Subject: U.S. Sugar Stories for Dec. 12

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An epic opportunity for Everglades, if done right
12/12/2008
Palm Beach Post - Online

Palm Beach Post Letters to the Editor

Friday, December 12, 2008

The South Florida Water Management District has an epic opportunity to restore the Everglades. To make this happen, the district needs to work to improve the terms of the $1.34 billion contract to buy U.S. Sugar's land.

People around Lake Okeechobee must be treated fairly. According to consultants hired by the district, the land is $400 million over market value. Why not create a trust fund to benefit the community, operated by a nonpolitical, independent board, with $100 million or $200 million to offset job losses directly related to the land purchase?

The land also needs to be cleaned up, so that it is ready for
restoration. Restoration of the Everglades needs to begin now, not in seven or 10 years. The district needs to adopt a plan that supports the creation of connectivity and gravity flow from the lake to Everglades National Park. Sheet flow is the only way to truly relieve pressure on the St. Lucie and Caloosahatchee estuaries. Because the district will not make definitive statements, the Palm Beach County Commission continues to make poor planning decisions, opening areas of critical concern to unnecessary and poorly planned development that will block flows to the south.

Also, Florida Crystals needs to be included now. Florida Crystals is willing to negotiate, and the district should negotiate the proper land swaps. Waiting will cause market dislocation and prevent the proper restoration of the Everglades.

The final issue is that the lease agreement undercuts existing land owners and creates market inequity. U.S. Sugar should not drive the negotiating process. The state has the power to drive a fair bargain for all parties. This is an epic opportunity, but it needs to be done right to truly save the Everglades.

DREW MARTIN
Lake Worth

Editor’s note: Drew Martin is conservation chair, Loxahatchee Group, Sierra Club Lake Worth.

Lawrence Group pushes for deal
12/11/2008
Glades County Democrat

Lawrence Group pushes for deal

Company releases statement about the sale of U.S. Sugar to the state of Florida

The Lawrence Group expressed surprise and extreme disappointment at the announce­ment that the Board of Directors of United States Sugar Corpora­tion had approved the contract to sell approximately 180,000 acres of its real estate assets to the South Florida Water Management District (SFWMD).

The Lawrence Group made a formal offer to acquire U.S. Sugar for $300 per share in cash on No­vember 29, 2008 and reaffi­rmed its offer on December 4, 2008 when it also delivered a "highly confident" letter from Rabobank International, a global financial services leader serving the food and agribusiness industry.

To date, U.S. Sugar has refused to engage in discussions with the Lawrence Group regarding its for­mal offer of $300 per share, which clearly provides superior value to U.S. Sugar's stockholders than the land sale to the SFWMD.
In fact, representatives of U.S. Sugar contacted representatives of The Lawrence Group late last week, indicating that U.S. Sugar would be delivering a confidentiality agreement so that the parties could promptly commence negotiations—The Lawrence Group has yet to receive this agreement or any other information from U.S. Sugar.

“We believe that the Board of Directors of U.S. Sugar has clearly breached its fiduciary duties to its stockholders in a number of significant respects,” said Gaylon Lawrence Jr. of The Lawrence Group. In particular: § U.S. Sugar has indicated that, notwithstanding its agreement with the SFWMD, it may still solicit superior offers; however, entering into an agreement in connection with any such superior offer will, under the terms of the land sale contract, cost U.S. Sugar and its stockholders $40 million in value.

This is a cost that could easily have been avoided had U.S. Sugar negotiated with The Lawrence Group before entering into the agreement with the SFWMD.

§ U.S. Sugar has repeatedly issued misleading and incomplete statements regarding the “value” that will supposedly be delivered to stockholders under the land sale transaction.

Specifically, U.S. Sugar has still not explained how much and when, if ever, such “value” will be delivered to stockholders.

Moreover, it appears that a significant portion of the “value” promised by the land sale transaction is dependent on the highly uncertain future of a company that will be winding up its affairs and that a meaningful portion of the proceeds from the sale would be used to pay taxes, repay U.S. Sugar's outstanding indebtedness and satisfy whatever payments may be made to U.S. Sugar executives as a result of the deal—U.S. Sugar has not made public any of this detail.

As a result, although U.S. Sugar has said that stockholders would eventually receive $365 per share under the land sale transaction, it is entirely unclear how much cash would actually be paid to U.S. Sugar's stockholders up front under that deal or when any payments might be made.

This stands in stark contrast to The Lawrence Group's offer, which would deliver to stockholders $300 in cash.

For example, if a U.S. Sugar stockholder were to take that $300 and invest it in a portfolio of investment grade bonds, the stockholder could expect the $300 to grow to $500 in 2016 without the relative uncertainty and risk presented by the $365 that is supposedly being delivered over that period under the land sale transaction.

§ The land sale deal struck by the U.S. Sugar management and Board is riddled with uncertainty, beginning with the fact that the deal is subject to the ability of the SFWMD to finance the $1.34 billion purchase price in this economic climate.

§ Most of all, for more than three weeks, U.S. Sugar has refused to meet with The Lawrence Group or even consider the terms of The Lawrence Group's formal proposal, which suggests that management's interests may not in fact be aligned with those of
the U.S. Sugar stockholders.

The Lawrence Group urges U.S. Sugar stockholders to ask why the U.S. Sugar Board and management have refused to discuss The Lawrence Group's offer and insist that stockholders' best interests are, in fact, being taken into account.

According to The Lawrence Group, the Board's behavior is reminiscent of how it acted in 2005 and 2007 when the Lawrence Group made two prior proposals to acquire U.S. Sugar for $293 per share in cash.

At that time, the Board did not, and refused to permit the Lawrence Group to, disclose the existence of the Lawrence Group's offers to U.S. Sugar's stockholders.

"Think of how much better off U.S. Sugar stockholders would be today if they had been permitted to accept our offers of $293 per share back in 2005 or 2007," stated Mr. Lawrence, Jr.

The Lawrence Group was also dismayed by U.S. Sugar's public statement that The Lawrence Group has not yet made a "formal" offer.

The Lawrence Group sent letters to the Board of Directors of U.S. Sugar on Nov. 29 and Dec. 4 containing the terms of its formal offer to acquire all of the outstanding shares of U.S. Sugar.

In connection with its proposal, the Lawrence Group has retained the services of Rabobank International, a global financial services leader in the food and agribusiness industry, and Skadden, Arps, Slate, Meagher & Flom LLP, one of the world's premier legal advisors.

The form of The Lawrence Group proposal is absolutely typical for transactions of this type and its formal letters to the U.S. Sugar Board have specifically addressed each of the items recently requested in the Nov. 20 and Dec. 1 letters from U.S. Sugar's financial advisors.

"U.S. Sugar's latest public announcement is a continuation of the campaign to discredit my father, Gaylon Lawrence Sr., and me at the expense of U.S. Sugar's stockholders," commented Mr. Lawrence, Jr.

According to The Lawrence Group, its offer to acquire the outstanding shares of the Company for $300 per share in cash remains open at this time, and The Lawrence Group continues to view its proposal as a "win" for all constituencies: U.S. Sugar's employees, the local communities, the environment, the State of Florida and its taxpayers, and particularly the U.S. Sugar stockholders.

Furthermore, The Lawrence Group's proposal would provide the SFWMD with the portion of the U.S. Sugar land that it needs at a fraction of the cost that would be paid under the currently proposed land sale transaction with U.S. Sugar.

"Even though the Board of U.S. Sugar is well aware that our offer was conditioned upon the land sale not having been agreed to, we stand ready to begin immediate discussions regarding our formal offer which would be more advantageous to U.S. Sugar stockholders and, given our expectation to continue to operate the business of U.S. Sugar into the future, the Everglades community at large, and we remain mindful of the environmental
concerns of those of us who have an interest in protecting the Everglades for future generations,” said Mr. Lawrence, Jr.

Farm bureau opposes sugar buyout
12/11/2008
South Florida Business Journal - Online

South Florida Business Journal
Related News

The Florida Farm Bureau Federation has added its voice to the growing protests against the $1.34 billion land buyout of U.S. Sugar Corp.

The federation's board of directors voted Wednesday to oppose the purchase by the South Florida Water Management District.

In a press release, the federation said it supports the rights of private property owners to acquire, use and sell property, but opposes the unnecessary acquisition of more land by government.

The buyout plan was also criticized by local government officials in a town hall meeting Wednesday at the John Boy Auditorium in Clewiston. Businessmen like Chris Shupe, president of Olde Cypress Community Bank in Clewiston, said they were worried the buyout would result in hundreds of lost jobs and kill the community.

The federation also expressed concern the purchase would drain funding and focus away from implementation of the Comprehensive Everglades Restoration Plan and other initiatives in which much time and funding have been invested.

The nonprofit federation is the state's largest general-interest agricultural organization, with more than 135,000 member-families statewide.

Bennett asks for a delay in U.S. Sugar land purchase
12/11/2008
Sarasota Herald-Tribune - Online
Lloyd Dunkelberger
While saying he applauds Gov. Charlie Crist's "decisive and innovative efforts" to restore the Everglades, Sen. Mike Bennett today asked the governor to delay the decision to buy nearly 300 square miles of farmland from U.S. Sugar until February.

The South Florida Water Management District is scheduled to vote on the $1.34 billion purchase later this month. U.S. Sugar's board of directors approved the deal earlier this week.

But Bennett, R-Bradenton, who was recently named chairman of the Senate Community Affairs Committee, said he wants his panel to review the deal in January and get answers to questions such as whether the state is getting a good price in leasing back some of the land to U.S. Sugar for "as little as one-third of the market rate." Bennett, who owns a business in Clewiston, also wants to know if the state has done an economic analysis of how the land purchase may impact the local economy and local government services.

In the news release, Florida Farm Bureau Opposes SFWMD Acquisition of U.S. Sugar Lands, issued 10-Dec-2008 by Florida Farm Bureau Federation over PR Newswire, we are advised by the organization that the first paragraph, first sentence, should read "At its meeting on Dec. 10" rather than "At its meeting on Oct. 10" as originally issued inadvertently. Complete, corrected release follows:

Florida Farm Bureau Opposes SFWMD Acquisition of U.S. Sugar Lands

GAINESVILLE, Fla., Dec. 10 /PRNewswire-USNewswire/ -- Florida Farm Bureau President John L. Hoblick today issued the following statement:

At its meeting on Dec. 10, the board of directors of the Florida Farm Bureau Federation (FFBF), the state's largest general interest agricultural organization, declared its opposition to the acquisition of U.S. Sugar Corp. lands by the South Florida Water Management District. The Federation firmly supports the rights of private property owners to acquire, use and sell property but opposes the unnecessary acquisition of more land by government.

The Federation is also concerned that the proposed purchase would drain funding and focus away from implementation of the Comprehensive Everglades Restoration Plan and other initiatives in which much time and funding have been invested. The purchase of U.S. Sugar's land would likely cause thousands of acres of productive agricultural land to be removed from local tax rolls, leaving local communities struggling to make up for the loss of ad valorem tax revenues and endangering their future. Further,
the plan for the SFWMD to purchase U.S. Sugar's land, then to lease it back to the company over a seven-year period at a bargain rate would create unfair competitive advantages over other South Florida agricultural producers.

NOTE: The Florida Farm Bureau Federation is the state's largest general-interest agricultural organization with more than 135,000 member-families statewide. There are Farm Bureaus in 61 counties in Florida. Headquartered in Gainesville, the Federation is an independent, non-profit agricultural organization and is not associated with any arm of government. More information is available on the FFBF Web site, .

SOURCE Florida Farm Bureau Federation

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Sugar and grass
12/11/2008
Economist - Online, The

FLORIDAS politicians have debated for years with environmentalists over how to restore the Everglades wetlands to their natural state. The obstacles are huge, principally because a large swathe of valuable sugar-cane farmland, belonging to powerful companies, lies slap in the middle of the proposed conservation area.

But now, to the surprise of many, Floridas governor, Charlie Crist, has come up with a bold plan to buy 180,000 acres of land from one of the two main producers, US Sugar Corp. The idea is to use this land to restore the natural flow of water from Lake Okeechobee into the marshy Everglades the river of grass, as a leading environmentalist once called them.

The growth of Orlando to the north, combined with intense agriculture and federally built drainage canals to prevent flooding, have in recent decades fatally disrupted and polluted the ecosystem of the Everglades. Experts have said for years that without drastic action Americas largest subtropical wetland was in grave danger, along with endangered species such as the Florida panther and the American crocodile. Phosphorus-laden water has also seeped into the St Lucie and Caloosahatchee estuaries, poisoning oyster beds and causing harmful algae blooms.

The idea is to use the sugar land to construct a network of reservoirs to clean and store water before sending it south into the Everglades National Park. Buying the land from US Sugar will cost the state $1.34 billion, to be raised through bond issues by the South Florida Water Management District. In return, US Sugar will hand over the land, with the right to lease most of it back for seven years. Under the terms of the contract, which the companys shareholders approved this week, US Sugar keeps its
mill, an extensive rail network and a citrus-processing plant. It will also be able to lease the rest of the land back for a paltry $50-an-acre annual fee. Critics have called this too generous, though an original plan was even more so. But the plan has the advantage of allowing US Sugar to remain in business in Florida and the sugar it grows could also be used for ethanol.

Mr Crist is known to be a big fan of alternative energy. He has endorsed a biofuels proposal by an Illinois firm, Coskata, which hopes to build a 100m-gallon cellulosic ethanol plant in a joint venture with US Sugar, combining farm waste with municipal rubbish.

The Everglades deal, which still needs to be approved by the Water Management Board, could further enhance the credentials of Mr Crist, who was considered as a running-mate by John McCain. Mr Crist hopes the deal will open the way for a much larger $12 billion federal plan for restoring the Everglades.

But it is still doubtful whether the money for any of this can be raised. Mr Crist could soon have a big ally in Washington where Carol Browner, a former Florida environmental official, is tipped to become the nation’s first climate tsar. The prospects in Florida itself are not so good. Latest reports show a huge hole in Florida’s budget, which may put off investors in its new Everglades bond issue.