

Important Proxy Voting Information for Monsanto Shareholders
Vote FOR Proxy Item # 4 – Report on Impacts of Genetically Engineered Products
Symbol: MON Cusip: 61166W101 AGM: Thursday, January 20, 2005

MONSANTO FAILS TO IDENTIFY RISKS TO INVESTORS

Shareholders are being asked to vote FOR a report describing the scope of genetically engineered (GE) products, their environmental impacts, a contingency plan for removing GE products if required, and evidence of independent safety testing.

Reasons why this proposal deserves your support:

1. Market Rejection and Business Strategy Reversal:

Sudden reversals in Monsanto's business strategies cause doubt that the company is comprehensively evaluating the risks of genetically engineered (GE) products sufficiently early in their concept and development and / or providing investors with adequate information to evaluate the risks of these products or strategies. Monsanto has:

- ❑ Abandoned plans to market its *most important future product* GE wheat (see figure 1) despite spending \$60 million on it in 2004 alone.
- ❑ Abandoned plans to develop its *most important future area of research* pharmaceutical crops.
- ❑ Abandoned operations in Argentina despite 90% market penetration of GE soya (this implies that value capture in developing countries is highly uncertain).
- ❑ Suspended its investment in Roundup Ready canola in Australia.
- ❑ Cut production of its *flagship product* rBGH by 50% in the US for most of 2004

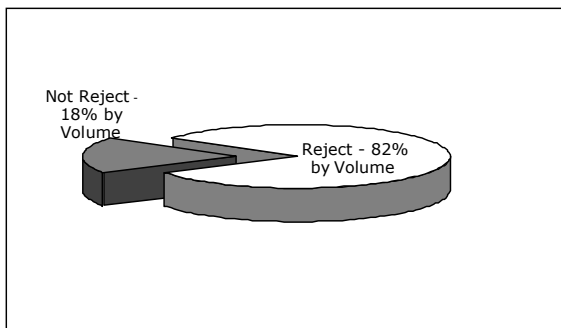


Figure 1 –State of Market Acceptance and Non-Acceptance of GE Wheat, Canadian Wheat Board (2002).

2. Resistance and Competition:

Identifying the scope of GE products is needed to evaluate which products may be vulnerable to environmental risk or competition from new non-GE technologies.

- ❑ Studies show evidence of increasing resistance to Monsanto's *chief product* Roundup/ Glyphosate.
 - Instances of Roundup resistant crops include: ragweed, morning glories, hairy fleabane (2004); Italian ryegrass, Buckhorn Plantain (2003); Rigid ryegrass, Horseweed (2000).
 - In December 2004, 10 university weed scientists issued a statement saying that since 2000, Roundup resistant horseweed has increased from one reported field in Delaware to 11 additional states so far; infesting over 1.5 million acres in Tennessee alone.
- ❑ Competitors are developing herbicide resistant and other crops without using recombinant DNA thus likely avoiding market or public opposition. These new technologies may make much of Monsanto's GE infrastructure of dubious value.
 - Marker-assisted breeding can accomplish many of the goals of GE, such as drought tolerance, without the market hurdles.
 - Directed mutagenesis can create herbicide-resistant and other crops. Two companies are developing new crops that can challenge Monsanto's Roundup Ready crops.

3. Contamination (Adventitious Presence):

Monsanto's Opposition Statement fails to address the shareholders concern over contamination and contingency plans. Yet its 10K - which refers to contamination as "adventitious presence," provides just one (but highly significant) paragraph that tells

a very different story - one that could affect the very heart of the company's business.

"Concern about adventitious presence could lead to increased regulation, which may include: requirements for labeling and traceability; liability transfer mechanisms which may include financial protection insurance; and possible restrictions or moratoria on testing, planting or use of biotechnology traits."

Monsanto 2004 10K

Echoing the need for environmental risk reporting, new 2004 governmental, university, and NGO studies added to the growing documentation of contamination by GE crops:

□ A National Academy of Science report on "Biological Confinement of Genetically Engineered Organisms" found that preventing contamination of non-GE crops or wild relatives by GE was not possible in most cases with current technology.

□ A EPA study showed that GE turf grass had a much greater extent of contamination than Monsanto had predicted. The resulting first-ever full Environmental Impact Statement on a GE crop, currently in process at USDA, and opposition from the U.S. Forest Service and Bureau of Land Management may scuttle this product.

□ A Union of Concerned Scientists study "Gone to Seed" found that GE DNA is contaminating US seeds of corn, soybeans and canola.

□ The organic and conventional papaya industry in Hawaii and Thailand reported widespread contamination from Monsanto's GE papaya.

4. Contingency Plans:

Contamination is happening and even Monsanto's 10K recognizes that the removal of GE seed and products may be necessary. Yet the company offers no contingency plan to address it.

"The detection of adventitious presence of traits not approved in the country where detected may result in the withdrawal of seed lots from sale, or in compliance actions such as crop destruction or product recalls."

Monsanto 2004 10K

Regulatory agencies are not responsible for developing a contingency plan nor financially responsible for cleaning up contamination.

□ The 2000 GE StarLink and 2002 GE ProdiGene crop contaminations provide market examples that ecological contamination and financial risk are for real. StarLink cost Aventis over \$1 billion and ProdiGene was almost put out of business. A similar StarLink size impact on Monsanto's balance sheet would equal a \$3.79 loss per share (see figure 2).

Potential Liability (millions)	\$1,000
Market Cap.	\$13,193
Liability as % of Market Cap.	7.58%
Shares Outstanding (millions)	264
Liability per share	\$3.79

Figure 2. Potential financial fallout from contamination - the StarLink scenario. Innovest Strategic Financial Advisors (2005).

5. The Real Role of Regulatory Agencies:

Monsanto repeatedly states that GE products are reviewed by regulatory agencies. Understanding these agencies role is central to understanding the issue of liability. The biggest misperception about GE crops is that the FDA has tested these plants and declared them safe. What the FDA has done is approved GE crop commercialization based on Monsanto's *assurance* that the products are safe.

□ The FDA is responsible for food and feed products. It does not apply mandatory or binding regulations for GE crops and relies on a system of voluntary consulting wherein Monsanto tells the FDA the product is safe. The FDA does no inspection or monitoring for GE food after it is commercialized and is not legally or financially liable for these products.

□ The EPA only regulates pesticide GE genes and proteins - in this case the Bt gene. Its review process does not cover the full scope of impacts and risks of the GE plant. It is not responsible and does not test, monitor or regulate herbicide resistant plants, which account for the majority of GE crops.

□ The USDA only has mandatory testing to see if a crop is invasive or has plant pest characteristics. It does not have the authority to evaluate the potential health impacts of the GE crop, or of conventional crops that become contaminated with experimental traits. It is not responsible for monitoring or enforcement of commercialized GE crops.

6. Independent Testing:

Evidence of independent testing affirming the safety of these products is needed to reassure consumers, address widespread market opposition, and provide investors with a fuller picture of potential risks.

❑ One of Monsanto's most consistent claims is that Roundup decreases pesticide use. Yet the 2004 study "*Genetically Engineered Crops and Pesticide Use in the United States: The First Nine Years*", reviewed USDA data and found that the overall volume of pesticides applied to GE corn, soybeans, and cotton has increased 122.4 million pounds (4%) between 1996 and 2004. Typically the usage of pesticides first falls but then climbs steadily as resistance increases.

❑ A National Academy of Science report on the "Safety of Genetically Engineered Foods, Approaches to Assessing Unintended Health Effects" identified sizable gaps in scientific methods to predict and assess unintended adverse effects.

7. Sarbanes-Oxley Requirements:

As of November 2004, the Sarbanes-Oxley Act:

❑ Imposes a new duty on CEOs and CFOs to certify that the company has effective controls in place to ensure that its financial reports "fairly present" its current and prospective condition.

❑ Requires information about environmental liabilities and risks from "known trends and uncertainties" under regulation S-K.

❑ Does not protect directors who deliberately ignore product safety or pollution risks; they face personal liability for "pollution securities claims" arising out of undisclosed and uninsured environmental liabilities.

8. Stock Price and Long Term Value:

If these products are so controversial why is the stock doing so well? Innovest Strategic Value Advisors has just released what is likely the most in-depth look at the issue of Monsanto and GE Risks for Investors. www.innovestgroup.com The report points out that Monsanto's stock price is likely overvalued compared to its actual earnings.

❑ Monsanto's PE ratio has been over 40 during the latter half of 2004.

❑ In the last 6 months, 21.9% of the shares held by insiders have been sold, while only 2.2% of the institutional shares have been sold and no significant purchases have taken place.

❑ Investors and media are likely misinterpreting recent stories such as increases in GE acreage planted (as this does not automatically translate into increased revenue - which is why Monsanto abandoned operations in Argentina).

❑ For the fifth year in a row Monsanto has posted significant "Extraordinary Charges" averaging \$350 million per year over the last 4 years. It faces other large liabilities related to Agent Orange and PCB's that provides little margin for additional financial risks.

According to the Innovest report shareholders may expect some short-term stock volatility thus long-term value is the only *real* value inherent in the stock. Yet long-term value is likely at risk primarily from a number of underreported GE risks.

9. Transparency:

Monsanto's 10K broadly outlines profound environmental and financial risks from GE crops yet its web site and financial reports inadequately addresses these risk in any substantial way. As Innovest points out:

"Significant Risks to Financial Performance Remain Un-examined in Monsanto's Business Plan and are not properly reflected in current stock market valuations:

- ❑ Potential costs of "adventitious presence", or contamination of conventional seed with biotechnology traits, is not delineated properly for investors by management.
- ❑ Lack of regulatory oversight is not acknowledged as a business risk since liability remains with Monsanto once GE crops are commercialized
- ❑ Regular appearance of "Extraordinary Charges" on the balance sheet as a result of environmental litigation costs and restructuring charges imply that such costs will likely continue to be burdensome.
- ❑ Ambitious profit targets do not reflect political and economic realities facing GE crops with respect to consumer acceptance and commercialization.
- ❑ Reliance on litigation to "capture value" and fend off competitors is not fully acknowledged in the business plan, or accounted for in SEC filings.
- ❑ Traditional chemical company risks remain a burden despite the shift to Ag biotech.

"Monsanto & Genetic Engineering: Risk for Investors"

Innovest. 2005

10. Accountability:

Monsanto's opposition statement says that these products are proven safe, efficient, and beneficial to the environment; that they are rigorously tested; that regulatory agencies provide a safety net; and that Monsanto provides the public with adequate information. As evident from the information above, the opposition statement is incomplete or misleading in several of its assertions.

- There is a significant body of science that challenges Monsanto's claims of safety & benefits.
- There are numerous governmental and independent scientific reviews that indicate serious gaps in the regulatory approval process and a lack of oversight once products are commercialized.
- Regulatory agency review does not make the agencies financially responsible for these products nor are they responsible for monitoring or regulating GE herbicide resistant plants after they are commercialized.
- Management now has a duty to capture information about product safety trends and to investigate potential product risks.
- Monsanto provides a quantity of information, on its web site, but virtually none relating to environmental and financial risks.
- Monsanto and its shareholders are responsible for all legal and financial liabilities.

Conclusion: Need for Additional Reporting

As the world's leading producer of GE crops Monsanto faces unique risks; these risks require a detailed assessment by senior management and the reporting of that assessment to shareholders.

Major business strategy reversals that took investors by surprise, and the company's nominal acknowledgement of GE crop contamination in the face of ever growing scientific and governmental warnings on this issue – show that management is either unprepared for these market changes or did not divulge major risks and strategy changes to investors. In either case, improved risk assessment and greater transparency is required.

SEND A MESSAGE TO MANAGEMENT

- Report Risks & Response Plans
- Improve Disclosure and Accountability
- Protect Long-Term Shareholder Value

Shareholders can vote their proxies via mail, Internet, phone, or by attending the annual meeting. Voting instructions are provided on the proxy and votes can be submitted or changed up to 11:59 p.m. EDT on January 19 via phone or Internet. Those attending the annual meeting can change or submit their votes at the meeting.

For detailed information, reports and news articles on this issue please visit
www.proxyinformation.com

VOTE FOR PROXY ITEM #4

This shareholder proposal was filed by School Sisters of Notre Dame of St. Louis; Sisters of Mercy Regional Community of St. Louis; St. Mary's Institute (Sisters of the Most Precious Blood), O'Fallon, MO; Sisters of St. Joseph of Carondelet; Sisters of Loretto; Mercy Investment Program; Sisters of Mercy, Regional Community of Detroit Charitable Trust; Sisters of the Blessed Sacrament; Sinsinawa Dominicans; Daughters of Charity of Saint Vincent dePaul, St. Louis; Adrian Dominican Sisters; Sisters of Charity of Cincinnati; and As You Sow Foundation.