

River of Grass Land Acquisition

Transaction Side-By-Side Comparison

May 2009

	Current Transaction December 2008	Proposed Amendments May 2009
<i>Purchase and Sale Agreement</i>		
Acreage at Closing	180,000 acres (approx. 148,000 acres sugarcane; 32,000 acres citrus)	Approx. 73,000 acres (approx. 40,000 acres sugarcane; 33,000 acres citrus)
Square Miles	About 300	About 112
Options to Acquire Additional Acreage	None	Yes. South Florida Water Management District has exclusive option on remaining property at fixed price of \$7,400/acre for first 3 years after closing; After first 3 years and through year 10, non-exclusive option applied to remaining property at appraised value (no restrictions on sale); Until option exercised, District has right of first refusal if U.S. Sugar sells all or part of option property
Approach	All-or-nothing acquisition	Phased acquisition: initial purchase of 73,000 acres with an option to acquire remaining 107,000 acres
Purchase Price	\$1.34 billion	\$536 million for initial purchase; purchase price for remaining property \$7,400/acre or appraised value
Bulk Discount	Yes	Yes
Funding Source	Certificates of Participation	Certificates of Participation
SFWMD Yearly Debt Service	Approx. \$109 million	Approx. \$45 million
SFWMD Debt-to-Revenue Ratio	Estimated 30% (with projected 9.3% drop in ad valorem revenues)	Less than 20% (with projected 15.2% drop in ad valorem revenues)
Subject to Board Approvals	Yes. Approved December 16, 2008	Yes
“Go Shop” Period/Termination Fee	Yes/\$40.2 million termination fee	Yes/\$16 million, prorated termination fee based on initial acquisition of 73,000 acres
Review Financial Position Before Closing	Yes	Yes
Disposition of U.S. Sugar Facilities	U.S. Sugar retains ownership and operates facilities for 7 years	U.S. Sugar retains ownership and operates facilities for 7-20 years
Closing Date	September 25, 2009 (date could be revised with agreement by both parties)	90 days after bond validation with an outside deadline of March 31, 2010

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Lease Agreement		
Lease Terms	Apply to all lands	Apply to all lands
Duration/Lease Rate	7 years; \$50 per acre (No lease payment in year 7)	7 years with provisions up to 20 years; \$150 per acre on sugarcane for 7 years (Lease payment in all years)
Lease Extension Option	Yes	Yes. If option not exercised by year 7, additional 3 year term at \$150/acre; If option not exercised by year 10, additional 10 year term at Fair Market Rent
Lease Revenue Generated	Approx. \$54 million over 7 years	Approx. \$40 million over 7 years
Payment of Property Taxes and Assessments on Leased Land	Yes. U.S. Sugar responsible for all taxes and assessments on leased land	Yes. U.S. Sugar responsible for all taxes and assessments on leased land
Land Management of Leased Lands	U.S. Sugar responsible for managing leased lands (savings to District of approx. \$40 million over 7 years)	U.S. Sugar responsible for managing leased lands (savings to District of approx. \$11 million over 7 years)
Agricultural Best Management Practices (BMPs)	Enhanced BMPs required on 180,000 acres	Enhanced BMPs required on 73,000 acres
"Take-down" Schedule (<i>District may terminate portions of the lease and begin using acreage</i>)	<ul style="list-style-type: none"> • 10,000 acres after 12 months with appropriate notice • 30,000 acres in year 6 • Approximately 3,000 acres for conveyance to municipalities subject to lease terms 	<ul style="list-style-type: none"> • 33,000 acres of citrus lands with 1 year's notice • 10,000 acres of sugarcane lands with 2 year's notice during first 10 years if option not exercised • 10,000 acres of sugarcane lands with 2 year's notice in second 10 years if option not exercised • Approximately 3,000 acres for conveyance to municipalities subject to lease terms • No limitation on acreage for project construction if option exercised
Leased Property Available for Limited Land Exchanges (<i>District may terminate portions of the lease for land exchanges</i>)	No	Yes
Other Terms		
Payment to Remediate Environmental Issues Attributable to U.S. Sugar	\$21.5 million (130% estimated remediation costs)	\$8.6 million (prorated to acreage acquired in initial purchase)
"Evergreen" General Escrow Fund (<i>to be established by U.S. Sugar for any undiscovered environmental impacts</i>)	\$10 million	\$4 million (prorated to acreage acquired in initial purchase)