

**DUFF & PHELPS**

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**CONFIDENTIAL**

Board of Governors  
South Florida Water Management District  
3301 Gun Club Road  
West Palm Beach, FL

Dear Members of the Governing Board:

Duff & Phelps, LLC (“Duff & Phelps”) was engaged as independent financial advisor to the Board of Governors of South Florida Water Management District (“SFWMD” or the “Client”) to provide an opinion (the “Opinion”) as to the fairness, from a financial point of view, to the Client of the \$2.0 billion in aggregate consideration to be paid by the Client to United States Sugar Corporation (“USSC”) in connection with the purchase of 187,000 acres of sugarcane land and citrus groves, a sugar mill, a refinery, a citrus plant, a citrus nursery, rock mines, railroad and railcars and all equipment constituting the preponderance of assets of USSC (the “Proposed Transaction”).

Duff & Phelps has provided SFWMD management (“Management”) with our preliminary guidance as to what our view would be in the event that we were asked to render our Opinion. We indicated to Management that Duff & Phelps would find the transaction fair at a purchase price at or below \$1.3 billion.

Our guidance is based upon i) the Sugar and Rail Operations valued at \$200-\$240 million; ii) the Citrus Operation valued at \$140-\$160 million; and iii) our comfort level with the aggregate land value of \$930 million as provided by Anderson & Carr, Inc. These indications provide an aggregate value conclusion of approximately \$1.3 billion.

In performing our analyses we utilized recent pro forma historical financial results and financial projections as provided to us by USSC management. The projections utilized in our analysis provide every benefit of the doubt in terms of USSC’s return to historical levels of profitability, the non-recurring nature of certain project startup inefficiencies, and sustainable levels sales and operating margins in the long term.

Although we have performed certain analyses, provided guidance as indicated above, and indicated that we were prepared to render our Opinion, we have not to date rendered such opinion in any form.

We are prepared to provide a full presentation of our findings to the Governing Board at your convenience.

Respectfully submitted,

**DUFF & PHELPS, LLC**

By:



Andrew W. Capitman  
Managing Director