



Robert H. Buker, Jr.  
President & CEO

111 Ponce de Leon Avenue  
Clewiston, FL 33440  
Ph: 863-902-2102  
E-mail: bbuker@ussugar.com

February 11, 2009

**VIA HAND DELIVERY**

South Florida Water Management District  
3301 Gun Club Road  
West Palm Beach, Florida 33406

Attention: Eric Buermann, Chairman; and  
Carol Ann Wehle, Executive Director

Re: Agreement for Sale and Purchase dated December 23, 2008 (the "Agreement") between United States Sugar Corporation, SBG Farms, Inc., and Southern Gardens Groves Corporation, as "USSC", and The South Florida Water Management District, as "SFWMD", for approximately 180,000 acres located in Palm Beach, Glades and Hendry Counties (all capitalized terms used but not defined herein shall have the meanings assigned to the same in the Agreement)

Dear Chairman Buermann and Ms. Wehle:

I am forwarding to you a copy of the most recent letter USSC has received from Gaylon Lawrence, Jr., dated February 9, 2009 (the "Letter"), which contains a non-binding indication of interest for the purchase by the Lawrence Group of 100% of the outstanding shares of common stock of USSC for a purchase price of \$300.00 per share, subject to a number of conditions. As stated in the Letter, this proposal contemplates that, simultaneously with its purchase of USSC's stock, the Lawrence Group would sell to the SFWMD "a substantially reduced amount of land." The Letter also states that the Lawrence Group "has met with representatives of the SFWMD to determine its needs" and is confident that the substantially smaller portion of land they would sell to the SFWMD would be sufficient for Everglades restoration.

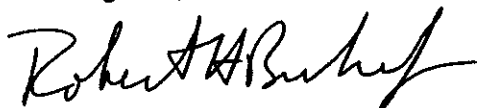
As part of the "go-shop" process contemplated in the Agreement, USSC and its advisors will evaluate the indication of interest from the Lawrence Group. As part of that evaluation, we would like to better understand the statements made in the Letter concerning the SFWMD. Thus, USSC kindly requests that the SFWMD confirm in writing whether and the extent to which (i) the SFWMD has met with the Lawrence Group, (ii) the SFWMD has been or is in discussions or negotiations with the Lawrence Group to purchase all or any portion of USSC's land from the Lawrence Group, and (iii) the SFWMD has entered into any arrangement, agreement or understanding of any kind with the Lawrence Group regarding the purchase of all or any portion of USSC's land. While we realize that the Agreement does not require that you respond to our request, we hope that you will choose to do so in the spirit of cooperation.

Chairman Buermann and Ms. Wehle  
February 11, 2009

Please note that USSC has not yet determined whether the Lawrence Group is a Qualified Purchaser. Thus, we are not informing you of the Letter and the indication of interest contained therein pursuant to Section 25(b) of the Agreement. If USSC does determine that the Lawrence Group is a Qualified Purchaser, we intend to comply with that section.

USSC appreciates your time and attention to our request. If you have any questions or concerns regarding the matters addressed in this letter, please do not hesitate to contact me.

Best regards,



Robert H. Buker, Jr.,  
President & CEO, United States Sugar Corporation

cc: Michael W. Sole, Secretary, Florida Department of Environmental Protection  
(via FedEx w/enc.)  
Sheryl Wood, General Counsel, South Florida Water Management District  
(via Hand Delivery w/enc.)  
William S. White, Chairman of the Board of Directors of United States Sugar Corporation  
(via facsimile w/o enc.)  
Edward Almeida, Vice President, Legal Affairs, United States Sugar Corporation  
(via facsimile w/o enc.)

FTL 354796.1

## **The Lawrence Group**

*Nashville, Tennessee  
thelawrencegrp@gmail.com*

February 9, 2009

United States Sugar Corporation  
c/o BMO Capital Markets Corp.  
115 South LaSalle St., 36<sup>th</sup> Floor  
Chicago, IL 60603  
Attention: Charles Adair, Managing Director

Re: United States Sugar Corporation

Gentlemen:

My father, Gaylon Lawrence, Sr., and I (together, the "Lawrence Group") are pleased to submit our indication of interest to acquire one hundred percent (100%) of the outstanding shares of United States Sugar Corporation ("U.S. Sugar" or the "Company"), as set forth below. We continue to believe that our all-cash proposal, which would accomplish the two all-important goals of delivering superior and certain value to the U.S. Sugar shareholders and long-term benefits to the people and environment of the Everglades region, is clearly in the best interests of the Company's shareholders and the Florida community and superior to the currently proposed transaction with the South Florida Water Management District (the "SFWMD"), as well as any other alternative transactions that are, or may become, available to the Company. We note that, despite having made a request to the Company's outside financial advisor, BMO Capital Markets, the Lawrence Group has not been provided a copy of the "formal" request for indications of interest. Accordingly, per the suggestion of Chuck Adair at BMO Capital Markets, we have structured this letter in a manner responsive to typical requests for proposals or indications of this type.

We recognize that, to date, we have been unable to agree to a mutually acceptable confidentiality agreement that would allow the Lawrence Group to gain access to certain non-public financial and other information about U.S. Sugar. As you are aware, the primary issue related to the confidentiality agreement is that we require the freedom and flexibility to take our offer directly to the shareholders if we determine the sale process being managed by BMO Capital Markets at the direction of the Board of Directors of the Company is designed to marginalize competing offers to the proposed transaction with SFWMD, or becomes ineffective in legitimately seeking such offers. We have agreed to the premise that we would not utilize any confidential information obtained under a confidentiality agreement in approaching the shareholders directly, except where required by law (including laws applicable to tender offers). However, you have repeatedly stated that such a proposal is unacceptable to you.

As a result, we have not received any information from the Company; however, in order to ensure that our interest in completing a transaction is established and becomes known to the Board of Directors of the Company, we hereby submit a non-binding indication of interest

within the time frame established by BMO Capital Markets and communicated to other interested parties. We strongly believe that the form of confidentiality agreement that we have proposed to the Company is both reasonable and fair to the parties involved and we are hopeful that the Company will proceed with us on that basis.

The Lawrence Group's non-binding indication of interest is as follows:

1. Purchase Price. Based on information that we have been made aware of to date, we continue to propose an all-cash acquisition of one hundred percent (100%) of the outstanding shares of U.S. Sugar for a purchase price of \$300.00 per share, based on our understanding that there are approximately 1,844,000 shares (including any options or other equity interests) issued and outstanding.

2. Structure. We currently expect that the acquisition would be structured as a cash merger of a newly formed corporation ("Merger Sub"), one hundred percent (100%) of the equity of which would be owned by the Lawrence Group, with and into U.S. Sugar (the "Merger"). Following the Merger, U.S. Sugar would be wholly owned, directly or indirectly, by the Lawrence Group. In addition, in connection with our proposal, we envision that, concurrent with the closing of the Merger, U.S. Sugar would sell to the SFWMD a substantially smaller portion of U.S. Sugar land, but an amount that we believe the SFWMD will view as more than sufficient for its purposes and goals.

3. Definitive Agreements.

A. Merger Agreement. Our proposal (and consummation of the acquisition) is subject to the negotiation and execution of a definitive merger agreement (the "Merger Agreement"), on terms satisfactory to the Lawrence Group and U.S. Sugar. We would expect such an agreement to contain mutually acceptable representations, warranties, covenants and conditions.

B. Agreement with SFWMD. Our proposal contemplates that the Company's existing agreement with the SFWMD (the "Existing SFWMD Agreement") would be modified such that the Company would sell to the SFWMD a substantially reduced amount of land, which sale would occur concurrently with the closing of the Merger. As we have communicated to you previously, the Lawrence Group has met with representatives of the SFWMD to determine its needs, and we are confident that the reduced amount of land that would be sold to the SFWMD under our proposal would represent the amount of land the SFWMD actually needs for its Everglades restoration purposes. In addition, and as we are sure you are aware from the many recent news articles on the subject, it is highly doubtful that the SFWMD will be able to finance the purchase of 180,000 acres for \$1.34 billion under the Existing SFWMD Agreement. Our proposal represents a superior solution for all parties, and we are confident that the SFWMD will work closely with us in this process to ensure that a mutually acceptable, scaled-down, land sale agreement can be negotiated in short order and contemporaneous with our negotiation of the Merger Agreement.

4. Financing. We intend to finance the transaction through a contribution of significant equity capital of approximately \$150,000,000, to be provided by the Lawrence Group, and debt financing to be provided by Rabobank N.A. and selected members of the Farm Credit

System (together, "Lenders"), two of the country's leading lenders in the agricultural industry and lenders with extensive knowledge of U.S. Sugar's business and operations. The balance of the purchase price, a portion of which would be used to reduce U.S. Sugar indebtedness, would come from the proceeds of the scaled-down land sale to the SFWMD. As we have previously communicated to you, the Lawrence Group has a collective net worth in excess of \$1.0 billion and an extensive portfolio of real estate holdings. Further, the Lawrence Group has had in depth conversations with both Rabobank and Farm Credit and remains extremely confident that committed financing could be obtained in short order.

5. Approvals. The Lawrence group has all requisite internal approvals to submit this indication of interest and proceed with a transaction as described in this letter. Consummation of the acquisition would be subject to the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act, particularly, and any other regulatory approvals that may be required to consummate the transaction. Based upon the information currently available to us, we do not anticipate any difficulty or delay whatsoever in obtaining such approvals.

6. Due Diligence; Timing. Our proposal is subject to satisfactory completion of due diligence by the Lawrence Group; however, as you are aware from our prior information requests, currently we do not believe we will require extensive information in order to complete our due diligence process. We are prepared to commence our due diligence immediately upon the execution of a mutually satisfactory confidentiality agreement, which would include providing the Lawrence Group the necessary financial information required to obtain a committed financing package, as determined by our Lenders. We would simultaneously begin negotiation of definitive acquisition agreements and we are confident that we could finalize our due diligence investigation and complete the negotiation of definitive documents within a short period of weeks. We would expect to be able to close our acquisition by the third quarter of 2009.

7. Advisors. As we have previously communicated to you, we have been, and continue to be, working with Skadden, Arps, Slate, Meagher & Flom LLP as our outside legal advisor and Rabobank, N.A. as our outside financial advisor.

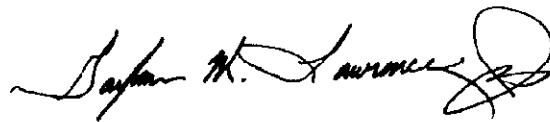
Without reiterating all the points we have raised in previous letters and conversations with you, we would again highlight the following key aspects of our proposal: (i) it would deliver superior and certain value to U.S. Sugar shareholders; (ii) it would enable the SFWMD to meet its objective of protecting the Everglades at a price it can afford to pay; and (iii) it would result in the continued operation of U.S. Sugar as a business for the foreseeable future. Considering all the factors, we believe our proposal continues to represent the best alternative for all constituencies, especially the U.S. Sugar shareholders.

The Lawrence Group is extremely committed to its proposal and is willing to invest a significant amount of time and resources to accomplish the acquisition of the Company. It has been, and continues to be, our strong preference to work with the Company and its Board of Directors to accomplish this objective, and it is our hope that the Board will recognize the obvious merits of our proposal and choose to work with the Lawrence Group collaboratively toward the completion of a transaction.

This letter is being delivered to you with the understanding and on the condition that it is a non-binding indication of interest on our part in a possible transaction. No contract or agreement or other obligation (legal or otherwise) to proceed with a transaction shall be deemed to exist until the parties have executed definitive written agreements regarding a transaction.

As we have repeatedly indicated to you during the past few months, we remain ready and willing to discuss any aspect of our proposal with you at your earliest convenience. Should you have any questions or otherwise wish to discuss our proposal, please do not hesitate to contact me at 615-298-8000. We remain extremely enthusiastic and committed to moving forward towards an acquisition of U.S. Sugar that will deliver superior value to all U.S. Sugar shareholders, and we look forward to hearing from you shortly.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gaylon M. Lawrence, Jr.", with a large, stylized flourish at the end.

Gaylon M. Lawrence, Jr.