; 2009 - \$2,500,000. These projects will also require regulatory approval from the Food and Drug Administration (FDA), the U.S. Department of Agriculture (USDA), and the U.S. Environmental Protection Agency (EPA) before commercialization can begin. Syngenta is responsible for U.S. regulatory approval. Syngenta has advised us that they expect U.S. regulatory approval to be obtained for the selected VIP3A/Cry1Ab combination of events in 2008, prior to the planting season. If the regulatory approval process proceeds as expected, we may begin limited introduction of the VIP3A/Cry1Ab combination of events in 2008. Once commercialization begins, we will owe Syngenta a royalty equal to 30% of the net license fees received, after deduction of certain expenses, from these technologies. We will retain the remaining 70% of the net license fees.

There is no assurance that these technologies will result in commercially viable products or that such technologies are developed in the time frame or for the amounts estimated to complete. Also, there is no assurance that regulatory approval will be obtained for the products.

LIQUIDITY AND CAPITAL RESOURCES

In the United States, we purchase seed from contract growers in our first and second fiscal quarters. Seed conditioning, treating and packaging commence late in the first fiscal quarter and continue through the third fiscal quarter. Seasonal cash needs normally begin to increase in the first fiscal quarter and cash needs peak in the third fiscal quarter. Cash is generated and loan repayments, if applicable, normally begin in the middle of the third fiscal quarter and are typically completed by the first fiscal quarter of the following year. In some cases, we offer customers financial incentives to make early payments. To the extent we attract early payments from customers, bank borrowings, if any, are reduced.

In the U.S., we record revenue and accounts receivable for technology licensing fees on transgenic seed sales upon shipment, usually in our second and third fiscal quarters. Receivables from seed sales generally become due in May and June. The licensing fees are due in September, at which time we receive payment. We then pay Monsanto its royalty for the Bollgard, Bollgard II and Roundup Ready licensing fees, which is recorded as a component of cost of sales. As a result of the timing of these events, licensing fees receivable and royalties payable peak at our fiscal year end, August 31.

The seasonal nature of our business significantly impacts cash flow and working capital requirements. Historically, we have maintained credit facilities, and used early payments by customers and cash from operations to fund working capital needs. In the past, we have borrowed on a short-term basis to meet seasonal working capital needs. However, since 2002, we have used cash generated from operations and other available cash to meet working capital needs. We continue to evaluate potential uses of our cash for purposes other than for working capital needs. On May 24, 2005, we completed the purchase of 2,374,940 shares of our common stock pursuant to a modified "Dutch auction" tender offer that was announced on April 20, 2005. The shares were purchased for \$27.00 per share for an aggregate purchase price of \$64,123,380. Other potential uses of our cash in the future may be the acquisition of, or funding of, alternative technologies (such as, or in addition to, DeltaMax and Syngenta) that could be used to enhance our product portfolio and ultimately our long-term earnings potential and/or an investment in new markets outside the U.S. such as India. Another potential use would be the repurchase of our shares pursuant to our recently announced \$50 million share repurchase program. We are currently considering other potential uses of our cash, including increasing the dividend rate or repurchasing additional shares depending on market considerations and other factors. As a part of this analysis, we continue to evaluate the Company's

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liquidity needs and its capital structure.

On April 15, 2005, we entered into an unsecured \$75 million credit agreement (the "Credit Agreement") with Bank of America, N.A. (the "Bank"). The Credit Agreement provides for unsecured revolving loans up to a maximum aggregate amount outstanding of \$75 million, plus Letters of Credit which were outstanding prior to the execution of the Credit Agreement in the amount of approximately \$2 million. Of the total commitment, \$50 million represents a seasonal commitment available from October to July of each year. The Credit Agreement expires on July 31, 2006, at which time all outstanding amounts under the Credit Agreement would be due and payable, subject to the Company's right to request a one-year extension and the Bank's acceptance of that request. On October 10, 2005, the Company requested an extension of the Credit Agreement and negotiations regarding this extension are underway.

In general, borrowings under the Credit Agreement will bear interest at a rate calculated according to a Eurodollar rate, plus 0.55%. The Eurodollar rate is generally the 30-day, 60-day or 90-day LIBOR rate. We will also be required to pay unused fees of 0.125% annually calculated on the daily-unused portion of the Credit Agreement. The primary financial covenant requires the Company's funded indebtedness under the Credit Agreement to not exceed 50% of certain current and long-term assets, defined in the Credit Agreement and determined as of the last day of each fiscal quarter.

As of August 31, 2005, there were no loans outstanding under the Credit Agreement, other than the existing Letters of Credit as discussed above.

Capital expenditures were \$6.7 million, \$6.0 million and \$8.3 million in the years ended August 31, 2005, 2004 and 2003, respectively. We anticipate that capital expenditures will approximate \$8.0 to \$10.0 million in 2006.

Annual dividends of \$0.51, \$0.46 and \$0.27 per share were paid in 2005, 2004 and 2003, respectively. Aggregate dividends paid on common and preferred shares in 2005, 2004 and 2003 were \$19.6 million, \$18.1 million and \$10.6 million, respectively. On November 2, 2005, we announced that our Board of Directors had declared a \$0.15 per share dividend for the first quarter of 2006. The first quarter dividend will be paid on December 14, 2005 to shareholders of record on November 30, 2005. The Board anticipates that quarterly dividends of \$0.15 per share will continue to be paid in the future; however, the Board of Directors reviews this policy quarterly. Based on a quarterly dividend of \$0.15 per share in 2006, aggregate preferred and common stock dividends should approximate \$22.3 million in 2006.

The Company purchases its common stock in the open market from time to time depending on market conditions and other factors. The shares repurchased may be used to provide for option exercises, conversion of our Series M Convertible Non-Voting Preferred shares and for other general corporate purposes. From September 1, 2004 to August 31, 2005, the Company purchased approximately 3.2 million shares of its common stock at an aggregate purchase price of \$85.5 million. This includes shares purchased in the open market as well as the shares repurchased through the "Dutch auction" tender offer discussed above.

Cash provided from operations, cash on hand, early payments from customers and borrowings under the credit facility, if necessary, should be sufficient to meet the Company's 2006 working capital needs.

RISKS AND UNCERTAINTIES

Various statements included herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and are indicated by words or phrases such as "anticipate," "estimate," "expect," "project,"

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"believe," "is or remains optimistic," "currently envisions" and similar words or phrases and involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements include statements relating to such matters as anticipated financial performance (including when earnings estimates are discussed), existing products, technical developments, new products, new technologies, research and development activities, and similar matters. These forward-looking statements are based largely on our expectations and are subject to a number of risks and uncertainties, many of which are beyond our control. Actual results could differ materially from these forward-looking statements as a result of, among others, changes in the competitive marketplace, including the introduction of new products or pricing changes by our competitors, changes in the economy and other similar events. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, we cannot assure you that the forward-looking information contained herein will in fact transpire. The risks and uncertainties that may affect the operations, performance, development and results of our business include those noted elsewhere herein and the following:

Demand for our seed will be affected by government programs and policies and by weather in all countries where we sell products and operate. Demand for seed is also influenced by commodity prices, the cost of other crop inputs, and the demand for a crop's end-uses such as textiles, animal feed, cottonseed oil, food and raw materials for industrial use. Weather impacts crop yields, commodity prices and the planting decisions that farmers make regarding both original planting commitments and, when necessary, replanting levels. These factors all also influence the cost and availability of seed for subsequent seasons.

The planting seed market is highly competitive, and our products face competition from a number of seed companies, diversified crop protection product companies, agricultural biotechnology companies, governmental agencies and academic and scientific institutions. In addition, several of our distributors/customers have also entered the cotton planting seed business. A number of crop protection product and biotechnology companies have seed production and/or distribution capabilities to ensure market access for new seed products and new technologies that may compete with the Bollgard, Bollgard II and Roundup Ready gene technologies of Monsanto, our principal licensor of such technology. Our seed products and technologies contained therein may encounter substantial competition from technological advances by others or products from new market entrants. Many of our competitors are, or are affiliated with, large diversified companies that have substantially greater resources than we have.

We currently are engaged in a dispute resolution and arbitration process with Monsanto, the principal licensor of our cotton technology and competitor of ours in the cotton planting seed business. In the arbitration, Monsanto is seeking a determination by the arbitrators of its right to terminate certain agreements between our companies, including the Bollgard and Roundup Ready licenses. In addition, we are currently engaged in litigation with Monsanto (the January 18 Suit) concerning the failed merger of the companies. The result of this litigation (and the process of litigating) may materially affect the results of our business. (See Part I, Item 3.)

There is no assurance that new technologies such as the DeltaMax and the Syngenta technologies will result in commercially viable products or that such technologies will be developed in the time frame or for the amounts estimated to complete development. Also, there is no assurance that

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regulatory approval will be obtained for the products.

The production, distribution or sale of crop seed in or to foreign markets may be subject to special risks, including fluctuations in foreign currency, exchange rate controls, expropriation, nationalization and other agricultural, economic, tax and regulatory policies of foreign governments and shipping disruptions. Particular policies which may affect our domestic and international operations include the use of and the acceptance of products that were produced from plants that have been genetically modified, the testing, quarantine and other restrictions relating to the import and export of plants and seed products and the availability (or lack thereof) of proprietary protection for plant products. The absence or lack of enforcement of intellectual property laws may lead to counterfeit and farmer-saved seed which negatively impacts our sales. In addition, United States government policies, particularly those affecting foreign trade and investment, may impact our international operations.

The publicity related to genetically modified organisms ("GMOs") or products made from plants that contain GMOs may have an effect on our sales in the future. In 2005, approximately 95% of our cottonseed that was sold in the United States contained either or both of Monsanto's Bollgard, Bollgard II and Roundup Ready gene technologies, and 96% of our soybean seed sales contained the Roundup Ready gene technology. Although many farmers have rapidly adopted these technologies, the concern of some customers and governmental entities over finished products that contain GMOs could impact demand for crops (and ultimately seed) raised from seed containing such traits. In addition, regulatory approvals for Monsanto's Bollgard and Bollgard II technologies expire in 2006. Monsanto is responsible for obtaining and maintaining regulatory approvals and is planning to seek re-registration of both Bollgard and Bollgard II, but there is no assurance that their efforts will be successful.

Due to the varying levels of agricultural and social development of the international markets in which we operate and because of factors within the particular international markets we target, international profitability and growth may be less stable and predictable than domestic profitability and growth. Furthermore, recent action taken by the U.S. government, including that taken by the U.S. military in the aftermath of the tragic events of September 11, 2001, the war in Iraq, and conflicts between major cotton producing nations, may serve to further complicate our ability to execute our long range ex-U.S. business plans because those plans include future expansion into Uzbekistan, Pakistan and India. World health concerns about infectious diseases also affect the conduct of our international business.

Our customers in many markets, including the U.S., benefit from government subsidy programs. The Farm Security and Rural Investment Act of 2002 expires on January 1, 2007 (although the bill includes the 2007 cotton planting season), and future U.S. farm subsidy programs are uncertain. Various other countries, including Brazil, have challenged, and may continue to challenge, the appropriateness of U.S. farm subsidies through the World Trade Organization ("WTO") or other forums. In particular, the WTO has ruled in Brazil's favor in its challenge that certain U.S. subsidies violate the provisions of the WTO. It is not clear if, when, or to what extent, U.S. subsidies will be modified as a result of this ruling. However, in the event changes to subsidies are made, they may negatively impact U.S. farmers. U.S. farm programs, government subsidies and WTO rulings impacting such programs may materially affect the results of our business.

Overall profitability will depend on the factors noted above, as well as worldwide commodity prices, our ability to successfully open new international markets, our ability to penetrate the Texas High Plains

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market, the technology partners' ability to obtain timely government approval (and maintain such approval) for existing and for additional biotechnology products on which they and D&PL are working, the terms of such government approvals, our technology partners' ability to successfully defend challenges to proprietary technologies licensed to us and our ability to produce sufficient commercial quantities of high quality planting seed of these products. Any delay in or inability to successfully complete these projects may affect future profitability. In addition, earnings forecasts do not consider the impact of potential transactions, their related accounting and other factors, that may be under consideration by the Company, but have not yet been completed or their effect determined at the date of a particular filing.

RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS NOT YET ADOPTED

In May 2005, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and SFAS No. 3". Among other changes, SFAS No. 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented based on the new accounting principle, unless it is impracticable to do so. SFAS No. 154 provides that (1) a change in method of depreciating or amortizing a long-lived nonfinancial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." SFAS No. 154 is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of this statement to have a material impact on D&PL's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions". This statement's amendments are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, SFAS No. 153 eliminates the narrow exception for nonmonetary exchanges of similar productive assets and replaces it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. Provisions of this statement are effective for fiscal periods beginning after June 15, 2005. The Company does not expect the adoption of this statement to have a material impact on D&PL's consolidated financial statements.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4," which clarifies the types of costs that should be expensed rather than capitalized as inventory. This statement also clarifies the circumstances under which fixed overhead costs associated with operating facilities involved in inventory processing should be capitalized. The provisions of SFAS No. 151 are effective for fiscal years beginning after June 15, 2005, and may impact certain inventory costs D&PL incurs after September 1, 2005. The Company has not determined the impact, if any, that this statement will have on D&PL's consolidated financial position or results of operations.

SFAS No. 123(R), "Share-Based Payment," issued in December 2004, is a revision of FASB No. 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. The Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award. This

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statement is effective as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. This statement will apply to all awards granted after the required effective date and to awards modified, repurchased, or cancelled after that date. SFAS No. 123(R) will be effective for D&PL in the first quarter of fiscal year 2006. The Company has not yet made any decisions about how it will adopt SFAS 123(R). However, the pro forma net income effect of using the fair value method for the years ended August 31, 2005, 2004 and 2003 is presented in Note 1 of the Notes to Consolidated Financial Statements in Part II, Item 8. The pro forma compensation costs presented in Note 1 of the Notes to Consolidated Financial Statements in Part II, Item 8 and in our prior filings have been calculated using a Black-Scholes option pricing model and may not be indicative of amounts that should be expected in future years. D&PL has not made any decisions about which option-pricing model is most appropriate for future awards. The Company has not determined the impact, if any, that this statement will have on D&PL's consolidated financial position or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure relative to fluctuations in the price of soybean raw material inventory, foreign currency fluctuations and interest rate changes. From time to time we enter into various agreements that are considered derivatives to reduce our soybean commodity price risk. During the year ended August 31, 2005, derivative instruments have not been used to manage foreign currency or interest rate risks. We do not enter into speculative hedges or purchase or hold any derivative financial instruments for trading purposes.

A discussion of our accounting policies related to derivative financial instruments is included in Note 1 of the Notes to Consolidated Financial Statements in Part II, Item 8. Further information on our exposure to market risk is included in Note 15 of the Notes to Consolidated Financial Statements in Part II, Item 8.

The fair value of derivative commodity instruments outstanding as of August 31, 2005, was \$10,000. A 10% adverse change in the underlying commodity prices upon which these contracts are based would not have a material effect on our consolidated financial position.

Our earnings are also affected by fluctuations in the value of the U.S. dollar compared to foreign currencies as a result of transactions in foreign markets. We conduct non-U.S. operations through subsidiaries and joint ventures primarily in Argentina, Australia, Brazil, China, South Africa and Turkey. At August 31, 2005, the result of a uniform 10% strengthening in the value of the dollar relative to the currencies in which our transactions are denominated would not cause a material impact on earnings.

For the year ended August 31, 2005, a 10% adverse change in the interest rate that we earned on our excess cash that we invested would not have resulted in a material change to our net interest income or cash flow.

PART II

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Financial Statements

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The following consolidated financial statements of Delta and Pine Land Company

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and subsidiaries are submitted in response to Part II, Item 8:

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Delta and Pine Land Company:

We have audited the accompanying consolidated balance sheets of Delta and Pine Land Company and subsidiaries (the Company) as of August 31, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended August 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delta and Pine Land Company and subsidiaries as of August 31, 2005 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended August 31, 2005, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Delta and Pine Land Company and subsidiaries internal control over financial reporting as of August 31, 2005, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated November 14, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

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Jackson, Mississippi
November 14, 2005

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Delta and Pine Land Company:

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting (see Part II, Item 9A(c) of the August 31, 2005 Annual Report on Form 10-K of Delta and Pine Land Company), that Delta and Pine Land Company and subsidiaries (the Company) maintained effective internal control over financial reporting as of August 31, 2005, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Delta and Pine Land Company and subsidiaries maintained effective internal control over financial reporting as of August 31, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Delta and Pine Land Company and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of

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August 31, 2005, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Delta and Pine Land Company and subsidiaries as of August 31, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ending August 31, 2005, and our report dated November 14, 2005 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Jackson, Mississippi
November 14, 2005

MANAGEMENT'S REPORT:

D&PL is responsible for preparing the consolidated financial statements and related information appearing in this Annual Report on Form 10-K. Management believes that the financial statements present fairly D&PL's financial position, its results of operations and its cash flows in conformity with accounting principles generally accepted in the United States. In preparing its financial statements, D&PL is required to include amounts based on estimates and judgments that it believes are reasonable under the circumstances.

D&PL maintains accounting and other systems designed to provide reasonable assurance that financial records are reliable for purposes of preparing financial statements and that assets are properly accounted for and safeguarded. Compliance with these systems and controls is reviewed by executive management and the accounting staff. Limitations exist in any internal control system, recognizing that the system's cost should not exceed the benefits derived.

The Board of Directors pursues its responsibility for D&PL's financial statements primarily through the efforts of its Audit Committee, which is composed solely of "independent" directors who are not Company officers or employees. The Audit Committee meets as often as it determines is necessary, but at least four times per year. In addition, the Audit Committee meets with the independent auditor at least quarterly. The Audit Committee also meets periodically with management and the head of the internal audit function in separate executive sessions. The independent auditors have direct access to the Audit Committee, with and without the presence of management representatives.

DELTA AND PINE LAND COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED AUGUST 31,
(In thousands, except per share amounts)

	2005	
NET SALES AND LICENSING FEES	\$ 366,085	\$
COST OF SALES	(234,064)	

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GROSS PROFIT	132,021	

OPERATING EXPENSES:		
Research and development	23,015	
Selling	13,531	
General and administrative	23,760	
Special charges	-	
In-process research and development and related transaction costs	-	

Total operating expenses	60,306	

OPERATING INCOME	71,715	
INTEREST INCOME, NET	2,194	
OTHER EXPENSE	(4,310)	
EQUITY IN NET LOSS OF AFFILIATE	(2,787)	
MINORITY INTEREST IN EARNINGS OF SUBSIDIARIES	(1,609)	

INCOME BEFORE INCOME TAXES	65,203	
PROVISION FOR INCOME TAXES	(22,646)	

NET INCOME	42,557	
DIVIDENDS ON PREFERRED STOCK	(544)	

NET INCOME APPLICABLE TO COMMON SHARES	\$ 42,013	\$
=====		
BASIC EARNINGS PER SHARE	\$ 1.11	\$
=====		
WEIGHTED AVERAGE NUMBER OF SHARES USED IN PER SHARE CALCULATIONS - BASIC	37,958	
=====		
DILUTED EARNINGS PER SHARE	\$ 1.08	\$
=====		
WEIGHTED AVERAGE NUMBER OF SHARES USED IN PER SHARE CALCULATIONS - DILUTED	39,370	
=====		

The accompanying notes are an integral part of these consolidated statements.

DELTA AND PINE LAND COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF AUGUST 31,
(In thousands, except share and per share amounts)

		2005

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$	93,077
Receivables, net		228,800
Inventories		26,622
Prepaid expenses		1,877
Deferred income taxes		6,300

Total current assets		356,676

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PROPERTY, PLANT AND EQUIPMENT, NET	60,15
EXCESS OF COST OVER NET ASSETS OF BUSINESSES ACQUIRED	4,18
INTANGIBLES, net of accumulated amortization of \$2,458 and \$1,969	5,96
OTHER ASSETS	1,44
DEFERRED INCOME TAXES	10,75
TOTAL ASSETS	\$ 439,18

LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES :	
Current maturities of long-term debt	\$ 10,07
Accounts payable	18,21
Accrued expenses	221,82
Income taxes payable	12,89
Total current liabilities	263,01
LONG-TERM DEBT	7,27
DEFERRED INCOME TAXES	
MINORITY INTEREST IN SUBSIDIARIES	4,87
COMMITMENTS AND CONTINGENCIES (Notes 9 and 17)	
STOCKHOLDERS' EQUITY:	
Preferred stock, par value \$0.10 per share; 2,000,000 shares authorized	
Series A Junior Participating Preferred, par value \$0.10 per share;	
456,989 shares authorized; no shares issued or outstanding;	
Series M Convertible Non-Voting Preferred, par value \$0.10 per share;	
1,066,667 shares authorized, issued and outstanding	10
Common stock, par value \$0.10 per share; 100,000,000 shares authorized;	
40,928,929 and 40,162,820 shares issued;	
36,099,823 and 38,495,354 shares outstanding	4,09
Capital in excess of par value	81,64
Retained earnings	199,74
Accumulated other comprehensive loss	(4,30)
Treasury stock, at cost; 4,829,106 and 1,667,466 shares	(117,25)
TOTAL STOCKHOLDERS' EQUITY	164,02
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 439,18
=====	

The accompanying notes are an integral part of these consolidated statements.

DELTA AND PINE LAND COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31,
(in thousands)

2005

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CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$	42,557	\$
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		8,661	
Loss (gain) on sale of assets		115	
Noncash component of in-process research and development		-	
Equity in net loss of affiliate		2,787	
Foreign exchange (gain) loss		(101)	
Accretion of debt discount		777	
Minority interest in earnings of subsidiaries		1,609	
Compensation expense of restricted stock		508	
Change in deferred income taxes		2,043	
Changes in assets and liabilities:			
Receivables		(43,370)	
Inventories		4,183	
Prepaid expenses		43	
Intangibles and other assets		(540)	
Accounts payable		(6,068)	
Accrued expenses		31,796	
Income taxes		4,027	

Net cash provided by operating activities

49,027

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment		(6,669)	
Sale of investments and property		451	
Investment in affiliate		(2,980)	

Net cash used in investing activities

(9,198)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments of short-term debt		(5,800)	
Payments of long-term debt		-	
Dividends paid		(19,623)	
Proceeds from long-term debt		-	
Proceeds from short-term debt		247	
Minority interest in dividends paid by subsidiaries		(1,318)	
Payments to acquire treasury stock		(85,535)	
Proceeds from exercise of stock options		14,103	

Net cash used in financing activities

(97,926)

EFFECTS OF FOREIGN CURRENCY EXCHANGE RATES

1,585

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS

(56,512)

CASH AND CASH EQUIVALENTS, beginning of year

149,587

CASH AND CASH EQUIVALENTS, end of year

\$ 93,075 \$

=====

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid during the year for:

Interest, net of capitalized interest	\$	-	\$
Income taxes	\$	13,804	\$

Noncash operating activities:

Deferred taxes resulting from change in minimum pension liability	\$	1,276	\$
---	----	-------	----

Noncash financing activities:

Tax benefit of stock option exercises	\$	2,856	\$
---------------------------------------	----	-------	----

The accompanying notes are an integral part of these consolidated statements.

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DELTA AND PINE LAND COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED AUGUST 31, 2003, 2004 AND 2005
(In thousands, except per share data)

	Preferred Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumu Oth Compreh Income/
Balance at August 31, 2002	\$ 107	\$ 3,931	\$ 51,563	\$ 172,381	\$ (5)
Net income	-	-	-	27,805	
Minimum pension liability adjustment, net of tax of \$0.7 million	-	-	-	-	(1)
Foreign currency translation adjustment	-	-	-	-	1
Unrealized gain on hedging instruments	-	-	-	-	
Total comprehensive income					
Exercise of stock options and tax benefit of stock option exercises	-	22	3,287	-	
Cash dividends, \$0.27 per share	-	-	-	(10,576)	
Purchase of common stock	-	-	-	-	
Balance at August 31, 2003	107	3,953	54,850	189,610	(5)
Net income	-	-	-	5,316	
Minimum pension liability adjustment, net of tax of \$0.3 million	-	-	-	-	
Foreign currency translation adjustment	-	-	-	-	1
Unrealized loss on hedging instruments	-	-	-	-	
Total comprehensive income					
Exercise of stock options and tax benefit of stock option exercises	-	63	9,400	-	
Cash dividends, \$0.46 per share	-	-	-	(18,118)	
Purchase of common stock	-	-	-	-	
Balance at August 31, 2004	107	4,016	64,250	176,808	(3)
Net income	-	-	-	42,557	
Minimum pension liability					

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adjustment, net of tax of \$1.3 million	-	-	-	-	(2)
Foreign currency translation adjustment	-	-	-	-	1
Unrealized gain on hedging instruments	-	-	-	-	
Total comprehensive income					
Exercise of stock options and tax benefit of stock option exercises					
	-	77	16,882	-	
Amortization of deferred compensation			508		
Cash dividends, \$0.51 per share	-	-	-	(19,623)	
Purchase of common stock	-	-	-	-	
<hr style="border-top: 1px dashed black;"/>					
Balance at August 31, 2005	\$ 107	\$ 4,093	\$ 81,610	\$ 199,742	\$ (4)
<hr style="border-top: 1px dashed black;"/>					

The accompanying notes are an integral part of these consolidated statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Delta and Pine Land Company and subsidiaries (the "Company" or "D&PL") breed, produce, condition and market cotton and soybean planting seed. D&PL farms approximately 5,500 acres largely for research purposes and the production of cotton and soybean foundation seed.

D&PL has annual agreements with various growers to produce seed for cotton and soybeans. The growers plant seed purchased from D&PL and follow quality assurance procedures required for seed production. If the grower adheres to established Company quality assurance standards throughout the growing season and if the seed meets Company quality standards upon harvest, D&PL may be obligated to purchase specified minimum quantities of seed at prices equal to the commodity market price of the seed, plus a grower premium. D&PL then conditions the seed for sale as planting seed.

Basis of Presentation

The accompanying financial statements include the accounts of Delta and Pine Land Company and its subsidiaries. Significant inter-company accounts and transactions have been eliminated in consolidation. D&PL's investment in 50%-owned affiliate DeltaMax Cotton, LLC is accounted for using the equity method.

Reclassifications

Certain prior year amounts have been reclassified to conform with the 2005 presentation.

Special Charges/Unusual Items

During 2003, D&PL recorded a \$1.0 million charge associated with additional expenses for the closing of its Chandler, Arizona plant, the closing of its

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facility in Centre, Alabama, and reductions in the number of employees at its wholly-owned subsidiary in Australia and at its joint venture in Hebei Province, People's Republic of China. These charges are included in "SPECIAL CHARGES" in the accompanying Consolidated Statements of Income.

At August 31, 2003 essentially all amounts related to the closing of the two U.S. facilities and headcount reductions noted above had been utilized.

Cash Equivalents

Cash equivalents include overnight repurchase agreements and other short-term investments having an original maturity of less than three months.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation and amortization are provided for financial reporting purposes using the straight-line method over the estimated useful lives of the assets. Accelerated methods are used for income tax purposes. The estimated useful lives of the various classes of property, in years, are as follows:

Land improvements	5-20
Buildings and improvements	10-35
Machinery and equipment	3-15
Germplasm	10-15
Breeder and foundation seed	40

The germplasm, breeder and foundation seed were purchased as part of acquisitions and include amounts for specifically identified varieties and for breeding stocks. The amounts associated with specific varieties are amortized over the expected commercial life of those varieties. Breeding stocks are amortized over 40 years, since they can be revitalized from time to time and remain viable indefinitely after such revitalization.

Intangible Assets

Identifiable intangible assets consist of trademarks, patents and other intangible assets and are being amortized using the straight-line method over 5 to 40 years.

D&PL incurred in-process research and development ("IPR&D") and related transaction costs of \$38,532,000 in 2004, including amounts assigned to acquired in-process technology of \$36,225,000. The value assigned to acquired in-process technology was determined by identifying those acquired specific in-process research and development projects that would be continued and for which (a) technology feasibility had not been established at the acquisition date, (b) there was no alternative future use, and (c) the fair value was estimable with reasonable reliability.

Foreign Currency Translation

Financial statements of foreign operations where the local currency is the functional currency are translated using exchange rates in effect at period end for assets and liabilities and average exchange rates during the period for results of operations. Translation adjustments are reported as a separate component of stockholders' equity. Gains and losses from foreign currency transactions are included in earnings.

Fair Value of Financial Instruments

The fair value of D&PL's financial instruments at August 31, 2005 and 2004,

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which include cash, receivables, derivatives, accounts payable, and payments to be made to Syngenta, approximates their carrying value.

Income Taxes

D&PL uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws.

Revenue Recognition

Revenues from domestic seed sales are recognized when seed is shipped. Revenues from Bollgard(R), Bollgard II(R) and Roundup Ready(R) licensing fees are recognized when the seed is shipped. Domestically, the licensing fees charged to farmers for Bollgard, Bollgard II and Roundup Ready cottonseed are based on pre-established planting rates for each of nine geographic regions and consider the number of seed contained in each container (bag or bulk box). International export revenues are recognized upon the later of when seed is shipped or the date letters of credit (or other instruments) are confirmed. Generally, international export sales are not subject to return. Generally, all other international revenues from the sale of planting seed, less estimated reserves for returns, are recognized when the seed is shipped.

All of D&PL's domestic seed products (including those containing Bollgard, Bollgard II and Roundup Ready technologies) are subject to return and credit risk, the effects of which vary from year to year. D&PL provides for estimated returns as sales occur. All significant returns occur or are accounted for by fiscal year end. The Company records monthly estimates to account for various sales incentive programs for seed and Monsanto's Bollgard, Bollgard II and Roundup Ready technologies. The majority of program rebates occur during the second, third and fourth quarters. Essentially all material claims under these programs have occurred or are accounted for by fiscal year end.

Research and Development

All research and development costs incurred to breed and produce experimental seed are expensed. Costs incurred to produce sufficient quantities of planting seed needed for commercialization are carried as inventory until such seed is sold. Cotton lint and other by-products of seed production are also carried as inventory until sold.

Accounting for Stock-Based Compensation

As permitted by both SFAS No. 123, "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure -- an Amendment of FASB Statement No. 123," D&PL applies Accounting Principles Board Opinion No. 25 in accounting for its employee stock option plans. Therefore, no compensation expense for stock options is deducted in determining net income, as all options granted had an exercise price equal to the fair market value of the underlying common stock on the grant date. See Note 18 for a description of the plans and our disclosure of the assumptions underlying the pro forma calculations below.

The following table illustrates the effect on net income and earnings per share if D&PL had recorded compensation expense in accordance with the fair value provisions of SFAS No. 123.

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Net income (in thousands):			
As reported	\$	42,557	\$ 5,316
Add: Total stock-based compensation expense included in reported net income, net of related tax effects		327	-
Less: Total stock-based compensation expense determined under the fair value based method for all awards, net of related tax effects		(5,442)	(2,979)
Pro forma	\$	37,442	\$ 2,337
Basic earnings per share:			
As reported	\$	1.11	\$ 0.13
Pro forma	\$	0.97	\$ 0.05
Diluted earnings per share:			
As reported	\$	1.08	\$ 0.13
Pro forma	\$	0.95	\$ 0.06

Derivative Financial Instruments

D&PL uses various derivative financial instruments to mitigate its risk to variability in cash flows related to soybean purchases and to effectively fix the cost of a significant portion of its soybean raw material inventory. The terms of the hedging derivatives used by D&PL are negotiated to approximate the terms of the forecasted transaction; therefore, D&PL expects the instruments used in hedging transactions to be highly effective in offsetting changes in cash flows of the hedged items. Realized and unrealized hedging gains and losses are recorded as a component of other comprehensive income and are reclassified into cost of sales in the period in which the forecasted transaction affects earnings (i.e., is sold or disposed of) which generally occurs during D&PL's second and third fiscal quarters. Quantities hedged that do not exceed the forecasted transactions are accounted for as cash flow hedges in the manner discussed above. However, to the extent that the quantities hedged exceed the forecasted transactions due to intra-season changes to the sales forecast where it is probable that the originally forecasted transaction will no longer occur, D&PL accounts for gains and losses on these derivative instruments as discontinued cash flow hedges, whereby they are immediately recorded as a component of net income. D&PL does not enter into any derivative instruments that extend beyond the close of the following fiscal year. D&PL does not enter into speculative hedges or purchase or hold any derivative financial instruments for trading purposes.

Impairment of Long-Lived Assets

D&PL assesses recoverability and impairment of identifiable intangible assets and other long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recorded goodwill is tested annually during the fourth quarter of each fiscal year for impairment by comparing its implied fair value to its carrying value. Based on management's impairment tests during the fourth quarters of 2005 and 2004, management determined that none of the goodwill was impaired. For other long-lived assets, D&PL determines if the unamortized balance can be recovered through projected future operating cash flows. If the sum of the expected future cash flows is less than the carrying amount of the asset, an impairment loss is recognized.

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Otherwise, an impairment loss is not recognized, and D&PL continues to amortize its other long-lived assets based on the remaining estimated useful life.

Use of Estimates

The preparation of D&PL's consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingent liabilities. Management makes its best estimate of the ultimate outcome for these items based on historical trends and other information available when the financial statements are prepared. Changes in estimates are recognized in accordance with the accounting rules for the estimate, which is typically in the period when new information becomes available to management. Areas where the nature of the estimate makes it reasonably possible that actual results could materially differ from amounts estimated include: damaged, obsolete and excess inventory, income tax liabilities, allowances for sales returns and marketing programs, allowance for doubtful accounts, employee benefit plans and contingent liabilities.

Recently Issued Financial Accounting Standards

In May 2005, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and SFAS No. 3". Among other changes, SFAS No. 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented based on the new accounting principle, unless it is impracticable to do so. SFAS No. 154 provides that (1) a change in method of depreciating or amortizing a long-lived nonfinancial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." SFAS No. 154 is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of this statement to have a material impact on D&PL's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions". This statement's amendments are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, SFAS No. 153 eliminates the narrow exception for nonmonetary exchanges of similar productive assets and replaces it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. Provisions of this statement are effective for fiscal periods beginning after June 15, 2005. The Company does not expect the adoption of this statement to have a material impact on D&PL's consolidated financial statements.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4," which clarifies the types of costs that should be expensed rather than capitalized as inventory. This statement also clarifies the circumstances under which fixed overhead costs associated with operating facilities involved in inventory processing should be capitalized. The provisions of SFAS No. 151 are effective for fiscal years beginning after June 15, 2005, and may impact certain inventory costs D&PL incurs after September 1, 2005. The Company has not determined the impact, if any, that this statement will have on D&PL's consolidated financial position or results of operations.

SFAS No. 123(R), "Share-Based Payment," issued in December 2004, is a revision of FASB No. 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to

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Employees," and its related implementation guidance. The Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award. This statement is effective as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. This statement will apply to all awards granted after the required effective date and to awards modified, repurchased, or cancelled after that date. SFAS No. 123(R) will be effective for D&PL in the first quarter of fiscal year 2006. The Company has not yet made any decisions about how it will adopt SFAS 123(R). However, the pro forma net income effect of using the fair value method for the years ended August 31, 2005, 2004 and 2003 is presented in Note 1 above. The pro forma compensation costs presented in Note 1 above and in our prior filings have been calculated using a Black-Scholes option pricing model and may not be indicative of amounts that should be expected in future years. D&PL has not made any decisions about which option-pricing model is most appropriate for future awards. The Company has not determined the impact, if any, that this statement will have on D&PL's consolidated financial position or results of operations.

2. INVENTORIES

Inventories at August 31, consisted of the following (in thousands):

	2005		2004
	-----		-----
Finished goods	\$ 19,713		\$ 24,867
Raw materials	13,156		14,333
Growing crops	818		1,432
Supplies	1,101		1,040
	-----		-----
	34,788		41,672
Less reserves	(8,163)		(11,521)
	-----		-----
	\$ 26,625		\$ 30,151
	=====		=====

Finished goods and raw material inventory is valued at the lower of average cost or market. Growing crops are recorded at cost. Elements of cost in inventories include raw materials, direct production costs, manufacturing overhead and immaterial general and administrative expenses. Inventory reserves relate to estimated damaged, obsolete and excess inventory. The provision recorded for damaged, obsolete and excess inventory for the years ended August 31, 2005, 2004 and 2003 was \$12,997,000, \$12,299,000, and \$7,478,000, respectively. See Note 15 for a description of hedging activities.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at August 31, consisted of the following (in thousands):

	2005		2004
	-----		-----
Land and improvements	\$ 6,263		\$ 5,981
Buildings and improvements	43,018		42,228
Machinery and equipment	63,142		59,125
Germplasm	7,500		7,500

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Breeder and foundation seed	2,000	2,000
Construction in progress	2,564	2,538
	-----	-----
	124,487	119,372
Less accumulated depreciation	(64,329)	(57,384)
	-----	-----
	\$ 60,158	\$ 61,988
	=====	=====

Depreciation expense was approximately \$8,250,000, \$7,980,000 and \$7,490,000 in 2005, 2004, and 2003, respectively.

4. INTANGIBLES

The components of identifiable intangible assets at August 31, consisted of the following (in thousands):

	2005		2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	
Trademarks	\$ 3,182	\$ (958)	\$ 3,182	
Commercialization agreements	400	(121)	400	
Licenses	1,100	(192)	1,100	
Patents	1,640	(116)	772	
Other	2,096	(1,071)	1,986	
	-----	-----	-----	
	\$ 8,418	\$ (2,458)	\$ 7,440	
	=====	=====	=====	

Amortization expense for identifiable intangible assets during the years ended August 31, 2005, 2004, and 2003 was approximately \$410,000, \$380,000, and \$270,000, respectively. Identifiable intangible asset amortization expense is estimated to be \$500,000 in each of the fiscal years from 2006 through 2007 and \$400,000 in each of the fiscal years from 2008 through 2010.

During the fourth quarters of fiscal 2005 and 2004, "EXCESS OF COST OVER NET ASSETS OF BUSINESS ACQUIRED" ("goodwill") was tested for impairment by comparing its implied fair value to its carrying value. Based on management's impairment test, management determined that none of the goodwill was impaired.

5. INVESTMENT IN AFFILIATE

D&PL owns a 50% interest in DeltaMax Cotton, LLC, a limited liability company jointly owned with Verdia, Inc. Verdia was acquired by DuPont on July 2, 2004. Established in May 2002, the DeltaMax joint venture was formed to create, develop and commercialize herbicide tolerant and insect resistant traits for the cottonseed market. D&PL has licensed from DeltaMax the developed traits for commercialization in both the U.S. and other cotton-producing countries in the world. For the years ended August 31, 2005, 2004 and 2003, D&PL's equity in the net loss of DeltaMax was \$2,787,000, \$3,551,000, and \$1,977,000, respectively.

6. LONG-TERM DEBT

The amounts reported in the Consolidated Balance Sheets as "Current Maturities of Long-Term Debt" and "Long-Term Debt" at August 31, 2005 primarily relate to

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payments to be made to Syngenta Crop Protection AG ("Syngenta") related to the acquisition of certain licenses. See Note 16 for more information on the transaction.

7. ACCRUED EXPENSES

Accrued expenses at August 31, consisted of the following (in thousands):

	2005	2004
	-----	-----
Bollgard, Bollgard II and Roundup Ready royalties and related expenses due to Monsanto	\$ 179,412	\$ 149,984
Sales allowances	15,106	12,281
Dividends	5,419	4,619
Other accrued expenses	21,887	21,006
	-----	-----
	\$ 221,824	\$ 187,890
	=====	=====

8. INCOME TAXES

The provisions for income taxes for the years ended August 31, consisted of the following (in thousands):

	2005	2004	2003
	-----	-----	-----
Current-			
Federal	\$ 18,606	\$ 12,078	\$ 10,891
State	1,997	1,226	1,216
Deferred-			
Federal	1,813	(10,232)	2,347
State	230	(1,678)	289
	-----	-----	-----
	\$ 22,646	\$ 1,394	\$ 14,743
	=====	=====	=====

The differences between the statutory federal income tax rate and the effective tax rate are as follows:

	2005	2
	-----	-----
Statutory rate	35.0%	3
Increases (decreases) in tax resulting from:		
State taxes, net of federal tax benefit	2.2	(
Research and development tax credits	(1.1)	(
Foreign activities	(1.0)	(
Other	(0.4)	
	-----	-----
Effective tax rate	34.7%	2
	=====	=====

The effective tax rate was reduced in 2004 primarily due to the impact of the IPR&D charge (see Note 16). State taxes resulted in a net benefit in 2004 due to state income tax credits and the recognition of certain state net operating losses that had not previously been benefited.

Deferred income taxes at August 31, consisted of the following (in thousands):

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	2005	2004
Deferred tax assets:		
Inventory	\$ 2,954	\$ 4,048
Litigation costs	453	1,129
Pension	1,984	955
Capitalized licenses (Syngenta)	13,839	14,541
Other	1,932	3,327
	\$ 21,162	\$ 24,000
Deferred tax liabilities:		
Property and intangibles	\$ (4,046)	\$ (3,615)
Other	(53)	(3,018)
	(4,099)	(6,633)
Net deferred income taxes	\$ 17,063	\$ 17,367

The Company has not provided for income taxes on the undistributed earnings of certain foreign subsidiaries where the earnings are expected to be permanently reinvested outside the United States. However, if taxes were provided on these earnings, such taxes are not expected to be material to the Company's consolidated financial statements.

The American Jobs Creation Act of 2004 provides a one-time opportunity for U.S. corporations to elect to deduct 85% of certain cash dividends from controlled foreign corporations, provided certain qualifications are met as to the amounts of the dividends and the use of the repatriated funds. The Company has not yet completed its evaluation of these provisions, but will do so by the end of calendar year 2005.

9. LEASES

D&PL leases a portion of the real estate and machinery and equipment used in its operations under operating lease arrangements. Substantially all rent expense is recorded as cost of sales. D&PL does not have any capital leases. Future minimum rental payments after 2005 under operating leases with initial or remaining non-cancelable terms in excess of one year are as follows:

2006	\$ 511,000
2007	\$ 467,000
2008	\$ 83,000
2009	\$ 79,000
2010	\$ 34,000

Rent and lease expense approximated \$3,059,000, \$2,558,000, and \$2,767,000 in 2005, 2004 and 2003, respectively.

10. Credit Facility

On April 15, 2005, Delta and Pine Land Company and certain of its subsidiaries entered into an unsecured \$75 million credit agreement (the "Credit Agreement") with Bank of America, N.A. (the "Bank"). The Credit Agreement provides for unsecured revolving loans up to a maximum aggregate amount outstanding of \$75 million, plus Letters of Credit which were outstanding prior to the execution of the Credit Agreement in the amount of approximately \$2 million. Of the total commitment, \$50 million represents a seasonal commitment available from October to July of each year. The Credit Agreement expires on July 31, 2006, at which time all outstanding amounts under the Credit Agreement would be due and

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payable, subject to the Company's right to request a one-year extension and the Bank's acceptance of that request. On October 10, 2005, the Company requested an extension of the Credit Agreement and negotiations regarding this extension are underway.

In general, borrowings under the Credit Agreement will bear interest at a rate calculated according to a Eurodollar rate, plus 0.55%. The Eurodollar rate is generally the 30-day, 60-day or 90-day LIBOR rate. The Company will also be required to pay an annual fee of 0.125% of the daily-unused portion of the Credit Agreement. The primary financial covenant requires the Company's funded indebtedness under the Credit Agreement to not exceed 50% of certain current and long-term assets, defined in the Credit Agreement and determined as of the last day of each fiscal quarter.

As of August 31, 2005, there were no loans outstanding under the Credit Agreement, other than the existing Letters of Credit discussed above.

11. EMPLOYEE BENEFIT PLANS

Defined Benefit Plan

Substantially all full-time employees are covered by a noncontributory defined benefit plan (the "Plan"). Benefits are paid to employees, or their beneficiaries, upon retirement, death or disability based on their final average compensation over the highest consecutive five years. D&PL's funding policy is to make contributions to the Plan that are at least equal to the minimum amounts required to be funded in accordance with the provisions of ERISA. D&PL expects to contribute \$2 million to the Plan in 2006.

Effective January 1992, D&PL adopted a Supplemental Executive Retirement Plan (the "SERP"), which will pay supplemental pension benefits to certain employees whose benefits from the Plan were decreased as a result of certain changes made to the Plan. The benefits from the SERP will be paid in addition to any benefits the participants may receive under the Plan and will be paid from Company assets, not Plan assets. D&PL does not expect to contribute to the SERP in 2006.

The measurement of Plan and SERP assets and obligations was performed as of June 30. The following table provides a reconciliation of the changes in the Plan's and SERP's benefit obligations and fair value of assets over the two-year period ended August 31, 2005, and a statement of the funded status as of August 31, 2005 and 2004.

	Plan		
	2005	2004	2003
CHANGE IN BENEFIT OBLIGATIONS			
Benefit obligation at beginning of year	\$ 17,866,000	\$ 16,848,000	\$
Service cost	853,000	832,000	
Interest cost	1,094,000	989,000	
Actuarial loss (gain)	3,142,000	(121,000)	
Benefits paid	(691,000)	(682,000)	
Benefit obligation at end of year	\$ 22,264,000	\$ 17,866,000	\$
CHANGE IN PLAN ASSETS			
Fair value of plan assets at beginning of year	\$ 13,215,000	\$ 10,188,000	\$
Actual return on plan assets	356,000	1,101,000	

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Company contributions	1,500,000	2,700,000	
Benefits paid	(691,000)	(682,000)	
Expenses	(87,000)	(92,000)	
Fair value of plan assets at end of year	\$ 14,293,000	\$ 13,215,000	\$
Funded status	\$ (7,971,000)	(4,651,000)	
Unrecognized prior service cost	15,000	36,000	
Unrecognized net loss	9,354,000	5,781,000	
Prepaid (accrued) pension cost	\$ 1,398,000	\$ 1,166,000	\$

Plan

	2005	2004	2003
AMOUNTS REFLECTED IN THE BALANCE SHEET AT AUGUST 31:			
Prepaid (accrued) benefit cost	\$ 1,398,000	\$ 1,166,000	\$
Minimum pension liability	(7,104,000)	(3,809,000)	
Accumulated other comprehensive loss	7,089,000	3,773,000	
Intangible asset	15,000	36,000	
	\$ 1,398,000	\$ 1,166,000	\$

The accumulated benefit obligation for the Plan was \$19,999,000 and \$15,858,000 as of August 31, 2005 and 2004, respectively. The accumulated benefit obligation for the SERP was \$633,000 and \$607,000 as of August 31, 2005 and 2004, respectively.

Periodic Pension Expense:

	Plan			SERP	
	2005	2004	2003	2005	2004
Service cost	\$ 853,000	\$ 832,000	\$ 638,000	\$ -	\$ 9,
Interest cost on projected benefit obligation	1,094,000	989,000	915,000	36,000	35,
Expected return on assets	(1,088,000)	(921,000)	(687,000)	(26,000)	(28,
Recognized loss (gain)	406,000	472,000	263,000	(2,000)	50,
Amortization of prior service cost	3,000	3,000	3,000	-	
Net periodic pension expense	\$ 1,268,000	\$ 1,375,000	\$ 1,132,000	\$ 8,000	\$ 66,
Company contributions	\$ 1,500,000	\$ 2,700,000	\$ 1,500,000	\$ -	\$

Plan

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	2005	2004
Weighted-average assumptions used to determine benefit obligations at August 31:		
Discount rate	5.25%	6.25%
Rate of compensation increases	3.50%	4.00%
Weighted-average assumptions used to determine net periodic benefit cost for years ended August 31:		
Discount rate	6.25%	6.00%
Expected long-term return on plan assets	8.50%	8.50%
Rate of compensation increase	4.00%	4.00%

The expected long-term rate of return assumptions for each asset class are selected based on historical relationships between the assets classes and the economic and capital market environments updated for current conditions.

D&PL's Plan and SERP asset allocations as of the measurement dates of June 30, 2005 and 2004 are as follows:

	Plan	
	2005	2004
Asset Category		
Common stocks	70%	70%
Preferred stocks	15%	18%
Temporary investments	15%	12%
Total	100%	100%

The Plan and SERP plan assets are managed by an independent portfolio manager as balanced accounts with assets invested in fixed income securities (including preferred stocks, corporate bonds and debentures) and equities (including common stocks). The target range for asset allocation is 20% to 40% for fixed income securities and 60% to 80% for equities.

A primary risk control is the limiting of any one equity position to no more than 8% of the value of the equity portion of the portfolio. No derivatives are used in portfolio construction. No Plan or SERP assets were invested in D&PL common stock at June 30, 2005 or 2004.

At August 31, 2005, total future Plan and SERP benefits are estimated as follows:

	Plan	SERP
2006	\$ 769,000	\$ 63,000
2007	782,000	63,000
2008	827,000	63,000
2009	892,000	63,000
2010	972,000	63,000
Years 2011-2015	5,388,000	314,000

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Defined Contribution Plan

D&PL sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code which covers substantially all full-time employees of D&PL. D&PL, at its option, may elect to make matching contributions to the Plan. No matching contributions were made in 2005, 2004 or 2003.

12. MAJOR CUSTOMERS

In fiscal 2005, 2004 and 2003, seed sales to each of three customers and the related licensing fees ultimately billed to farmers for sales made by these customers for transgenic products comprised more than 10% of total sales and licensing fees. The table below presents the approximate amount of annual sales and licensing fees to each of the customers. These amounts were reported in D&PL's domestic segment.

Customer	2005	2004	2003
A	\$41,245,000	\$38,820,000	\$32,275,000
B	77,865,000	66,156,000	57,580,000
C	69,306,000	55,388,000	55,438,000

13. BUSINESS SEGMENT INFORMATION

D&PL is in a single line of business and operates in two business segments, domestic and international. D&PL's reportable segments offer similar products; however, the business units are managed separately due to the geographic dispersion of their operations. D&PL breeds, produces, conditions, and markets proprietary varieties of cotton and soybean planting seed in the United States. The international segment offers cottonseed in several foreign countries through both export sales and in-country operations. D&PL develops its proprietary seed products through research and development efforts in the United States and certain foreign countries.

D&PL's chief operating decision maker utilizes revenue information in assessing performance and making overall operating decisions and resource allocations. Profit and loss information is reported by segment to the chief operating decision maker and D&PL's Board of Directors. The accounting policies of the segments are substantially the same as those described in the summary of significant accounting policies.

Information about D&PL's segments for the years ended August 31, is as follows (in thousands):

	2005	2004	2003
Net sales and licensing fees			
Domestic	\$ 325,621	\$ 276,410	\$ 255,130
International	40,464	36,355	28,660
	\$ 366,085	\$ 312,765	\$ 283,790
Net sales and licensing fees			
Cottonseed	\$ 342,918	\$ 282,233	\$ 257,150
Soybean seed	21,051	26,951	21,670
Other	2,116	3,581	4,970
	\$ 366,085	\$ 312,765	\$ 283,790

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Operating income			
Domestic	\$ 64,786	\$ 17,199	\$ 55,17
International	6,929	4,361	1,53
	-----	-----	-----
	\$ 71,715	\$ 21,560	\$ 56,70
	=====	=====	=====
Capital expenditures			
Domestic	\$ 4,200	\$ 4,240	\$ 5,61
International	2,469	1,809	2,68
	-----	-----	-----
	\$ 6,669	\$ 6,049	\$ 8,29
	=====	=====	=====
Depreciation and amortization			
Domestic	\$ 6,836	\$ 6,762	\$ 6,55
International	1,825	1,602	1,20
	-----	-----	-----
	\$ 8,661	\$ 8,364	\$ 7,75
	=====	=====	=====

Information about the financial position of D&PL's segments as of August 31, is as follows (in thousands):

	2005	2004
Long-term assets		
Domestic	\$ 65,898	\$ 65,210
International	16,607	16,338
	-----	-----
	\$ 82,505	\$ 81,548
	=====	=====
Total assets		
Domestic	\$ 408,784	\$ 428,444
International	30,400	28,579
	-----	-----
	\$ 439,184	\$ 457,023
	=====	=====

14. RELATED PARTY TRANSACTIONS

The chairman of the Board of Directors of D&PL is also a director for Stephens Group, Inc. In October 2003, he retired as an officer of Stephens Group, Inc. and as a director and officer for Stephens, Inc., a full service investment bank; however, he remains a consultant and an employee of these companies. Stephens Group, Inc. and Stephens, Inc. are stockholders of D&PL. During 2004, D&PL paid consulting fees to Stephens, Inc. of approximately \$313,000 for the evaluation of certain technology transactions.

During 2005, 2004 and 2003, a partner of a law firm that represents D&PL was also a stockholder and D&PL's corporate secretary. D&PL paid legal fees to this firm of approximately \$962,000, \$929,000, and \$633,000 in 2005, 2004 and 2003, respectively.

During 2005, 2004 and 2003, DeltaMax paid Temasek Life Science Laboratory ("TLL") approximately \$1,465,000, \$1,118,000 and \$811,000, respectively, for research activities TLL conducted for DeltaMax. TLL is a related party of Temasek Capital and Temasek Holdings. Dr. Chua, a member of the Board of

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Directors of D&PL, was the Chief Scientific Advisor of Temasek Capital from April 2001 to March 2003 and was appointed to be Corporate Advisor to Temasek Holdings in April 2003 through March 2006, and has advised TLL since April 2004. Dr. Chua has been a paid consultant to Pioneer Hi-Bred International, Inc., a DuPont subsidiary, for several years and continues in this capacity. In July 2004, DuPont acquired Verdia, Inc., which owns 50% of DeltaMax (see Note 5).

15. DERIVATIVE FINANCIAL INSTRUMENTS

Accumulated other comprehensive loss includes the following related to the Company's soybean hedging program for the years ended August 31, 2005 and 2004 (in thousands):

	2005	2004
	-----	-----
Deferred net (loss) gain, beginning of year	\$ (134)	\$ 262
Net (losses) gains on hedging instruments arising during the year	(116)	60
Reclassification adjustment of losses(gains) on hedging instruments to earnings	474	(456)
	-----	-----
Net change in accumulated other comprehensive loss	358	(396)
	-----	-----
Deferred net gain (loss), end of year	\$ 224	\$ (134)
	=====	=====

The deferred net gain of \$224,000 included in accumulated other comprehensive loss at August 31, 2005, consists of net realized gains of \$234,000 and net unrealized losses of \$10,000, which will be recognized in earnings within the next twelve months; however, the actual amount that will be charged to earnings may vary as a result of changes in market conditions.

For the years ended August 31, 2005 and August 31, 2004, D&PL recorded no gains or losses in earnings as a result of hedge ineffectiveness or discontinuance of cash flow hedges.

16. IN-PROCESS RESEARCH AND DEVELOPMENT

In August 2004, D&PL entered into an acquisition agreement with Syngenta to purchase global licenses to develop and commercialize Syngenta's insect resistance technology in cottonseed. In addition, D&PL purchased licenses to a wide range of other Syngenta enabling technologies that may be useful in developing new products for use in cottonseed and soybean seed. In return for the licenses, D&PL is to pay Syngenta approximately \$46.8 million in installments due primarily through the first quarter of 2008. Under the acquisition agreement, D&PL paid Syngenta \$14.1 million at closing in 2004 and paid Syngenta \$5.8 million during 2005. D&PL is further required to make future payments of \$10.15 million in 2006, \$5.95 million in 2007, and \$1.6 million in 2008. Of the \$46.8 million purchase price, contingent payments of \$1.6 million in 2008, \$3.1 million in 2009, \$3.0 million in 2010, and \$1.5 million in 2011 may also have to be made under the agreements.

At the purchase date, an amount equal to the present value of the payments required to be made was capitalized as an intangible asset of \$36,225,000, and then immediately expensed in the 2004 Consolidated Statement of Income, as the technologies to which D&PL purchased licenses were in-process research and development (IPR&D) projects that had not yet reached technological feasibility and had no alternative future use. Payments to be made after the first quarter

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of 2008 are contingent on certain events occurring, and thus were not included in the amount capitalized and then written off as IPR&D. Related transaction costs of approximately \$2,307,000 primarily related to professional fees are also included in the caption "In-process research and development and related transaction costs" in the Consolidated Statement of Income.

The present value of the amounts to be paid through the first quarter of 2008 was computed based on discount rates that approximated borrowing rates that D&PL would incur on borrowings with similar maturities as the payments required to be made. Accordingly, the discount rate used for the payments to be made one, two and three and one-half years after the purchase date was 3.28%, 3.84% and 4.25%, respectively. The amount due to Syngenta within the next twelve months is reported in the Consolidated Balance Sheet as "Current Maturities of Long-Term Debt" under Current Liabilities. The balance of the remaining payments due through the first quarter of 2008 is reported as "Long-Term Debt."

17. COMMITMENTS AND CONTINGENCIES

Product Liability Claims

D&PL is named as a defendant in various lawsuits that allege, among other things, that certain of D&PL's products (including those containing Monsanto's technology) did not perform as the farmer had anticipated or expected. In some of these cases, Monsanto and/or the dealer or distributor who sold the seed are also named as defendants. In all cases where the seed sold contained either or both of Monsanto's Bollgard and/or Roundup Ready gene technologies, and where the farmer alleged a failure of one or more of those technologies, D&PL has tendered the defense of the case to Monsanto and requested indemnity. Pursuant to the terms of the February 2, 1996 Bollgard Gene License and Seed Services Agreement (the "Bollgard Agreement") and the February 2, 1996 Roundup Ready Gene License and Seed Services Agreement (the "Roundup Ready Agreement") (both as amended December 1999, January 2000 and March 2003 and the Roundup Ready Agreement as additionally amended July 1996), D&PL has a right to be contractually indemnified by Monsanto against all claims arising out of the failure of Monsanto's gene technology. Pharmacia remains liable for Monsanto's performance under these indemnity agreements. Some of the product liability lawsuits contain varietal claims which are aimed solely at D&PL. D&PL does not have a right to indemnification from Monsanto for any claims involving varietal characteristics separate from or in addition to the failure of the Monsanto technology. D&PL believes that the resolution of these matters will not have a material impact on the consolidated financial statements. D&PL intends to vigorously defend itself in these matters.

Other Legal Matters

On December 9, 2003, Bayer BioScience N.V. and Bayer CropScience GmbH (collectively "Bayer") filed a suit in the Federal Court of Australia alleging that the importing, exporting, selling and other alleged uses by Deltapine Australia Pty Ltd., D&PL's wholly-owned Australian subsidiary ("Deltapine Australia"), of Bollgard II(R) cottonseed infringes Bayer's Australian patent that claims an alleged invention entitled "Prevention of Bt Resistance Development." The suit seeks an injunction, damages and other relief against Deltapine Australia. Deltapine Australia disputes the validity, infringement and enforceability of Bayer's patent. On April 16, 2004, Deltapine Australia responded to the suit, denying infringement and asserting affirmative defenses and cross claims. The suit is in pretrial proceedings. Due to the status of this matter, management is unable to determine the impact of this matter on the consolidated financial statements.

In July 2003, D&PL received a notice from Monsanto asserting that disputes exist

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among Monsanto, D&PL and D&M Partners, a partnership of D&PL (90%) and Monsanto (10%), pertaining to matters under the Bollgard and Roundup Ready Licenses for the United States and matters under license agreements for Argentina and the Republic of South Africa. In August 2003, D&PL and D&M Partners responded to Monsanto's positions on each issue and notified Monsanto of additional disputes, each concerning Monsanto's compliance with its obligations under the Bollgard and Roundup Ready Licenses for the United States. In accordance with the dispute resolution provisions of the subject agreements, the issues raised in Monsanto, D&PL and D&M Partners' notices were submitted to a panel of senior executives (the "Executive Panel"). Monsanto subsequently withdrew from the Executive Panel the issue involving the license agreements for the Republic of South Africa and submitted to the Executive Panel one additional issue of interpretation of the Bollgard and Roundup Ready Licenses for the United States. Issues arising from operations in Argentina and issues involving technology fees and interest have been settled and are no longer in dispute. On May 20, 2004, Monsanto submitted to arbitration before the American Arbitration Association two unresolved issues: whether D&M Partners has paid Monsanto all royalties due and whether D&PL has made unauthorized transfers of materials containing Monsanto technology. In this arbitration proceeding, Monsanto seeks an adjudication of its alleged right to terminate the Bollgard and Roundup Ready Licenses, to dissolve D&M Partners, to obtain an accounting and to receive monetary damages and a return or destruction of materials containing Monsanto technologies. D&PL denies the claims asserted by Monsanto in the arbitration filing and has filed appropriate responses to Monsanto's claims and filed three counterclaims based on the issues submitted by D&PL to the Executive Panel. The parties are -----

1. On March 31, 2000, Monsanto Company consummated a merger with Pharmacia & Upjohn Inc. and changed its name to Pharmacia Corporation. On February 9, 2000, Monsanto Company formed a new subsidiary corporation, Monsanto Ag Company, which, on March 31, 2000, changed its name to Monsanto Company. On August 31, 2002, Pharmacia distributed to its shareholders its remaining interest in the new Monsanto Company. Pursuant to the closing of a merger on April 16, 2003, Pharmacia Corporation merged with and into a wholly-owned subsidiary of Pfizer Inc. Pharmacia survived the merger as a wholly-owned subsidiary of Pfizer Inc.

In this document, with respect to events occurring on or before March 31, 2000, the term "Monsanto" refers to the entity then designated Monsanto Company and renamed Pharmacia Corporation on that date. With respect to events occurring between March 31, 2000 and April 16, 2003, this entity is referred to as "Pharmacia". With respect to events occurring after April 16, 2003, the entity referred to as "Pharmacia" is that entity which on that date became a wholly-owned subsidiary of Pfizer Inc. With respect to events occurring after March 31, 2000, the entity formed as Monsanto Ag Company and renamed Monsanto Company (NYSE: MON) on March 31, 2000, is referred to as "Monsanto".

currently conducting discovery. The Arbitration Panel has set an August 2006 final hearing date. On November 8, 2004, Monsanto submitted one new claim allegedly involving a dispute under the license agreements to the Executive Panel. This issue has been resolved by the Executive Panel. On March 31, 2005, D&PL submitted an issue involving an international license under the 1996 Option Agreement between Monsanto and D&PL for resolution by the Executive Panel. The Executive Panel has that claim under consideration. D&PL is committed to participating in good faith resolution of the issues in dispute through arbitration, or through the Executive Panel, as applicable. Due to the status of this matter, management is unable to determine the impact of this matter on the consolidated financial statements.

In December 1999, Mycogen Plant Science, Inc. ("Mycogen") filed a suit in the Federal Court of Australia alleging that Monsanto Australia Ltd., Monsanto's wholly-owned Australian subsidiary, and Deltapine Australia have been infringing two of Mycogen's Australian patents by making, selling, and licensing cotton

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planting seed expressing insect resistance. The suit seeks injunction against continued sale of seed containing Monsanto's Ingard(R) gene and recovery of an unspecified amount of damages. Trial of this matter commenced on March 7, 2005, and concluded on April 6, 2005. D&PL is awaiting a decision from the Court. Consistent with its commitments, Monsanto has agreed to defend D&PL in this suit and to indemnify D&PL against damages, if any are awarded. Monsanto is providing separate defense counsel for D&PL. D&PL is assisting Monsanto to the extent reasonably necessary. Due to the status of this matter, management is unable to determine the impact of this matter on the consolidated financial statements.

A corporation owned by the son of D&PL's former Guatemalan distributor sued D&PL in 1989 asserting that D&PL violated an agreement with it by granting to another entity an exclusive license in certain areas of Central America and southern Mexico. The suit seeks damages of 5,292,459 Guatemalan quetzales (approximately \$696,329 at October 31, 2005 exchange rates) and an injunction preventing D&PL from distributing seed through any other licensee in that region. The Guatemalan court, where this action is proceeding, has twice declined to approve the injunction sought. D&PL continues to make available seed for sale in Central America and Mexico. D&PL believes that the resolution of this matter will not have a material impact on the consolidated financial statements.

D&PL vs. Monsanto Company and Pharmacia Corporation

On December 20, 1999, Monsanto withdrew its pre-merger notification filed pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR Act") effectively terminating Monsanto's efforts to gain government approval of the merger of Monsanto with D&PL under the May 8, 1998 Merger Agreement. On December 30, 1999, D&PL filed suit in the First Judicial District of Bolivar County, Mississippi, seeking, among other things, the payment of the \$81 million termination fee due pursuant to the Merger Agreement, compensatory damages and punitive damages. On January 2, 2000, D&PL and Monsanto reached an agreement whereby D&PL would withdraw the suit, without prejudice, for the purpose of negotiating a settlement of D&PL's claims, and Monsanto would immediately pay the \$81 million. On January 3, 2000, Monsanto paid to D&PL the termination fee of \$81 million as required by the Merger Agreement. On January 18, 2000, after unsuccessful negotiations, D&PL re-filed its suit. D&PL seeks in excess of \$1 billion in compensatory and \$1 billion in punitive damages for breach of the Merger Agreement between the parties.

On September 12, 2003, Monsanto amended its answer to include four counterclaims against D&PL. Monsanto is seeking unspecified damages for its counterclaims, including the \$81 million paid by Monsanto to D&PL as a termination fee and related expenses. D&PL answered the counterclaims, denying all liability, and D&PL intends to vigorously defend itself against these counterclaims. On December 21, 2004, Monsanto filed a motion to amend its answer to withdraw two of its four counterclaims. On February 17, 2005, D&PL filed a motion with the trial court to amend its complaint to add a claim against Monsanto for fraudulently inducing D&PL to extend the deadline to complete the merger with Monsanto. The Mississippi Supreme Court has stayed the proceedings in this case pending the resolution of two interlocutory appeals filed by D&PL. Due to the status of this matter, management is unable to determine the impact of this matter on the consolidated financial statements.

18. STOCKHOLDERS' EQUITY

Preferred Stock

The Board of Directors of D&PL is authorized, subject to certain limitations prescribed by law, without further stockholder approval, to issue up to an aggregate of 2,000,000 shares of Preferred Stock, in one or more series, and to determine or alter the designations, preferences, rights and any qualifications,

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limitations or restrictions on the shares of each such series thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of such series.

In August 1996, the Board of Directors adopted a Stockholder Rights Plan ("Rights Plan") and declared a dividend of one preferred stock purchase right ("right") for each outstanding share of D&PL's Common Stock. Similar rights have been, and generally will be, issued in respect of Common Stock subsequently issued. Each right becomes exercisable, upon the occurrence of certain events, for one one-hundredth of a share of Series A Junior Participating Preferred Stock, \$0.10 par value, at a purchase price of \$175 per one one-hundredth of a Preferred Share, subject to adjustment. In the event that D&PL is acquired in a merger or other business combination transaction not approved by the Board of Directors, each holder of a right shall have the right to receive that number of shares of common stock of the surviving company which would have a market value of two times the exercise price of the right. Under the Rights Plan, 456,989 shares of Series A Junior Participating Preferred Stock have been reserved. The rights currently are not exercisable and will be exercisable only if a person or group acquires beneficial ownership of 15% or more of D&PL's outstanding shares of Common Stock. The rights, which expire on August 30, 2006, are redeemable in whole, but not in part, at D&PL's option at any time for a price of \$0.01 per right.

D&PL issued 1,066,667 shares (after effect of stock splits) of Series M Convertible Non-Voting Preferred Stock, as consideration for the purchase in 1996 of Hartz Cotton, Inc. from Monsanto. The holders of Series M Preferred Stock are entitled to receive dividends at the same rate per share as is paid from time to time on each share of the Common Stock of D&PL, and no more, when and as declared by the Board of Directors. In the event of any liquidation, dissolution or winding up of D&PL, either voluntary or involuntary, the holders of Series M Preferred Stock shall be entitled to receive, prior to and in preference to any distribution to holders of Common Stock or any other class of security of D&PL, \$13.936 per share of Series M Preferred Stock. The Series M Preferred Stock became convertible on February 2, 2003, the seventh anniversary of the date on which the Series M Preferred Stock was issued.

Long Term Incentive Plans

The 1993 Stock Option Plan authorized the issuance of options to purchase up to 2,560,000 shares (after effect of all stock splits) of Common Stock at an option price not less than the market price on the date of grant.

The 1995 Long-Term Incentive Plan, as amended and restated in March 2000, (the "LTIP") allows for the awarding of stock options to officers, key employees and directors. The amended and restated 1995 plan eliminates the ability of the Board of Directors to award stock appreciation rights, restricted shares of common stock and performance unit credits. Under the LTIP, options to purchase 5,120,000 shares (after effect of stock splits) of Common Stock of D&PL were available for grant. Shares subject to options and awards which expire unexercised are available for new option grants and awards under the LTIP. New members of the Board of Directors receive automatic grants of options to purchase 62,222 shares upon being named to the Board and each director is given an additional annual grant of options to purchase 2,666 shares for each of the second through sixth year each director serves as such (which grants began in 1998). At the March 30, 2000 Annual Meeting, the Board of Directors agreed to grant options to each Director for 80,000 shares of D&PL Common Stock. Such options are exercisable ratably over five years commencing after one year from the date of grant.

The 2005 Omnibus Stock Plan ("2005 Stock Plan"), approved by the shareholders in

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January 2005, provides the grant of (a) incentive stock options as defined in the Internal Revenue Code of 1986, as amended, (b) non-qualified stock options, (c) restricted stock, and (d) restricted stock units to D&PL's employees, independent contractors and members of the Board of Directors for the purpose of encouraging share ownership of D&PL. Up to 4,500,000 shares shall be available for grants of awards under the Plan. The maximum number of shares which may be issued for awards of restricted stock and restricted stock units is 2,100,000 shares and the maximum for options is 2,400,000. The Compensation Committee of the Board of Directors administers the Plan and has sole discretion regarding the exercisability of the option grants. Any lapsed awards shall again be available under this plan.

During 2005, approximately 1.1 million stock options were granted under the LTIP and the 2005 Stock Plan, most of which were granted at exercise prices above the fair market value of D&PL Common Stock at the time of grant. These options were all vested as of August 31, 2005.

Additional information regarding stock options granted and outstanding is summarized below:

	Number of Shares	Price Range	
	-----	-----	-----
Outstanding at August 31, 2002	4,037,819	\$ 4.67	\$ 47.31
Granted	258,554	18.28	23.99
Exercised	(213,545)	4.67	24.25
Lapsed or canceled	(98,846)	17.85	41.69
	-----	-----	-----
Outstanding at August 31, 2003	3,983,982	4.67	47.31
Granted	35,332	22.61	25.50
Exercised	(637,704)	4.67	22.36
Lapsed or canceled	(51,977)	4.67	22.67
	-----	-----	-----
Outstanding at August 31, 2004	3,329,633	10.69	47.31
Granted	1,170,548	26.02	30.06
Exercised	(766,109)	10.69	26.82
Lapsed or canceled	(29,890)	17.78	26.82
	-----	-----	-----
Outstanding at August 31, 2005	3,704,182	\$ 10.69	\$ 47.31
	=====	=====	=====

The weighted average fair values of options granted in 2005, 2004 and 2003 were \$4.64, \$6.14, and \$6.41 per share, respectively. The fair value for these options was estimated at the date of grant, using a Black-Scholes Option Pricing Model with the following assumptions:

	2005	2004	2003
	-----	-----	-----
Expected dividend yield	1.48%	1.00%	1.00%
Expected option lives	4 years	8 years	8 years
Expected volatility	19.81%	16.01%	24.99%
Risk-free interest rates	3.96%	3.82%	3.07%

The following table summarizes certain information about outstanding and exercisable stock options at August 31, 2005:

Options Outstanding	Options E
---------------------	-----------

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Exercise Price Range	Number	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number
\$10.69 to 19.99	1,646,274	5.2	\$ 18.95	1,309,339
\$20.00 to 29.99	1,771,791	4.9	25.95	1,631,552
\$30.00 to 39.99	284,117	5.5	31.74	284,117
\$40.00 to 47.31	2,000	2.7	47.31	2,000
	-----			-----
	3,704,182	5.1	23.30	3,227,008
	=====			=====

On May 18, 2005, the Company issued approximately 145,000 shares of Restricted Stock to its employees under the provisions of the 2005 Stock Plan. Pursuant to the 2005 Stock Plan, Restricted Stock is a Stock Award under which the shares are subject to forfeiture should the participant not be employed by the Company on the date or dates specified in the Stock Award or should the performance goals, if any, specified in the Stock Award not be met. The Stock Award for this particular issuance did not contain any performance goals. Ownership of these instruments vest to the holders over a three-year period, as follows: 40% on May 19, 2006; 30% on May 18, 2007; and 30% on May 18, 2008.

The Company also issued 24,000 Restricted Stock Units (RSU's) to its non-employee directors under the provisions of the 2005 Stock Plan. Pursuant to the 2005 Stock Plan, RSU means a Stock Award subject to a period or periods of time after which the participant will receive shares if the conditions contained in such award have been met. This particular issuance of RSU's contained no conditions other than the passage of time. The RSU's issued vest on the same schedule as the Restricted Stock discussed above.

Deferred compensation expense of approximately \$4.4 million related to the Restricted Stock and RSU's will be recognized over the three-year vesting period based on the percentage of the units vesting in each respective year. The deferred compensation expense was calculated based on the market price of the Company's common stock on the date of grant, which was \$26.31. For the year ended August 31, 2005, the Company recognized approximately \$508,000 of compensation expense related to these instruments.

Treasury Stock

In February 2000, the Board of Directors authorized a program for the repurchase of up to \$50 million of D&PL's common stock. The shares repurchased under this program were used to provide for option exercises, the potential conversion of D&PL's Series M Convertible Non-Voting Preferred shares and for other general corporate purposes. At August 31, 2005, D&PL had repurchased 2,229,900 shares at an aggregate purchase price of approximately \$47,505,000 under this program. This repurchase plan was terminated and replaced by the June 2005 plan discussed below.

On May 24, 2005, D&PL completed the purchase of 2,374,940 shares of its common stock pursuant to a modified "Dutch auction" tender offer that was announced on April 20, 2005, under a new plan separately approved by the Board of Directors. The shares were purchased for \$27.00 per share for an aggregate purchase price of \$64,123,380. The Company also incurred associated expenses of approximately \$675,000 in connection with the acquisition of these shares (primarily related to legal and advisory services) that have been recorded as a component of treasury stock.

On June 30, 2005, D&PL's Board of Directors authorized a new share repurchase

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program to buy up to an additional \$50 million of the Company's common stock. This program replaces the plan established in February 2000. At August 31, 2005, D&PL had repurchased 110,000 shares at an aggregate purchase price of approximately \$2,807,000 under this plan.

Earnings Per Share

Dilutive common share equivalents consist of D&PL's Series M Convertible Non-Voting Preferred shares, the outstanding options to purchase D&PL's common stock that have been issued under the 1993 Stock Option Plan, the 1995 Long-Term Incentive Plan and the 2005 Omnibus Stock Plan and the outstanding Restricted Stock and Restricted Stock Units which have been issued under the 2005 Omnibus Stock Plan. Approximately 599,000, 551,000 and 1,117,000 outstanding common stock options were not included in the computation of diluted earnings per share for the years ended August 31, 2005, 2004 and 2003, respectively, because the effect of their exercise was not dilutive based on the average market price of D&PL's common stock for each respective reporting period. For the year ended August 31, 2005, the Restricted Stock and Restricted Stock Units were not included in the computation of diluted earnings per share as they were anti-dilutive in the period presented. The number of dilutive common share equivalents issued in the current year to include or exclude in the computation of diluted earnings per share is calculated based on the length of time they have been outstanding. The excluded options expire at various dates from 2007 to 2015.

The table below reconciles the basic and diluted per share computations:

	For the Years Ended August 31,		
	2005	2004	
Income (in thousands):			
Net income	\$ 42,557	\$ 5,316	\$
Less: Preferred stock dividends	(544)	(491)	
Net income for basic EPS	42,013	4,825	
Effect of Dilutive Securities:			
Convertible Preferred Stock Dividends	544	491	
Net income available to common stockholders plus assumed conversions - for diluted EPS	\$ 42,557	\$ 5,316	\$
Shares (in thousands):			
Basic EPS shares	37,958	38,250	
Effect of Dilutive Securities:			
Options to purchase common stock	345	353	
Convertible preferred stock	1,067	1,067	
Diluted EPS shares	39,370	39,670	
Per Share Amounts:			
Basic	\$ 1.11	\$ 0.13	\$
Diluted	\$ 1.08	\$ 0.13	\$

Shares Outstanding

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Additional information regarding shares outstanding is summarized below:

Common Shares	Number of Shares
Outstanding at August 31, 2002	38,204,405
Exercises of stock options	213,545
Purchases of common stock	(310,100)
Outstanding at August 31, 2003	38,107,850
Exercises of stock options	637,704
Purchases of common stock	(250,200)
Outstanding at August 31, 2004	38,495,354
Exercises of stock options	766,109
Purchases of common stock	(3,161,640)
Outstanding at August 31, 2005	36,099,823

19. UNAUDITED QUARTERLY FINANCIAL DATA

All of D&PL's domestic seed products (including those containing Bollgard, Bollgard II and Roundup Ready technologies) are subject to return and credit risks, the effects of which vary from year to year. The annual level of returns and, ultimately, net sales and net income, are influenced by various factors, principally commodity prices and weather conditions occurring in the spring planting season (during D&PL's third and fourth fiscal quarters). D&PL provides for estimated returns as sales occur. To the extent actual returns differ from estimates, adjustments to D&PL's operating results are recorded when such differences become known, typically in D&PL's fourth quarter. All significant returns occur or are accounted for by fiscal year end. D&PL also offers various sales incentive programs for seed and participate in such programs related to the Bollgard, Bollgard II and Roundup Ready technology fees offered by Monsanto. Generally, under these programs, if a farmer plants his seed and the crop is lost (usually due to inclement weather) by a certain date, a portion of the price of the seed and technology fees are forgiven or rebated to the farmer. The amount of the refund and the impact to D&PL depends on a number of factors including whether the farmer can replant the crop that was destroyed. D&PL records monthly estimates to account for these programs. The majority of program rebates occur during the second, third and fourth quarters. Essentially all material claims under these programs have occurred or are accounted for by fiscal year end. Generally, international sales are not subject to return. A substantial portion of Company sales is concentrated in the second and third fiscal quarters. As a result, D&PL generally expects to incur losses in the first and fourth quarters. Management believes that such seasonality is common throughout the seed industry.

Summarized unaudited quarterly financial data is as follows: (In thousands, except per share data)

Fiscal 2005: Three months ended	November 30	February 28	May 31	
Net sales and licensing fees	\$ 17,454	\$ 119,859	\$ 203,320	\$
Gross profit	9,033	44,684	73,573	
Net (loss) income applicable to				

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common shares	(4,445)	19,032	36,156
Net (loss) income per share-basic (2)	(0.12)	0.49	0.94
Weighted average number of shares used			
in quarterly per share calculations-basic	38,544	38,763	38,416
Net (loss) income per share-diluted (2)	(0.12)	0.48	0.91
Weighted average number of shares used			
in quarterly per share calculations-diluted	38,544	40,276	39,839

Fiscal 2004: Three months ended

	November 30	February 29	May 31
Net sales and licensing fees	\$ 13,837	\$ 88,643	\$ 185,649
Gross profit	5,809	32,164	64,555
Net (loss) income applicable to			
common shares (1)	(7,085)	9,315	31,301
Net (loss) income per share-basic (1) (2)	(0.19)	0.24	0.82
Weighted average number of shares used			
in quarterly per share calculations-basic	38,099	38,138	38,311
Net (loss) income per share-diluted (1) (2)	(0.19)	0.24	0.79
Weighted average number of shares used			
in quarterly per share calculations-diluted	38,099	39,768	39,799

Fiscal 2003: Three months ended

	November 30	February 28	May 31
Net sales and licensing fees	\$ 5,599	\$ 107,519	\$ 168,221
Gross profit	1,311	41,842	57,841
Net (loss) income applicable to			
common shares (3)	(7,484)	16,068	28,401
Net (loss) income per share-basic (2) (3)	(0.20)	0.42	0.75
Weighted average number of shares used			
in quarterly per share calculations-basic	38,176	38,124	38,049
Net (loss) income per share-diluted (2) (3)	(0.20)	0.41	0.72
Weighted average number of shares used			
in quarterly per share calculations-diluted	38,176	39,556	39,598

(1) The 2004 fourth quarter includes the effect of recording a \$38.5 million charge for a write off of in-process research and development and related transaction expenses related to our August 24, 2004 acquisition of global licenses to develop and commercialize Syngenta's insect resistance technology in cottonseed.

(2) The sum of the quarterly net (loss) income per share amounts may not equal the annual amount reported since per share amounts are computed independently for each quarter, whereas annual earnings per share are based on the annual weighted average shares deemed outstanding during the year.

(3) The 2003 first and third quarters each include the effect of recording a \$0.5 million charge in each quarter for the closing of two U.S. locations and reductions in the number of employees at an international wholly-owned subsidiary and at an international joint venture.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable

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ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

We have established disclosure controls and procedures, as such term is defined in Rule 13a - 15(e) under the Securities Exchange Act of 1934. Our disclosure controls and procedures are designed to ensure that material information relating to us, including our consolidated subsidiaries, is made known to our principal executive officer and principal financial officer by others within our organization. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of August 31, 2005. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of August 31, 2005, to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) Changes in Internal Controls.

There have not been any changes in D&PL's internal control over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, D&PL's internal control over financial reporting.

(c) Management's Annual Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a - 15(f) under the Securities and Exchange Act of 1934. Under the supervision of and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of August 31, 2005, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of August 31, 2005. Our management's assessment of the effectiveness of our internal control over financial reporting as of August 31, 2005, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included herein.

ITEM 9B. OTHER INFORMATION

The Board of Directors of D&PL has established January 16, 2006 as the next Annual Meeting of Shareholders. Shareholders of record as of November 18, 2005 will be entitled to vote at that meeting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to this item is set forth in D&PL's Proxy Statement for the Annual Meeting of Stockholders to be held on January 16, 2006 to be filed with the Commission pursuant to Regulation 14(a) no later than November 29, 2005 and is incorporated herein by reference.

D&PL has adopted a written code of ethics, the "Delta and Pine Land Company Code of Business Conduct and Ethics" which is applicable to all directors, officers and employees of D&PL, including D&PL's principal executive officer, principal financial officer, principal accounting officer or controller and other

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executive officers identified pursuant to this Item 10 who perform similar functions (collectively, the "Selected Officers"). In accordance with the rules and regulations of the Securities and Exchange Commission, a copy of the code has been posted on the Company's website. The Company intends to disclose any changes in or waivers from its code of ethics applicable to any Selected Officer on its website at <http://www.deltaandpine.com> or by filing a Form 8-K.

Stockholders may obtain a copy of D&PL's Nominating/Corporate Governance Committee Charter, Compensation Committee Charter, Audit Committee Charter, Corporate Governance Guidelines, and Code of Business Conduct and Ethics without charge, by contacting: R. D. Greene, Vice President - Finance and Treasurer, Delta and Pine Land Company, One Cotton Row, Scott, Mississippi 38772, via email at ricky.d.greene@deltaandpine.com, or by accessing our website at www.deltaandpine.com under About D&PL - Corporate Governance.

The Annual Certification of the Company's Chief Executive Officer required to be furnished to the New York Stock Exchange pursuant to Section 302A.12(a) of the NYSE Listed Company Manual was previously filed at the New York Stock Exchange on November 22, 2004.

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information with respect to these items are set forth in D&PL's Proxy Statement for the Annual Meeting of Stockholders to be held on January 16, 2006 to be filed with the Commission pursuant to Regulation 14(a) no later than November 29, 2005 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements - the following consolidated financial statements of Delta and Pine Land Company and subsidiaries are submitted in response to Part II, Item 8:

Reports of Independent Registered Public Accounting Firm

Consolidated Statements of Income - for each of the three years in the period ended August 31, 2005

Consolidated Balance Sheets - August 31, 2005 and 2004

Consolidated Statements of Cash Flows - for each of the three years in the period ended August 31, 2005

Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income - for each of the three years in the period ended August 31, 2005

Notes to Consolidated Financial Statements

2. Financial Statement Schedule - the following financial statement schedule of Delta and Pine Land Company and subsidiaries is submitted in response to Part IV, Item 15:

Report of Independent Registered Public Accounting Firm.....62

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Schedule II - Consolidated Valuation and Qualifying Accounts.....63

All other schedules have been omitted as not required, not applicable or because all the data is included in the financial statements.

3. Exhibits

The exhibits to the Annual Report of Delta and Pine Land Company filed herewith are listed on Page 64.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on November 14, 2005.

DELTA AND PINE LAND COMPANY
(Registrant)

/s/ Jon E. M. Jacoby November 14, 2005

By: Jon E. M. Jacoby, Chairman of the Board

Pursuant to the requirements of the Securities and Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ W. Thomas Jagodinski ----- W. Thomas Jagodinski	President, Chief Executive Officer, and Director (Principal Executive Officer)	November 14, 2005
/s/ R. D. Greene ----- R. D. Greene	Vice President - Finance, Treasurer and Assistant Secretary (Principal Financial and Accounting Officer)	November 14, 2005
/s/ F. Murray Robinson ----- F. Murray Robinson	Vice Chairman and Director	November 14, 2005
/s/ Stanley P. Roth ----- Stanley P. Roth	Vice Chairman and Director	November 14, 2005
/s/ Nam-Hai Chua ----- Nam-Hai Chua	Director	November 14, 2005
/s/ Joseph M. Murphy ----- Joseph M. Murphy	Director	November 14, 2005

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/s/ Rudi E. Scheidt Director

November 14, 2005

Rudi E. Scheidt

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Delta and Pine Land Company:

Under date of November 14, 2005, we reported on the consolidated balance sheets of Delta and Pine Land Company and subsidiaries (the Company) as of August 31, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended August 31, 2005, contained in the Annual Report on Form 10-K for the year 2005. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule listed in Part IV, Item 15(a)2. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Jackson, Mississippi
November 14, 2005

SCHEDULE II
DELTA AND PINE LAND COMPANY AND SUBSIDIARIES
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS

Column A ----- Description	(In thousands)			
	Column B ----- Balance at Beginning of Period	Charged to Costs and Expenses	Column C ----- Charged to Other Accounts	Column ----- Deductio
Fiscal year ended August 31, 2003				
Allowance for doubtful accounts	\$ 1,100	\$ 476	\$ 472 (a)	\$ (
Fiscal year ended August 31, 2004				
Allowance for doubtful accounts	\$ 2,009	\$ 263	\$ - (a)	\$ (7
Fiscal year ended August 31, 2005				

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Allowance for doubtful accounts \$ 1,524 \$ 839 \$ 119(a) \$ (6)

(a) Amount charged to cumulative translation adjustment for fluctuations in non-U.S. dollar denominated reserves.

(b) Write off of uncollectible accounts, net of recoveries.

(c) Amount includes \$724 related to a write-off against the allowance for doubtful accounts of amounts previously deemed uncollectible and provided for in prior years. In addition, certain payables of a similar amount related to this item were also reduced in the prior years.

(d) Amount represents write-off against the allowance for doubtful accounts deemed uncollectible and provided for in prior years.

INDEX EXHIBITS TO ANNUAL REPORT ON FORM 10-K YEAR ENDED AUGUST 31, 2005 DELTA AND PINE LAND COMPANY

Exhibits (1)	Description
2.01	Agreement and Plan of Merger dated as of May 8, 1998, by and between Monsanto Company and Delta and Pine Land Company. (2)
2.02	Termination Option Agreement dated as of May 8, 1998, by and between Monsanto, Company and Delta and Pine Land Company. (2)
3.01	Restated Certificate of Incorporation of the Registrant dated June 11, 1993.
3.02	Amended and Restated By-Laws of the Registrant dated April 26, 1993.
4.01	Certificate of Designation, Convertible Preferred Stock of Delta and Pine Land Company. (3)
4.02	Specimen Certificate representing the Common Stock, par value \$.10 per share.
4.03	Reserved.
4.04	Rights Agreement, dated as of August 13, 1996, between Delta and Pine Land Company and Harris Trust and Savings Bank, including the form of Right Certificate and related form of Election to Purchase as Exhibit A and the Summary of Rights to Purchase Preferred Shares as Exhibit B. (4)
4.05	Amendment No. 1 to the Rights Agreement dated May 8, 1998, by and between Delta and Pine Land Company and the Harris Trust and Savings Bank. (2)
4.06	Amendment No. 2 to the Rights Agreement dated May 8, 1998 by and between Delta and Pine Land Company and the Harris Trust and Savings Bank. (14)
4.07	Certificate of Designations of the rights and privileges of the shares of junior participating preferred stock created on August 13, 1996, to be filed pursuant to Section 151 of the Delaware General Corporation

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- Law. (4)
- 4.08 Delta and Pine Land Company 2005 Omnibus Stock Plan. (6) (19)
- 10.01 Incentive Bonus Program. (1) (6)
- 10.02 Delta and Pine Land Company Retirement Plan as amended and restated as of January 1, 1997 and further amended by Amendment No. 1 dated October 23, 2002, Amendment Nos. 2 and 3 dated December 20, 2002. (15)
- 10.03 Supplemental Executive Retirement plan dated May 22, 1992, and effective January 1, 1992. (1) (6)
- 10.04 1993 Stock Option Plan of Registrant, as adopted on June 11, 1993. (1) (6)
- 10.05 Asset Purchase Agreement between Delta and Pine Land Company and Cargill, Inc. dated May 2, 1994. (8)
- 10.06 Delta and Pine Land Company Savings Plan - Wells Fargo Bank Texas, N.A. Defined Contribution Master Plan and Trust Agreement, Adoption Agreement dated December 23, 2002, EGTRRA Amendment to the Wells Fargo Bank Texas, N.A. Defined Contribution Master Plan and Trust Agreement dated November 1, 2001, Post-EGTRRA Amendment to the Wells Fargo Bank Texas, N.A. Defined Contribution Master Plan and Trust Agreement dated September 11, 2003. (15)
- 10.07 Hartz Cotton Acquisition Agreement dated February 2, 1996 among Monsanto Company ("Monsanto"), Hartz Cotton, Inc. ("Hartz Cotton"), Delta and Pine Land Company (the "Company") and Paymaster Technology Corp. ("PTC"). (3)
- 10.08 Trademark License Agreement dated February 2, 1996 between Monsanto and D&PL. (3)
- 10.09 Registration Rights Agreement between D&PL and Monsanto dated February 2, 1996. (3)
- 10.10 Reserved.
- 10.11 Reserved.
- 10.12 Reserved.
- 10.13 Reserved.
- 10.14 Partnership Agreement dated February 2, 1996 between D&PL and Monsanto. (3)
- 10.15 Marketing Services Agreement dated February 2, 1996 between D&PL, Monsanto and D&M Partners. (3)
- 10.16 Bollgard Gene License and Seed Services Agreement dated February 2, 1996 between Monsanto, D&M Partners, and D&PL. (3)
- 10.17 Roundup Ready Gene License and Seed Services Agreement dated February 2, 1996 between Monsanto, D&M Partners and D&PL. (3)
- 10.18 Option Agreement dated February 2, 1996 between Monsanto and D&PL. (3) (6)
- 10.19 Agreement between the D&PL Companies and the Sure Grow Companies, Sure

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- Grow Shareholders and Sure Grow Principals dated May 20, 1996. (9)
- 10.20 Amended and Restated Delta and Pine Land Company 1995 Long-Term Incentive Plan, as adopted on February 6, 1996. (6) (15)
- 10.21 Amendment to Agreements dated as of December 8, 1999, by and between Monsanto Company, Registrant, D&M Partners, a partnership of Monsanto and D&PL, and Paymaster Technology Corp. (12)
- 10.22 D&M International Operating Agreement on March 10, 1995, between Delta and Pine Land Company, through its wholly-owned subsidiary D&PL International Technology Corp. and Monsanto Company. (13)
- 10.23 Bollgard II Gene License and Seed Services Agreement dated December 11, 2000. (11)
- 10.24 Roundup Ready Soybean License and Seed Services Agreement and the Amended and Restated Licensee Incentive Agreement. (11)
- 10.25 Bollgard Gene License Agreement by and between Monsanto Company, Delta and Pine Land Company, D&PL International Technology Corp., and D&M International, L.L.C. and Amendment. (10)
- 10.26 Redemption Agreement dated as of May 28, 2002 among D&M International, L.L.C., D&PL International Technology Corp., Pharmacia Corporation, solely for the purposes of Section 1.2c and Articles II and III thereof, and Monsanto Company, and, solely for the purposes of Section 3.2 thereof, Delta and Pine Land Company. (10)
- 10.27 Amendment to Bollgard Gene License and Seed Services Agreement of February 2, 1996 dated March 26, 2003. (15)
- 10.28 Amendment to Roundup Ready Gene License and Seed Services Agreement of February 2, 1996 dated March 26, 2003. (15)
- 10.29 Restated License Acquisition Agreement dated August 24, 2004 among Syngenta Crop Protection AG and Delta and Pine Land Company. (16) (*)
- 10.30 Restated VIP3A Gene License Agreement dated August 24, 2004 among Syngenta Crop Protection AG and Delta and Pine Land Company. (16) (*)
- 10.31 Restated Cry1Ab Gene License Agreement dated August 24, 2004 among Syngenta Crop Protection AG and Delta and Pine Land Company. (16) (*)
- 10.32 Credit agreement among Delta and Pine Land Company, as Borrower, Certain of its Subsidiaries, as Guarantors, and Bank of America, N.A., as Lender, dated as of April 15, 2005 and related forms of Revolving Note dated April 15, 2005 and Autoborrow Service Agreement dated April 15, 2005. (21)
- 10.33 Roundup Ready Flex Gene License and Seed Services Agreement dated December 22, 2004. (20)
- 10.34 Form of Restricted Stock Unit Award - Member of the Board of Directors. (6) (22)
- 10.35 Form of Restricted Stock Award - Member of the Board of Directors. (6) (22)
- 10.36 Form of Restricted Stock Award - Employee. (6) (22)
- 10.37 Form of Non-Qualified Stock Option Award. (6) (22)

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- 10.38 Employment Agreement between Delta and Pine Land Company and W. Thomas Jagodinski effective September 1, 1997. (6) (18)
- 14.00 Delta and Pine Land Company Code of Business Conduct and Ethics as amended October 28, 2004. (17)
- 16.00 Letter from Arthur Andersen LLP to the Securities and Exchange Commission dated May 14, 2002 regarding change in certifying accountant. (5)
- 21.01 Subsidiaries of the Registrant. (23)
- 23.01 Consent of Independent Registered Public Accounting Firm. (23)
- 31.01 Section 302 Certification of Principal Executive Officer. (23)
- 31.02 Section 302 Certification of Principal Financial Officer. (23)
- 32.01 Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350 by Principal Executive Officer. (23)
- 32.02 Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350 by Principal Financial and Accounting Officer. (23)

- (1) All incorporated by reference from Registration Statement on Form S-1, File No. 33-61568, filed June 29, 1993 except as otherwise noted herein.
- (2) Incorporated by reference from Form 8-K filed May 14, 1998
- (3) Incorporated by reference from Form 8-K, File No. 000-14136, filed February 19, 1996
- (4) Incorporated by reference from Form 8-A, File No. 000-21293, filed September 3, 1996
- (5) Incorporated by reference from Form 8-K filed May 17, 2002
- (6) Represents management contract or compensatory plan
- (7) Incorporated by reference from Form 10-Q, File No. 000-21788, filed July 14, 1995
- (8) Incorporated by reference from Form 8-K filed May 16, 1994
- (9) Incorporated by reference from Form 8-K, File No. 000-21788, filed June 4, 1996
- (10) Incorporated by reference from Form 10-K filed November 25, 2002
- (11) Incorporated by reference from Form 10-K filed November 29, 2001
- (12) Incorporated by reference from Form 8-K filed May 18, 2000
- (13) Incorporated by reference from Form 8-K filed September 14, 2000
- (14) Incorporated by reference from Form 10-K filed November 24, 1998
- (15) Incorporated by reference from Form 10-K filed November 26, 2003
- (16) Incorporated by reference from Form 10-K filed November 15, 2004
- (17) Incorporated by reference from Form 8-K filed November 1, 2004
- (18) Incorporated by reference from Form 10-Q filed January 15, 1998
- (19) Incorporated by reference from Form S-8 filed March 28, 2005
- (20) Incorporated by reference from Form 10-Q filed April 11, 2005
- (21) Incorporated by reference from Form 8-K filed April 20, 2005
- (22) Incorporated by reference from Form 8-K filed May 24, 2005
- (23) Filed herewith
- (*) The Company has applied for and received SEC approval for confidential treatment for portions of this agreement. Accordingly, portions thereof have been omitted and filed separately.