

FRAMEWORK AGREEMENT FOR ACQUISITION OF
CARGILL SALT PONDS

By and among

THE CALIFORNIA RESOURCES AGENCY,

THE WILDLIFE CONSERVATION BOARD,

THE CALIFORNIA DEPARTMENT OF FISH AND GAME,

STATE COASTAL CONSERVANCY,

THE U.S. FISH AND WILDLIFE SERVICE,

CARGILL, INC.,

and

SENATOR DIANNE FEINSTEIN

May 29, 2002

Whereas Cargill, Inc. wishes to sell and donate certain real properties and property rights it holds in the counties of Napa, Alameda, Santa Clara, and San Mateo, California, as shown in Exhibit 1;

Whereas the United States and the State of California wish to acquire, through purchase or donation, such properties and property rights in order to protect, restore and enhance highly significant fish and wildlife habitat as outlined in the March 1999 Baylands Ecosystem Habitat Goals report; to promote the protection and restoration of migratory birds and other fish and wildlife, especially threatened and endangered species; and to provide an opportunity for wildlife-oriented recreation, interpretation, and environmental education;

Whereas the United States, acting through the U.S. Fish and Wildlife Service, and the State of California, acting through the Resources Agency, Department of Fish and Game, Wildlife Conservation Board, and State Coastal Conservancy, are working cooperatively with Senator Dianne Feinstein and the Richard and Rhoda Goldman Fund, the William and Flora Hewlett Foundation, the Gordon E. and Betty I. Moore Foundation, and the David and Lucile Packard

Foundation to coordinate and provide funding for the (i) acquisition of such properties and property rights by the United States and State of California, and (ii) for the initial stewardship, restoration planning, enhancement and long-term management of fish and wildlife habitat on these properties. And the philanthropic foundations agree to commit \$35 million to assist funding of the government's acquisition, initial stewardship, and restoration planning for the property;

Now, therefore, to provide a framework for such acquisition, the signatories to this Framework Agreement do hereby agree as follows:

1. Acquisition. The United States by and through the U.S. Fish and Wildlife Service (FWS) and the State of California Resources Agency by and through the Department of Fish and Game (DFG), Wildlife Conservation Board (WCB), will acquire from Cargill, and Cargill will sell and donate to FWS and WCB, approximately 16,500 acres of lands and property rights owned by Cargill located in the South San Francisco Bay and Napa County:

- identified as components 1, 3, 4 (except as noted below) and 5 in the appraisal delivered to FWS on December 7, 2000, prepared by Charles D. Bailey & Associates, Inc. Dana Property Analysis (Appraisal);
- provided, however, title to Pond SF-2 in Appraisal component 3, which is currently being investigated and remediated by the San Francisco Public Utilities Commission to address impacts due to a former skeet shooting range on adjacent property, will not be transferred to the United States until the completion of such remediation as may be required to obtain the concurrence of all government agencies asserting jurisdiction over this contamination that applicable clean up standards have been met and no further action is necessary.
- Cargill will be responsible for the on-going operation and maintenance, including levee maintenance, of each of the ponds (including any structures necessary for their operation) located on the property until such time as surface waters are capable of being discharged from each pond (provided discharge is determined by the USFWS and DFG to be the appropriate option) in compliance with all applicable discharge requirements of the California Regional Water Quality Control Board (RWQCB) (the "Transfer Standard"). Cargill's responsibility for operation and maintenance of these ponds may terminate on a pond-by-pond basis once Cargill has certified that the Transfer Standard has been met. Cargill will achieve the Transfer Standard in the most expeditious time frame possible. The U.S. and California will be responsible for construction of any facilities necessary solely for discharge to surface waters.
 - (a) Cargill, FWS and DFG agree to cooperate with the RWQCB and with each other to apply for any required discharge permits prior to closing, and to share in the costs of preparing and processing such permit applications. Such cooperation will include, to the extent allowed by law, actively pursuing permit application(s) and/or amendments to permit application(s) that would

(if granted by the RWQCB) allow any required permits for discharges to surface water issued on or after the date of closing to identify the United States and the State of California as owners of the ponds and sole holders of such permits. Cargill, FWS and DFG agree to provide each other all information within their control that is necessary or helpful in making such permit application to the RWQCB, and Cargill agrees to share with the purchasers all work it has done or will do, including numerical modeling, relative to the discharge of brines.

(b) If a Transfer Standard has not been established by March 15, 2004, FWS and DFG will assume responsibility for the on-going operation and maintenance of each of the ponds located in Appraisal components 4 (other than Ponds A-19, A-20, A-21, A-22, and A-23) and 5.

- Cargill and DFG will work together to formulate and incorporate into the Phase Out Agreement a mutually agreeable plan for Cargill to address salts, brines and saltmaking byproducts present at the Napa Plant site. Cargill will be responsible for the maintenance of the Napa site, including ponds and any structures necessary for their operation and maintenance, until the plan is implemented and completed.
- Cargill will be responsible for satisfactorily and timely addressing each recognized environmental condition identified in the Phase I Environmental Site Assessment prepared on behalf of Cargill by Erler & Kalinowski, Inc. and in the pre-acquisition contaminant surveys prepared on behalf of FWS and the State of California, and of which Cargill is notified prior to closing. Cargill will be required to address such conditions to the extent necessary to comply with applicable laws, regulations, enforceable agreements, and applicable clean-up standards developed pursuant thereto by any government entity with authority to regulate clean-up. Cargill will give FWS and the State of California reasonable access to the property prior to closing.

2. Exclusions. The transaction excludes Appraisal component 2, the Redwood City Plant Site which is 1457 acres; Pond A-18 which is 856 acres in Appraisal component 4; and the ditch adjacent to Moffett Field and Ponds A-2E and B-2, both in Appraisal component 4.

3. Appraisal. All parties acknowledge that the Appraisal was prepared in compliance with Uniform Appraisal Standards for Federal Land Acquisitions (as amended by the Interagency Land Acquisitions Conference) and the Uniform Standards of Professional Appraisal Practice (USPAP) 2000 Edition established by the Appraisal Foundation, and met the specifications set forth by FWS and the State of California for such appraisals. The Appraisal, as subsequently amended to exclude the Redwood City plant site and Pond A-18, included an opinion based upon certain limitations and conditions that the fair market value of Cargill's interest in the property so appraised was \$243,300,000.

4. Future Donation. Except as part of a Cargill corporate reorganization or restructuring, at the time Cargill ceases salt-making operations at its Newark plant, or sells or

otherwise transfers the plant or property on which the plant is located, whichever is earlier, Cargill will donate to FWS the salt-making rights on approximately 8,000 acres of land. This donation:

- includes all of the areas shown in light blue on the appraisal map dated 21 July 2000 and which includes numbers 1a, 2a, 3a, 4a, 5, 7, 8, 4B, 4, 6, 9, 3, 2, 1, PP 1, 12, 13, 1, 2, 3, 6, 5 and 4;
- will be subject to any rights and obligations FWS and Cargill may have regarding such salt-making rights under applicable law or existing agreements; and
- will be valued by an independent appraisal at the time of transfer, and the respective obligations of Cargill and FWS with regard to the condition of the property will be addressed at that time.

5. Purchase and Phase-out Agreements. This Framework Agreement reflects the basic understanding among the parties; however, the transaction contemplated by this Framework Agreement will be subject to the execution of a definitive and final Purchase Agreement and a definitive and final Phase-out Agreement among FWS, WCB and Cargill. These agreements will:

- be consistent with this Framework Agreement;
- be negotiated under the leadership of William C. Britt, Vice President for Cargill; Mary D. Nichols, Secretary for the California Resources Agency; Steve Thompson, California/Nevada Manager for Fish and Wildlife Service; and Michael Mantell, Resources Law Group on behalf of the participating foundations;
- be subject to review and approval by all parties to this Framework Agreement;
- be completed by September 16, 2002.

6. Price. The purchase price is \$100 million. The specific terms and conditions of payment will be set forth in the Purchase Agreement. Generally:

- \$53 million of this purchase price is payable at closing; and
- the remainder to be payable under the terms and conditions as set forth in the Purchase Agreement.

7. Closing. The closing will occur on or before December 16, 2002.

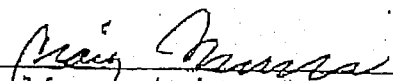
8. Interpretation. This Framework Agreement will not be interpreted to modify or limit the legal authority or responsibility of any party, or to require any party to act beyond or inconsistent with its legal authority. Nothing in this Framework Agreement is intended to

obligate any party to the expenditure of funds in excess of appropriations authorized by law. This Framework Agreement is not intended to confer any rights or benefits upon, or be subject to enforcement by, any third party.

9. Effective Date and Duration. This Framework Agreement will be effective upon the date it is fully signed by all of the parties. Cargill, the United States or the State of California may, but is not obligated to, end its participation in this Framework Agreement by written notice to the other signatories if the Purchase Agreement and Phase-out Agreement are not completed within the time provided in Paragraph 5.

10. Execution. This Framework Agreement may be executed in counterparts.

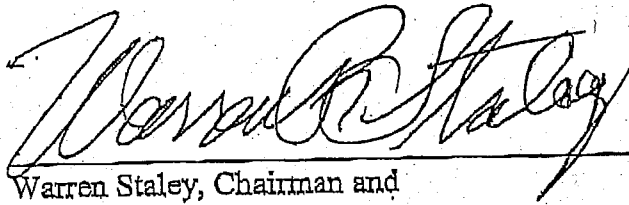
11. Framework Agreement is Not Legally Binding. Notwithstanding anything to the contrary contained herein, this Framework Agreement is not intended as, and does not constitute, a legally binding agreement by any party. No party may claim any legal rights against the other parties by reason of the signing of this Framework Agreement or by taking any action in reliance thereon. Each party hereto fully understands that no party will have any legal obligations to the other, or with respect to the proposed transaction, unless and until all terms and conditions of the proposed transaction have been negotiated and agreed to by all parties in their respective sole discretion and set forth in a Purchase Agreement and Phase-Out Agreement, which have been negotiated and executed by Cargill, FWS and the State of California.



Craig Manson, Assistant Secretary for
Fish, Wildlife and Parks
U.S. Department of the Interior

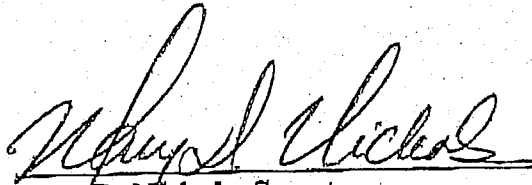
6-20-02

Date



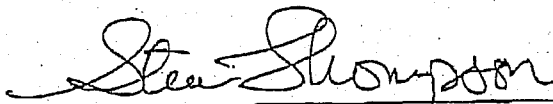
Warren Staley, Chairman and
Chief Executive Officer
Cargill, Incorporated

27 June 2002
Date



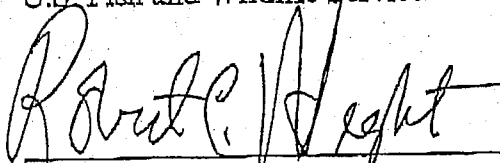
Mary D. Nichols, Secretary
The California Resources Agency

6/12/2002
Date



Steve Thompson, CA/NV Manager
U.S. Fish and Wildlife Service

5/29/2002
Date



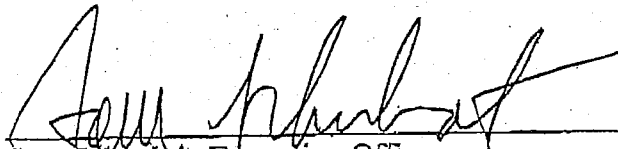
Robert C. Hight, Director
California Department of Fish and Game

5-29-02
Date



Al Wright, Executive Director
California Wildlife Conservation Board

5/29/02
Date



Sam Schuchat, Executive Officer
California Coastal Conservancy

5/29/02
Date