

November 19, 2008

To: The Board of Governors of the South Florida Water Management District and Executive Director:

My name is Gaylon Lawrence Jr., and together with my father Gaylon Lawrence Sr., we do business as The Lawrence Group. Today we are proposing to acquire all of the shares of U.S. Sugar for \$300 per share in cash. We are hopeful that the Board of U.S. Sugar will determine that our offer is in the best interests of U.S. Sugar's shareholders and immediately enter into discussions with us to negotiate a transaction for the benefit of all shareholders; however, we also want to let you know that we are preparing to take our offer directly to the U.S. Sugar shareholders in the coming weeks.

Our offer is purely a business decision made within the normal process of analyzing an acquisition candidate. U.S. Sugar's assets and businesses fit well with our current operations, which include farmland and citrus groves that already make us one of the largest owners of agricultural properties in the United States.

Although this decision was made for business reasons, we understand and respect the broader spectrum of issues surrounding U.S. Sugar and the Everglades restoration project. Recently, we met with SFWMD staff to discuss cooperative solutions to restoring the flow between Lake Okeechobee and the Everglades. Our offer contemplates selling you the land needed to accomplish this worthy undertaking at a huge savings to the taxpayers when compared to the current U.S. Sugar proposal.

From a human perspective, we currently plan to continue operating U.S. Sugar for decades to come. This will ensure jobs and contribute to the economic vitality of the communities located in and around the agricultural area south of Lake Okeechobee. Our proposal removes the cloud of uncertainty regarding U.S. Sugar's future and the potential significant job losses that could occur after the land was to be transferred to the state.

Already, home values have dropped precipitously in the communities south of Lake Okeechobee, something that is certain to worsen. It will not become a question of what a home sells for, but whether it can be sold at all! The extension of that issue is the destruction of the local tax base. City and county governments already struggling with difficult budget issues will be faced with an impossible task of providing essential governmental services. Our offer not only addresses that problem, but also solves it.

We believe that our proposal will enable you to accomplish your goals and would also be much less expensive for you to implement.

The reality is that people deserve consideration. It is important to note that farmers in the area south of Lake Okeechobee have done an excellent job working with the South Florida Water Management District to accomplish environmental goals and contribute towards Everglades restoration.

People and the environment can live side-by-side as long as all parties recognize their responsibilities. As owners and operators of large farming operations, we well understand the importance of environmental issues associated with farming. May I assure you that you will find us to be responsible landowners and farmers who are willing to cooperate in every way possible with all parties interested in protecting the Everglades.

This is not the first time we have made an offer for U.S. Sugar. Twice before, in 2005 and 2007, we made offers to acquire the company. Our interest is exactly the same now as it was then—farming the land profitably and responsibly. We have the resources to accomplish this transaction and are ready to move forward as quickly as possible.

This deal is a ‘win-win’ for everyone, including the shareholders, employees, surrounding communities and citizens of Florida, and is superior to the one being discussed with the State on several fronts. First, under our proposal, U.S. Sugar shareholders will receive a generous cash offer for their shares; second, we fully intend to preserve jobs and invest in the company for years to come; and lastly, we are committed to work closely with your staff to make available the acreage needed to restore the flow of water between Lake Okeechobee and the Everglades.

We look forward to sitting down with you and staff to help create a restoration project we can all be proud of. Should you have any questions for me, feel free to email me at thelawrencegrp@gmail.com.

Sincerely,

Gaylon Lawrence Jr.

Cc: South Florida Water Management District Board of Governors and Carol Ann Wehle,
Executive Director