

**2006 Monsanto Stockholder Proposal:  
Corporate political spending: political soft money and trade association dues**

Resolved, that the shareholders of Monsanto hereby request that the Company provide a report, updated semi-annually, disclosing the Company's:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.
2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code, and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution, that if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including the following:
  - a. An accounting of the Company's funds that are used for political contributions or expenditures as described above;
  - b. The business rationale for each of the Company's political contributions and expenditures; and
  - c. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure.

This report shall be presented to the board of directors' audit committee or other relevant oversight committee, and posted on the company's website to reduce costs to shareholders.

#### Stockholder Supporting Statements

As long-term shareholders of Monsanto, we support policies that apply transparency and accountability to corporate spending on political activities. In our view, such disclosure is consistent with public policy and in the best interest of the Company's shareholders.

Company executives exercise wide discretion over the use of corporate resources for political activities. They make decisions without a stated business rationale for such expenditures. These decisions involve political contributions with corporate funds, called "soft money." They also involve payments to trade associations and other tax-exempt groups used for political activities that media accounts call the "new soft money." Most of these expenditures are not disclosed. In addition, its payments to trade associations used for political activities are undisclosed and unknown. The proposal asks the Company to disclose its political contributions and payments to tax exempt organizations including trade associations.

The Bi-Partisan Campaign Reform Act of 2002 allows companies to contribute to independent political committees, also known as 527s, and to give to tax-exempt organizations that make political expenditures and contributions.

Absent a system of accountability, corporate executives will be free to use company assets for political objectives that are not shared by and may be counter to the interests of the Company and its shareholders. Relying on publicly available data does not provide a complete picture of the Company's political expenditures. The Company's Board and its shareholders need complete disclosure to be able to fully evaluate the political use of corporate assets. Thus, we urge your support for this critical governance reform.