

The Dial Corp  
1850 North Central Avenue  
Phoenix, AZ 85017

phone 602.207.4000

June 26, 1996

VIA REGISTERED MAIL

The Home Insurance Company  
59 Maiden Lane  
New York City, New York 10038

Attention: Claims Department

Re: Your Insured: Armour and Company

HEC 9543751: 7/21/64-7/21/66; \$500,000 X \$50,000 SIR

7/21/66-7/21/67; \$5 million X \$50,000 SIR

HEC 9543785: 7/21/64-7/21/67; \$5 million X \$5 million X  
\$50,000 SIR

HEC 9559860: 7/21/67-7/21/70; \$10 million X \$50,000 SIR

Ladies or Gentlemen:

This is to advise you of the current and potential liability and damages sustained by The Dial Corp as the successor-in-interest to Armour and Company ("Armour"). Your company insured Armour during the period 1964 - 1970 under the policies identified above.

Dial's current and potential liability results from the fertilizer operations during the 1960's of Armour's then wholly-owned subsidiary, Armour Agricultural Chemical Company ("AACC"), and from Armour's contractual liability arising from a 1968 sale of AACC assets. Prior to 1968, AACC operated twenty-nine plants which manufactured or utilized various agricultural products, including fertilizers and pesticides. During June of 1968, AACC

sold the bulk of its assets and operations to United States Steel Corporation ("USS"). Under the terms of the sale agreement, AACC and Armour each agreed to indemnify USS and hold it harmless from any liabilities attributable to AACC's operations prior to the sale. In 1970, Dial (then known as The Greyhound Corporation) purchased a majority interest in Armour. That relationship remained until 1992, when Armour was merged into Dial. For ease of reference here, I refer to Dial as Armour.

Chicago Heights, Illinois. AACC operated a fertilizer plant in Chicago Heights, Illinois for many years prior to 1968. USS thereafter operated that plant until it sold it in May of 1986 to another company, LaRoche Industries Inc. LaRoche operated the facility until 1988 and demolished all of the buildings there in 1992.

LaRoche apparently discovered soil and groundwater contamination at the Chicago Heights facility after it ceased its operations there. LaRoche thereafter made a claim against USS and USS, in turn, notified Armour of its potential liability under the terms of the 1968 USS-AACC-Armour asset sale agreement. Armour thereafter entered into an agreement with USS and LaRoche to share the costs of remediation at the Chicago Heights facility. Armour's share was determined to be 42.86 percent of the total cost.

The soil and groundwater contamination discovered by LaRoche centers upon a waste disposal area. This area has been subject to environmental assessment efforts and debris removal work. Based upon information received from former employees, it appears that the bulk of the groundwater contamination from the waste disposal site resulted from the disposal of a specific fertilizer manufactured by AACC starting in the early 1960's which had certain identifiable pesticides blended into it. That product apparently was only manufactured for several years, which ended before the property was sold by AACC to USS in 1968.

Unrelated contamination is now also being investigated with respect to a former acid plant at the Chicago Heights facility. No remediation has yet commenced with respect to the acid plant

contamination although the parties have recently completed their assessment of the problem.

To reduce the costs of these remediations, Armour, USS, and LaRoche are fulfilling their legal obligations under the supervision of the Illinois Environmental Protection Agency ("I.E.P.A.") pursuant to Illinois Rev. Stat. ch. 415, para 5.22.2(m). Proceeding under this statute allows the present and former owners/operators to undertake the remediations themselves under the review of the I.E.P.A. rather than having the state or a local government unit undertake the work and obtaining reimbursement from them by way of enforcement actions pursuant to Ill. Rev. Stat. ch. 415, para 5.22(f) and (i). To date, Armour has spent approximately \$445,000 with respect to these two sites. Most of that money was expended for the required assessments for both areas and the debris removal at the waste disposal area.

Based upon the foregoing, we believe that these two claims are properly tendered to The Home under the policies noted above.

Fairfax, Allendale County, South Carolina. AACC leased space on the outskirts of Fairfax, South Carolina from March 10, 1966 until its interest in the lease was transferred to USS effective June 29, 1968 as part of the asset sale discussed above. The United States Environmental Protection Agency ("EPA") has designated as a Site pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. 9607(a) ("CERCLA"), approximately five acres of land, only a part of which is the Fairfax space leased by AACC and later by USS. The EPA alleges that the Site is a former pesticide blending and distribution facility. However, AACC used its leased space only for storage and handling of its fertilizers manufactured elsewhere and had no connection with whatever manufacturing activities did occur on the area designated as a Site.

EPA has sent USS a notice pursuant to Section 107(a) of CERCLA that asserts that USS has CERCLA liability with respect to documented releases or threatened releases of hazardous substances at the Site. We are informed that the EPA has sent similar notice letters to two other parties. USS has

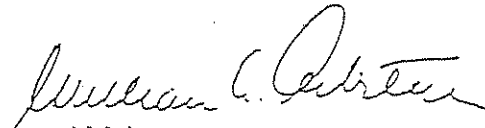
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subsequently notified Armour of the EPA notice letter. As of this time, no claim or demand has been made against Armour by EPA or by USS.

We would like to set up a meeting with you to discuss these matters further.

Very truly yours

A handwritten signature in cursive script, appearing to read "William A. Arbitman".

William A. Arbitman  
Associate General Counsel

WAA/dbs



VIAD CORP  
1850 North Central Avenue  
Phoenix, AZ 85077  
602-207-4000

September 2, 1998

Nicholas Kokinakis, Esq.  
The Home Insurance Company  
59 Maiden Lane  
New York, New York 10038

Re: Notice Designation as Potentially Responsible Party for  
Holding Pond For Scrubber Waste Site (La Roche  
Industries Site), Greensboro, Guilford County, North  
Carolina: The Home Insurance Company Policy Nos. HEC 9  
54 37 51 (July 21, 1964 - July 21, 1967), HEC 9 54 37  
85 (July 21, 1964 - July 21, 1967), HEC 9 55 98 60  
(July 21, 1967 - July 21, 1970)

Dear Mr. Kokinakis:

By letter dated March 4, 1997, I wrote to notify you of the  
above-referenced environmental action at the La Roche Industries  
Site in Greensboro, Guilford County, North Carolina. This Site  
was owned and operated by Armour Agricultural Chemical Company  
("AACC"), a former subsidiary of Armour and Company ("Armour"),  
from 1935 until 1968.

We write to provide notice to you and/or your successor that  
the North Carolina Department of Environment and Natural  
Resources ("NCDENR") has designated AACC (referred to by the  
NCDENR as Armour Fertilizer) and its successors as potentially  
liable for a portion of the contamination present at the Holding  
Pond for Scrubber Waste Site, which is part of the La Roche Site.  
La Roche Industries and U.S. Steel are currently performing  
remedial action of hazardous substances at the Site and made  
demands on your insured. A copy of the NCDENR's demand letter is  
enclosed for your review and file.

U.S. Steel has demanded that Armour sign a Consent Order,  
make reimbursement for past defense costs, and participate in all  
future expenses at the Site. A copy of U.S. Steel's demand  
letter is enclosed for your review and file.

Nicholas Kokinakis, Esq.  
September 2, 1998  
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As discussed in my previous letter to you, we have reviewed our records and have determined that The Home Insurance Company ("Home") sold Armour, as the primary policyholder, liability policy Nos. HEC 9 54 37 51 (July 21, 1964 - July 21, 1967), HEC 9 54 37 85 (July 21, 1964 - July 21, 1967), and HEC 9 55 98 60 (July 21, 1967 - July 21, 1970) providing excess/umbrella coverage for the above-referenced action.

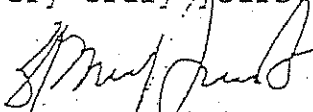
Our search for other policies continues, and we will advise you if we determine that you and/or your predecessors and successors issued additional policies. We request that you review your own records and notify us immediately of any other policies that may provide coverage for the above-referenced action.

Because our liability exposure pertaining to this matter may impact your level of coverage, we are providing this notice to you, as well as to our other excess/umbrella liability insurance companies.

We hereby request an acknowledgement of the receipt of this letter and the enclosures set forth above. Further, we request that your company provide a confirmation of the availability of excess/umbrella insurance coverage provided by your policies, up to the full liability limits.

We look forward to your prompt confirmation of excess/umbrella coverage.

Very truly yours



Steven J. Twist  
Assistant General Counsel

Enclosure