March 6, 1972

Mr. Tom W. Smith
Vice President-Operations
San Angelo Electric Service Co.
936 Pulliam Street
P. O. Box 1587
San Angelo, Texas 76901

Dear Mr. Smith:

Monsanto has voluntarily discontinued sales of certain polychlorinated biphenyl products to all applications except for those used in capacitors, transformers, and associated closed electrical hardware. The higher chlorinated products are being found to be persistent in the environment and may tend to build up in the food chain. The enclosed article by C. G. Gustafson entitled, PCB's - Prevalent and Persistent", may be of interest to you.

Consequently, we have adopted a policy whereby sales of these products to our customers will only be made upon agreement on a special undertaking between the companies involved which must be completed to Monsanto's satisfaction. Two copies of this special undertaking are enclosed. Both copies must be signed by an officer of your company and returned to us.

In addition, to make the special undertaking meaningful to Monsanto the customer must have sufficient financial

resources and, in this regard, we have established the following criteria:

1) The customer must either have $50M net worth, (as evidenced by a copy of your most recent annual report or a copy of your most recently published Income Statement and Balance Sheet),

or

2) Specific insurance coverage to protect against claims which might result in the form of pollution damage caused by a sudden and accidental occurrance by leakage, spillage, etc. in your plant, or through the use of your product. The policy should provide for blanket contractual coverage in this regard.

   The minimum insurance requirements for this would be at least $5M product liability coverage for customers purchasing 200,000 pounds/year or less, and $10M for customers purchasing more than 200,000 pounds/year. These liability limits have been in effect since March 1, 1972. (Prior to that date our requirement was $10M regardless of volume purchased.)

After you have considered the above factors we would be happy to discuss this further with you. If you have any questions please do not hesitate to let us know.

Very truly yours,

Howard S. Bergen, Jr.
Director
Specialty Products

/jf

Enclosures