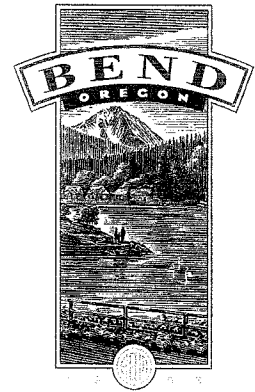


710 WALL STREET
P.O. BOX 431
BEND, OR 97709
[541] 388-5505 TEL
[541] 388-5519 FAX
www.ci.bend.or.us

July 25, 2008



Craig B. Cooper
Senior Vice President
Suterra LLC
213 S.W. Columbia Street
Bend, Oregon 97702-1013

BRUCE ABERNETHY
Mayor

LINDA S. JOHNSON
Mayor Pro Tem

Re: Juniper Ridge Development Acquisition: Letter of Intent

MARK CAPELL
City Councilor

Dear Mr. Cooper:

JIM CLINTON
City Councilor

Thank you for submitting your letter of intent (LOI). A copy of the LOI executed by the City is attached to this letter.

BILL FRIEDMAN
City Councilor

PETER GRAMLICH
City Councilor

CHRIS TELFER
City Councilor

There are a few points that I want to emphasize as we cooperatively move forward to make Suterra the second company to locate in Juniper Ridge. We can formalize these points in a purchase and sale agreement (PSA). Most of these points will be resolved as we move to entitle the first 150 acres of Juniper Ridge. Working with you on your fast track creates a need for some special accommodations, and for your information, we have already entered into a contract with consultants to perform the necessary entitlements to meet your tight timeline. Following are four points that I want you to be aware of as we proceed:

HAROLD A. ANDERSON
City Manager

1. Water rights. We do not believe there are water rights on the property. However, should there be, the City typically retains water rights when we execute a property sale, to help protect our long-term municipal water supply.

SONIA ANDREWS
Finance Director

ANDREW JORDAN
Police Chief

LARRY LANGSTON
Fire Chief

PATRICIA STELL
City Recorder

2. Design issues. We will need to agree to design standards for your building in the PSA, as well as CC&Rs. Design standards and CC&Rs will protect your property values as well as adjacent properties. As you have consistently expressed your intent to construct a high quality building that enhances Juniper Ridge, and the adjacent Les Schwab headquarters, we do not anticipate that we will have difficulty in reaching agreement. We will be retaining a consultant to prepare design standards for the larger area of Juniper Ridge, and though the standards will not be adopted in time to meet your schedule, we anticipate that their early efforts will aid us in preparing them for your site. One issue of note: if you elect to purchase the parcel to the west of Les Schwab, there is a 45' height limit on any structures that is tied to the land.

3. Transportation. As we explained, we will ask for a one-time special impact fee for regional transportation needs of \$6,000 for pm peak hour trips (4-6:00 pm). We anticipate that the fee may be as high as \$9,000/trip, but based on your projected low trip demand, we would make up the difference from the sales proceeds.

4. Common area expenses. Les Schwab has agreed to participate in a future property owner's association, if formed as we anticipate. We would ask that Suterra also agree in the PSA to participate in such an organization for maintenance of common area (for example, green spaces).

We are truly excited to be working with a company of the quality of Suterra, and look forward to coming to quick agreement on a PSA. Please contact me if I can answer any questions regarding this letter.

Sincerely:

A handwritten signature in cursive script, appearing to read "Eric King".

For Eric King, City Manager

SUTERRA

July 18, 2008

Mr. Eric King
City Manager
City of Bend
710 NW Wall Street
Bend, Oregon 97701

Re: Juniper Ridge Development Acquisition: Letter of Intent

Dear Mr. King:

The purpose of this non-binding letter of intent (the "Letter of Intent") is to declare our preliminary interest with respect to the proposed acquisition (the "Acquisition") by Suterra LLC or its affiliate ("Buyer") of certain real property in the Juniper Ridge Development in Bend, Oregon, owned by the City of Bend ("Seller"). Buyer proposes that the Acquisition be based on the following terms and conditions:

1. Property. Buyer will acquire from Seller, and Seller will convey to Buyer, all of Seller's right, title and interest in and to the following (collectively, the "Property"):

(a) fee simple title to real property located in the Juniper Ridge Development in Bend, Oregon, comprising ten-acres along 18th Street north of Cooley Road, west or north of the new Les Schwab corporate headquarters, with the specific site to be identified by Buyer and Seller over the coming days, together with all privileges, rights, easements and appurtenances belonging to such real property and all improvements located thereon (the "Real Property");

(b) all tangible and intangible personal property attached, appurtenant to or used in connection with the Real Property;

(c) all water rights, if any, relating to the Real Property; and

(d) all other rights and assets, tangible or intangible and wherever located, which relate in any way to the Real Property.

2. Intended Use of Property. Buyer is a diversified biorational pest control company with an environmental focus that provides products and services to the commercial agriculture market. Buyer intends to construct and operate on the Real Property a manufacturing facility for its products.

3. Purchase Price / Financing. Buyer shall pay Seller a purchase price for the Property equal to Seven Dollars (\$7.00) per square foot of the Real Property (the "Purchase");

4. Price). The Purchase Price will be payable in full in immediately available funds at the Closing (as defined below). Buyer's offer to purchase the property is not subject to a financing contingency.

5. Purchase Agreement. Upon the identification of the Real Property by Buyer and Seller as provided in Section 1(a) above, Buyer will prepare and promptly submit to Seller, and the parties will diligently negotiate thereafter, a definitive purchase and sale agreement (the "Purchase Agreement") incorporating the principal terms of the contemplated Acquisition set forth herein and, in addition, such other terms and provisions upon which the parties may agree. The Purchase Agreement shall contain terms, conditions, indemnities and representations and warranties customary for transactions of this nature, including, without limitation, complete environmental indemnities in favor of Buyer.

6. No Assumption of Liabilities or Obligations. At the close of escrow, Buyer will not assume any liabilities or obligations of Seller including, without limitation, any liabilities or obligations arising from or related to, the Property.

7. Title. At the Closing, title to the Real Property shall be conveyed to Buyer free and clear of liens, claims and encumbrances, except as approved by Buyer in its sole and absolute discretion (the "Permitted Exceptions"), as evidenced by the issuance by a title company mutually acceptable to Buyer and Seller, at Seller's expense, of an ALTA Owner's Policy of Title Insurance with respect to the Real Property, subject only to the Permitted Exceptions, insuring Buyer in the full amount of the Purchase Price.

8. Due Diligence Period. The Purchase Agreement will provide for a thirty (30) day due diligence period (the "Due Diligence Period") commencing upon the date of its execution. During the Due Diligence Period, Buyer may conduct a due diligence investigation of the Property, including, without limitation, a Phase I, Phase II and other environmental due diligence audits and investigations and a comprehensive on-site inspection of the Property, including, but not limited to, inspection of improvements, equipment, soil conditions and water conditions. If the results of this due diligence investigation are unsatisfactory to Buyer, in its sole and absolute discretion, Buyer will have the option to terminate the Purchase Agreement, without liability, on or before the last day of the Due Diligence Period, unless such date and time is mutually extended by the parties in writing.

9. Zoning Change and Temporary Possession and Use. As a condition to Closing, the zoning of the Real Property must be changed to "light industrial." Upon the expiration of the Due Diligence Period, if Buyer does not terminate the Purchase Agreement, Seller shall lease the Property to Buyer at no cost to enable Buyer to obtain all permits necessary to construct and operate its manufacturing facility and to begin site work and the construction thereof. Seller shall use its best efforts to assist Buyer in changing the zoning and obtaining the permits.

10. Closing. The closing of the contemplated Acquisition (the "Closing") will occur as soon as reasonably practicable after the satisfaction of all conditions precedent specified in the Purchase Agreement, including the zoning change to "light industrial."

11. Cost and Expenses. Except as otherwise specifically set forth herein, each party will bear its own expenses in connection with the contemplated transaction.

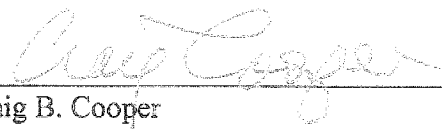
This Letter of Intent is nonbinding and is intended to constitute an outline only of the proposed transaction. The consummation of the Acquisition outlined in this Letter of Intent is conditioned upon execution by both parties of a Purchase Agreement and related documentation and the parties will not be obligated to each other until the Purchase Agreement and related documentation is executed and delivered by each of them, and, upon execution of the Purchase Agreement, the parties' respective rights and obligations will be as is set forth in the Purchase Agreement and related documentation. Buyer may assign its rights under this Letter of Intent and the Purchase Agreement to any affiliate of Buyer.

If the foregoing accurately sets forth your understanding, please date, sign and return the enclosed copy of this Letter of Intent to the undersigned. In the event this letter is not accepted by you on or before 5:00 p.m. Pacific time, on Friday, July 25, 2008, the provisions of this letter will be null and void.

Very truly yours,

SUTERRA LLC,
a Delaware limited liability company

By:

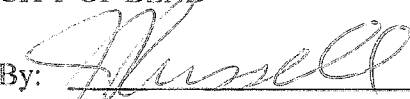


Craig B. Cooper
Senior Vice President

ACCEPTED THIS 25th DAY OF JULY, 2008:

CITY OF BEND

By:



Name: John R. Russell
Title: Economic Development Director