CENTRAL CAROLINA FARMERS, Inc.

HOME OFFICE: 801 GILBERT ST. POST OFFICE BOX 1452
TELEPHONE 682-6141 DURHAM, N. C. - 27702

February 25, 1972

Monsanto Chemical Company
C/o C. T. Corporation System
Suite 423, One Eleven Corcoran Street
Durham, North Carolina 27702

Gentlemen:

In early August 1971 our company learned, through condemnations ordered by the Food and Drug Administration and the North Carolina Department of Agriculture affecting eggs and laying flocks which had consumed poultry feed produced by us, that a Peruvian anchovy fish meal utilized by us in such poultry feed was contaminated with polychlorinated biphenyls, or PCB's. This contaminated fish meal was received by us in shipments during the months of June and July 1971, and had been mixed by us into poultry feed which we sold and delivered during those months to a large number of growers of laying flocks and to one producer of broilers.

As a result of such contamination and resultant condemnations, a large amount of otherwise marketable eggs had to be destroyed, some laying flocks had to be destroyed, and many other flocks had to be taken out of production and molted for a substantial period of time in an effort to eliminate the PCB's, and to salvage some of the productivity of the affected flocks. The clearing of all of the affected flocks and thair return to normal production, which has been substantially reduced by virtue of the above problems, has recently been completed.

Because of this contaminated fish meal, and as far as we can now best determine, our company is exposed to claims for damages on the part of at least 43 growers whose laying flocks consumed our feed, and at least one broiler producer who purchased our feed, which could aggregate in excess of $500,000.00.

Monsanto Chemical Company supplied the PCB's to the pasteurization system operated at Wilmington, North Carolina, in which the contamination of the fish meal sold to our company occurred. Monsanto was negligent in various respects in continuing to supply excessive quantities of this dangerous substance to this system, when it knew or should have known that the same was leaking from the system and contaminating food designed for animal consumption and subsequent human consumption, proximately causing the damages in question.

This is to notify you that our company considers you primarily liable for the claims of the persons above referred to, to whom we sold and furnished feed, and to demand that you assume responsibility for settlement and disposition of their claims against us, and for the defense of any litigation instituted by any of these persons against us, and for payment of such judgments, if any, as they or any of them may obtain against us.

Our Product Brand

MONS 094925

2 Monsanto Chemical Company

This is also to notify you that if you have not informed us in writing on or prior to March 20, 1972, of your intention to assume such responsibility, as aforesaid, we or our insuror may thereafter proceed to effectuate the most favorable settlement of all or some of such claims as may prove possible, and will seek recovery from you of the amounts of such settlements, with interest, as well as the cost and expenses incident thereto, including attorneys' fees.

This is also to notify you that, should litigation on any of said claims be instituted against our company, and you shall after notice of such litigation fail to assume full responsibility for its defense and for payment of all sums recovered against our company, we and our insuror will seek recovery from you of all such sums, with interest, as well as the cost and expense of the defense of such litigation, including attorneys' fees.

Our company has itself sustained very substantial loss and damage on account of this contaminated fish meal. If you or your insuror desire to effectuate amicable settlement of our claim please contact us for this purpose promptly, otherwise we expect to proceed with appropriate action to recover such loss and damage.

Yours very truly,

CENTRAL CAROLINA FARMERS EXCHANGE, INC.

G. B. DeLoatche

G. B. DeLoatche
General Manager

GBD/dO