
The
LAWRENCE GROUP
Nashville, Tennessee
thelawrencegrp@gmail.com

November 19, 2008

Dear Chairman White and the Board of Directors of U.S. Sugar Corporation,

Today, the Lawrence Group announced a proposal to acquire all of the shares of U.S. Sugar for \$300 per share in cash. We believe that this offer provides a clear premium to the value U.S. Sugar shareholders would receive under the current proposed transaction being pursued with the State of Florida. Further, while we are confident that you will determine this offer to be in the best interest of your shareholders and thus immediately enter into discussions with the Lawrence Group to negotiate a transaction for the benefit of all shareholders, we also want to let you know that we are preparing to take our offer directly to the U.S. Sugar shareholders.

We believe that the current proposed transaction with the South Florida Water Management District would be devastating for U.S. Sugar, its employees, their families, and all the residents of the communities south of Lake Okeechobee. It is quite clear that Lake Okeechobee's local economy is very dependent upon U.S. Sugar, and the current proposal would result in the eventual loss of 1,700 jobs when U.S. Sugar shuts down in 2016. These employees have few, if any, other employment opportunities in the area, and the corresponding economic damage in the region will spiral downward into reduced property values and a lower tax base, resulting in an impoverished community. What will be left is an area that is desperate and impoverished by the major employer, U.S. Sugar, shutting down, just as Flint, Michigan has been devastated by the loss of General Motors jobs. The Lake Okeechobee region is going to face upon the closure of U.S. Sugar: skyrocketing unemployment, plummeting property values, an escalating crime rate, a flood of local businesses in bankruptcy, and a decline in the quality of local of school programs caused by a reduced educational budget, to name a few. We cannot imagine that you would not want to pursue an option that would prevent this from happening (moreover, an option that delivers superior value to your shareholders).

Our proposed transaction will be structured so as to avoid these unfortunate consequences, as we would continue to operate U.S. Sugar as an ongoing business. Further, our proposal would enable the South Florida Water Management District to meet their objective of

protecting the Everglades, which we agree is of significant environmental importance. In this regard, we have met with them and we are committed to selling them the land they require at a much lower cost than your transaction.

We believe that our proposal would deliver to shareholders \$300 per share in cash with none of the contingency risks outlined in the recent memorandum from Bob Buker, a copy of which is attached hereto. We understand the Buker/South Florida Water Management District transaction to require that:

- (i) a meaningful portion of the \$1.3 billion proceeds being used to pay corporate income taxes on the transaction and repay the company's indebtedness;
- (ii) only a fraction of the amount of cash will be paid to U.S. Sugar's shareholders in 2009 (which we believe is the only guaranteed cash payment in the transaction and surely a [significant] amount less than the \$300 per share that we are offering) following the uses described in (i) above; and
- (iii) the remainder of the shareholder's ultimate \$365 price will come during the next 8 years or more, from continued operations under current management, followed by the liquidation of whatever is left in the company in 2016 (or at such later date when the wind down could be finished).

Even if the \$365 is ultimately realized (which we do not think would happen) the time and risk of the recovery of the amount through 2016, makes our offer of \$300 in cash now more favorable.

The contrast between the certainty of value provided by the transaction we are proposing and the "value" uncertainty in the Buker/South Florida Water Management District transaction is stark; particularly considering the risks underlying the "value" promised by the next 8 years of operations – for example, the potentially significant costs brought on by future hurricanes (noting as a reference the large costs from hurricanes reported in the company's recent annual reports), the sensitivity of the business to the price of sugar and the diminished value of the Company's operating assets at the end of 8 years. The hard truth is that U.S. Sugar's existing management is not currently producing the earnings that could support the ultimate per share value contemplated in Buker's memorandum.

You have already made the decision to sell; that is irrefutable. What remains is the Board's fiduciary responsibility of assuring that the shareholders receive the best possible value for their shares. Twice in the past three years, you rejected our offers; you also made the decision not to communicate our previous offers [of \$293 per share] to your shareholders. The fact that we were under a confidentiality agreement prevented us from contacting shareholders directly at that time, however, we are no longer under any such constraints and are communicating this proposal publicly to assure that all shareholders are aware of the exceptional financial opportunity available to them.

We believe strongly that any legitimate evaluation of our \$300 cash offer will demonstrate the certainty and superiority of our offer compared with the current proposed transaction outlined in Buker's memorandum. Our offer would provide shareholders with \$300 in cash per share immediately, which if you invested in a portfolio of investment grade bonds, you would have well over \$500 in 2016.

Our offer is a win for everyone: the employees, the local communities, the environment, the taxpayers, and particularly your shareholders. What possible reason could you have to not accept our offer?

We look forward to working with you in accomplishing our acquisition of U.S. Sugar.

As is consistent with all other communications we are making in this transaction, this letter will be made public to assure that our actions are transparent to all those who have an interest in this transaction.

Sincerely yours,

Gaylon Lawrence Jr.

cc: U.S. Sugar Corporation Board of Directors