

Cost Basis Adjustments

Dear Ralston Purina Shareholder:

We are pleased to inform you that the spin-off of Agribrands International, Inc. was accomplished on April 1, 1998. One share of Agribrands International, Inc. Common Stock ("Agribrands Stock") was distributed for each ten shares of the Company's \$.10 per value Ralston Purina Common Stock held by you as of one minute after midnight on April 1, 1998.

A book entry system was used to distribute the shares of Agribrands Stock. Ownership of Agribrands Stock is recorded in the records maintained by Continental Stock Transfer & Trust Company, the Transfer Agent for Agribrands. You should have received a Share Account Statement from Continental indicating the number of shares of Agribrands Stock credited to your account, and any cash payment in lieu of fractional shares.

We have received a ruling from the IRS that the issuance of shares of stock as a result of the spin-off is not taxable to shareholders for federal income tax purposes. Attached is an information statement regarding the April 1, 1998 tax-free distribution of shares of common stock of Agribrands International, Inc. This statement should be completed and filed with your 1998 federal income tax return as required by IRS regulations.

Federal income tax law requires the allocation of the tax basis of your Ralston stock at the time of the spin-off ("old Ralston basis") between your retained Ralston Stock and the new Agribrands stock in proportion to the relative fair market values of each. For this purpose, the fair market value of the Ralston stock and the Agribrands stock will be based on the average of the means between the highest and lowest selling prices for each of the first three days of trading after the spin-off.

Based on the New York Stock Exchange trading on April 1, 2, and 3, the fair market value for basis allocation purposes of a share of Ralston stock is \$102.60 and a share of Agribrands stock is \$36.75, or \$3.675 for 1/10 share of Agribrands stock. Accordingly, the percentage of Ralston basis assigned to Ralston stock is 96.54%, and the percentage assigned to Agribrands stock is 3.46%.

For example, assume your tax basis for 100 shares of Ralston Common Stock owned immediately before the spin-off is \$5,000. Using the allocation percentages, your basis in the 100 shares of Ralston stock would become \$4,827 (96.54% x \$5,000) and your basis in the 10 shares of Agribrands stock received as a result of the spin-off with respect to such Ralston stock would be \$173 (3.46% x \$5,000).

The cash you receive in lieu of any fractional shares of the fractional shares of Agribrands stock is treated for federal income tax purposes as an amount realized on the sale of a fractional share, and the resulting gain or loss must be reported on your federal income tax return. The Transfer Agent sold all of the fractional shares on April 6, based on a \$34.8106 price for an Agribrands share, net of brokers' proceeds. Your taxable gain or loss from such sale is the difference between the cash received and the basis of the fractional share computed by applying the above formula.

For example, if you held 102 shares of Ralston stock immediately before the spin-off, you received 10 shares of Agribrands stock plus \$6.96 (1/5 of \$34.8106) in lieu of 1/5 of a share

of Agribrands stock. Assuming your tax basis in the 102 shares of Ralston stock was \$5,100 under the above described allocation formula, your basis 10-1/5 shares of Agribrands stock would be \$176.46, and your basis the 1/5 share of Agribrands (converted to cash) would be \$3.46. Your resulting gain in respect of the fractional share would be \$3.50 (*\$6.96 sales proceeds less \$3.46 tax basis).

For capital gain purposes, your holding period for Agribrands stock includes your holding period for the Ralston shares.

Please note that tax consequences different from those described above may apply to Ralston shareholders receiving Agribrands stock in the spin-off with respect to employee awards of restricted Ralston stock and Ralston shareholders who are subject to the laws of any foreign jurisdiction.

Your tax adviser can provide further guidance and any additional information you may need.