Ralston Purina Company

June 18, 1973

Wilbur-Ellis Company
International Proteins Corporation
East Coast Terminals, Inc.
South Pacific Proteins, Inc.
Joy Manufacturing Company
William J. Moran Company
Monsanto Company
Empresa Publica De Commercilizacion
De Harina Y Aceite De Pescado
McQuay-Perfex, Inc.
Greensboro, North Carolina

Gentlemen:

Until February 5, 1972, Ralston Purina Company owned and operated a certain feed manufacturing facility at Thorndike, Maine. Feed manufactured at this facility was consumed by certain poultry flocks owned by Ralston Purina Company in connection with its Waterville, Maine integrated poultry operation. In addition, Ralston Purina Company sold feed manufactured at Thorndike, Maine to Penobscot Poultry Company.

On January 19, 1972, Ralston Purina Company entered into a contract of sale covering its Waterville, Maine integrated poultry operation to Charles J. Auger, who subsequently assigned his interest to Fort Halifax Packing Company and Fort Halifax Poultry Company. Possession of the Waterville, Maine integrated poultry operation, including physical facilities, poultry flocks on feed, and unused feed was delivered to the Fort Halifax companies on February 5, 1972.

On or about February 7, 1972, excess mortalities were observed in poultry flocks owned by both Penobscot Poultry Company and Fort Halifax Poultry Company. Dr. Leo F. Eldridge, D.V.M., examined poultry flocks owned by Fort Halifax Poultry Company and, as the result of his examination and the analysis of tissues from such flocks, it was determined that the flocks were contaminated with polychlorinated biphenyls (PCB's).

Ralston Purina Company cooperated with Penobscot Poultry Company, Fort Halifax Poultry Company, the Food and Drug Administration, the United States Department of Agriculture and the Department of Agriculture of the State of Maine to obtain approval for the

MONS 094845

Checkerboard Square
St. Louis, Missouri 63188

marketing of poultry grown in Maine from February, 1972 through August, 1972. In addition, the three companies and the three regulatory agencies, and Ralston Purina Company's insurance carrier, The Hartford Insurance Company, together with others interested in the Maine poultry industry, cooperated in an effort to determine the source of contamination of feed manufactured at Thorndike, Maine. Samples of feed taken at Thorndike, Maine by the Maine Department of Agriculture on or about January 24, 1972, in connection with its routine feed control activities, were analyzed on or about February 21, 1972. This analysis indicated that some of the poultry feed manufactured at Thorndike, Maine, contained several hundred parts per million of PCB's. Neither the Federal and State regulatory agencies nor Ralston Purina Company and its insurance carrier, the Hartford Insurance Company, have been able, to date, to identify with particularity the source of contamination of feed manufactured on or about January 24, 1972, at Thorndike, Maine. The investigation of Ralston Purina Company and The Hartford Insurance Company is continuing and will continue.

Claims were asserted aginst Ralston Purina Company by both Penobscot Poultry Company and Fort Halifax Poultry Company. The claim of Penobscot Poultry Company was settled for $677,000 and a release was obtained on August 24, 1972, from Bayside Enterprises, Inc. and Poultry Processing, Inc., which companies owned or controlled Penobscot Poultry Company. Certain rights of Ralston Purina Company were subrogated to The Hartford Insurance Company as the result of the payment of the Penobscot Poultry Company claim. Certain claims made by Penobscot Poultry Company for defective feed approximating $33,830, together with other expenses incurred in handling the Penobscot claim were not subrogated by Ralston Purina Company to The Hartford Insurance Company. The claim of Fort Halifax Poultry Company was settled by Ralston Purina Company for $385,000 and a release was obtained from Charles J. Auger, Fort Halifax Packing Company and Fort Halifax Poultry Company on April 10, 1973.

Ralston Purina Company and/or The Hartford Insurance Company may seek to recover damages of the above-named parties for the contamination of feed which was manufactured at Thorndike, Maine, in January through August, 1972. The Hartford Insurance Company has and will become subrogated to Ralston Purina Company's interest upon payment of Ralston Purina's claims under a policy or policies of insurance issued to Ralston Purina Company by the Hartford Insurance Company.

The right retained by Ralston Purina Company to bring an action or actions for any damages it has sustained as a result directly or indirectly of the contamination with PCB's of any of its

property or property rights in Maine are in addition to any other rights with regard to future claims which Ralston Purina Company has retained in the release to which this letter is attached.

Very truly yours

J. A. Fraser
General Attorney

gjs

att.