



To Whom It May Concern:

RE: Indirect Facility and Administration Costs

Balchem Corporation has a long history of supporting basic and applied research in human nutrition on a global basis. As part of our commitment to promote the advancement of science, we routinely support research conducted with contract and private research organizations and universities worldwide. As a corporate sponsor of research, we recognize that for research projects conducted in collaboration with many universities there are indirect facility and administration (F&A) costs in addition to the actual budgeted costs of conducting the research itself; however, these charges will vary from institution to institution. In order to allow Balchem to provide funding for the greatest number of projects as well as standardize the level of indirect administrative fees that will be paid, Balchem's policy for funding human nutrition research projects limits indirect costs to a maximum of ten percent (10%) of the total amount budgeted for conduct of the research itself, exclusive of specific items for which the indirect administrative fees are not applicable, such as graduate student tuition. This maximum limit will be standard policy for any university or other public or private research organization for which this may be applicable.

Sincerely,

Jonathan Bortz, MD
Vice President, Nutrition Science
Human Nutrition and Health
Balchem Corporation