

Pennfield quashes Cargill merger talks

ROHRERSTOWN — Pennfield Corporation President Robert B. Graybill Wednesday said the firm has moved to cut off all negotiations on the sale of the company.

Persistent rumors in the ag community linked Pennfield and the Cargill Grain Company, Minneapolis, Minnesota, in a pending acquisition.

As late as Tuesday of this week, a Cargill spokesman was able to maintain that his firm and Pennfield were involved in negotiations which would have lead to Cargill's establishing a base in the Southeastern Pennsylvania-Maryland market.

Cargill maintained closed lips on the merger possibility.

"The only statement we can make is that we don't comment on any acquisition until it is finalized," Cargill had said earlier in the talks.

There were indications that Cargill expected a favorable conclusion on the deal within several week's time.

One reason for Cargill's apparent eagerness to deal may have been the growing market share going to Perdue's broiler business on the Eastern Shore of Maryland and Delaware.

Pennfield is solidly situated in the Lancaster area poultry market and would have made a good barrier to Perdue's northward expansion.

But on Wednesday, Graybill circulated the following memo to Pennfield Corporation's employees.

"The Board of Directors has decided to terminate all negotiations pertaining to the acquisition of the corporation by an outside firm. It is our belief that the interests of Pennfield can best be served by remaining a

privately-held company.

"We are fortunate to have had the excellent growth that Pennfield experienced during the last ten years. We are proud of all our employees who have contributed to this growth. The Board recognizes that your continued efforts will assure our success as we begin our second decade," the memo concluded.

Graybill Wednesday afternoon declined to give a reason for the decision not to join forces with Cargill.

"It's just one of those things that happens from time to time in business," Graybill said.

"It's just a shame it leaked," he said referring to news reports of the possible merger.

When asked whether Pennfield would be open to further offers, either from Cargill or another firm, Graybill replied, "Not at this time."

Cargill confirmed that the decision to cut off negotiations had come from Pennfield.

"We went by their wishes," Cargill said.

Cargill said it had no immediate plans to press Pennfield for further talks, nor were there any pending

deals for other similar firms in the Southeast Pennsylvania area.

"But who knows what could happen in the future?" a Cargill spokesman said.

For the present, though, Pennfield Corporation will remain a privately held farm company.—CH

Potato stocks down

HARRISBURG — Total stocks of potatoes stored in Pennsylvania on March 1, 1981 were 1,150,000 hundredweight, 34 percent less than a year ago, according to the Pennsylvania Crop Reporting Service.

Current total stocks are 28 percent of this year's production of 4,180,000 cwt., compared with 29 percent on hand a year ago.

U.S. potato stocks on March 1 were estimated at 94.2 million cwt.

in the 15 major fall potato production states. Stocks were down 23 percent from March 1 last year and 29 percent less than on March 1, 1979.

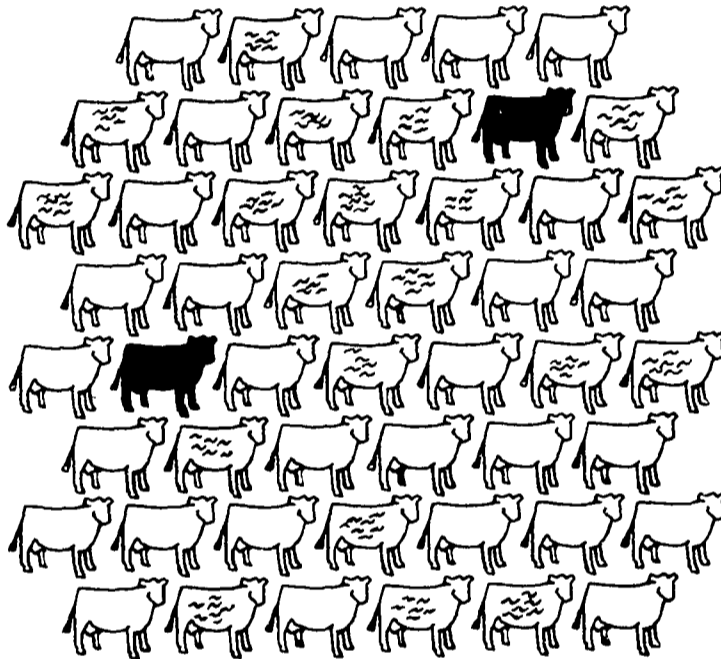
Disappearances to March 1, 1981 in the 15 major fall states totaled 160 million cwt., two percent below the same period last year.

Total disappearance to date includes 19.6 million cwt of potatoes fed to livestock on potato farms, discarded without grading, dumped during grading, and lost to shrinkage (moisture loss). Disappearance during the month of February totaled 24.2 million cwt. compared with 26.2 million cwt. for February 1980.

The quantity of potatoes processed to March 1, 1981 in the seven major states totaled 60.6 million cwt., four percent less than the same period last year.

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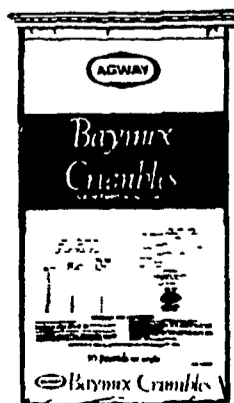
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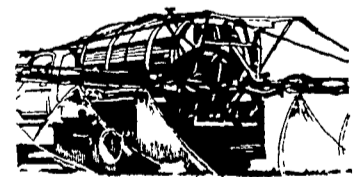
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