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DELTA & PINE LAND CO
Form 10-Q
January 16, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

- (x) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended November 30, 2000 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

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

State of Incorporation: Delaware
I.R.S. Employer Identification Number: 62-1040440

Address of Principal Executive Offices (including zip code)
One Cotton Row, Scott, Mississippi 38772

Registrant's telephone number, including area code:
(662) 742-4500

Indicate by check mark whether 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 ()

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$0.10 Par Value -38,397,527 shares outstanding as of December 31, 2000.

DELTA AND PINE LAND COMPANY AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION
Item 1. Consolidated Financial Statements

DELTA AND PINE LAND COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(Unaudited)

	November 30,	A
	1999	---
	-----	---
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$	5,544
Receivables, net		8,456
Inventories		76,142
Prepaid expenses		1,635
Deferred income taxes		12,865

Total current assets		104,642

PROPERTY, PLANT and EQUIPMENT, net		65,030
EXCESS OF COST OVER NET ASSETS OF BUSINESS ACQUIRED, net		4,428

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INTANGIBLES, net	4,346
OTHER ASSETS	3,233
	\$ 181,679
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Notes payable	\$ 1,981
Accounts payable	39,352
Accrued expenses	22,922
Income taxes payable	1,698

Total current liabilities	65,953

LONG-TERM DEBT, less current maturities	21,700
DEFERRED INCOME TAXES	5,773
MINORITY INTEREST IN SUBSIDIARIES	8,519

Total noncurrent liabilities	35,992

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	107
share; 1,066,667 shares authorized; issued and outstanding	
Common stock, par value \$0.10 per share; 100,000,000 shares authorized;	
38,832,269; 38,394,725 and 38,962,493 shares issued; 38,718,003;	
38,377,759 and 38,394,527 shares outstanding	3,883
Capital in excess of par value	42,318
Retained earnings	38,268
Accumulated other comprehensive loss	(2,669)
Treasury stock at cost, 114,266; 567,966 and 567,966 shares	(2,173)

Total stockholders' equity	79,734

	\$ 181,679
	=====

The accompanying notes are an integral part of these balance sheets.

DELTA AND PINE LAND COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED NOVEMBER 30,
(in thousands, except per share amounts)
(Unaudited)

1999

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NET SALES AND LICENSING FEES	\$ 4,549
COST OF SALES	4,248

GROSS PROFIT	301

OPERATING EXPENSES:	
Research and development	4,358
Selling	3,239
General and administrative	3,084

	10,681

Unusual charges related to terminated merger	467

OPERATING LOSS	(10,847)
INTEREST INCOME, net	83
OTHER INCOME	83
MINORITY INTEREST IN (EARNINGS) / LOSSES OF SUBSIDIARIES	115

LOSS BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(10,566)
INCOME TAX BENEFIT	4,015

NET LOSS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(6,551)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR STARTUP COSTS, NET	(2,965)

NET LOSS	(9,516)
DIVIDENDS ON PREFERRED STOCK	(24)

NET LOSS APPLICABLE TO COMMON SHARES	\$ (9,540)
	=====
BASIC AND DILUTED NET LOSS PER SHARE	\$ (0.25)
	=====
NUMBER OF SHARES USED IN BASIC AND DILUTED EARNINGS PER SHARE CALCULATIONS	38,662
	=====
DIVIDENDS PER COMMON SHARE	\$ 0.03
	=====

The accompanying notes are an integral part of these statements.

DELTA AND PINE LAND COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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FOR THE THREE MONTHS ENDED NOVEMBER 30,
(in thousands)
(Unaudited)

	1999
<hr style="border-top: 1px dashed black;"/>	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (9,516)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	1,742
Minority interest in net (loss) income of subsidiaries	(115)
Noncash changes in other comprehensive income	-
Changes in current assets and liabilities:	
Receivables	139,470
Inventories	(28,415)
Prepaid expenses	(162)
Accounts payable	19,362
Accrued expenses	(120,134)
Income taxes payable	(6,384)
Intangibles and other assets	1,014
	<hr style="border-top: 1px dashed black;"/>
Net cash used in operating activities	(3,138)
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CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(1,578)
	<hr style="border-top: 1px dashed black;"/>
Net cash used in investing activities	(1,578)
	<hr style="border-top: 1px dashed black;"/>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments of short-term debt	(2,800)
Payments of long-term debt	(11,400)
Dividends paid	(1,186)
Proceeds from long-term debt	17,062
Proceeds from short-term debt	-
Proceeds from exercise of stock options	1,156
	<hr style="border-top: 1px dashed black;"/>
Net cash provided by financing activities	2,832
	<hr style="border-top: 1px dashed black;"/>
EFFECTS OF FOREIGN CURRENCY TRANSLATION LOSSES	(124)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,008)
CASH AND CASH EQUIVALENTS, as of August 31	7,552
	<hr style="border-top: 1px dashed black;"/>
CASH AND CASH EQUIVALENTS, as of November 30	\$ 5,544
	<hr style="border-top: 3px double black;"/>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the three months for:	
Interest paid, net of capitalized interest	\$ 300
Income taxes	\$ -
Noncash financing activities:	
Tax benefit of stock option exercises	\$ -

The accompanying notes are an integral part of these statements.

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DELTA AND PINE LAND COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except percentages and share amounts)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the consolidated financial statements have been included. Due to the seasonal nature of Delta and Pine Land Company and subsidiaries' (the "Company") business, the results of operations for the three month periods ended November 30, 1999 and November 30, 2000 or for any quarterly period, are not necessarily indicative of the results to be expected for the full year. For further information reference should be made to the consolidated financial statements and footnotes thereto included in the Company's Annual Report to Stockholders on Form 10-K for the fiscal year ended August 31, 2000.

Changes to Significant Accounting Policies

Derivative Financial Instruments

The Company uses various financial instruments that are considered derivatives to mitigate its risk to variability in cash flows related to soybean purchases and effectively fix the cost of a significant portion of its soybean raw material inventory. The terms of the hedging derivatives used by the Company are negotiated to approximate the terms of the forecasted transaction; therefore, the Company expects no material ineffectiveness. Hedging realized and unrealized gains and losses are recorded as a component of other comprehensive income and are reclassified into earnings in the period in which the forecasted transaction effects earnings (i.e. is sold or disposed) and generally occurs during the Company's second and third fiscal quarters. The Company does not speculate in derivatives.

Certain prior year balances have been reclassified to conform to the current year presentation.

2. COMPREHENSIVE INCOME/LOSS

Comprehensive income includes all non-shareowner changes in equity and consists of net income, foreign currency translation adjustments, unrealized gains and losses on available-for-sale securities, and minimum pension liability adjustments. Total comprehensive income for the three months ended November 30, 1999 and 2000, was (in thousands):

Three Months End

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	November 30, 1999
Net loss	\$ (9,516)
Other comprehensive (loss) income:	
Foreign currency translation losses	(124)
Unrealized gains on hedging instruments	-
Income tax benefit related to other comprehensive income	47
Other comprehensive loss, net of tax	(77)
Total comprehensive loss applicable to common stockholders	\$ (9,593)

3. SEGMENT DISCLOSURES

The Company is in a single line of business and operates in two business segments, domestic and international. The Company'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, delints and conditions, and markets proprietary varieties of cotton planting seed in the United States. D&PL also breeds, produces, conditions and distributes soybean planting seed in the United States. The international segment offers similar cottonseed in several foreign countries. The Company develops its proprietary seed products through research and development efforts throughout the United States and certain foreign countries.

The Company'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 the Company's Board of Directors. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in the Company's Form 10-K filed for the year ending August 31, 2000 with significant changes described in Note 1 to the financial statements.

Information about the Company's segments for the three months ended November 30, 1999 and November 30, 2000 is as follows (in thousands):

	Three Months Ended	
	November 30, 1999	November 30, 2000
Net Sales		
Domestic	\$ 442	\$ 80
International	4,107	9,614
	\$ 4,549	\$ 9,694
Operating Income/(Loss)		
Domestic	\$ 10,033	\$ (10,099)
International	814	1,008
	\$ 10,847	\$ (9,091)

Material Changes in Assets:

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Accounts receivable decreased approximately \$167,670,000 to \$13,635,000 at November 30, 2000 from \$181,305,000 at August 31, 2000. This decrease is primarily related to technology sublicense revenue collections from Monsanto. The corresponding royalty payments to Monsanto for the Bollgard and Roundup Ready licensing fees is reflected in the decrease of accrued expenses from August 31, 2000 to November 30, 2000.

4. RECENT ACCOUNTING PRONOUNCEMENTS

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. D&PL adopted SFAS 133 effective September 1, 2000. The adoption of this statement did not have a material impact on D&PL's results of operations, financial position or cash flows.

Effective September 1, 1999, the Company adopted the reporting requirements of SOP 98-5 which resulted in a write-off, net of tax, of approximately \$2,965,000 (\$0.08 per share). The adjustment of \$2,965,000, after income tax benefits of \$1,817,000 to apply retroactively the new method is included in income for the first fiscal quarter of 2000.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101; Revenue Recognition in Financial Statements ("SAB 101"). SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. In June 2000, the SEC issued an amendment to SAB 101 which allows registrants to wait until the fourth quarter of their first fiscal year beginning after December 15, 1999 to implement SAB 101. Therefore, D&PL must adopt the requirements of SAB 101 no later than June 1, 2001. Management has determined that the adoption of SAB 101 will not have a material impact on the Company's annual financial statements.

5. INVENTORIES

Inventories consisted of the following (in thousands):

	November 30, 1999	August 31, 2000	November 2000
	-----	-----	-----
Finished goods	\$ 52,260	\$ 28,649	\$
Raw materials	33,811	11,327	
Growing crops	750	1,744	
Supplies and other	745	1,165	
	-----	-----	-----
	87,566	42,885	
Less reserves	(11,424)	(7,607)	
	-----	-----	-----
	\$ 76,142	\$ 35,278	\$
	=====	=====	=====

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Substantially all finished goods and raw material inventory is valued at the lower of average cost or market. Growing crops are recorded at cost. For the three months ending November 30, 2000, the Company recorded no gains or losses into earnings as a result of hedge ineffectiveness or discontinuance of cash flow hedges.

6. PROPERTY, PLANT AND EQUIPMENT

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

	November 30, 1999	August 31, 2000
	-----	-----
Land and improvements	\$ 4,198	\$ 4,046
Buildings and improvements	37,722	37,759
Machinery and equipment	45,961	46,239
Germplasm	7,500	7,500
Breeder and foundation seed	2,000	2,000
Construction in progress	1,115	4,444
	-----	-----
	98,496	101,988
Less accumulated depreciation	(33,466)	(36,944)
	-----	-----
	\$ 65,030	\$ 65,044
	=====	=====

7. CONTINGENCIES

The Company and Monsanto are named as defendants in four pending lawsuits filed in the State of Texas. Two lawsuits were filed in Lamb County, Texas on April 5, 1999; one lawsuit was filed in Lamb County, Texas on April 14, 1999; and one lawsuit was filed in Hockley County, Texas, on April 21, 1999. These lawsuits were removed to the United States District Court, Lubbock Division, but subsequently were remanded back to the state court where they were filed. In each case the plaintiff alleges, among other things, that certain cottonseed acquired from Paymaster did not perform as the farmers had anticipated or as allegedly represented to them. This litigation is identical to seed arbitration claims previously filed in the State of Texas, which were concluded in the Company's favor. The Company and Monsanto have investigated the claims to determine the cause or causes of the alleged problems and they appear to be totally caused by environmental factors.

The Company and Monsanto were also named as defendants in one additional lawsuit filed in the State of Texas. That lawsuit was 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(R) gene did not perform as the farmer had anticipated. The Company and Monsanto are investigating the claim to determine the cause or causes of the alleged problem. Pursuant to the terms of the Roundup Ready(R) Agreement between D&PL and Monsanto, D&PL has tendered the defense of this claim to Monsanto and requested indemnity. Pursuant to the Roundup Ready(R) Agreement, Monsanto is contractually obligated to defend and indemnify the Company against all claims arising out of the failure of the Roundup(R)

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glyphosate tolerance gene. 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.

The Company and Monsanto are named as defendants, along with local seed or technology distributors in sixteen lawsuits filed in Alabama. Four were filed in Autauga County, three on March 23, 2000 and one on March 27, 2000; three were filed in Barbour County, two on October 19, 2000, and one on November 7, 2000; three were filed in Chilton County on March 22, 2000; one was filed in Dallas County on March 22, 2000; one was filed in Elmore County on March 22, 2000; one was filed in Escambia County on April 5, 2000; two were filed in Lowndes County, one on March 14 and one on March 22, 2000; and one was filed in Wilcox County on March 22, 2000. These lawsuits, with the exception of the Escambia and Barbour County cases, were removed to the United States District Court for the Middle District of Alabama, but subsequently remanded back to the state court in which they were filed. In each case the plaintiff alleges, among other things, that certain cottonseed acquired from D&PL, which contained either the Roundup Ready(R) gene, the Bollgard(R) gene or both of such genes, did not perform as the farmers had anticipated or as allegedly represented to them. These lawsuits also include varietal claims based solely at the Company. Twelve of these lawsuits were earlier filed as seed arbitration claims with the Alabama Department of Agriculture. Eleven were dismissed for lack of jurisdiction by that entity, the case in Escambia County was heard and the Company was exonerated from liability. The Company and Monsanto have investigated the claims, and are continuing to investigate the claims, to determine the cause or causes of the alleged problem. Pursuant to the terms of the Roundup Ready(R) Agreement between D&PL and Monsanto and the Bollgard(R) Gene Licensing Agreement between D&PL and Monsanto, D&PL has a right to be contractually indemnified against all claims arising out of the failure of Monsanto's gene technology. D&PL will not have a right to indemnification, however, from Monsanto for any claim involving varietal characteristics separate from or in addition to the failure of the Monsanto technology and such claims are contained in each of these lawsuits.

The Company and Monsanto and various retail seed suppliers were named in three pending lawsuits in the State of South Carolina. One lawsuit was filed November 15, 1999, in the Beaufort Division of the United States District Court, District of South Carolina; both other cases were filed on November 15, 1999, in the Court of Common Pleas of Hampton County, South Carolina. The two state court lawsuits were removed to the United States District Court for the District of South Carolina but were subsequently remanded back to the state court in which they were filed. In each of these cases the plaintiff alleges, among other things, that certain seed acquired from D&PL which contained the Roundup Ready(R) gene and/or the Bollgard(R) gene did not perform as the farmer had anticipated. These lawsuits also include varietal claims aimed solely at the Company. Two of these cases, one filed in Hampton County and the other filed in the United States District Court seek class action treatment for all purchasers of certain D&PL varieties which contain the Monsanto technology. The Company and Monsanto are continuing to investigate the claims to determine the cause or causes of the alleged problem. Pursuant to the terms of the Roundup Ready(R) Agreement between D&PL and Monsanto and the Bollgard(R) Gene Licensing Agreement between D&PL and Monsanto, D&PL has a right to be contractually indemnified against all claims arising out of the failure of Monsanto's gene technology. D&PL will not have a right to indemnification, however, from Monsanto for any claim involving varietal characteristics separate from or in addition to the failure of the Monsanto technology and such claims are contained in each of these lawsuits.

On July 18, 2000, the Company and Monsanto were named in a lawsuit filed in the United States District Court for the Eastern District of Arkansas. This lawsuit alleges that certain cottonseed varieties containing the Roundup Ready(R) gene

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did not perform as promised and that the farmer suffered damages as a result of a lack of tolerance of his growing cotton crop to applications of Roundup herbicide. This case was the subject of an earlier claim filed before the Seed Arbitration Council of the Arkansas Department of Agriculture which was dismissed. The Company and Monsanto are investigating these claims to determine the cause or causes of the alleged problem. Pursuant to the terms of the Roundup Ready(R) Agreement between D&PL and Monsanto, D&PL has tendered the defense of this claim to Monsanto and requested indemnity. Pursuant to the Roundup Ready(R) Agreement, Monsanto is contractually obligated to defend and indemnify the Company against all claims arising out of the failure of the Roundup(R) Ready gene. D&PL will not have a right to indemnification from Monsanto, however, for any claim involving defective varietal characteristics separate from or in addition to the failure of the herbicide tolerance gene, and such claims are contained in this complaint.

The Company was named in five lawsuits filed in the State of Mississippi. Three lawsuits were filed in the Circuit Court of Coahoma County on September 19, 2000; one lawsuit was filed in Circuit Court of Leflore County on September 25, 2000; and one lawsuit was filed in the Circuit Court of Coahoma County on October 26, 2000. These lawsuits allege that certain cottonseed sold by the Company was defective and that as a result of the defect the farmers suffered lower than expected yields. The Company is presently investigating these claims to determine the cause or causes of the alleged problems.

In October 1996, Mycogen Plant Science, Inc. and Agrigenetics, Inc. (collectively "Mycogen") filed a lawsuit in U.S. District Court in Delaware naming D&PL, Monsanto and DeKalb Genetics as defendants alleging that two of Mycogen's patents have been infringed by the defendants by making, selling, and licensing seed that contains the Bollgard gene. The suit, which went to trial in January 1998, sought injunctions against alleged infringement, compensatory damages, treble damages and attorney's fees and court costs. A jury found in favor of D&PL and Monsanto on issues of infringement. Mycogen subsequently re-filed a motion for a new trial and for a judgment in favor of Mycogen as a matter of law. The trial court has ruled in these motions holding for Mycogen on certain issues but sustaining the jury verdict in favor of D&PL and Monsanto. Mycogen has appealed to the U.S. Court of Appeals for the Federal Circuit. Pursuant to the terms of the Bollgard Agreement, Monsanto is required to defend D&PL against patent infringement claims and indemnify D&PL against damages from any patent infringement claims and certain other losses and costs.

In December 1999, Mycogen filed a suit in the Federal Court of Australia alleging that Monsanto Australia Ltd., Monsanto's wholly-owned Australian subsidiary, and Deltapine Australia Pty. Ltd., D&PL's wholly-owned Australian subsidiary, have been infringing two of Mycogen's Australian patents by making, selling, and licensing cotton 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. The litigation is currently in discovery. 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 the Company's former Guatemalan distributor sued in 1989 asserting that the Company 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 5,300,000 Guatemalan quetzales (approximately \$678,000 at current exchange rates) and an injunction preventing the Company 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. Management believes that the resolution of the matter will not have a material impact on the Company's consolidated financial statements. The Company continues to offer seed for sale

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in Guatemala.

In November 1999, Bios Agrosystems S.A. ("Bios"), a former distributor of SureGrow brand cotton seed in Greece, brought suit in the U.S. District Court in Delaware against D&PL International Technology, D&PL's subsidiary, to enjoin the termination of its distributorship which was to become effective at the end of November 1999. The suit demanded a declaratory judgment that the termination is not effective and compensatory and punitive damages for wrongful termination. Bios also filed a request for arbitration and a parallel suit seeking injunctive relief in a Greek court. In January 2000, the U. S. District Court denied the request for an injunction to prevent termination of Bios' distributorship and subsequently enjoined Bios from proceeding with parallel litigation in the Greek courts. Bios has appealed to the United States Court of Appeals for the Third Circuit, where the appeal remains pending. D&PL believes this litigation will be resolved without material effect on D&PL's combined financial condition and without interference with the distribution of SureGrow brand cotton seed in Greece.

On July 18, 1996, the United States Department of Justice, Antitrust Division ("USDOJ"), served a Civil Investigative Demand ("CID") on D&PL seeking information and documents in connection with its investigation of the acquisition by D&PL of the stock of Arizona Processing, Inc., Ellis Brothers Seed, Inc. and Mississippi Seed, Inc. (which own the outstanding common stock of Sure Grow Seed, Inc.). The CID states that the USDOJ is investigating whether these transactions may have violated the provisions of Section 7 of the Clayton Act, 15 USC ss.18. D&PL has responded to the CID, employees were examined in 1997 by the USDOJ, and D&PL is committed to full cooperation with the USDOJ. D&PL believes that it has demonstrated to the USDOJ that this acquisition did not constitute a violation of the Clayton Act or any other anti-trust law. At the present time, the ultimate outcome of this investigation cannot be predicted.

On August 9, 1999, D&PL and Monsanto received Civil Investigative Demands from the USDOJ, seeking to determine whether there had been any inappropriate exchanges of information between Monsanto and D&PL or if any acquisitions are likely to have substantially lessened competition in the sale or development of cottonseed or cottonseed genetic traits. In September 1999, D&PL complied with the USDOJ's request for information and documents in the 1999 CID. The USDOJ has taken no further action directed toward D&PL in connection with the 1999 CID.

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. On December 30, 1999, the Company 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 agreement, compensatory damages of \$1 billion and punitive damages in an amount to be proved at trial for Monsanto's breach of contract. On January 2, 2000, the Company and Monsanto reached an agreement whereby the Company would withdraw the December 30 Suit, and Monsanto would immediately pay the \$81 million. The parties agreed to negotiate in good faith over the following two weeks and Monsanto agreed to make members of its senior management available to conduct such negotiations. It was also agreed that if no consensual resolution was reached, the lawsuit brought by the Company would be re-filed. On January 3, 2000, Monsanto paid to the Company a termination fee of \$81 million as required by the merger agreement. On January 18, 2000, the Company re-filed a suit reinstating essentially all of the allegations contained in the December 30 Suit.

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8. EARNINGS PER SHARE

Earnings Per Share

Basic and diluted EPS are the same due to the Company reporting a net loss in its first fiscal quarter in 2000 and 2001.

	For the Three Months	
	Ended November 30,	
Basic And Diluted Earnings per Share:		
Net loss per share before cumulative effect of accounting change	\$ (0.17)	\$ (0.13)
Cumulative effect of accounting change	(0.08)	-
Net loss	\$ (0.25)	\$ (0.13)
Number of shares used in basic and diluted earnings per share calculations	38,662	38,386
Dividends per common share	\$ 0.03	\$ 0.03

The table below reconciles the basic and diluted per share computations for income before the cumulative effect of a change in accounting principle:

	For the Three Months	
	Ended November 30,	
	1999	2000
Income		
Net loss before cumulative effect of accounting change	\$ (6,551)	\$ (4,926)
Less: Preferred stock dividends	(24)	(32)
Basic and diluted EPS:		
Net loss before cumulative effect of accounting change available to common stockholders	\$ (6,575)	\$ (4,958)
Shares		
Basic and diluted EPS shares	38,662	38,386
Per Share Amounts		
Basic and diluted net loss before cumulative effect of accounting change available to		

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common stockholders

\$ (0.17)

\$ (0.13)

=====

PART I.

Item 2. Management's Discussion And Analysis Of Financial Condition And Results Of Operations

Overview

Due to the seasonal nature of the Company's business, D&PL typically incurs losses in its first and fourth fiscal quarters since the majority of the Company's domestic sales are made in its second and third quarters. Sales in the first and fourth quarters are generally limited to those made to smaller export markets and those made by the Company's non-U.S. joint ventures and subsidiaries located primarily in the Southern hemisphere.

Revenues from domestic seed sales are generally recognized when seed is shipped. Revenues from Bollgard and Roundup Ready licensing fees are based on the number of acres expected to be planted with such seed and are recognized when the seed is shipped. The licensing fees charged to farmers is based on pre-established planting rates for eight such regions and the estimated number of seed contained in each bag which may vary by variety, location grown, and other factors. Revenue is recognized based on the established technology fee per unit shipped to each geographic region. International export revenues are recognized upon the later of when seed is shipped or the date letters of credit are confirmed. Generally, international export sales are not subject to return. All other international revenues from the sale of planting seed, less estimated reserves for returns, are recognized when the seed is shipped.

All of the Company's domestic seed products (including Bollgard and Roundup Ready technologies) are subject to return or credit, 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 the Company's third and fourth quarters. The Company provides for estimated returns as sales occur. To the extent actual returns differ from estimates, adjustments to the Company's operating results are recorded when such differences become known, typically in the Company's fourth quarter. All significant returns occur or are accounted for by fiscal year end.

The reported net loss for the quarter ended November 30, 2000 of \$4,926,000 was less than the loss of \$9,516,000 reported in the comparable prior year quarter due primarily to increased sales by the Company's non-U.S. subsidiaries and joint ventures and a significant increase in interest income earned.

Results of Operations

The following sets forth selected operating data of the Company (in thousands):

For the Three Months	

Ended November 30	

1999	2000
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Operating results -		
Net sales and licensing fees	\$ 4,549	\$ 9,694
Gross profit	301	2,295
Operating expenses:		
Research and development	4,358	4,157
Selling	3,239	3,128
General and administrative	3,084	3,941
Unusual charges related to terminated merger	467	160
Operating loss	(10,847)	(9,091)
Loss before income taxes and cumulative effect	(10,566)	(7,579)
of accounting change		
Net loss applicable to common shares before accounting change	(6,575)	(4,958)

The following sets forth selected balance sheet data of the Company as of the following periods (in thousands):

	November 30, 1999	August 31, 2000	Nov
	-----	-----	-----
Balance sheet summary-			
Current assets	\$ 104,642	\$ 313,701	\$
Current liabilities	65,953	215,315	
Working capital	38,689	98,386	
Property, plant and equipment, net	65,030	65,044	
Total assets	181,679	390,134	
Outstanding borrowings	23,681	4,482	
Stockholders' equity	79,734	159,628	

Three months ended November 30, 1999, compared to three months ended November 30, 2000:

Net sales and licensing fees increased approximately \$5.2 million to \$9.7 million from \$4.5 million. The increase in net sales and licensing fees is primarily the result of increased sales by the Company's joint ventures and increased sales by the Company's Australian subsidiary.

Operating expenses increased from \$10.7 million in the first fiscal quarter of 2000 to \$11.2 million in fiscal 2001. This increase is primarily attributable to higher professional fees partially offset by lower contract research expense.

The Company reported net interest income of \$0.08 million in the first fiscal quarter of 2000 compared to net interest income of \$2.0 million in the first fiscal quarter of 2001.

On May 8, 1998, the Company entered into a merger agreement with Monsanto Company ("Monsanto"), pursuant to which the Company would be merged with and into Monsanto. 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. On December 30, 1999, the Company filed suit

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(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 agreement, compensatory damages of \$1 billion and punitive damages in an amount to be proved at trial for Monsanto's breach of contract. On January 2, 2000, the Company and Monsanto reached an agreement whereby the Company would withdraw the December 30 suit, and Monsanto would immediately pay the \$81 million. The parties agreed to negotiate in good faith over the following two weeks and Monsanto agreed to make members of its senior management available to conduct such negotiations. It was also agreed that if no consensual resolution was reached, the lawsuit brought by the Company would be re-filed. On January 3, 2000, Monsanto paid to the Company a termination fee of \$81 million as required by the merger agreement. On January 18, 2000, the Company re-filed a suit reinstating essentially all of the allegations contained in the December 30 suit.

LIQUIDITY AND CAPITAL RESOURCES

The seasonal nature of the Company's business significantly impacts cash flow and working capital requirements. The Company maintains credit facilities, uses early payments by customers and uses cash from operations to fund working capital needs. For more than 18 years D&PL has borrowed on a short-term basis to meet seasonal working capital needs.

In the United States, D&PL purchases seed from contract growers in its 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 borrowings normally commence in the first fiscal quarter and peak in the third fiscal quarter. Loan repayments normally begin in the middle of the third fiscal quarter and are typically completed by the first fiscal quarter of the following year. D&PL also offers customers financial incentives to make early payments. To the extent D&PL attracts early payments from customers, bank borrowings under the credit facility are reduced.

The Company records receivables for licensing fees on Bollgard and Roundup Ready seed sales as the seed is shipped, usually in the Company's second and third quarters. The Company has contracted the billing and collection activities for Bollgard and Roundup Ready licensing fees to Monsanto. In September, the technology fees are due at which time D&PL receives payment from Monsanto. D&PL then pays Monsanto its royalty for the Bollgard and Roundup Ready licensing fees.

In April 1998, the Company entered into a syndicated credit facility with its existing lender and two other financial institutions which provides for aggregate borrowings of \$110 million. This agreement provides a base commitment of \$55 million and a seasonal commitment of \$55 million. The base commitment is a long-term loan that may be borrowed upon at any time and is due April 1, 2001. The seasonal commitment is a working capital loan that may be drawn upon from September 1 through June 30 of each fiscal year and expires April 1, 2001. In addition, the lead lender has approved a \$25.0 million credit line that can be activated by the Company as needed. Each commitment offers variable and fixed interest rate options and requires the Company to pay facility or commitment fees and to comply with certain financial covenants. The Company had \$55.0 million available for borrowing under the base commitment and \$55.0 million available for borrowing under the seasonal commitment at November 30, 2000.

The financial covenants under the loan agreements require the Company to: (a) maintain a ratio of total liabilities to tangible net worth at August 31, of less than or equal to 2.25 to 1 (4.0 to 1.0 at the Company's other quarter ends) (b) maintain a fixed charge ratio at the end of each quarter greater than or equal to 2.0 to 1.0 and (c) maintain at all times tangible net worth of not less

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than the sum of (i) \$40 million plus (ii) 50% of net income (but not losses) determined on the last day of each fiscal quarter, commencing with August 31, 1998. At November 30, 2000, the Company was in compliance with these covenants.

Capital expenditures for the first fiscal quarter of 2001 were \$1.4 million. The Company anticipates that domestic capital expenditures will approximate \$8.0 million in 2001, excluding expected capital expenditures for foreign joint ventures. Capital expenditures in 2001 for international ventures are expected to range from \$2.0 million to \$3.0 million depending on the timing and outcome of such projects. Capital expenditures will be funded by cash from operations, borrowings or investments from joint venture partners, as necessary.

Cash provided from operations, early payments from customers and borrowings under the loan agreement should be sufficient to meet the Company's 2001 working capital needs.

In the first quarter of fiscal 2001, the Board of Directors authorized a quarterly dividend of \$0.03 per share, which was paid December 15, 2000 to the stockholders of record on November 30, 2000. The Board of Directors reviews the Company's dividend policy quarterly. The Board of Directors increased the quarterly dividend to \$0.04 per share (a 33% increase) effective for the second quarter dividend to be paid on March 12, 2001, to the shareholders of record on February 28, 2001,

In the second quarter of 2000, the Board of Directors approved a Stock Repurchase Plan pursuant to which the Company expects to spend up to \$50 million to repurchase its outstanding common stock. The shares repurchased will be used for stock issuance pursuant to the Company's stock option plans, the expected conversion of the outstanding convertible Preferred Stock and for other corporate purposes. During the quarter ended November 30, 2000, no shares were re-purchased by D&PL.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Part I, Item 1, Footnote 6

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Business

Domestic

Delta and Pine Land Company, a Delaware corporation, and subsidiaries ("D&PL" or the "Company") 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. D&PL also breeds, produces, conditions and distributes soybean planting seed in the United States.

Since 1915, D&PL has 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. The Company has used its 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, D&PL added soybean seed to its product line. In 1996, D&PL commenced commercial sales in the United States of cotton planting seed containing

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Bollgard(R) gene technology licensed from Monsanto which expresses a protein toxic to certain lepidopteran insects. Since 1997, D&PL has marketed in the U.S. cotton planting seed that contains a gene that provides tolerance to glyphosate-based herbicides ("Roundup Ready(R) Cotton"). In 1997, D&PL 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, D&PL commenced sales of cottonseed of varieties containing both the Bollgard and Roundup Ready gene technologies.

International

During the 1980's, as a component of its long-term growth strategy, the Company began to market its products, primarily cottonseed, internationally. Over a period of years, the Company has strengthened and expanded its international staff in order to support its expanding international business, primarily through joint ventures. 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. Management believes that D&PL has an attractive opportunity to penetrate foreign markets because of its widely adaptable, superior cotton varieties, technological know-how in producing and conditioning high-quality seed and brand name recognition. Furthermore, in many countries the Bollgard gene technology and Roundup Ready gene technology licensed from Monsanto is effective and could bring value to farmers.

D&PL sells its products in foreign countries through (i) export sales from the U.S., (ii) direct in-country operations and to a lesser degree (iii) distributors or licensees. The method varies and evolves, depending upon the Company's 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. Prior to 1999, a majority of the Company's international sales resulted from exports from the U.S. of the Company's products rather than direct in-country operations. In 1999, direct in-country operations through joint ventures or subsidiaries (primarily, Argentina, Australia, Brazil, China, and South Africa) comprised over one-half of total international sales which represented approximately 10% of consolidated sales. In 2000 and the first quarter of 2001, the majority of international sales came from joint ventures and export sales, (primarily China, Australia, Greece, and South Africa).

Joint Ventures

D&M International, LLC, is a venture through which D&PL (the managing member) and Monsanto plan to introduce, in combination, cotton planting seed in international markets combining D&PL's acid delinting technology and elite germplasm and Monsanto's Bollgard and Roundup Ready gene technologies. In November 1995, D&M International, LLC formed a subsidiary, D&PL China Pte Ltd. ("D&PL China"). In November 1996, D&PL China formed with parties in Hebei Province, one of the major cotton producing regions in the People's Republic of China, Hebei Ji Dai Cottonseed Technology Company Ltd. ("Ji Dai"), a joint venture controlled by D&PL China. In June 1997, Ji Dai commenced construction of a cottonseed conditioning and storage facility in Shijiazhuang, Hebei, China, under terms of the joint venture agreement. The new facility was completed in December 1997 and seed processing and sales commenced in 1998.

In December 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., is owned 60% by D&M International, LLC, and 40% by Ciagro. CDM Mandiyu S.R.L. has been licensed to sell D&PL cotton varieties containing

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Monsanto's Bollgard gene technology. Sales of such varieties commenced in 1999. Future plans include the production and sale of Roundup Ready cottonseed varieties pending government approval.

In July 1998, D&PL China and the Anhui Provincial Seed Corporation formed a joint venture, Anhui An Dai Cotton Seed Technology Company, Ltd. ("An Dai") which is located in Hefei City, Anhui, China. Under the terms of the joint venture agreement, the newly formed entity will produce, condition and sell acid delinted D&PL varieties of cottonseed which contain Monsanto's Bollgard gene. In the fall of 1998, An Dai harvested sufficient seed from seed plots in Anhui to plant up to 250,000 acres. The joint venture did not receive authority to operate from the Chinese government until after the 1999 selling season was completed. Commercial sales of D&PL cotton varieties containing the Bollgard gene technology began in 2000.

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 new company, MDM Maeda Deltapine Monsanto Algodao Ltda. ("MDM"), produces, conditions and sells acid-delinted D&PL varieties of cotton planting seed. MDM produced and delinted enough cottonseed of conventional varieties in 1999 to plant up to 900,000 acres. In 2000, the Company began selling D&PL conventional cotton varieties and first year sales accounted for more than 20% of cotton acreage planted in Brazil. The newly formed company will introduce transgenic cottonseed varieties containing both Bollgard and Roundup Ready gene technologies in the Brazilian market as soon as government approvals are obtained.

Subsidiaries

The Company's operations in Groblersdal, South Africa and Catamarca, Argentina process foundation seed grown in these countries. The use of Southern Hemisphere winter nurseries and seed production programs such as these can accelerate the introduction of new varieties because D&PL can raise at least two crops per year by taking advantage of the Southern Hemisphere growing season. The Company maintains a winter nursery in Canas, Costa Rica and has completed construction of 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.

Deltapine Australia Pty. Ltd., a wholly owned Australian subsidiary of D&PL, conducts breeding, production, conditioning and marketing of cotton planting seed in Australia. Certain varieties developed in Australia are well adapted to other Southern Hemisphere cotton producing countries and Australian developed varieties are exported to these areas. The Company sells seed of both conventional and transgenic varieties in Australia. The Company, through its Australian operations, is identifying smaller potential export markets for the Company's products throughout Southeast Asia. The adaptability of the Company's germplasm must be evaluated in the target markets before such sales can be made. The recent instability of the economies in some of the countries in this region will make rapid market development more difficult.

Employees

As of October 31, 2000, the Company employed a total of 583 full time employees worldwide excluding an estimated 86 employees of joint ventures. Due to the nature of the business, the Company utilizes seasonal employees in its delinting plants and its research and foundation seed programs. The maximum number of seasonal employees approximates 300 and typically occurs in October and November of each year. The Company considers its employee relations to be good.

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Acquisitions

In 1996, D&PL acquired Ellis Brothers Seed, Inc., Arizona Processing, Inc. and Mississippi Seed, Inc., which own the outstanding common stock of Sure Grow Seed, Inc., (the "Sure Grow Companies") in exchange for stock valued at approximately \$70 million on the day of closing. D&PL exchanged 2.8 million shares of its common stock (after all stock splits) for all outstanding shares of the three companies. The merger was accounted for as a pooling-of-interests. The Company continues to market upland picker cottonseed varieties under the Sure Grow brand. Additionally, the Sure Grow breeding program has full access to Monsanto's Bollgard and Roundup Ready gene technologies.

In 1996, the Company acquired Hartz Cotton, Inc. from Monsanto, which included inventories of cotton planting seed of Hartz upland picker varieties, germplasm, breeding stocks, trademarks, trade names and other assets, for approximately \$6.0 million. The consideration consisted primarily of 1,066,667 shares (after all stock splits) of the Company's Series M Convertible Non-Voting Preferred Stock.

In 1994, D&PL acquired the Paymaster and Lankart cotton planting seed business ("Paymaster"), for approximately \$14.0 million. Since the 1940's, the Paymaster(R) and Lankart(R) upland stripper cottonseed varieties have been developed for and marketed primarily in the High Plains of Texas and Oklahoma (the "High Plains"). Although the Paymaster varieties are planted on approximately 80% of the estimated 4.0 to 5.0 million cotton acres in the High Plains, only a portion of that seed is actually sold by Paymaster. Farmer-saved seed accounts for a significant portion of the seed needed to plant the acreage in this market area. Prior to 1997, the seed needed to plant the remaining acreage was sold by Paymaster and its 12 sales associates through a certified seed program. Under this program, Paymaster sold parent seed to its contract growers who planted, produced and harvested the progeny of the parent seed, which Paymaster then purchased from the growers. The progeny of the parent seed was then sold by Paymaster to the sales associates who in turn delinted, conditioned, bagged and sold it to others as certified seed. The sales associates paid a royalty to Paymaster on certified seed sales. Beginning in fiscal 1997, the certified seed program was discontinued and the Company, in addition to producing parent seed, commenced delinting, conditioning and bagging finished seed. Unconditioned seed is also supplied by D&PL to two contract processors who delint, condition and bag seed for a fee. This finished seed is sold by Paymaster to distributors and dealers.

The Company acquired, in 1994, from the Supima Association of America ("Supima") certain planting seed inventory, the right to use the Supima(R) trade name and trademark and the right to distribute Pima extra-long staple (fiber-length) cotton varieties. D&PL also entered into a research agreement with a third party to develop Pima varieties that allows D&PL the right of first refusal for any Pima varieties developed under this program. Pima seed is produced, conditioned and sold by D&PL to distributors and dealers.

Biotechnology

Collaborative biotechnology licensing agreements, which were executed with Monsanto in 1992 and subsequently revised in 1993 and amended and restated in 1996 and further amended in December 1999, provide for the commercialization of Monsanto's Bollgard ("Bacillus thuringiensis" or "Bt") gene technology in D&PL's varieties in the United States. The selected Bt is a bacterium found naturally in soil and produces proteins toxic to certain lepidopteran larvae, the principal cotton pests in many cotton growing areas. Monsanto created a transgenic cotton plant by inserting Bt genes into cotton plant tissue. This transgenic plant tissue is lethal to certain lepidopteran larvae that consume

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it. The gene and related technology were patented or licensed from others by Monsanto and were licensed to D&PL for use under the trade name Bollgard. In D&PL's primary markets, the cost of insecticides is the largest single 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, Monsanto was notified that the United States Environmental Protection Agency ("EPA") had completed its initial registration of the Bollgard gene technology, thus clearing the way for commercial sales of seed containing the Bollgard gene. In 1996, D&PL 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") between the Company and Monsanto. This initial EPA registration had been set to expire on January 1, 2001 but has been updated to expire January 1, 2002, at which time 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.

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. The distributor/dealers who coordinate the farmer licensing process receive a service payment not to exceed 20% of the technology sublicensing fee. 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 distributor/dealer payments) and D&PL retains 29% for its services. The license agreement continues until the later of the expiration of all patent rights or October 2008. D&M Partners contracts the billing and collection activities for Bollgard and Roundup Ready licensing fees to Monsanto.

Pursuant to the Bollgard Agreement, Monsanto must defend and indemnify D&PL against claims of patent infringement, including all damages awarded or amounts paid in settlements. Monsanto must also indemnify D&PL 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 royalty. Indemnity from Monsanto only covers performance claims involving failure of performance of the Bollgard gene and not claims arising from other causes.

In February 1996, the Company and Monsanto 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 December 1999, D&PL has also developed transgenic cotton varieties that are tolerant to Roundup, 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 its affiliates the right in the United States to sell cottonseed of D&PL's varieties that contain Monsanto's Roundup Ready gene. The Roundup Ready gene makes cotton plants tolerant to contact with Roundup herbicide. Similar to the Bollgard Agreement, farmers must execute limited use sublicenses in order to purchase seed containing the Roundup Ready Gene. The distributors/dealers who coordinate the farmer licensing process receive a portion of the technology sublicensing fee. D&PL's portion of the Roundup Ready technology fee varies depending on the technology fee per acre established by Monsanto. In 1999 and 2000, D&M Partners paid Monsanto approximately 70% of the Roundup Ready technology fees and D&PL retained the remaining 30%.

Pursuant to the Roundup Ready Agreement, Monsanto must defend and indemnify D&PL against claims of patent infringement, including all damages awarded or amounts

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paid in settlements. Monsanto will also indemnify D&PL against the cost of inventory that becomes unsaleable because of patent infringement claims, but Monsanto is not required to indemnify D&PL against lost profits on such unsaleable seed. In contrast with the Bollgard Gene License where the cost of gene performance claims will be shared in proportion to the division of sublicense revenue, Monsanto must defend and must bear the full cost of any claims of failure of performance of the Roundup Ready Gene. In both agreements, generally, D&PL is responsible for varietal/seed performance issues, and Monsanto is responsible for failure of the genes.

In 2000, the Company had for sale 107 varieties as cotton planting seed for either commercial or experimental purposes. Of those varieties, 16 contain the Bollgard gene technology, 20 contain the Roundup Ready gene technology, 21 contain both gene technologies, and 50 are conventional varieties.

In February 1997, the Company and Monsanto executed the Roundup Ready Soybean License Agreement (the "Roundup Ready Soybean Agreement") which provides for the commercialization of Roundup Ready soybean seed and has provisions similar to the Roundup Ready Agreement for cottonseed.

On July 27, 1999, United States Patent No. 5,929,300 was issued to the United States of America as represented by the Secretary of Agriculture (USDA) entitled POLLEN BASED TRANSFORMATION SYSTEM USING SOLID MEDIA. D&PL has an option to obtain a license for pollen transformation, subject to certain rights reserved to the USDA. D&PL has notified the USDA of its intention to exercise its rights. The patent covers transformation of plants.

In March 1998, D&PL was granted United States Patent No. 5,723,765, entitled CONTROL OF PLANT GENE EXPRESSION. This patent is owned jointly by D&PL and the United States of America, as represented by the Secretary of Agriculture. The patent broadly covers plants and seed, both transgenic and conventional, of all species 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 practice non-economic since unauthorized saved seed will not germinate, and would be useless for planting. The patent has 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 has stated it intends that licensing of this technology will be made widely available to other seed companies.

Both patents were developed from a research program conducted pursuant to a Cooperative Research and Development Agreement between D&PL and the U.S. Department of Agriculture's Agricultural Research Service in Lubbock, Texas. The technologies resulted from basic research and will require further development, which is already underway, in order to be used in commercial seed. The Company estimates that it will be several years before these technologies could be available commercially.

Since 1987, D&PL has conducted research to develop soybean plants that are tolerant to certain DuPont ALS(R) herbicides. Such plants enable farmers to apply these herbicides for weed control without significantly affecting the agronomics of the soybean plants. Since soybean seed containing the ALS herbicide-tolerant trait was not genetically engineered, sale of this seed does not require government approval, although the herbicide to which they express tolerance must be EPA approved.

The Company has license, research and development, confidentiality and material transfer agreements with providers of technology that the Company is evaluating for potential commercial applications and/or introduction. The Company also contracts with third parties to perform research on the Company's behalf for enabling and other technologies that the Company believes have potential

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commercial applications in varietal crops around the world.

Commercial Seed

Seed of all commercial plant species is either varietal or hybrid. D&PL's cotton and 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 varietal and, therefore, can be grown from seed of parent plants saved by the growers, most farmers in D&PL's primary domestic markets purchase seed from commercial sources each season because cottonseed requires delinting prior to seed treatment with chemicals and 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, Federal patent law makes unlawful any unauthorized planting of seed containing patented genetic technology saved from prior crops.

In connection with its seed operations, the Company farms approximately 2,600 acres in the U.S., primarily for research purposes and for production of cotton and soybean foundation seed. The Company has annual agreements with various growers to produce seed for cotton and soybeans. The growers plant parent seed purchased from the Company 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 standards upon harvest, the Company may be obligated to purchase specified minimum quantities of seed, usually in its first and second fiscal quarters, at prices equal to the commodity market price of the seed plus a grower premium. The Company then conditions the seed for sale.

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

Revenues from domestic seed sales are generally recognized when seed is shipped. Revenues from Bollgard and Roundup Ready licensing fees are recognized based on the number of acres expected to be planted with such seed when the seed is shipped. The licensing fee charged to farmers is based on pre-established planting rates for seven geographic regions in 1998 and eight such regions in 1999 and 2000, and considers the estimated number of seed contained in each bag which may vary by variety, location grown, and other factors. Revenue is recognized based on the established technology fee per unit shipped to each geographic region. International export revenues are recognized upon the later of when seed is shipped or the date letters of credit are confirmed. Generally, international export sales are not subject to return. All other international revenues from the sale of planting seed, less estimated reserves for returns, are recognized when the seed is shipped.

Domestically, the Company promotes its cotton and soybean seed directly to farmers and sells its seed through distributors and dealers. All of the Company's domestic seed products (including Bollgard and Roundup Ready

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technologies) are subject to return or credit, 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 the Company's third and fourth quarters. The Company provides for estimated returns as sales occur. To the extent actual returns differ from estimates, adjustments to the Company's operating results are recorded when such differences become known, typically in the Company's fourth quarter. All significant returns occur or are accounted for by fiscal year end.

Euro Currency Conversion

On January 1, 1999, the euro became the common legal currency of 11 of the 15 member countries of the European Union. On that date, the participating countries fixed conversion rates between their sovereign currencies ("legacy currencies") and the euro. On January 4, 1999, the euro began trading on currency exchanges and became available for non-cash transactions. The legacy currencies will remain legal tender through December 31, 2001. Beginning January 2, 2002, euro-denominated bills and coins will be introduced, and by July 1, 2002, legacy currencies will no longer be legal tender. To date, D&PL has not been affected by the euro currency conversion.

RISKS AND UNCERTAINTIES

From time to time, the Company may publish 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, the Company notes that a variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. The risks and uncertainties that may affect the operations, performance, development and results of the Company's business include those noted elsewhere in this Item and filing and the following:

Demand for D&PL's seed will be affected by government programs and policies and, most importantly, by weather. Demand for seed is also influenced by commodity prices and the demand for a crop's end-uses such as textiles, animal feed, food and raw materials for industrial use. These factors, along with weather, influence the cost and availability of seed for subsequent seasons. Weather impacts crop yields, commodity prices and the planting decisions that farmers make regarding both original planting commitments and, when necessary, replanting levels.

The planting seed market is highly competitive, and D&PL varieties face competition from a number of seed companies, diversified chemical companies, agricultural biotechnology companies, governmental agencies and academic and scientific institutions. A number of chemical 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 and Roundup Ready gene technologies. The Company's seed products and technologies contained therein may encounter substantial competition from technological advances by others or products from new market entrants. Many of the Company's competitors are, or are affiliated with, large diversified companies that have substantially greater resources than the Company.

The production, distribution or sale of crop seed in or to foreign markets may be subject to special risks, including fluctuations in foreign

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currency, exchange rate controls, expropriation, nationalization and other agricultural, economic, tax and regulatory policies of foreign governments. Particular policies which may affect the domestic and international operations of D&PL include the use of and the acceptance of products that were produced from plants that were 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. In addition, United States government policies, particularly those affecting foreign trade and investment, may impact the Company's international operations.

The recent publicity related to genetically modified organisms ("GMOs") or products made from plants that contain GMOs may have an effect on the Company's sales in the future. In 2000, approximately 89% of the Company's cottonseed that was sold contained either the Bollgard, Roundup Ready, or both gene technologies and 80% of the Company's soybean seed sales contained the Roundup Ready gene technology. Although many farmers have rapidly adopted these technologies, the alleged concern over finished products that contain GMOs could impact demand for crops (and ultimately seed) raised from seed containing such traits.

Due to the varying levels of agricultural and social development of the international markets in which the Company operates and because of factors within the particular international markets targeted by the Company, international profitability and growth may be less stable and predictable than domestic profitability and growth.

Overall profitability will depend on the factors noted above as well as weather conditions, government policies in all countries where the Company sells products and operates, worldwide commodity prices, the Company's ability to successfully open new international markets, the Company's ability to successfully continue the development of the High Plains 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 the Company are working and the Company's 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.

The risks and uncertainties that may affect the operations, performance, development and results of the Company's business include those noted elsewhere in this Item and in "Risks and Uncertainties" in Item 7 of the Company's form 10(k) filed for the year ending August 31, 2000.

Item 6. Exhibits and Reports on Form 8-K

- (a) 27.01 Financial Data Schedule
- (b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter ended November 30, 2000.

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELTA AND PINE LAND COMPANY

Date: January 15, 2001

/s/ F. Murray Robinson

F. Murray Robinson, Vice Chairman and
Chief Executive Officer

Date: January 15, 2001

/s/ W. Thomas Jagodinski

W. Thomas Jagodinski,
Vice President-Finance and Treasurer